

Corporate Governance Report

Last Update: June, 27, 2023
Meiko Electronics Co., Ltd.
Yuichiro Naya, President & CEO
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<https://www.meiko-elec.com/>

The corporate governance of Meiko Electronics Co., Ltd. is described below.

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

1. Basic Views

Meiko Electronics Co., Ltd. (“our Company”) is a global corporation that provides superlative value and services; in order to fulfill the expectations of all our stakeholders, our basic management policy centers on realizing sustainable growth and improving corporate value in the medium and long term.

Our Company is working to establish effective corporate governance systems. In order to ensure the transparency, integrity, and efficiency of our management, we have identified the strengthening of our corporate governance systems as a priority issue. As a Company with an Audit and Supervisory Board, we also intend to improve how the Board of Directors and our Auditors supervise our business execution. At the same time, the Board of Directors seeks to further delegate authority to Directors and Executive Officers, with the goal of carrying out efficient business execution based on quick business decisions.

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

[Principle 1-4]

<With regard to the appropriateness of cross-shareholdings>

(i) Basic approach

The electronics industry is subject both to rapid changes in market environments and to frequent technological innovations. If we wish to continually improve our corporate value, we believe it is vital to maintain collaborative relationships with different companies in various business areas, including development, procurement, production, and sales.

In order to ensure we can carry out such business activities efficiently, our Company makes comprehensive evaluations of potential cross-shareholdings; evaluation criteria include capital costs, dividend and transaction amounts, business relationships, and importance to management strategy. The results of these evaluations are reported to the Board of Directors, and the Board of Directors then makes a final decision.

(ii) With regard to exercising voting rights for cross-shareholdings

Our Company believes that exercising voting rights is an important means of dialogue with the companies we have invested in, and we therefore exercise our voting rights for all our cross-shareholdings. When exercising voting rights, we fully consider the management policies and strategies of the companies we are investing in, we assess whether our votes will contribute to the continued growth and improved corporate value in the medium and long term both of our Company and of the companies we are investing in, and we evaluate each voting proposal individually. In particular, with regard to the items outlined below that have a significant impact on shareholder interests, we make extremely careful considerations when assessing whether to vote for or against a proposal.

- ① Transfer of important assets
- ② Allotment of new shares to a third party

③ Transfer of shares due to mergers and acquisitions

[Principle 2-6]

Our Company does not belong to a corporate pension fund; instead, we operate an individual-type defined contribution pension plan.

[Supplementary Principle 3-1③]

Our Company recognizes that how we respond to sustainability issues is an important element of management strategy; accordingly, we formulated a Sustainability Policy at the Board of Directors meeting that took place on October 25, 2021. Following this policy, we have conducted a review of our existing CSR promotion systems, and established a Sustainability Promotion Committee, in order to strengthen our initiatives to combat various social issues, including climate change, and investments in human capital and intellectual property. The Sustainability Promotion Committee will report directly to the President & CEO, and will be chaired by the Director & Executive Officer in charge. It will be responsible for deciding on sustainability policies, managing the progress of sustainability goals, and discussing sustainability measures; it will also coordinate with other departments to put these measures into practice. The committee will submit reports evaluating concrete achievements to the Board of Directors as appropriate, with the goal of heightening the effectiveness of the Board of Directors supervision.

The Sustainability Promotion Committee is tasked with promoting sustainability initiatives; it also gathers and analyzes all necessary data regarding the risks and opportunities that climate change poses to the business activities and profits of our Company, and makes preparations to disclose them according to the Task Force on Climate-related Financial Disclosures international regulatory framework, or equivalent frameworks. Furthermore, our Company expressed its support for the TCFD's recommendations in May 2023.

TCFD related disclosures are on the Company website.

<https://www.meiko-elec.com/english/csr/tcf.html>

Investment in human capital is disclosed in Supplemental Principle 2-4 (i) [Disclosure Based on the Principles of the Corporate Governance Code] of this report.

Regarding investment in intellectual property, our Company discloses Medium-term Technology Strategy in its Medium-term Business Plan, which states that our Company will continuously increase sales and profits through R&D investment.

Medium-term Business Plan related disclosures are on the Company website.

Original plan: <https://www.meiko-elec.com/english/pdf/ir/presentation/FY2021-H2.pdf?ver2>

Revised plan: <https://www.meiko-elec.com/english/pdf/ir/presentation/FY2022-H2.pdf?ver1>

[Supplementary Principle 4-1③]

At present, we have no clearly defined succession plan for our President & CEO.

The President & CEO will select candidates for successor according to comprehensive evaluations that cover personality, insights, experience, and capabilities, etc. The successor will be chosen following careful discussions at Board of Directors meetings, attended both by Outside Directors and Outside Auditors.

[Supplementary Principle 4-10①]

Our Company is a company with an Audit & Supervisory Board. Independent Outside Directors do not constitute a majority of the Board of Directors. Nevertheless, our Company has not established any voluntary Nominating Committee or Compensation Committee under the Board of Directors. At our Company, four Independent Outside Directors and two Independent Outside Auditors receive reports as appropriate regarding the nomination of and compensation for Executive Management and Directors, and they provide supervision from an independent and objective perspective. As described in Principle 3-1 below regarding specific procedures, nominations and compensation of Executive Management and Directors are discussed and decided by the Board of Directors, including outside officers. In doing so, appropriate advice is obtained from outside officers, including from the perspective of gender and other

diversity and skills, and the current governance structure is functioning effectively.

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

[Principle 1-4]

Please refer [Reasons for Non-compliance with the Principles of the Corporate Governance Code] above.

