

Last Update: June 30, 2022

Sanken Electric Co., Ltd.

Hiroshi Takahashi, President and Representative Director

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Securities Code: 6707

<https://www.sanken-ele.co.jp>

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

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

1. Basic Views

With the objectives of increasing management efficiency, improving transparency and maintaining soundness, the Company has voluntarily established the Nomination Committee and Compensation Committee and also appointed External Directors and External Audit and Supervisory Board Members in order to ensure rapid and accurate decision-making by the Board of Directors while reinforcing supervisory functions for business execution. At the same time, the Company is also building a more flexible business execution system and strengthening its management functions by adopting a Corporate Officer system. In addition, in order to realize a management system that promptly responds to changes in the management environment, and to clarify the management responsibility of Directors for the corresponding fiscal year, the Company has shortened the term of office of Directors from two years to one year.

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

The Company complies with all principles of the Corporate Governance Code.

Disclosure Based on the Principles of the Corporate Governance Code Updated

[Principle 1-4 Cross-Shareholdings]

- Policy regarding cross-shareholdings

The Company may hold shares in business partners and other companies in order to maintain and strengthen business relations with them and increase the Company’s medium- to long-term corporate value, and when investing in those shares, the Company determines whether the investment is justifiable by comprehensively taking account of the profit expected to be earned by strengthening the business relations, the amount of investment, and other factors. For each of those cross-shareholdings, the Board of Directors examines each year whether it is rational to continue to hold those shares from the medium- to long-term perspective by comprehensively taking account of the benefit expected to be gained by maintaining and strengthening the business relations and other factors. The Company reduces its holding of those shares when it determines it is not rational to hold them as cross-shareholdings.

- Criteria for exercising voting rights

The Company appropriately exercises voting rights attached to the cross-shareholdings after comprehensively judging whether the Company should vote for or against a given proposal by taking account of whether it will contribute to the enhancement of a proper corporate governance system or increase in shareholder value, or there will be any effect on the Company. The Company also discusses the content of proposals and other issues with the issuers of the cross-shareholdings as needed.

[Principle 1-7 Related Party Transactions]

The Company’s Regulations of the Board of Directors stipulates that when the Company directly transacts with any of its officers, the Company should explain the content, etc., of the transaction to obtain approval from the Board of Directors and that even if the transaction is approved by the Board of Directors, the Company should thereafter report on the status, etc., of the transaction to the Board of Directors.

[Supplementary Principle 2-4-1 Policies, Goals, etc., for Ensuring Diversity]

Under its Management Philosophy of “respecting each and every employee,” the Company has worked to develop a workplace environment where diverse human resources can be active and to advance management leveraging diversity.

As part of its human resource development initiatives to increase female managers, the Company offers education and training programs for selected female employees jointly with its group companies in Japan, with the aim of becoming a company where female employees can be active. The percentage of female managers, which the Company has made one of the key performance indicators (KPIs) in its medium-term management plan, currently stands at 3.7% with a target of 4.6%.

As for recruitment of non-Japanese employees and mid-career recruits, the Company has not set specific percentage targets but has implemented the following measures to increase the diversity of its human resources.

As for recruitment of non-Japanese employees, the Company has focused on the employment of international students studying

in Japan and overseas local workers since fiscal 2010, and has provided them with thorough education and training, taking into consideration the differences between Japan and other countries in attitudes to work, career development, and other aspects, with a view of making them candidates for core employees who may serve as managers in the future. The Company will continue to advance these initiatives.

As for mid-career recruits, the Company has worked to develop a workplace environment where they can get rapidly on board and be effective immediately. As a result, mid-career recruits now account for about 30% of the managers at the Company. The Company will continue to advance this effort.

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

The management of the Company's corporate pension funds is overseen by the Pension Fund Management Committee, which consists of committee members elected by the Company from those engaged in accounting and other related functions and committee members elected from employees.

The Pension Fund Management Committee has developed a system whereby the corporate pension funds are managed in accordance with the strategic asset mix determined to achieve targets. The Committee oversees the status of pension fund management by monitoring, as needed, entrusted asset management firms. If a significant deviation from targets is expected, the Committee holds a committee meeting as needed and takes appropriate measures such as conducting a review. With the Committee structured and operated in this way, the Company has developed a system to properly manage and oversee conflicts of interest between the Company and the beneficiaries of its corporate pension.

In addition, in order to enhance expertise in corporate pension fund management and to duly perform the function of monitoring the entrusted asset management firms, the Company assigns and appoints staff with appropriate qualifications, while also providing them with educational opportunities.

[Principle 3-1 Full Disclosure]

(i) Management philosophy, management strategy, and management plan

Please see the Company's management philosophy and corporate vision and "Section 2. Overview of Business: 1. Management Policy, Business Environment, Issues to Address" in the Company's Annual Securities Report for the 105th fiscal year posted on the Company's website.

(<https://www.sanken-ele.co.jp>)

(https://www.sanken-ele.co.jp/corp/tousika/houkoku_yuuka.htm)

(ii) Basic views and basic policy on corporate governance

Please see "Section 4. Information about Reporting Company: 4. Corporate Governance" in the Company's Annual Securities Report for the 105th fiscal year posted on the Company's website.

(https://www.sanken-ele.co.jp/corp/tousika/houkoku_yuuka.htm)

(iii) Policies and procedures for determining compensation for officers

Basic concept for the compensation plan for officers

The Company considers its compensation plan for officers (compensation plan for executive officers) as an important corporate governance matter and has adopted a basic concept for the compensation plan as follows.

- Contributing to the procurement of excellent human resources
- Setting levels of compensation appropriate for the role and scope of responsibility for each rank
- Providing incentives toward the increased corporate value and sustainable growth of the Company
- Ensuring transparency and objectivity in the procedure for determining compensation

For other details, please see "Section 4. Information about Reporting Company: 4. Corporate Governance" in the Company's Annual Securities Report for the 105th fiscal year posted on the Company's website.

(https://www.sanken-ele.co.jp/corp/tousika/houkoku_yuuka.htm)

(iv) Policies and procedures for electing and nominating officers, etc.

The Company considers that the Board of Directors needs to have as its members a certain number of persons who are well versed in the Company's business and its issues in order to fulfill its roles and duties effectively. In addition, the Company considers that it is important to secure not only the independence of the members of the Board of Directors but also the diversity of their knowledge, experience, and ability in order to ensure the independence and objectivity of the Board of Directors. From these perspectives, the Company nominates as candidates for its executive Directors persons who are well versed in the Company's business and its issues, etc., while also nominating as candidates for its External Directors persons who are independent, have diverse knowledge and background, are able to contribute to ensuring appropriateness in business execution from an independent standpoint, and are expected to provide advice, etc., that help increase the Company's corporate value, so that the Company can set its strategic direction properly.

The Company nominates as candidates for its Audit and Supervisory Board Members persons who have the ability, experience, and expertise necessary for the audit of the Company and are able to contribute to securing soundness in the Company's corporate management.

The Company elects as its Corporate Officers persons who are outstanding as demonstrated in their assessment in terms of ability to execute duties, character, qualifications as management members, etc. In addition, if it is found that any of the causes for disqualification stipulated in the Regulations of Corporate Officers applies to a Corporate Officer or a Corporate Officer has committed any of the acts prohibited under the Regulations of Corporate Officers, the Board of Directors deliberates and decides on dismissal of or other disciplinary measures for the Corporate Officer.

