

March28, 2024

Socionext Inc.

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The corporate governance of Socionext Inc. (the “Company”) is described below.

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

1. Basic Views

(1) Basic Management Policy

1) Management philosophy

Socionext Group (the “Group”) defines the following common group philosophy for its mission and value. Based upon this philosophy, we will help to bring about a prosperous society by delivering new value to our customers and to people around the world beyond them. We will do this as a valued partner of customers seeking to develop unique and cutting-edge SoCs (System on Chip, which is the implementation of multiple functions needed to run a device or system on a single semiconductor chip) to differentiate their services and products. We will also do this as a partner of our suppliers providing the latest technologies in the evolving semiconductor ecosystem, including foundries, outsourced semiconductor assembly & tests (OSATs) and providers of intellectual property (IP), electronic design automation (EDA) and software.

The Group’s Mission as a corporation

Together with our global partners, we bring innovation to everyone everywhere.

The Group’s Value

Change: We adapt ourselves to the disruptive discontinuous changes in business, technology, mind, operations, and other environments.

Technology: By pursuing cutting-edge technology, we aim to become a company that supports global innovation through the development of competitive technology.

Growth: Our growth helps to deliver benefits to all stakeholders, including shareholders, customers, partners, and employees.

Speed: We respond quickly to dynamic and rapidly-changing markets and customers.

Sustainability: We ensure a sustainable future by creating a cohesive society with customers and partners.

2) Management Policy

To pursue the above management philosophy, at the Group we are putting our guiding principles into practice through our own distinctive Solution SoC business model for customers wanting to develop leading-edge custom SoCs, whereby we combine an optimal mix of technologies to implement the functions they require. Along with the automotive, networking & data center, and smart device fields that represent our leading growth sectors, we are also seeking to combine regional balance with the winning of more business from global customers in the industrial field and in IoT & radar sensing.

Along with winning the trust of customers and supporting their growth by becoming the SoC supplier of choice to major global and growth companies, our business activities also serve as a means for us to leverage our technologies to help overcome the challenges facing society, in areas like low power consumption, for example. Moreover, through the development work we undertake in partnership with customers, we seek to create a virtuous circle of growth for both engineers and the company, enhancing corporate value through this growth and thereby generating returns for our shareholders.

(2) Basic views on corporate governance

Recognizing the importance of management as a company having social responsibilities, the Company has positioned the development of organizational structures and mechanisms to ensure transparency and fairness in decision-making and the building of a trust relationship with all stakeholders, including shareholders, as one of its most important management issues. Accordingly, we aim to increase our corporate value and achieve sustainable growth through the implementation and continuous improvement of the Corporate Governance Code below.

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

[Supplementary Principle 4-1-3 Succession Plan for the Chief Executive Officer (CEO) and other top executives]
The succession plan for the CEO and other top executives is implemented through deliberations in the Nomination and Compensation Committee, the majority of whose members are Independent Outside Directors (two out of three members), which is chaired by an Independent Outside Director.

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

[Principle 1-4 Cross-shareholdings]

As a general rule, the Company does not hold any cross-shareholdings and does not currently hold any listed shares as cross-shareholdings.

If it becomes necessary to acquire cross-shareholdings in the future from the perspective of management strategy, etc., the acquisition will be limited to cases that contribute to the sustainable growth of the Company and the enhancement of corporate value over the medium to long term. In addition, the Board of Directors will confirm the significance of acquiring each stock in advance, and after the acquisition, the appropriateness of the holding will be confirmed and reviewed annually. The exercise of voting rights in connection with cross-shareholdings is judged on the basis of whether it contributes to the corporate value of the Company.

[Principle 1-7 Related-Party Transactions]

In accordance with the Related-Parties Transactions Management Regulations, when conducting transactions with officers or major shareholders (related-party transactions), the Company verifies the reasonableness and appropriateness of the transactions and conducts appropriate approval procedures by the Board of Directors, etc.

In accordance with the above regulations, the Company is required to report the results of all related-party transactions to the Board of Directors on a quarterly basis.

In addition, every year, a written survey is conducted with directors to confirm the presence of related-party transactions.

[Supplementary Principle 2-4-1 Ensuring Diversity in Promotion to Core Human Resources]

The Company strives to foster a corporate climate and culture that enables each and every employee with a wide range of personalities, ideas and values to work comfortably and demonstrate their abilities.

For this reason, the Company will continue to recruit and promote people of all nationalities, genders and ages, promote the development of an internal environment in which diverse human resources can work vigorously, and aim for higher ratios of female, foreign and mid-career employees to total employees and to total managers than the current ratio.

Female employees

In the fiscal year ended March 2023, female employees accounted for 9.8% of the Company's total employees and 2.3% of its management positions. We are also developing systems for shorter working hours, leave of absence and holidays to create more a comfortable environment with a good work-life balance for female employees.