[Principle 1-7]

In compliance with the Companies Act, our Company stipulates that transactions deemed either “conflict of interest transactions” or “competitive transactions” are items to be resolved according to our Board of Directors Regulations, and can only be carried out with the comprehensive and advance approval of the Board of Directors; the results of these transactions are reported to the Board of Directors every quarter. The content of, and the validity of terms of, other related-party transactions are also reported to the Board of Directors.

[Supplementary Principle 2-4①]

The Meiko Group (“our Group”) believes that people represent the greatest asset of a company. To this end, we promote the creation of rewarding work environments that are safe, secure, and clean for all employees, that respect diversity, and that enable our employees to grow. We do not discriminate based on race, creed, religion, nationality, or disability, and endeavor to create environments in which diverse human resources can demonstrate their full potential.

Non-Japanese employees make up 4.4% of our Company’s workforce, and 89.8% of our Group’s workforce. In fiscal 2003, our Group began accepting Chinese and Vietnamese plant employees to its non-Japanese employee and technical intern training programs, with the goal of nurturing human resources at overseas plants. These training programs have now been completed by more than 300 people; after returning to their home countries, they operate as Presidents or in other executive positions at local subsidiaries. In addition, since fiscal 2013 we have promoted revitalization of human resources through intra-company transfer systems, which enable marketing and technical employees from overseas subsidiaries to work in Japan. We are also planning to establish a work-in-Japan program for outstanding young Vietnamese talent, as a new method of acquiring and training global human resources.

We actively recruit mid-career employees from both inside and outside our industry who possess the skillsets to immediately benefit our business activities; they will help us expand the scale of our business in Japan, develop new products and technologies, and globalize.

Overseas, our mid-career recruitment is particularly focused on securing executive trainees, so that we can expand our business in China, Vietnam, and elsewhere, and so that we can establish efficient management systems. As a result, the mid-career recruitment ratio stands at 72.3% at our Company, and 95.2% at our Group; in managerial positions, the mid-career recruitment ratio is 74.2% at our Company, and 84.5% at our Group.

With regard to female members of our workforce, just 16.1% of Company employees are female, whilst 46.0% of Group employees are female. Going forward, we intend to define numerical targets for the proportion of female employees in our workforce, and promote their advancement.

We will continue to aim to exceed the current ratio of "non-Japanese employees", "mid-career recruits", "female employees" and other gender diversity as a group, based on our policy of non-discrimination.

Key Employment Indices, as of March 31, 2023

(%)

	Female executive officers	Female managers	Female employees	Non-Japanese employees	Mid-career recruits	Mid-career managers
Meiko Electronics	14.3	1.0	26.4	4.4	72.3	74.2
Meiko Group	10.0	16.1	46.0	89.8	95.2	84.5

Differences in wages between male and female employees (ratio of women's wages to men's wages)

All employees 56.9%

Regular employees 65.9%

Term employees (contract employees) 53.4%

*Notes: Calculated in accordance with the provisions of the "Law Concerning the Promotion of Active Roles for Women in the Workplace" (Law No. 64, 2015), and does not take into account differences in average age, length of service, or work style (short-time work, etc.) between male and female.

Percentage of male workers taking childcare leave: 16.7%

We will continue our efforts to achieve our goal of "exceeding the current ratio in the Group".

[Principle 2-6]

Please refer [Reasons for Non-compliance with the Principles of the Corporate Governance Code] above.

[Principle 3-1]

- (i) Our Company's goals (its management philosophy, etc.), management strategies, and management plans

Our Company's goals (our management philosophy, etc.) are disclosed on the Company website, under the "Our Philosophy" section of the "About Meiko" webpage.

We also disclose our management strategies and management plans on the Company website, under the "Presentations" section of the "IR Library" webpage.

"Our Philosophy" related disclosures are on the Company website.

<https://www.meiko-elec.com/english/corporate/philosophy.html>

Management strategies and management plans related disclosures are on the Company website.

<https://www.meiko-elec.com/english/pdf/ir/presentation/FY2022-H2.pdf?ver1>

- (ii) Our Company's basic approach and basic policies regarding corporate governance, according to the principles of the Corporate Governance Code

Our Company discloses its basic approach to corporate governance on the Company website, and via this report, under the section entitled "1. Basic Approach."

"Basic approach and basic policies regarding corporate governance" related disclosures are on the Company website.

<https://www.meiko-elec.com/english/csr/governance/governance.html>

- (iii) Policies and procedures related to how the Board of Directors calculates compensation for Executive Management and Directors

In order to further clarify the policies and processes by which our Company calculates the amount and content of compensation for Directors, at the Board of Directors meeting held on February 22, 2021 we formulated the Policy on Determining the Content of the Remuneration for Individual Directors.

Our basic policy for compensation for Directors is to link Director compensation with shareholder interests; this ensures that Director compensation functions properly as an incentive to continually increase corporate value. With regard to determining compensation for individual Directors, our basic policy is to ensure compensation for Directors reflects their responsibilities. Compensation for Executive Directors consists of basic compensation and bonuses; compensation for Outside Directors reflects their job roles, and in principle consists of basic compensation only.

Basic compensation is determined according to a comprehensive assessment that takes into consideration the responsibilities of the individual in question, levels of compensation at other companies, and levels of employee salaries at our Company.

Performance-linked compensation for Executive Directors is based on levels of achievement of fiscal year plans, and on the performance of organizations under their jurisdiction; it is determined according to a comprehensive assessment of levels of contribution to consolidated operating profit and profit attributable to owners of the parent. The calculated amount is paid at a fixed period every year in the form of a bonus.

From 2021, we have introduced a stock-based compensation system as part of our performance-linked compensation.

Following resolutions of the Board of Directors, the President & CEO receives a mandate with regard to the content of the compensation, etc. of individual Directors, which covers both the amount of basic compensation for each individual, and an assessment-based bonus allocation based on the performance of the businesses they are responsible for.