Based on the above policies, a proposal on candidates for Directors and Corporate Officers is submitted to the voluntary Nomination Committee, the majority of which consists of independent External Directors, for deliberation. After the

deliberation by the Nomination Committee, the Board of Directors determines candidates for Directors and Corporate Officers, paying due respect to the advice and report of the Nomination Committee.

The Board of Directors determines candidates for Audit and Supervisory Board Members, after obtaining the consent of the Audit and Supervisory Board.

(v) Reasons for election and nomination of candidates for Directors and Audit and Supervisory Board Members (and reasons for dismissal of Directors and Audit and Supervisory Board Members when it occurs) are described and disclosed in the notice of convocation of the General Meeting of Shareholders.

[Supplementary Principle 3-1-3 Sustainability Initiatives, etc.]

As its sustainability initiatives, the Company has incorporated the Sustainable Development Goals (SDGs) into its management since 2020, making “reduction of CO₂ emissions through our businesses (energy conservation and enhancement of efficiency)” and “mitigation of environmental impact through our business activities” the Company’s material issues, and has been taking measures to address these issues. In addition, as part of its efforts to support these activities, the Company has worked to develop secure and safe workplaces, promote flexible workstyles, and enhance employees’ health, with the aim of achieving the objective of “value creation in a good working environment.” In order to spur these sustainability initiatives, the Company established the Sustainability Committee in October 2021 and is working to develop a system for advancing the initiatives, while also setting measures and defining performance indicators for ESG management.

The Company considers information disclosure related to climate change as part of promoting ESG management. Specifically, the Company projects the effect that climate change could have on the Company’s financial performance and position by conducting risk analysis and scenario setting called for in the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The content of this effort is disclosed on the Company’s website.

(<https://www.sanken-ele.co.jp/corp/csr/index.htm>)

In terms of investment in human capital, the Company is working across the Group to reduce workplace accidents and ensure secure and safe workplaces, promote employees’ mental and physical health, help them achieve a better work-life balance, develop a workplace environment where everyone is given an equal opportunity and no one feels inequality, create workplaces where diverse people can demonstrate their ability, and offer flexible workstyles to maintain a good work-life balance. In addition, the Company has adopted a “skills map” as a management tool for promoting employees’ growth in order to make employees’ skills more visible, share their future development plans with their superiors, and support their development.

The Company considers intellectual property a management resource necessary for achieving sustainable growth of a corporation. The Company proactively applies for patents and strives to acquire patent rights with respect to its technologies that are important from the perspective of business strategy and product development strategy, by utilizing the system, etc., to create intellectual property, such as the patent promotion leader program for exploring patentable inventions. The Company holds patents in and outside Japan, primarily in Japan, the US, and China, which are or will be the Company’s major markets. The Company keeps its technological know-how in strict confidence and ensures that its key technologies such as production processes will not be leaked outside of the Company through business collaborations with other companies, etc. In addition, the Company has developed a system to examine other companies’ intellectual property rights in order to prevent infringement of other companies’ intellectual property rights as the Company works on product development.

[Supplementary Principle 4-1-1 Outline of the Scope of Delegation from the Board of Directors to the Management]

Matters on material business execution, etc., that should be resolved by the Board of Directors are deliberated on and determined by the Board of Directors in accordance with the Regulations of the Board of Directors.

Delegation of operations to Corporate Officers is determined after deliberation by the Board of Directors, and the scope of delegation and the responsibilities and authorities are clearly stipulated in the regulations on organizational authorities and division of duties.

[Principle 4-8 Effective Use of Independent External Directors]

The Company has elected three independent External Directors. The Company will continue to explore a more appropriate corporate governance system, based on results of the evaluation of the effectiveness of the Board of Directors, etc.

[Principle 4-9 Criteria for Determining the Independence of Independent External Directors and Their Qualifications]

The Company has set criteria for electing candidates for independent External Directors as follows; the candidate should be a person who is unlikely to have a conflict of interest with general shareholders and who is expected to contribute to the Board of Directors. These criteria are based on the independence standards set by the Tokyo Stock Exchange, which require the listed company to determine, among others, whether there is a business relation with the candidate and whether the business relation, if any, is material.

[Supplementary Principle 4-10-1 Nomination Committee and Compensation Committee]

The Company has established the Nomination Committee and the Compensation Committee as advisory bodies for the Board of Directors, as follows. In both Committees, an External Director serves as Chairperson and External Directors constitute the majority of the membership, in order to secure transparency in corporate governance and independence of the Committees.

Nomination Committee

Chairperson: Noriharu Fujita (External Director)

Members: Hiroshi Takahashi (President and Representative Director)
Takaki Yamada (External Director)
Yoko Sanuki (External Director)

Composition: An External Director serves as Chairperson and External Directors constitute the majority of the membership.
Committee meeting: Held four times (for the fiscal year ended March 31, 2022)

Summary of deliberations: The Committee deliberated on who successors of the Company's top management members should be and the development of next-generation officers, while it also received advice from External Directors based on their expertise about the qualifications and ability to make decisions from the perspective of the management that are required of officers. In addition, the Committee deliberated on the election of candidates for Directors and Corporate Officers and reported on the results of the deliberations to the Board of Directors.

Procedures: With respect to candidates for Directors and Corporate Officers, the Company asks for advice of the Nomination Committee, the majority of which consists of External Directors, and after the deliberation by the Nomination Committee, the Board of Directors determines the candidates, paying due respect to the advice and report of the Nomination Committee.

Compensation Committee

Chairperson: Noriharu Fujita (External Director)

Members: Hiroshi Takahashi (President and Representative Director)
Katsumi Kawashima (Director, Head of Corporate Design Headquarters)
Takaki Yamada (External Director)
Yoko Sanuki (External Director)

Composition: An External Director serves as Chairperson and External Directors constitute the majority of the membership.
Committee meeting: Held five times (for the fiscal year ended March 31, 2022)

Summary of deliberations: The Compensation Committee deliberated on the amount of the compensation of short-term and long-term incentives for individual Directors and Corporate Officers, the setting of performance indicators for performance-linked compensation, etc., and reported on the results of the deliberations to the Board of Directors.

Procedures: With respect to the setting of key performance indicators (KPIs) for performance-linked compensation and other matters related to the compensation plan for officers in general, the Company asks for advice of the Compensation Committee, the majority of which consists of External Directors, and after deliberation and approval, the Compensation Committee submits advice and a report to the Board of Directors. The Board of Directors determines matters related to the compensation plan for officers, paying due respect to the advice and report of the Compensation Committee. With respect to the amount of compensation for individual Directors, after the deliberation by the Compensation Committee, the Board of Directors endorses the advice and report of the Committee and determines that they be delegated to President and Representative Director.

[Supplementary Principle 4-11-1 Views on Balance, Diversity, and Size of the Board of Directors]

The Company has a basic policy of the Board of Directors consisting of the number of members both necessary and appropriate to secure the effective management system required for the Company's group management and ensure that the Board of Directors has substantial discussions. In addition, the Company endeavors to secure diversity and professional expertise by electing External Directors and External Audit and Supervisory Board Members who have expertise in corporate management, overseas experience, qualifications as an attorney and expertise in finance and accounting, while also electing foreign-national Directors. The Company's policies and procedures for electing Directors are as described in Principle 3-1 (iv) above. As the Company examines whether the Board of Directors as a whole has necessary skills in light of the Company's management strategy, the Company produced a skills matrix under the new management structure after Ordinary General Meeting of Shareholders, which was deliberated by the Board of Directors. This skills matrix is described and disclosed in the notice of convocation of the Ordinary General Meeting of Shareholders. As External Directors are expected to play an important role in incorporating changes in the business environment into the Company's business strategy, the Company has elected an External Director who has experience in corporate management in the semiconductor industry.