Foreign nationality employees

In the fiscal year ended March 2023, employees with foreign nationality accounted for 2.2% of the Company's total employees and 1.2% of its management positions. We will continue to hire and promote foreign nationals.

Mid-career employees

The Company has been actively recruiting mid-career employees of all nationalities, genders and ages. In the fiscal year ended March 2023, we hired 31 mid-career employees, 10 of whom were for management positions. In the fiscal year ended March 2023, mid-career employees accounted for 10.7% of the Company's total employees and 8.5% of its management positions.

We will continue to hire and promote mid-career employees.

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

The Company employs a defined contribution pension plan. We provide education on defined contribution pension plans and asset management for employees when they join the company and on a regular basis.

[Principle 3-1 Full Disclosure]

To enhance management transparency, the Company strives to disclose information in a timely, fair and balanced manner. We will actively disclose our management philosophy, management strategies, and corporate governance initiatives on the Company's website at appropriate times.

- (i) For the management philosophy and policy, see "I-1. Basic Views" in this report.
- (ii) For basic views on corporate governance, see "I-1. Basic Views" in this report.
- (iii) For policies and procedures of determining directors compensation, please see "1. Matters Concerning Institutional Structure and Organizational Management, etc. [Director Remuneration]" and "2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" in this report.
- (iv) For policies and procedures of election, dismissal and nomination of directors, please see "2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)" in "II. Business Management

Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management.”

- (v) The reasons for the election of new director candidates will be disclosed in the notice of convocation of the general meeting of shareholders.

[Supplementary Principle 3-1-3 Initiatives on Sustainability]

The Company’s Mission is “Together with our global partners, we bring innovation to everyone everywhere.” And one of its Values is “Sustainability: We ensure a sustainable future by creating a cohesive society with customers and partners.”

Based on this philosophy, the Company will work with customers to achieve innovation and resolve various social issues through the power of System on a chip (SoC).

On April 1, 2022, we established the ESG Promotion Office under the leadership of the Corporate Vice President to centrally manage and promote internal sustainability activities.

Specific initiatives are disclosed on the Company website. <https://www.socionext.com/en/sustainability/>

[Supplementary Principle 4-1-1 Scope and content of delegation to the management]

The Board of Directors of the Company makes resolutions on important matters related to the execution of business as stipulated in the Board Regulations and matters stipulated in laws and regulations, and supervises the status of the execution of business on a sequential basis. In addition, the Company employs independent outside directors who are experts in multiple diverse fields to strengthen the supervisory function of business execution and develop an effective system through appropriate advice.

In accordance with the Group Approval Authority and Affiliate Management Regulations, the Board of Directors delegates part of its executive authority to the Management Committee, which is chaired by the CEO and is composed of executive officers who oversee each Group.

[Principle 4-9 Independence Standards and Qualifications for Independent Outside Directors]

In the Company, the appointment of independent outside directors, including Audit & Supervisory Committee Members, is subject to deliberation by the Nomination and Compensation Committee on the conformity with independence standards and policies, and the results are reported to the Board of Directors, which deliberates and resolves the matter.

The independence standards adopted and established by the Company are based on the requirements for outside directors stipulated in the Companies Act and the requirements for independent officers stipulated by the Tokyo Stock Exchange.

[Supplementary Principle 4-10-1 Authorities and Roles of the Nomination Committees and Compensation Committees]

The Company has established a voluntary Nomination and Compensation Committee as an advisory body to the Board of Directors in order to enhance independence, objectivity and transparency regarding the nomination and compensation of officers.

The majority of the Nomination and Compensation Committee members are Independent Outside Directors, and the committee is chaired by an Independent Outside Director.

For details on Nomination and Compensation Committee, see “II 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)” in this report.

[Supplementary Principle 4-11-1 Views on Diversity of the Board of Directors]

The Company discloses a skill matrix that lists each director's knowledge, experience, and abilities, as well as a combination of the director's skills etc. in a manner appropriate to the business environment and business characteristics, along with policies and procedures for the election of directors.

Candidates for Directors who are not Audit & Supervisory Committee Members are determined by the Board of Directors based on a report by the Nomination and Compensation Committee, the majority of whose members are Independent Outside Directors.

Candidates for Directors who are Audit & Supervisory Committee Members are determined by the Board of Directors, with the consent of the Audit & Supervisory Committee, based on a report by the Nomination and Compensation Committee, the majority of whose members are Independent Outside Directors.

The skill matrix of directors is provided at the end of this report.

[Supplementary Principle 4-11-2 Concurrent Positions of Directors as Officers of Other Listed Companies]

To ensure that the overall roles and responsibilities of directors are fulfilled appropriately and soundly, the Company elects candidates for directors by considering whether their concurrent directors positions at other companies are reasonable.