- (iv) Policies and procedures related to the appointment and dismissal of Executive Management, and to the nomination of candidates for Director and Auditor, by the Board of Directors

Policies and procedures for the nomination and appointment of Directors, etc. is provided for in our Officer Regulations. Candidates for Director and Auditor are required to possess high levels of honesty and ethical standards, be of good health in mind and body, and possess the expertise and skillsets required to objectively evaluate our Company's management; they are selected by the Board of Directors. Candidates for Auditor are selected with the approval of the Board of Auditors.

- (v) Explanations regarding individual appointments and dismissals of Executive Management, and regarding individual nominations of candidates for Director or Auditor, made by the Board of Directors in compliance with (iv) above.

At present, we disclose reasons for nominating and appointing Directors and Auditors via our Notices of Annual General Meeting of Shareholders and via our Corporate Governance Reports.

[Supplementary Principle 3-1③]

Please refer [Reasons for Non-compliance with the Principles of the Corporate Governance Code] above.

[Supplementary Principle 4-1①]

Our Company has established Board of Directors Regulations and Standards for Delegating Decision-Making Authority, which clarify criteria for making agenda proposals for Board of Directors meetings. Items to be discussed at the Board of Directors meetings include management policies and plans, general shareholders' meetings, financial results, stock-related matters, organizational and personnel matters, important business execution matters, organizational restructuring matters, rules and regulations, and internal control system matters. The Board of Directors also delegates some aspects of business execution to Executive Officers, with the goal of improving the speed of decision-making and ensuring efficient business operations.

[Principle 4-9]

Our Company evaluates the independence of its Outside Officers according to its Outside Officer Independence Standards; these Standards are disclosed on the Company website.
<https://www.meiko-elec.com/pdf/corporate/independentofficers.pdf>

[Supplementary Principle 4-10①]

Please refer [Reasons for Non-compliance with the Principles of the Corporate Governance Code] above.

[Supplementary Principle 4-11①]

When nominating candidates for Director, our Company focuses on maintaining a Board of Directors composition with a healthy balance of expertise, experience, and capabilities, so that the Board can function more effectively; the specific skills distribution and composition of the Board of Directors is outlined below. We also work to ensure diversity.

<The specific skills>

- a→ independence (Outside Directors)
- b→ experience of being president (excluding our Group subsidiaries)
- c→ knowledge of industry
- d→ finance and accounting
- e→ marketing and sales
- f→ overseas experience
- g→ production and technologies
- h→ legal governance, risk management, and compliance

Primary areas of expertise, career background, and skills of each Director:

	a	b	c	d	e	f	g	h
Yuichiro Naya		●	●	●	●	●	●	●
Masakuni Shinozaki			●		●	●		●
Junya Wada			●			●	●	●
Atsushi Sakate			●			●	●	●
Yoshihito Kikyo		●	●	●	●	●		●
Shigeru Naya			●		●	●		●
Yoon Ho, Shin		●	●		●	●		
Nao Tsuchiya	●							●
Yosuke Nishiyama	●	●	●	●	●		●	
Takashi Harada	●		●	●		●		●
Toshifumi Kobayashi	●	●	●	●	●		●	

[Supplementary Principle 4-11②]

The attendance rates of our Directors and Auditors, including Outside Directors and Outside Auditors, at Board of Directors meetings and Audit & Supervisory Board meetings respectively stands at close to 100%; Directors and Auditors expend the time and effort required to execute their roles and responsibilities. We disclose information regarding persons who concurrently hold Director and Auditor positions every year via our Notices of Annual General Meeting of Shareholders, and Securities Reports, etc.

[Supplementary Principle 4-11③]

Please refer the “Attachment” of this report.

[Supplementary Principle 4-14②]

Our Company operates a policy of providing the necessary opportunities and financial assistance for our Directors and Auditors to acquire any business-related information and knowledge required to execute their roles and duties.

We seek to continually provide Outside Officers with information regarding our Company’s business environments; to this end, we provide materials, etc. related to relevant business departments as appropriate, and we also host meetings where Officers can exchange opinions with each other.

[Principle 5-1]

Our Company has established a dedicated inquiry desk to promote constructive dialogue with its shareholders. In order to develop relationships of trust with our shareholders, we hold financial results briefings every half year that are attended by our top management; we also hold smaller meetings with institutional investors.

- ① Annual General Meeting of Shareholders: held once a year; chaired by the President & CEO; in addition to the Annual General Meeting of Shareholders, we also provide other opportunities for our Executive Management and Directors to engage in dialogue with shareholders. In the fiscal year ending March 31, 2023, Directors held two dialogues with the departments in charge of exercising voting rights at two domestic shareholders.
- ② Financial results briefings for analysts and institutional investors: held twice a year; the President & CEO holds briefings, after the announcement of second quarter financial results, and after the announcement of full-year financial results.
- ③ One-on-one meetings with institutional investors: held every quarter. In addition to one-on-one meetings by IR staff, the Directors held 30 dialogues with 21 companies in the fiscal year ended March 31, 2023. By domestic and overseas, 16 domestic companies and 5 overseas companies included fund managers and analysts from each company.
- ④ Company website: we publish various IR materials on the Company website, including financial results briefings, financial statements, notices of annual general meeting of shareholders, timely disclosure materials, press releases, annual reports, and CSR reports, etc.

In order to promote the sharing and effective use of information, including feedback, etc. gained via dialogue with shareholders, the IR Officer or the IR Department report this information as necessary to the President & CEO, to the Board of Directors, and to relevant departments. As a result of the dialogue, we have decided to pay dividends in excess of the dividend payout ratio, which is our guideline for returning profits to shareholders through dividends for the fiscal year ending March 31, 2023.