[Supplementary Principle 4-11-2 Directors and Audit and Supervisory Board Members Concurrently Serving as Officers at Other Listed Companies]

Among the Company's Directors and Audit and Supervisory Board Members, those who concurrently serve as officers at other listed companies are External Directors only, and the offices they concurrently hold are disclosed in the notice of convocation of the Ordinary General Meeting of Shareholders and the Annual Securities Report. The Company considers that given the offices they concurrently hold and the status of their attendance at the Company's Board of Directors meetings, they have enough time and capacity to fulfill their roles and duties as the Company's officers.

[Supplementary Principle 4-11-3 Analysis and Evaluation of the Effectiveness of the Board of Directors and the Summary of the Results]

- Evaluation method

In order to evaluate the effectiveness of the Board of Directors, the Company distributed a survey to all of its Directors and Audit and Supervisory Board Members, asking about (1) the function and composition of the Board of Directors, (2) the operation of the Board of Directors, (3) the provision of information for external officers, (4) progress in improvement from the previous year, and (5) overall evaluation, while also interviewing external officers, from February to March 2022, and the Board of Directors deliberated on the data collected from the survey and the results of their analysis as well as the results of the interviews.

- Summary of the evaluation results

Based on the results of the evaluation of the effectiveness of the Board of Directors, the Company considers that its corporate governance is continuing to improve. The results of overall evaluation also show that the Board of Directors generally has secured its effectiveness. In view of the results of the survey and the interviews with external officers, the Board of Directors confirmed that the Nomination Committee, the Compensation Committee, and the Growth Innovation Committee are operated effectively and that the Company's corporate governance is improving. Meanwhile, it was pointed out that the Company should continue to examine the appropriate number of members of the Board of Directors and the percentage of External Directors in the future, that gender diversity is not secured as of the time of the evaluation, and that the Company should provide more training opportunities for Directors. The Board of Directors recognized these as issues that need to be addressed.

- Follow-up measures

Based on these evaluation results, the Board of Directors will continue to hold discussions to recognize issues and examine improvement measures, etc., and will strive to further improve the effectiveness of the Board of Directors.

[Supplementary Principle 4-14-2 Training Policies for Directors and Audit and Supervisory Board Members]

The Company has provided training programs for newly elected Directors and candidates for future executives to help them acquire the knowledge, etc., necessary to fulfill their roles and duties as the Company's officers, and going forward, it will extend the programs to a broader range of targets, while also working to raise program levels. In addition, the Company will strive to provide and arrange training opportunities suitable for individual Directors and Audit and Supervisory Board Members, encourage each of them to work on self-training, and offer necessary financial support to them.

[Principle 5-1 Policies for Constructive Dialogues with Shareholders]

The Company places a high value on constructive dialogues with shareholders, and the members of its management team are leading the effort to take every opportunity to have dialogues with shareholders. Through these dialogues, the Company is working to enhance shareholders' understanding of its management policy as well as listening to and considering their analyses of the Company's management and their opinions to achieve the Group's sustainable growth and increase its medium- to long-term corporate value. Based on these policies, the Company is implementing the following:

(i)(ii) Financial results briefing sessions and IR activities are implemented by the Investor Relations Division, with the Corporate Planning Department, Accounting Department, and Legal Department providing support as needed. Interviews with institutional investors are attended by the Head of the Investor Relations Department, etc., or by President and Representative Director as needed.

(iii) The Company considers the General Meeting of Shareholders an important opportunity for dialogue, and is striving to disclose its business information adequately at the meeting, while also making an effort to operate the meeting so as to be able to gain shareholders' trust in the Company. In addition, the Company is striving to achieve closer communication with shareholders and investors by holding financial results briefing sessions and small meetings regularly.

(iv) The Company has the departments in charge put together opinions and concerns about the Company collected through dialogues with shareholders and investors and report on these opinions and concerns, depending on their level of importance and nature, to the members of the Company's management team regularly.

(v) The basic policy of the Company is to strive to disclose information fairly in order to ensure substantive equality among shareholders and investors. Based on this policy, the Company discloses material information about the Company in a timely and fair manner, and works to ensure proper information management so as not to provide such information only to certain shareholders or investors.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Limited (Trust Account)	2,984,800	12.32
ECM MF	2,722,357	11.23
Custody Bank of Japan, Ltd. (Trust Account)	1,264,600	5.21
Saitama Resona Bank, Limited	1,202,392	4.96
Goldman Sachs International	959,681	3.96
Morgan Stanley MUFG Securities Co., Ltd.	910,854	3.75
UBS SECURITIES LLC-HFS CUSTOMER SEGREGATED ACCOUNT	851,289	3.51
STATE STREET BANK AND TRUST COMPANY 505103	699,732	2.88
Shinsei Trust & Banking Co., Ltd. ECM MF TRUST ACCOUNT 8299005	650,000	2.68
MSCO CUSTOMER SECURITIES	541,755	2.23

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—
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Name of Parent Company, if applicable	Not applicable
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Supplementary Explanation

1. While the statement of large-volume holdings dated December 6, 2021, made available for public inspection, states that Mitsubishi UFJ Financial Group, Inc. and its joint holders hold the Company's shares as follows as of November 29, 2021, these companies are not included in the status of major shareholders stated above as the Company is unable to confirm the number of the Company's shares held by these companies as of March 31, 2022.

The statement of large-volume holdings states that their holdings are as follows:

- Mitsubishi UFJ Financial Group, Inc.
7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan
Holding 200,000 shares or 0.80%
- Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Holding 758,000 shares or 3.02%
- Mitsubishi UFJ Kokusai Asset Management Co., Ltd.
12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan
Holding 109,000 shares or 0.44%
- Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan
Holding 219,000 shares or 0.87%

2. While the change report on the statement of large-volume holdings dated March 29, 2022, made available for public inspection, states that Effissimo Capital Management Pte Ltd holds the Company's shares as follows as of March 23, 2022, this company is not included in the status of major shareholders stated above as the Company is unable to confirm the number of the Company's shares held by this company as of March 31, 2022.

The change report on the statement of large-volume holdings states that this company's holdings are as follows:

- Effissimo Capital Management Pte Ltd
260 Orchard Road #12-06 The Heeren 238855, Singapore
Holding 4,809,000 shares or 19.16%

3. While the change report on the statement of large-volume holdings dated April 6, 2022, made available for public inspection, states that Morgan Stanley MUFG Securities Co., Ltd. and its joint holder hold the Company's shares as follows as of March 31, 2022, these companies are not included in the status of major shareholders stated above as the Company is unable to confirm the number of the Company's shares held by these companies as of March 31, 2022.

- Morgan Stanley MUFG Securities Co., Ltd.
Otemachi Financial City South Tower 9-7, Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan
Holding 1,371,000 shares or 5.46%
- Morgan Stanley & Co. International plc
25 Cabot Square, Canary Wharf, London E14 4QA, UK
Holding 18,000 shares or 0.07%

3. Corporate Attributes

Listed Stock Exchange and Market Segment Updated	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Business Sector	Electrical appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer 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 Board
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Directors

Number of Directors Stipulated in the Articles of Incorporation	15
Directors' Term of Office Stipulated in the Articles of Incorporation	One year
Chairperson of the Board of Directors Updated	President
Number of Directors	9
Election of Outside Directors	Elected
Number of External Directors	3
Number of Independent Directors among External Directors	3

External Directors' Relationship with the Company (1) **Updated**

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Noriharu Fujita	Certified public accountant						△					
Takaki Yamada	From another company											
Yoko Sanuki	Attorney-at-law											

*Categories for "Relationship with the Company"

(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or its subsidiary
- Person who executes business or a non-executive director of a parent company of the Company
- Person who executes business of a fellow subsidiary of the Company
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

External Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Noriharu Fujita	○	<p>Though Mr. Noriharu Fujita once belonged to an audit corporation engaged as the Accounting Auditor of the Company, he was not directly involved in the accounting audit of the Company and instead served as the JBS Global Services Leader mainly engaged in consulting for companies in the audit corporation. Furthermore, as almost nine years have passed since his retirement from the above audit corporation, there are no interests between him and the audit corporation. The Company therefore believes that he can maintain an independent standpoint and supervise the Company's management from an objective viewpoint. Meanwhile, the amount of the audit compensation, etc., paid by the Company to its Accounting Auditor is within a generally accepted range and the audit corporation serving as the Accounting Auditor also serves as the accounting auditor at a large number of companies. Therefore, the audit corporation is not materially dependent on the audit compensation paid by the Company. In view of these situations, the Company considers that Mr. Fujita would not be significantly controlled by the Company's management and that he would not significantly control the Company's management. Accordingly, the Company considers that Mr. Fujita's independence is secured and that a conflict of interest is unlikely to arise between Mr. Fujita and the Company's general shareholders.</p>	<p>Mr. Noriharu Fujita is qualified as a CPA in Japan and the U.S. and has acquired deep knowledge about finance and accounting. Based on his abundant international experience as a partner of a U.S. auditing firm and other positions, he has given valuable advice and opinions from the viewpoint of promoting global management. Though Mr. Noriharu Fujita once belonged to an audit corporation engaged as the Accounting Auditor of the Company, he was not directly involved in the accounting audit of the Company and instead served as the JBS Global Services Leader mainly engaged in consulting for companies expanding their businesses overseas. Furthermore, as almost nine years have passed since his retirement from the above audit corporation, we believe that he can maintain an independent standpoint and supervise the Company's management from an objective viewpoint. He serves as the chairperson of the Nomination Committee and the Compensation Committee and has made contributions to ensuring transparency and enhancing adequacy in the Company's corporate governance. Furthermore, he also serves as a member of the Growth Innovation Committee and has made contributions to the promotion of the Group growth strategies. In addition, he is expected to make similar contributions to the management of the corporate group, as he has held offices as an External Director of principal U.S. subsidiaries of the Company since 2018. The Company therefore believes that he will appropriately perform his duties as an independent External Director such as ensuring the appropriateness of overall business execution and strengthening supervisory functions, while the Group will promote a medium- to long-term growth strategy.</p>

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Takaki Yamada	○	—	<p>Mr. Takaki Yamada has many years of experience at semiconductor manufacturers and is well-versed in the semiconductor industry and business. He also has corporate management experience in semiconductor manufacturing gained through the years at Oki Electric Industry Co., Ltd. by serving as President of Semiconductor Production Company and President and Director of the overseas production subsidiary company. During the foundation of UACJ (Thailand) Co., Ltd. he leveraged his overseas experience to lead a large scale project. Currently, as Vice President of Thai Special Gas Co., Ltd., he possesses a wealth of work experience in various fields and maintains a vast network of connections by actively being engaged in business development. He serves as a member of the Nomination Committee and the Compensation Committee and has made contributions to ensuring transparency and enhancing adequacy in the Company's corporate governance. Furthermore, he also serves as a member of the Growth Innovation Committee and has made contributions to the promotion of the Group growth strategies.</p> <p>The Company therefore anticipates that he will contribute to ensuring the appropriateness of overall business execution, and present fruitful advice in an effort to promote business for the corporate group as a semiconductor manufacturer. He is expected to appropriately perform his duties as an External Director to achieve the mid-to-long term growth strategy for the corporate group.</p>
Yoko Sanuki	○	—	<p>Ms. Yoko Sanuki has a wealth of knowledge and experience as a legal professional, and has held positions such as an external director at several listed companies, including as the chairperson of the audit committee. Since 2020 she has also served as the President of the Japan Women's Bar Association, and has made contributions to society in terms of women's empowerment. Based on her extensive experience and expertise, the Company believes that she will present valuable advice and opinions, especially in the areas of legal risk and compliance, and from the perspective of diversity such as the advancement of female employees in the Company. She is expected to monitor management objectively from an independent standpoint as an attorney-at-law, and the Company anticipates that she will greatly contribute to strengthening the supervisory function of the Company's Board of Directors. The Company therefore believes that she will appropriately perform her duties as an External Director such as ensuring the appropriateness of overall business execution and strengthening supervisory functions, while the Group will promote a medium- to long-term growth strategy.</p>

Voluntary Establishment of Committee(s) Equivalent to Nomination Committee or Compensation Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	External Directors	External Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	4	1	1	3	0	0	External Director
Voluntarily Established Committee Equivalent to Compensation Committee	Compensation Committee	5	2	2	3	0	0	External Director

Supplementary Explanation **Updated**

The Company has established the Nomination Committee and the Compensation Committee as advisory bodies for the Board of Directors, as follows. In both Committees, an External Director serves as Chairperson and External Directors constitute the majority of the membership, in order to secure transparency in corporate governance and independence of the Committees.

Nomination Committee

Chairperson: Noriharu Fujita (External Director)

Members: Hiroshi Takahashi (President and Representative Director)
Takaki Yamada (External Director)
Yoko Sanuki (External Director)

Composition: An External Director serves as Chairperson and External Directors constitute the majority of the membership.

Committee meeting: Held four times (for the fiscal year ended March 31, 2022)

Summary of deliberations: The Committee deliberated on who successors of the Company's top management members should be and the development of next-generation officers, while it also received advice from External Directors based on their expertise about the qualifications and ability to make decisions from the perspective of the management that are required of officers. In addition, the Committee deliberated on the election of candidates for Directors and Corporate Officers and reported on the results of the deliberations to the Board of Directors.

Procedures: With respect to candidates for Directors and Corporate Officers, the Company asks for advice of the Nomination Committee, the majority of which consists of External Directors, and after the deliberation by the Nomination Committee, the Board of Directors determines the candidates, paying due respect to the advice and report of the Nomination Committee.

Compensation Committee

Chairperson: Noriharu Fujita (External Director)

Members: Hiroshi Takahashi (President and Representative Director)
Katsumi Kawashima (Director, Head of Corporate Design Headquarters)
Takaki Yamada (External Director)
Yoko Sanuki (External Director)

Composition: An External Director serves as Chairperson and External Directors constitute the majority of the membership.

Committee meeting: Held five times (for the fiscal year ended March 31, 2022)

Summary of deliberations: The Compensation Committee deliberated on the amount of the compensation of short-term and long-term incentives for individual Directors and Corporate Officers, the setting of performance indicators for performance-linked compensation, etc., and reported on the results of the deliberations to the Board of Directors.