In order to control insider information, we stipulate the period from the quarterly settlement date to the quarterly results announcement date as a “silent period.” During this period, we ensure that dialogue with investors is restricted, and that inside information is strictly controlled. We also educate all Company employees regarding key points on how to manage insider information.

[Principle 5-2]

In order to manage the company with an awareness of cost of capital and stock price, we set and disclose annual financial targets in our Medium-term Business Plan. We are expected to provide a large and stable supply of products to meet demand, and accurate demand forecasting and capital investment are the keys to sustainable growth. We continuously monitor capital investment to ensure that returns on capital are commensurate with our investments in order to manage our business with an awareness of ROIC. Capital investment, R&D investment, etc. are disclosed in the production strategy and technology strategy of the Medium-term Business Plan. We are constantly optimizing our business portfolio in terms of applications, product specifications, production plants, destinations, etc., based on market forecasts, which are outlined in our Medium-term Business Plan. As for human capital, please refer to Supplemental Principle 2-4 (i) of this report.

In addition to improving business performance and returning profits to shareholders in line with business results, our policy is to disclose the results of these efforts and to continue dialogue with investors to achieve sustainable growth and increase corporate value over the medium/long term.

Original Medium-term Business Plan related disclosures are on the Company website.

<https://www.meiko-elec.com/english/pdf/ir/presentation/FY2021-H2.pdf?ver2>

Revised Medium-term Business Plan related disclosures are on the Company website.

<https://www.meiko-elec.com/english/pdf/ir/presentation/FY2022-H2.pdf?ver1>

2. Capital Structure

Foreign Shareholding Ratio: 20% and above, less than 30%

[Status of Major Shareholders]

Name/Company Name	Number of shares owned	Percentage (%)
Yuichiro Naya	4,703,700	18.25
The Master Trust Bank of Japan (trust account)	3,804,400	14.76
Japan Trustee Services Bank, Ltd. (trust account)	2,229,100	8.65
The Hongkong and Shanghai Banking Corporation Ltd – Hong Kong Private Banking Division – Client Account	1,216,400	4.72
Clearstream Banking S.A.	1,012,333	3.93
BNP Paribas Securities Services Luxembourg/2S/JASDEC/FIM /Luxembourg Funds/UCITS Assets	820,000	3.18
Meiko Kosan Co., Ltd.	608,400	2.36
Yuhō, Ltd.	521,000	2.02
Seiichi Naya	405,200	1.57
Sumitomo Mitsui Banking Corporation	377,000	1.46

Controlling Shareholder (except for Parent Company): None

Parent Company: None

Note: The above table excludes 1,023,251 shares of treasury stock held by our Company.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo, Prime 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 1,000 persons
Sales (consolidated) as of the End of the Previous Fiscal Year	¥100 billion or above, less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 companies or above, less than 50 companies

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

None

5. Other Special Circumstances which may have Material Impact on Corporate Governance

None

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 an Audit & Supervisory Board

[Directors]

- Maximum Number of Directors Stipulated in Articles of Incorporation: 15 persons
- Term of Office Stipulated in Articles of Incorporation: 1 year
- Chairperson of the Board: President & CEO
- Number of Directors: 11 persons
- Number of Outside Directors: 4 persons
- Number of Independent Directors: 4 persons

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Nao Tsuchiya	Lawyer												
Yosuke Nishiyama	From another company									△			
Takashi Harada	From another company												
Toshifumi Kobayashi	From another company												

* 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 its subsidiaries

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

c. Executive of a fellow subsidiary 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 listed 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 compensation as a director/auditor

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 and the Company outside directors/auditors 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
Nao Tsuchiya	○	-	<p>As a lawyer who specializes in corporate law, we expect Nao Tsuchiya to contribute high levels of expertise and experience for the management and supervision of our Company.</p> <p>Tsuchiya satisfies the criteria for independence prescribed by Tokyo Stock Exchange, Inc.; our assessments indicate there is no risk of Tsuchiya causing a conflict of interest with general shareholders, and we have therefore designated her an independent officer.</p>
Yosuke Nishiyama	○	<p>Yosuke Nishiyama held an executive position at KYOCERA Corporation until September 2016; however, our Company's sales to KYOCERA Corporation amount to less than 0.2% of our Group's consolidated sales for the most recent fiscal year; for this reason, our assessments indicate there is no risk Nishiyama's previous role at KYOCERA Corporation will impact on his independence.</p>	<p>We expect Nishiyama to contribute abundant knowledge and experience related to the electronic circuit board industry, cultivated at other companies, to the management and supervision of our Company.</p> <p>Nishiyama satisfies the criteria for independence prescribed by Tokyo Stock Exchange, Inc.; our assessments indicate there is no risk of Nishiyama causing a conflict of interest with general shareholders, and we have therefore designated him an independent officer.</p>
Takashi Harada	○	-	<p>We expect Takashi Harada to contribute experience in assisting management as an Auditor at other companies, and a deep understanding of our business through his time as an Outside Auditor at our Company, to the management and supervision of our Company.</p> <p>Harada satisfies the criteria for independence prescribed by Tokyo Stock Exchange, Inc.; our assessments indicate there is no risk of Harada causing a conflict of interest with general shareholders, and we have therefore designated him an independent officer.</p>
Toshifumi Kobayashi	○	-	<p>We expect Toshifumi Kobayashi to contribute abundant knowledge and experience of the electronic circuit board industry, cultivated as</p>

			<p>Representative Director and President at other companies, to the management and supervision of our Company.</p> <p>Kobayashi satisfies the criteria for independence prescribed by Tokyo Stock Exchange, Inc.; our assessments indicate there is no risk of Kobayashi causing a conflict of interest with general shareholders, and we have therefore designated him an independent officer.</p>
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee: None

[Auditors]

Establishment of Board of Auditors	Established
Maximum Number of Auditors Stipulated in Articles of Incorporation	4 persons
Number of Auditors	3 persons

Cooperation among Auditors, Accounting Auditors and Internal Audit Office:

Our Company has established an Internal Audit Office to strengthen internal checks, and to ensure that our corporate governance and compliance systems are functioning effectively, according to the policies of our Internal Control System.