Procedures: With respect to the setting of key performance indicators (KPIs) for performance-linked compensation and other matters related to the compensation plan for officers in general, the Company asks for advice of the Compensation Committee, the majority of which consists of External Directors, and after deliberation and approval, the Compensation Committee submits advice and a report to the Board of Directors. The Board of Directors determines matters related to the compensation plan for officers, paying due respect to the advice and report of the Compensation Committee. With respect to the amount of compensation for individual Directors, after the deliberation by the Compensation Committee, the Board of Directors endorses the advice and report of the Committee and determines that they be delegated to President and Representative Director.

Audit and Supervisory Board Members

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in the Articles of Incorporation	4
Number of Audit and Supervisory Board Members	4

Cooperation among Audit and Supervisory Board Members, Accounting Auditor and Internal Audit Department Updated

The “meeting between External Directors and the Audit and Supervisory Board” is held twice a year (in September and February), where the Audit and Supervisory Board reports to External Directors on the summary of the Audit and Supervisory Board’s audit plan and the status of audit results based on the plan for information sharing. The report on the status of auditing also covers the results of the Accounting Auditor’s audit and the status of the communication between the internal control department and the Audit and Supervisory Board.

As efforts of cooperation between the internal control department and the Audit and Supervisory Board, a meeting is held regularly between two full-time Audit and Supervisory Board Members and the internal control department, where the Audit and Supervisory Board Members interview the internal control department about their activities, while the internal control department reports on their activities to the Audit and Supervisory Board, including two External Audit and Supervisory Board Members, once a year (in the first half of May).

In addition, as efforts of cooperation between the Accounting Auditor and the Audit and Supervisory Board, four Audit and Supervisory Board Members, including External Audit and Supervisory Board Members, meet with the Accounting Auditor to ask about the results of the quarterly review and annual audit and hold discussions in order to strengthen their communication.

Appointment of External Audit and Supervisory Board Members	Appointed
Number of External Audit and Supervisory Board Members	2
Number of Independent External Audit and Supervisory Board Members	2

External Audit and Supervisory Board Members’ Relationship with the Company (1)

Name	Attributes	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Atsushi Minami	Attorney-at-law														
Hideki Hirano	From another company							△							

*Categories for “Relationship with the Company”

(Use “○” 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; and “▲” when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or its subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business or a non-executive director of a parent company of the Company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business of a fellow subsidiary of the Company
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

External Audit and Supervisory Board Members' Relationship with the Company (2) **Updated**

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Atsushi Minami	○	—	As Mr. Atsushi Minami has professional expertise and experience as an attorney-at-law and a patent attorney, the Company believes that he is able to appropriately perform his duties as an independent External Audit and Supervisory Board Member, such as ensuring the appropriateness of audit.
Hideki Hirano	○	<p>While Mr. Hideki Hirano once worked at one of the major banks with which the Company has transacted, he retired from the bank as its officer in June 2010 and now there are no interests between him and the bank.</p> <p>Meanwhile, the Company has transacted with multiple financial institutions and the balance of loans from the bank accounts for approximately 9% of the total balance of bank loans at the end of the fiscal year ended March 31, 2022.</p> <p>Accordingly, the Company is not materially dependent on the bank.</p> <p>In view of these situations, the Company considers that Mr. Hirano would not be significantly controlled by the Company's management and that he would not significantly control the Company's management.</p> <p>For these reasons, the Company considers that Mr. Hirano's independence is secured and that a conflict of interest is unlikely to arise between Mr. Hirano and the Company's general shareholders.</p>	As Mr. Hideki Hirano has a high level of expertise in finance and accounting based on his past experience in working at a bank, while he also has many years of experience as a corporate executive, the Company considers that he is able to perform an audit from the perspective of a corporate executive. The Company therefore believes that he is able to appropriately perform his duties as an independent External Audit and Supervisory Board Member.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

5

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company has designated as independent officers all of the External Directors and External Audit and Supervisory Board Members who are qualified as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of performance-linked compensation plan

Supplementary Explanation for Applicable Items

Please see the disclosures stated in "Policy on Determining Compensation Amounts and the Calculation Methods Thereof" below.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

—

Director Compensation

Status of Disclosure of Individual Directors' Compensation

No disclosure for any Directors

Supplementary Explanation for Applicable Items **Updated**

The amount of compensation paid to Directors and Audit and Supervisory Board Members for the fiscal year ended March 31, 2022 is as follows:

Directors excluding External Directors (eight persons): 268 million yen (161 million yen for basic compensation, 93 million yen for short-term incentives, and 13 million yen for long-term incentives (share compensation))

Audit and Supervisory Board Members excluding External Audit and Supervisory Board Members (two persons): 44 million yen

External Directors and External Audit and Supervisory Board Members (six persons): 55 million yen

Notes: 1. The total amount of Directors' basic compensation and short-term incentives is 500 million yen or less per year (including 200 million yen or less for External Directors), the maximum amount of compensation based on the resolution of the 102nd Ordinary General Meeting of Shareholders (held on June 21, 2019). The amount of compensation for Audit and Supervisory Board Members is 80 million yen or less per year, the maximum amount of compensation based on the resolution of the above meeting.

2. The above short-term incentives are an amount to be paid by resolution of the Board of Directors based on the resolution of the general meeting of shareholders stated in Note 1.

3. The long-term incentives (share compensation) are stated at an amount posted as expenses for the fiscal year ended March 31, 2022.

4. The number of Directors paid and the amount of compensation paid to Directors include those for two Directors who retired at the conclusion of the 104th Ordinary General Meeting of Shareholders held on June 25, 2021.

5. The number of External Directors and External Audit and Supervisory Board Members paid and the amount of compensation paid to External Directors and External Audit and Supervisory Board Members include those for one External Director who retired at the conclusion of the 104th Ordinary General Meeting of Shareholders held on June 25, 2021.

6. Separately from the above, the amount of compensation to the external officers paid by the consolidated subsidiaries of the Company as their external officers is 49 million yen.

Policy on Determining Compensation Amounts and the Calculation Methods Thereof **Updated**

Established

Disclosure of Policy on Determining Compensation Amounts and the Calculation Methods Thereof

The Company considers its compensation plan for officers (compensation plan for executive officers) as an important corporate governance matter and has adopted a basic concept for the compensation plan as follows.

- Contributing to the procurement of excellent human resources
- Setting levels of compensation appropriate for the role and scope of responsibility for each rank
- Providing incentives toward the increased corporate value and sustainable growth of the Company
- Ensuring transparency and objectivity in the procedure for determining compensation

Based on the aforementioned basic concept, the policy for deciding the details of individual compensation, etc. payable to Directors is decided by the Board of Directors based on the results of deliberations by the Compensation Committee, the majority of which is External Directors (the "Policy for Deciding the Compensation"). The Policy for Deciding the Compensation is outlined below.

- Compensation for the Company's Directors is determined according to their rank and role, and consists of basic compensation paid monthly and performance-linked compensation that changes depending on the degree of achievement of earnings targets. Performance-linked compensation is designed to provide short-term incentives paid every fiscal year that vary based on short-term earnings and long-term incentives that vary based on the medium- to long-term earnings and are granted upon their retirement, in principle, under a stock compensation plan (trust type stock issuance).

- With regard to compensation standards for Directors, standard amounts for the total compensation are determined for each rank. To ensure market competitiveness, the adequacy of the standard amounts is verified each year using the findings of a compensation survey administered to major companies in Japan as a benchmark. The ratio of performance-linked compensation and consolidated performance indicators for performance-linked compensation are determined based on the above-mentioned basic concept of the compensation and the results of deliberations by the Compensation Committee. At present, performance-linked compensation is set at about 40% of total compensation when earnings targets are fully achieved.

- Compensation for External Directors consists solely of basic compensation based on the nature of responsibilities for the position of Director, and it is not linked to performance. Also, compensation for Audit and Supervisory Board Members consists solely of basic compensation based on the nature of responsibilities for the position of auditor and it is not linked to performance, and compensation for Audit and Supervisory Board Members is paid through consultation with Audit and Supervisory Board Members.

Support System for External Directors and/or External Audit and Supervisory Board Members

The Legal Department, which is the Secretariat’s Office of the Board of Directors and the Audit and Supervisory Board, assists in administration and also communicates necessary information in a timely manner to External Directors and External Audit and Supervisory Board Members as needed. In addition, the internal audit department conducts investigations at Audit and Supervisory Board Members’ request. Moreover, the Secretary Department provides scheduling and other services under the support system.

Statuses of Persons who have Retired as President and Representative Director, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) after Retiring as President and Representative Director, etc. **Updated**

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Takashi Wada	Senior Advisor	Providing advice, support, etc., regarding matters requested by the Company	Full-time (compensation paid)	June 24, 2022	One year

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) after Retiring as President and Representative Director, etc. **Updated** 1

Other Related Matters **Updated**

- The appointment of advisors is a matter subject to resolution by the Board of Directors.
- The date indicated as the “Date when former role as president/CEO ended” above is the date when Mr. Wada retired as Director, Chairman of the Company.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System) **Updated**

With the objectives of increasing management efficiency, improving transparency and maintaining soundness, the Company has voluntarily established the Nomination Committee and Compensation Committee and also appointed External Directors and External Audit and Supervisory Board Members in order to ensure rapid and accurate decision-making by the Board of Directors while reinforcing supervisory functions for business execution. At the same time, the Company is also building a more flexible business execution system and strengthening its management functions by adopting a Corporate Officer system. In addition, in order to realize a management system that promptly responds to changes in the management environment, and to clarify the management responsibility of Directors for the corresponding fiscal year, the Company has shortened the term of office of Directors from two years to one year.

The Company has adopted an Audit and Supervisory Board structure, and its Board of Directors consists of nine Directors (including three External Directors) and its Audit and Supervisory Board consists of four Audit and Supervisory Board Members (including two External Audit and Supervisory Board Members). The Company has also adopted a Corporate Officer system that separates management decision-making and supervision functions from business execution functions, completing a structure able to rapidly address changes in the business environment. As of the filing date, the Company has 12 Corporate Officers, including five Directors who also concurrently serve as Corporate Officers).

- The Board of Directors has the function of deliberating the Company’s material business execution and supervising the execution of duties by Directors. The four Audit and Supervisory Board Members also attend the Board of Directors meetings to voice their opinions as needed.
- The Audit and Supervisory Board determines audit policies, methods for investigating the status of the Company’s business and properties and other matters regarding the execution of duties by Audit and Supervisory Board Members, and prepares audit reports and elects and dismisses full-time Audit and Supervisory Board Members.
- The Nomination Committee aims to strengthen independence, objectivity, and accountability in the Board of Directors’ function regarding the nomination of Representative Directors, Directors, Corporate Officers, etc., and deliberates candidates for the successor of President and Representative Director and their development plans, the election of Directors and Corporate Officers, etc., and provides advice and recommendations for the Board of Directors.

- The Compensation Committee aims to strengthen independence, objectivity, and accountability in the Board of Directors' function regarding the compensation for Directors, etc., and deliberates what the Company's compensation plan for Directors and Corporate Officers should be, the compensation for individual Directors, etc., and provides advice and recommendations for the Board of Directors.
- The Management Committee deliberates basic and material matters among the items on the agenda to be resolved at the Board of Directors and the business operations to be executed by the Representative Directors.

3. Reasons for Adoption of Current Corporate Governance System

As a company with global operations, the Company believes that it should select a corporate governance system that is best suited for the current nature of the Company, taking into consideration such factors as the need to open wide channels of communication with various stakeholders. Based on this policy, the Company has elected three External Directors and two External Audit and Supervisory Board Members. The Company considers that an objective and neutral management supervisory function is secured thanks to the appropriate execution of duties by the External Directors and External Audit and Supervisory Board Members.

Going forward, the Company will continue to explore a timely, appropriate corporate governance system for the Company, considering demands from stakeholders and social demands regarding corporate governance, etc., comprehensively.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meetings of Shareholders and Facilitate Exercise of Voting Rights Updated

	Supplementary Explanation
Early Posting of Notice of Convocation of the General Meeting of Shareholders	The Company sent out the notice of convocation of the 105th Ordinary General Meeting of Shareholders (held on June 24, 2022) on June 6, 2022. As a measure for early posting of the notice, the Company posted the notice in the PDF file format on its website on June 1, 2022, before sending out the written notice.
Scheduling of the General Meeting of Shareholders During Non-Peak Days	The Company held this year's Ordinary General Meeting of Shareholders on June 24, 2022.
Electronic Exercise of Voting Rights	In order to increase the convenience for individual shareholders and institutional investors as they exercise voting rights, the Company has adopted the smart proxy voting platform, which does not require the entry of an ID or password, and the electronic proxy voting platform, in addition to the system for exercising voting rights via the Internet on a PC.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has joined the electronic proxy voting platform operated by ICJ, Inc., while disclosing the notice of convocation of the General Meeting of Shareholders in the PDF file format (Japanese and English versions are available) before sending out the written notice.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company has prepared and posted on its website the English version of the notice of convocation of the General Meeting of Shareholders.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a Representative Director or a Representative Executive Officer
Formulation and Publication of Disclosure Policies	The Company has formulated and published on its website its disclosure policies.	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds briefings for analysts and institutional investors twice a year.	Held
Online Disclosure of IR Information	In order to help appropriate investment decision and appropriate proxy voting, the Company has posted and published on its website its Securities Reports, notices of convocation of the General Meeting of Shareholders, earnings reports, documents for timely disclosure, Sanken Reports (integrated reports), presentation materials for the financial results briefing session, news releases, etc.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established a department dedicated to IR (Investor Relations Division, Corporate Planning Office, Corporate Design Headquarters).	

3. Status of Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has laid down the rules in the Management Philosophy, Conduct Guideline, and Sanken Group Basic CSR Policy.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	For the Company’s environmental preservation activities, CSR activities, etc., please see the Company’s website. (https://www.sanken-ele.co.jp/corp/csr/index.htm).

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development Updated

1. Basic Policy

The Company and its group companies have established the “Management Philosophy,” “Code of Conduct,” and “Sanken Conduct Guideline,” and are committed to building an effective internal control system by developing the organizations, systems, and regulations and rules necessary for its officers and employees to work together to establish a compliance system and ensure efficient operations and reliable financial reporting.

2. Status of Development

The Company’s Board of Directors adopted the following resolutions on the system to ensure proper operation:

- System for ensuring that the Directors and employees perform their duties in accordance with laws, regulations, and the Article of Incorporation.