Our Auditors, the Internal Audit Office, and our Accounting Auditors coordinate with each other when carrying out investigations and evaluations of our Company and Group companies, with the goal of strengthening our audit functions.

Appointment of Outside Auditors	Appointed
Number of Outside Auditors	2 persons
Number of Independent Auditors	2 persons

Outside Auditor's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroshi Miyauchi	From another company										○			
Kotomi Ejiri	Lawyer													

* 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 its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

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

d. Auditor of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

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

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

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an auditor

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

- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the auditor himself/herself only)
- k. Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the auditor himself/herself only)
- m. Others

Outside Auditor's Relationship with the Company (2)

Name	Designation as Independent Auditor	Supplementary Explanation of the Relationship	Reason of Appointment
Hiroshi Miyauchi	○	Hiroshi Miyauchi is employed by Kioxia Corporation and Toshiba Electronic Devices & Storage Corporation. However, our Group's sales to these two companies accounted to less than 0.4% of our Group's consolidated sales for the most recent business year; for this reason, our assessments indicate there is no risk of the relationship between our companies impacting on the independence of Miyauchi, and we have therefore omitted to record an overview of these transactions.	We expect Miyauchi to contribute an abundance of experience in the electronic device industry and wide-ranging knowledge of intellectual assets, cultivated at other companies, to the supervision of our Company. Miyauchi satisfies the criteria for independence prescribed by Tokyo Stock Exchange, Inc.; our assessments indicate there is no risk of Miyauchi causing a conflict of interest with general shareholders, and we have therefore designated him an independent officer.
Kotomi Ejiri	○	-	We expect Ejiri's high levels of expertise and experience, cultivated during her work as a corporate lawyer, to contribute to her execution of roles as an Auditor. Ejiri satisfies both our own independence standards and the criteria for independence prescribed by Tokyo Stock Exchange, Inc.; this indicates there is no risk of Ejiri causing a conflict of interest with general shareholders, and we have therefore registered her as an independent officer.

[Independent Officers]

- Number of Independent Officers: 6 persons
- Matters relating to Independent Officers:
Our Company registers all Outside Officers who satisfy the relevant requirements as Independent Officers.

[Incentives]

Incentive Policies for Directors: Performance-linked Compensation

- Supplementary Explanation:

The amount of performance-linked compensation for Executive Directors is determined according to a comprehensive assessment of levels of achievement of fiscal year plans, the performance of organizations under their jurisdiction, and levels of contribution to consolidated operating profit and profit attributable to owners of the parent. The calculated amount is paid at a fixed period every year in the form of a bonus. Performance-linked compensation is intended to function as an incentive for Executive Directors to improve performance and increase corporate value.

Recipients of Stock Options: - (not applicable)

[Director Compensation]

Disclosure of Individual Directors' Compensation: Compensation for individual director is not disclosed.

- Supplementary Explanation:

Our Company discloses the total amount of Officer compensation, etc., by position, as well as the number of Officers receiving compensation for each position, via our Business Reports, which are published and available for viewing on the Company website.

Policy on Determining Compensation Amounts and Calculation Methods: Established

- Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

① Items concerning resolutions made at the Annual General Meeting of Shareholders with regard to compensation, etc. for Directors and Auditors

The amount of compensation for Company Directors was resolved at the 46th Annual General Meeting of Shareholders held on June 24, 2021 (the total number of Directors at the conclusion of this Meeting was 12, of which four were Outside Directors), to be not more than 500 million yen (excluding employee's salary). The amount of compensation for Auditors was resolved at the 9th Annual General Meeting of Shareholders held on December 26, 1984 (the total number of Auditors at the conclusion of this Meeting was two), to be not more than 30 million yen; this maximum compensation for Auditors was then confirmed following consultations with Auditors.

Separate from the above compensation, it was also resolved at the 46th Annual General Meeting of Shareholders held on June 24, 2021, that the Company should spend no more than 102 million yen for the acquisition of stock for Company Directors (excluding Outside Directors, and counting only Executive Directors) over a fixed period (with an initial trust period set at three years); it was further resolved that each Company Director should receive no more than 28,000 stock points (where one stock point is equivalent to one Company share) per fiscal year.

② Items related to the Policy for Determining the Contents of Compensation, etc. for Individual Directors

Following a resolution by the Board of Directors, our Company defines the Policy for Determining the Contents of Compensation, etc. for Individual Directors (hereinafter "the Policy") in the manner outlined below.

a) Basic policy

At our Company, Compensation for Directors is linked to shareholder interests, so that it functions properly as an incentive to continually increase corporate value. Our basic policy is to set compensation for individual Directors at levels appropriate to their respective responsibilities. More specifically, compensation for Executive Directors comprises basic compensation, performance-linked compensation, and stock-based compensation; compensation for Outside Directors responsible for auditing functions reflects their work duties, and comprises basic compensation only.

Of the total compensation paid to Executive Directors, the proportion of performance-linked compensation and stock-based compensation is properly set so that it functions as an incentive for Executive Directors to improve performance and increase corporate value.

b) Basic compensation (fixed compensation)

Basic compensation at our Company is paid monthly in the form of fixed compensation; it is determined according to a comprehensive assessment that takes into consideration the position and responsibilities of the individual in question, levels of compensation at other companies, and levels of employee salaries at our Company.

c) Bonuses (performance-linked compensation)

The performance-linked compensation for each Executive Director is determined according to a comprehensive assessment of levels of achievement of fiscal year plans, the performance of organizations under their jurisdiction, and levels of contribution to consolidated operating profit and profit attributable to owners of the parent. The calculated amount is paid at a fixed period every year in the form of a bonus. Performance-linked compensation is intended to function as an incentive for Executive Directors to improve performance and increase corporate value.