The Board of Directors deliberates material business execution, supervises the execution of duties by each Director, and checks legality, in accordance with “Regulations of the Board of Directors.”

The Company establishes and implements a “Management Philosophy,” “Code of Conduct,” and Sanken Conduct Guideline.” The Company also ensures that the executives and employees comply with laws, regulations and the Articles of Incorporation, by familiarizing them with the compliance mindset and the importance of compliance and by implementing ongoing educational training activities, both arranged by Representative Directors.

The internal audit department audits the performance of duties in the Company and each of the group companies and ensures the effectiveness of the compliance system by making the most of a whistle-blowing protocol.

To appropriately respond to the internal control report system (hereinafter referred to as “J-SOX”) under the Financial Instruments and Exchange Act, the Company has established a person in charge of J-SOX at its internal audit department and secures the reliability of financial information by undertaking a company-wide review of the control systems and measures to improve the systems on an ongoing basis.

- System for the storage and management of information with regard to the execution of duties by Directors

The Minutes of the Board of Directors and other documents and records on important meetings, as well as the results of decision-making and other records on business execution, shall be appropriately stored and managed in accordance with laws, regulations, and various internal rules.

- Rules and other aspects of the system for managing risks of loss

Risks associated with key investments or new businesses are discussed from various viewpoints and determined deliberatively at the Board of Directors, Management Committee, and other important meetings.

The internal audit department recognizes and analyzes risks in the course of business for the Company and group companies through internal audits. The Crisis Management Committee implements unified, cross-sectional, and group-wide risk management.

- System for ensuring that the duties of the Directors are efficiently performed

The Board of Directors formulates the mid-term management plan and annual budget, and checks the progress of business execution based on the report on the progress of achievement, while the Management Committee is responsible for monthly performance management.

The Management Committee discusses basic and material matters among the items on the agenda to be resolved at the Board of Directors and the business operations to be executed by the Representative Directors. It also performs business promptly and flexibly using the corporate officer system.

The Company develops “the Fundamental Standards for Organization and Authorities,” “the Regulations on the Division of Duties,” etc. to clarify the responsibilities and authorities of each department. The Company also conducts efficient decision-making and business execution through efforts for the appropriate division of duties and cooperation among organizations.

- System for ensuring appropriate business operations within the Company and within each group company

When necessary, the Company sends its officers and employees to Group companies as incoming directors to follow up on the Company’s management policy, determine material business-related issues, and promote efficient management.

The scope of duties, authorities and responsibilities between the Company and each group company, as well as the matters to be reported to the Company, are clarified in accordance with “the Administration Standards for Subsidiaries and Affiliates” and “the Management Guidelines.”

An organization in charge of each group company is established at the Company to bear responsibility for the guidance of management and enhancement of managerial performance through close information sharing.

- Matters regarding employees appointed for the support of Audit and Supervisory Board Members when so requested by Audit and Supervisory Board Members

Staff of the Legal Department will assist the deskwork of the Secretariat’s Office of Audit and Supervisory Board.

When the Audit and Supervisory Board Members so request, the appointment and other personnel affairs of exclusive staff for the support of the Audit and Supervisory Board Members shall be determined through consultation among the Directors and Audit and Supervisory Board Members.

Such exclusive staff shall comply with instructions from each Audit and Supervisory Board Member to ensure their independence from Directors and the effectiveness of the instructions from the Audit and Supervisory Board Members.

- System for reporting to Audit and Supervisory Board Members

Standing Audit and Supervisory Board Members attend the Management Committee meetings, inspect and receive principal documents, thereby obtain information on the businesses of the Company and group companies, and report the contents of such information to the Audit and Supervisory Board.

Each of the Directors, internal audit department, and the Accounting Auditor meet with the Audit and Supervisory Board Members regularly to report the management situations of the Company and group companies and audit results.

If officers or employees find any fact or event which is likely to cause material damage to the Company or any of the group companies or discover any illegal actions in the course of business operations, such officers or employees must report the matter to the Audit and Supervisory Board Members.

The internal audit department reports the results of internal audits, the status of implementation of the whistle-blowing protocol, and the contents of whistle-blowing to the Audit and Supervisory Board Members.

Regulations on the whistle-blowing protocol are stipulated to ensure that a whistle-blower will not be subjected to any disadvantageous treatment because of the said whistle-blowing.

- Policy for handling expenses and liabilities incurred from the execution of duties by Audit and Supervisory Board Members

If, with respect to any expenses to be incurred when Audit and Supervisory Board Members perform their duties, the Audit and Supervisory Board Members request the Company to pay them in advance, repay them, or otherwise, the Company shall promptly process the expenses unless they are judged to be unnecessary.

- Other system for ensuring effective auditing by the Audit and Supervisory Board Members

The Audit and Supervisory Board draws up the auditing standards, audit plans, and audit policies. Each Audit and Supervisory Board Member conducts audits properly based on his own expertise and experience. An efficient and highly effective audit system is realized through these efforts.

3. Status of Development of a Risk Management System

The Company has established the Crisis Management Committee as an organization to supervise risk. The Crisis Management Committee meetings were held twice for the fiscal year ended March 31, 2022 to endeavor to understand, analyze, and respond to risk. Further, in response to the COVID-19 pandemic, the Company has continued activities of the special emergency headquarters in an effort to grasp, analyze and respond to the effect of the pandemic on its businesses. The Company has implemented measures to prevent infections, have employees accustomed to working from home, arrange PCR tests for employees on business trips and those who wish to take the test, and conducted workplace COVID-19 vaccinations three times. With respect to internal audits and the whistle-blowing protocol, if any fact or event which is likely to cause material damage to the Company or any of the group companies is found or any illegal actions in the course of business operations is discovered through the implementation of internal audits and the whistle-blowing protocol, the contents of whistle-blowing are reported to the Audit and Supervisory Board Members each time, and advice and corrections are decided on a case-by-case basis.

2. Basic Views on Measures for Eliminating Antisocial Forces and Status of Development

The Company has no relationship with antisocial forces. The Company usually endeavors to establish close relationships and cooperation systems with external organizations such as police agencies and lawyers. Should the Company be subject to an undue claim, it will adopt a resolute stand and decisively refuse it.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation for Applicable Items

The Company has established its basic policy on the control of the Company as follows:

(1) Basic Policy on Composition of Persons to Control Decision-Making over Financial and Business Policies of the Company
As a listed Company, the stock of the Company may be traded freely by shareholders and investors, and the Board of Directors believes that the composition of persons to control decision-making over the financial and business policies of the Company should ultimately be decided by the will of the shareholders, and that the final judgment as to whether to sell the shares of the Company in response to a mass acquisition of the shares of the Company should ultimately be decided based on the will of the shareholders holding the shares.

However, the management of the Company and the Company Group requires a wide range of know-how and ample experience in technical subjects, including proprietary manufacturing technologies for wafer fabrication and semiconductor device assembly, as well as the integration of power supply systems with optical devices based on leading-edge circuit technologies. Further, a full understanding of the relationships that the Company has developed with stakeholders such as customers, suppliers, and employees is indispensable to management. Persons to control decision-making over financial and business policies of the Company require this understanding in order to appropriately judge the shareholder value to be realized in the future, and could potentially significantly damage the Company's corporate value and the common interests of the shareholders without it.

In addition, there is a possibility that some Large Purchases, such as to persons related to the Company conducting transactions at high prices, could substantially impair the common interests of the shareholders. In such cases, in order for the Company to appropriately receive the judgment of the shareholders regarding the relative merits and demerits of a given large-scale

purchase, the Company will both request the supply of required information from the entity attempting to engage in the large-scale purchase and will also strive to ensure there is an appropriate amount of time for the disclosure of such information and deliberation on it by shareholders. Regarding the extents that are permitted by laws and regulations such as the Financial Instruments and Exchange Act, we believe that appropriate measures should be taken (Hereinafter referred to as the “Basic Policy”).

(2) Measures Taken to Realize the Basic Policy and Increase Corporate Value

The Company has acted in accordance with its Management Philosophy, which states that the Company should endeavor to create and innovate technologies in its core business of semiconductors, expand global business based on proprietary technologies, and ensure a firm management base in order to maximize corporate value through timely response to social expectations for the company and long-lasting harmony with the environment. Furthermore, as a medium- to long-term management strategy, the Company has developed a medium-term management plan covering a three-year period that the entire Group has worked toward.

Also, the Company is involved in efforts to gain an appropriate evaluation of its corporate value by deepening understanding through closer dialogues with various stakeholders regarding its position as a proprietary power semiconductor manufacturer as well as its management policies and plans meant to maximize use of this position.

In order to strengthen corporate governance, the company has strengthened the supervisory function of the Board of Directors by electing independent External Directors and by developing a flexible system for operational execution and enhanced management functions by adopting a Corporate Officer system. In addition, in order to realize a management system able to promptly respond to changes in the management environment, and to clarify the management responsibility of the Directors for the corresponding fiscal year, the Company’s term of office for Directors is one year.

The Board of Directors believes that these measures improve the Company’s corporate value and decrease the likelihood that a Large Purchase will significantly harm the common interests of the shareholders. Accordingly, these efforts are deemed to be in compliance with the Basic Policy, and are in the common interests of the shareholders.

2. Other Matters Concerning the Corporate Governance System Updated

The status of the development of the Company’s internal system for timely disclosure of corporate information is as follows:

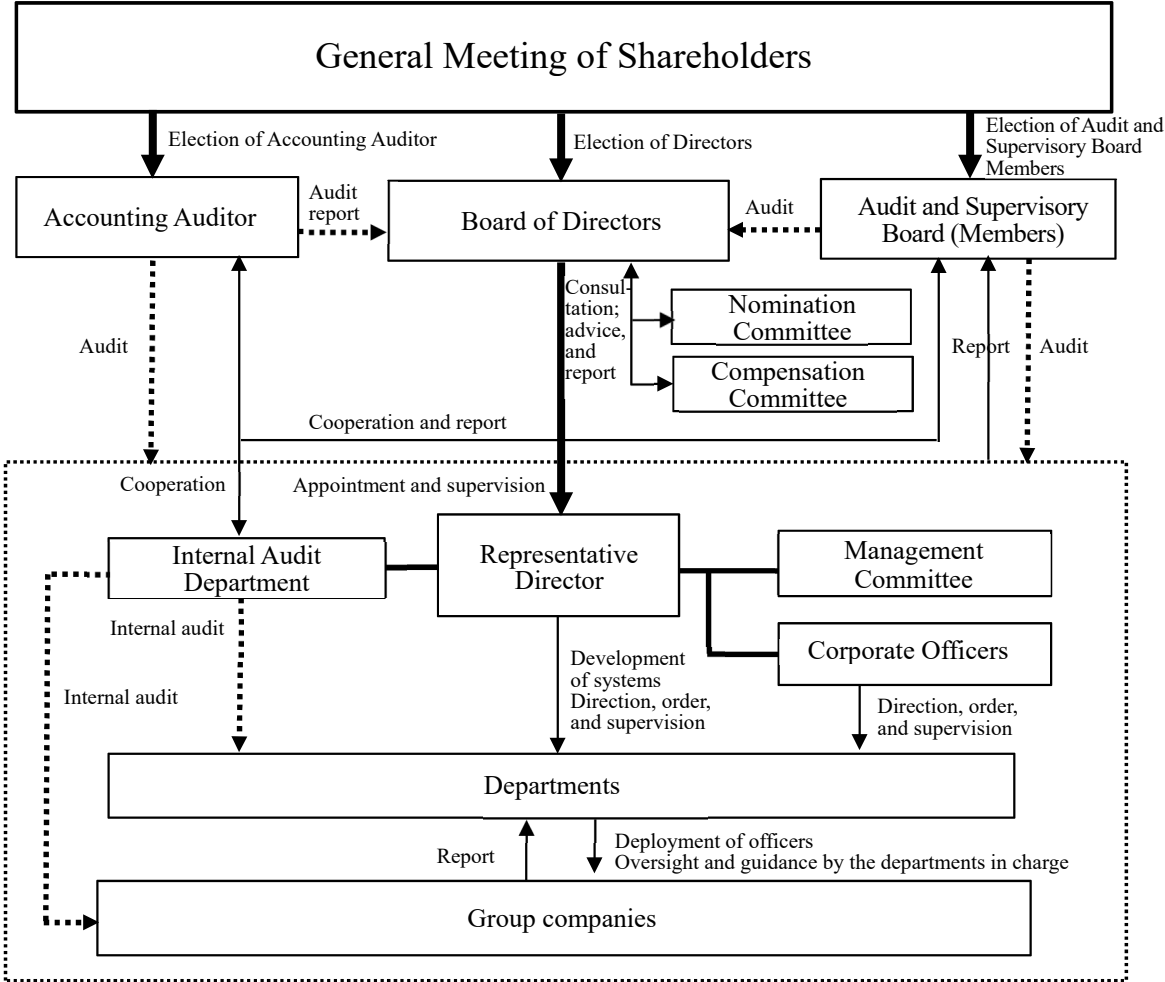
(1) Internal System for Timely Disclosure of Corporate Information

The Board of Directors and the Management Committee determine material matters in the management of the Company and its group companies and receive reports on material corporate information. Whether a piece of information submitted to these bodies (hereinafter referred to as “management information”) is subject to timely disclosure is determined by the Legal Department according to the instructions of Head of Corporate Design Headquarters, who is the officer charged with information handling. The Legal Department receives reports from and has discussions with each department about management information in advance, examines proposals to be submitted to the Board of Directors, and implements other measures to gather information. If the Legal Department determines that the information is subject to timely disclosure under laws, regulations, and rules, the Company discloses the information via TDnet immediately, provided that information about decisions and financial results is disclosed after approval by these decision-making bodies and that information about facts which occurred is disclosed after their occurrence. The Investment Relations Division is responsible for responding to stakeholders, such as media and investors, and for information disclosure on the Company’s website.

(2) Oversight Functions of the Internal System for Timely Disclosure

In order to strengthen its internal control, the Group has established the CSR Office and formulated the “Conduct Guideline” as a guideline for compliance with ethics laws and regulations, which stipulates appropriate disclosure of corporate information. In addition, the Group operates its “Helpline System” whereby if an employee should find that any illegal or prohibited act has been committed or may be committed in the Group, the employee can report it for whistle-blowing via third-party institutions. In terms of internal information management, the Company has formulated the “Regulations on Information Management” and the “Regulations on Insider Trading Management,” which provide for the regulations on the management of internal information and the guideline regarding information management, and is working to strengthen its information management system.

Reference: Conceptual Diagram for the Company’s Corporate Governance System



[Reference] The Company's Internal System for Timely Disclosure