The ratio of performance-linked compensation to total compensation for each Executive Director is determined according to a comprehensive assessment of their position and responsibilities, etc., as well as the monthly performance both of the Executive Director and the organizations under their jurisdiction.

Consolidated operating profit for the 48th Fiscal Year stood at 9,575 million yen, with profit attributable to owners of the parent standing at 8,847 million yen.

③ Items related to Mandates on Determining the Content of Compensation, etc. for Individual Directors

The specific details of each Director's individual compensation are delegated to the President & CEO who is deemed best suited to evaluate the business for which each Director is responsible while overlooking the Company's overall performance, and in the current fiscal year, the decision was made by the President & CEO, Yuichiro Naya, who was delegated this authority by resolution of the Board of Directors meeting held on June 24, 2022, in accordance with the decision policy approved by the Board of Directors.

In the opinion of the Board of Directors, the total compensation paid to each Company Director was within the maximum permissible compensation limit; in view of the relevant performance indicators, the proportion of performance-linked compensation, etc., to total compensation was also deemed reasonable. As a consequence, the Board of Directors is satisfied that the total compensation paid was in compliance with the Policy.

[Supporting System for Outside Directors and/or Auditors]

In order to encourage vigorous debate at monthly Board of Directors meetings, Executive Committee meetings, and other important managerial meetings, the Secretariat provides meeting materials in advance and, where necessary, explanations in advance as well.

Our Company enables employees to undertake concurrent roles as business assistants to Auditors; they gather information, carry out surveys, and archive documents, etc., as instructed by Auditors.

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

Our Company ensures its management is properly audited and supervised by adopting the system of a Company with an Audit & Supervisory Board, and by appointing four Outside Directors to its Board of Directors. Details of our governance systems are provided below.

(Board of Directors)

Our Company's Board of Directors consists of a total of 12 members (11 men and one woman), four of whom are Outside Directors. The Board of Directors meets at least once per month, and makes decisions on important management items, in compliance with all relevant laws and regulations, Articles of Incorporation, and internal regulations; it also supervises the business execution of Company Directors.

(Executive Committee)

Our Company operates an Executive Officer system, and holds Executive Committee meetings to discuss important items related to the execution of our Company's business. In addition, we promote the delegation of authority from the Board of Directors to Executive Officers, with the goal of improving the efficiency of our business execution.

(Audit & Supervisory Board)

Our Company's Audit & Supervisory Board consists of a total of three Auditors, one of whom is a full-time Auditor, and two of whom are part-time Outside Auditors. All three Auditors attend Board of Directors meetings and, where necessary, other important Company meetings; they use their expertise and experience to audit the execution of duties of Company Directors from an objective standpoint.

(Internal Audit Office)

Our Company has established an Internal Audit Office, which is tasked with regularly auditing Company departments, plants, and subsidiaries, to ensure our Group's legal compliance and the effectiveness of its internal controls, etc. The Office works together with the Audit & Supervisory Board and Accounting Auditors by sharing information and exchanging opinions, with the goal of improving the effectiveness of internal audits.

(Corporate Lawyers and Accounting Auditors)

Our Company consults with and receives advice from law firms, as appropriate, when legal assessments of its business is required. We commission KPMG AZSA LLC to carry out financial audits, and receive fair and proper audits as stipulated both by the Companies Act and the Financial Instrument and Exchange Act.

(Limitation of Liability Agreements)

Based on Article 427 Paragraph 1 of the Companies Act, our Company has entered into agreements with Directors (excluding Executive Directors, etc.) Auditors, and Accounting Auditors ("Non-Executive Directors, etc.") to the effect that, if the Non-Executive Director, etc. in question has acted in good faith and without gross negligence in the performance of their duties, the liability of said Non-Executive Director, etc. is limited to 5 million yen or the amount specified in Article 425 Paragraph 1 of the Companies Act, whichever is higher.

(Directors and Officers Liability Insurance)

Our Company has entered into agreements with insurance companies for directors and officers liability insurance, under the terms of which Directors, Auditors, Executive Officers, and other important employees, as defined by the Companies Act, both at our Company and all our subsidiaries, are insured persons. For the duration of the insurance period, the insurance company will supplement litigation costs and compensation for damages that the insured person is legally required to pay, as stipulated by Article 430 Paragraph 3 of the Companies Act, if, in the course of executing their business, said insured person is claimed to have caused financial damage to our Company or to a third party. All insurance fees for all insured persons are paid by our Company.

3. Reasons for Adoption of Current Corporate Governance System

Our Company operates an Executive Officer system, and promotes the delegation of authority from the Board of Directors to Executive Officers, with the goal of accelerating and improving the efficiency of our management. We have chosen to adopt this governance system as it enables Outside Directors and Outside Auditors to audit and supervise business execution and decision-making regarding important management items in a timely and objective manner.

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
Scheduling AGMs Avoiding the Peak Day	We held our Annual General Meeting of Shareholders on Tuesday 27 June, 2023, in order to avoid clashes with shareholder meetings at other companies.
Providing Convocation Notice in English	We create English-language versions of our Notice of Annual General Meeting of Shareholders and our Reference Documents for the General Meeting of Shareholders, and publish them on TDnet and on the Company website.
Other	In order to disclose information at the earliest opportunity, in principle we publish notices of convocation on TDnet and on the Company website before sending them to shareholders.

2. IR Activities

	Supplementary Explanations	Presentation by President & CEO
Preparation and Publication of Disclosure Policy	Published on the Company website: https://www.meiko-elec.com/ir/policy.html	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The President & CEO holds briefings for analysts and institutional investors following every accounting period; Company Officers also hold several small meetings every year.	
Posting of IR Materials on the Company Website	We post financial statements, timely disclosure materials, financial results briefings, etc.	
Establishment of Department and/or Manager in Charge of IR	Office of the President & CEO	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	In accordance with our Compliance Regulations and the Meiko Group Code of Conduct, our Company respects the standpoints of all our stakeholders, including shareholders, customers, and local communities, etc. We seek to manage our Company in a way that elicits the trust of all our stakeholders; at the same time, we work to thoroughly educate all Group employees with regard to relevant regulations.
Implementation of Environmental Activities, CSR Activities etc.	Our Company actively carries out environmental preservation activities, including ensuring that all Company plants have acquired ISO 14001 certification, undertaking green procurement, and procuring parts in accordance with RoHS directives. We also promote compliance, security, social contributions, IR, and other CSR activities.
Development of Policies on Information Provision to Stakeholders	We publish our CSR Report on our Company website: https://www.meiko-elec.com/csr/

IV. Matters Related to the Internal Control System

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

The “Basic Policy Regarding the Establishment of Systems for Ensuring Appropriate Execution of Meiko Group Business Operations” was resolved by the Board of Directors based on the Companies Act and Ordinance for the Enforcement of the Companies Act of Japan.

(1) Systems for ensuring risk and compliance at our Group

- ① Our Company has established a Compliance Committee in line with its Compliance Regulations; the Committee is responsible for formulating, implementing, and monitoring the compliance measures and annual activities of our Group—which comprises our Company and our Company’s subsidiaries. The Committee is also responsible for analyzing and discussing compliance violations and, based on the results of this analysis and discussion, providing guidance and supervision related to proposals and measures aimed at preventing their reoccurrence.
 - ② Based on our Company’s Compliance Regulations, the Compliance Committee provides appropriate compliance education to all Group Directors and employees.
 - ③ Our Company has established an Internal Audit Office that reports directly to the President & CEO. The Office carries out audits to determine whether execution of operations at our Group complies with all relevant laws and ordinances, as well as our Articles of Incorporation, etc. The Office reports the results of its audits to the President & CEO and to our Company’s Board of Directors.
 - ④ Our Company has established a whistleblowing system and set up Help Lines for reporting compliance violations both at our Company’s Human Resources & General Affairs Department and at law firms; we promote the use of these Help Lines with the goal of discovering at the earliest opportunity violations or potential violations of laws and ordinances, our Articles of Incorporation, and other Company regulations. Our Company prohibits any actions that disadvantage either the whistleblowers themselves or those engaged in investigating the reported violations.
- (2) Systems for preserving and managing information related to the execution of duties of Directors
- ① Our Company properly preserves and manages, using the appropriate recording media, minutes of Board of Directors meetings, minutes of other important meetings, and other key records of approval that show the state of execution of duties of Directors, etc., according to relevant laws and ordinances, and Company regulations.
 - ② Directors, Auditors, and the Internal Audit Office are able to view the above-mentioned records at any time.
- (3) Systems for managing risk at our Group
- ① Our Company has established a Risk & Compliance Committee in line with its Risk & Compliance Regulations, in order to carry out efficient risk management of our Group. The Committee is tasked with understanding potentially serious risks to the business continuity and stable growth of our Group. These risks include quality issues, environmental preservation, violations of laws, ordinances, and regulations, accidents and disasters, system malfunctions, information security, errors in financial reporting, safety and hygiene, and pandemics, etc. The Committee is also tasked with formulating, etc. policies, measures, and annual plans related to risk management.
 - ② In cases where unforeseen circumstances occur at our Group, or in cases where signs of serious risks have been observed, our Company will immediately establish an Emergency Response Headquarters headed by the President & CEO, carry out risk management in an integrated manner, and seek to prevent the spread of any damage.
- (4) Systems for ensuring the efficient execution of duties of Group Directors
- ① The Board of Directors promotes the delegation of authority from the President & CEO to Directors and Executive Officers, and seeks to establish efficient business execution systems based on quick decision-making related to our Group’s business operations, by reviewing regulations regarding the separation of duties and regulations regarding administrative authority, etc.
 - ② The Board of Directors is responsible for verifying the progress of issues faced by our Group, and implementing improvement measures as appropriate.
 - ③ Directors maintain a timely and appropriate understanding of the performance of our Group’s production and sales, through report meetings, etc. that are held weekly or monthly.
- (5) Systems for ensuring the properness of operations at our Group
- ① Through the Meiko Group Corporate Charter and the Meiko Group Code of Conduct, our Company provides guidance and support to Directors and employees at its subsidiaries for establishing systems for ensuring the properness of operations, and for establishing systems for legal compliance.
 - ② Based on its Management Rules for Affiliated Companies, our Company requires subsidiaries to seek prior approval from, or report to the Company when deciding on important items related to their business operations.

- ③ Our Company's Internal Audit Office carries out regular audits regarding both execution of business and risk management across our entire Group.
- (6) Systems for appointing employees to assist the duties of Auditors
- ① If an Auditor should request the appointment of an employee to assist their duties, they can appoint an assistant as necessary from among our Company's employees; in cases where the assistant is concurrently an employee of a different department, said assistant will prioritize the instructions of the Auditor.
 - ② Performance evaluations, appointments, and transfers, etc. of assistants will be carried out with the agreement of the Auditor.
- (7) Systems for reporting to Auditors
- ① Our Group's Directors and employees are duty bound to report without delay to Auditors regarding serious compliance violations, as well as other items that could potentially cause significant damage to our Group.
 - ② Our Company prohibits any actions that disadvantage Group Directors or employees for submitting reports to Auditors.
- (8) Systems for ensuring the effectiveness of audits carried out by Auditors
- ① Our Company works to ensure that Auditors can carry out audits effectively. We provide opportunities for regular exchanges of opinions between Auditors and the President & CEO, we provide opportunities for regular interviews with Directors and Executive Officers, etc., and we establish environments that encourage cooperation with external experts such as lawyers, certified accountants, etc., as well as with the Internal Audit Office.
 - ② In line with our Company's Audit Policy, Auditors audit the execution of duties of Directors by attending Board of Directors meetings and other important meetings, etc., reading decision approval documents, etc., and investigating the business operations and assets both of our Company and of important subsidiaries. If Auditors request advance payment of fees, etc. for executing their duties, our Company will process the relevant fees swiftly.

2. Basic Views on Eliminating Antisocial Forces

Our Company's basic policy is to block all relationships with antisocial forces that threaten the order and safety of society. Our Regulations to Prevent Antisocial Forces stipulate that we work closely together with external expert organizations, and that our entire Group adopts a resolute approach to antisocial forces; we seek to prepare ourselves for all eventualities by ensuring a former chief of police is permanently stationed on site.

V. Other

1. Adoption of Anti-Takeover Measures

- Adoption of Anti-Takeover Measures: Not Adopted

Supplementary Explanation

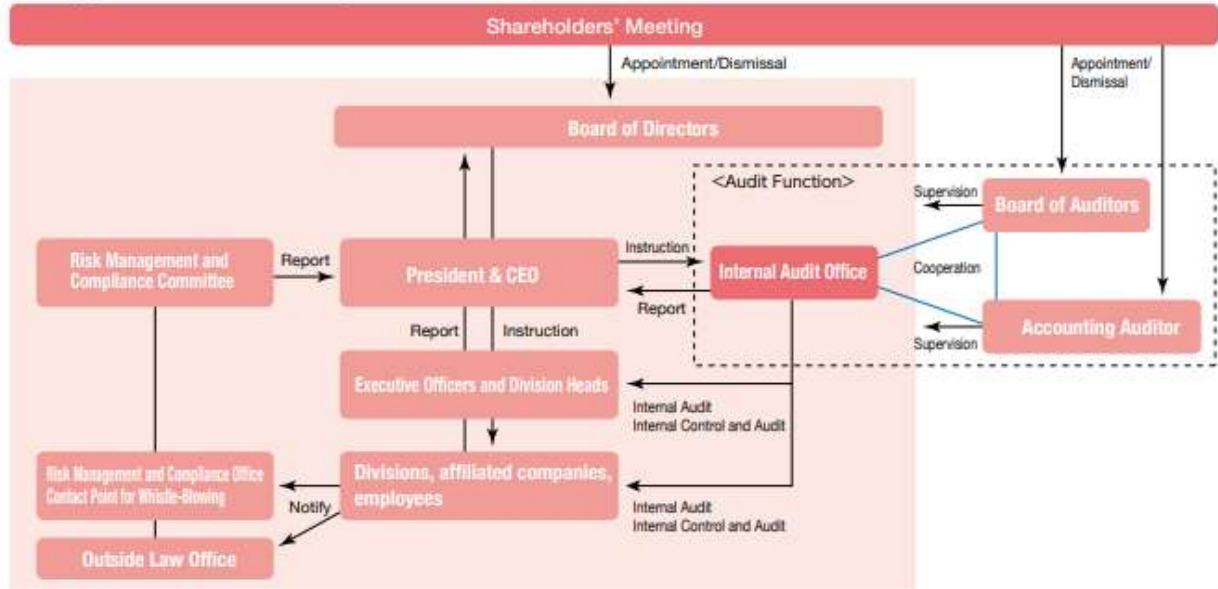
Our Company possesses a shareholder composition that makes takeovers difficult and, for this reason, does not at present have any anti-takeover measures.

Going forward, we intend to respond in the appropriate manner if necessitated by changes to our shareholder composition.

2. Other Matters Concerning to Corporate Governance System

None.

● Corporate Governance System at Meiko



Attachment

The Evaluation of Board of Directors' Effectiveness

1. Outline of the evaluation process

A questionnaire survey to evaluate the effectiveness of the Board of Directors was conducted for all Directors and Corporate Auditors, including Outside Directors, and the results were reported and discussed at a meeting of the Board of Directors held on May 29, 2023.

2. Results of the evaluation

-Period: February-March 2023

-Evaluators: Directors and Corporate Auditors (14 in total)

-Evaluation Items:

4-level evaluation [4 (High evaluation) to 1 (Low evaluation)] for each question, and free response method

Questions: (1) Structure of the Board of Directors
(2) Frequency of meetings
(3) Content of the comments
(4) Agenda Items
(5) Role as decision-making
(6) Provision of information
(7) Management supervisory function of the board of director
(8) Internal Controls
(9) Response to Previous Issues

-Outline of Implementation:

Questionnaire was sent to all evaluators. Evaluation, Analysis and Identification of Issues were conducted by the secretariat of the Board of Directors and reported the results of the questionnaire to the Board of Directors for discussion.

3. Analysis results and response to issues

(1) All the evaluation results were above the satisfactory level (above 3 on average), which means that the evaluation contents are generally effective.

(2) In the current fiscal year, there were a number of investment projects of managerial importance, which were explained to directors in advance and resolved by the Board of Directors after obtaining their full understanding.

(3) Preventing misconduct requires ongoing efforts

Based on the results of the above analysis, we will focus our efforts on the following points

- ➔ Establish a system to further enhance prior explanations and post-event reviews of important matters.
- ➔ Conscientiously promote checks on overseas subsidiaries as part of ongoing efforts to prevent misconduct.