The status of concurrent positions held by directors of the Company as directors of other companies is described in the Annual Securities Report for the Ninth Fiscal Period on the Company website.

<https://www.socionext.com/jp/ir/library/>

[Supplementary Principle 4-11-3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

The Company's approach to the evaluation of effectiveness

The Board of Directors of the Company analyzes and evaluates the effectiveness of the Board of Directors every year with the support of a third-party organization to further ensure its effectiveness and improve its functions.

A summary of the methodology and results of the evaluation of the effectiveness of the Company's Board of Directors for the fiscal year ended March 2024 is provided below.

Method of evaluation

In December 2023, an anonymous external third-party questionnaire survey with approximately 40 questions (both multiple-choice and descriptive) was conducted with all ten directors, and the results were discussed at a meeting of the Board of Directors to evaluate the effectiveness of the Board of Directors.

Summary of evaluation results

Overall, we judged that the effectiveness of the Board of Directors of the Company was adequately ensured.

In this evaluation of the effectiveness of the Board of Directors, it was confirmed that improvements were made in a number of issues identified in the previous evaluation, such as the diversification of the Board members, the availability of deliberation time, discussions on sustainability, the timing and method of providing materials, and explanations of the business environment and business model to the outside directors.

The main issues identified as evaluation results of the effectiveness of the Board of Directors are as follows:

- 1) Strengthening the support system for directors

- Ensuring advance distribution of materials and improvement of comprehensibility
 - Securing opportunities for explanations to the outside directors to understand the semiconductor business and the Company's business model
 - Enhancing the support system for the Audit and Supervisory Committee, including strengthening the internal audit department
- 2) Securing time for deliberation on important strategic topics (Sustainability, human capital development, etc.)
 - 3) Ensuring opportunities for business explanations and communication between the outside directors and the executive officers
 - 4) Continuous consideration of the ideal structure of the Board of Directors (diversity, ratio of outside directors, succession planning, etc.)

Initiatives based on evaluation results

Based on the results of this evaluation, the company will work to further improve the effectiveness of the Board of Directors by promoting continuous improvement activities on issues identified.

[Supplementary Principle 4-14-2 Training Policies for Directors]

For newly appointed internal directors and executive officers, the Company has a policy to improve their skills by utilizing outside seminars for them to acquire the necessary knowledge regarding legal compliance, corporate governance, finance and other matters.

For newly appointed outside directors, the Company explains industry trends and the business situation of the Company, and also has a system in place whereby the new outside directors, after their appointment, can directly request directors and executive officers in charge of business to provide an explanation to deepen their understanding of the Company's business.

In order to revitalize the deliberations of the Board of Directors, the costs of training sessions and socializing opportunities, etc. in which each director voluntarily participates as necessary are to be borne by the Company.

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

The following is the Company's policy regarding the development of systems and initiatives to promote constructive dialogue with shareholders and investors.

Policy for initiatives to promote dialogue

- Disclose information in a timely and appropriate manner in accordance with laws and regulations, such as the Financial Instruments and Exchange Act, and the Timely Disclosure Rules of the Tokyo Stock Exchange.
- Efforts will be made to engage in two-way communication with shareholders to explain the the Group's management situation and operating policies in an easy-to-understand and accurate manner, and report the feedback of shareholders' opinions and requests to the Board of Directors as part of IR status reports, which will be reflected in formulating management strategies, improving business operations and determining information disclosure.
- This will lead to sustainable growth of the Company and medium- to long-term enhancement of its corporate value.

Internal Structure

- The person in charge of Investor Relations shall be the executive officer in charge of corporate planning, and the department in charge of Investor Relations shall be the Public Relations & Investor Relations Office.
- Departments committed to Investor Relations (Public Relations & Investor Relations Office, Corporate Planning Office, Corporate Affairs & Human Resources Division, Finance and Corporate Finance Division, etc.) will fully cooperate in preparing disclosure materials to promote dialogue with shareholders.

Report to the Board of Directors

- The person in charge of Investor Relations regularly reports information and opinions from shareholders and investors to the Board of Directors.

Initiatives to promote dialogue

- Information that falls under the Timely Disclosure Rules shall be disclosed via TDnet (a system to realize fair, prompt and extensive disclosure).
- Disclose necessary information on the Investor Relations section of the Company's website.
- Set up opportunities for dialogue, such as individual meetings, group meetings and company briefings, and actively disclose information.
- The Company will hold financial results briefings and disclose materials on the Investor Relations section of its website.

Management of insider information

- Manage insider information appropriately in accordance with laws and regulations and internal company regulations.
- In order to prevent leaks of financial information and ensure fairness, the period from the day following the last day of the fiscal period (quarterly financial results) to the day of the announcement of financial results is designated as a "silent period," during which, in principle, the Company refrains from responding to comments or questions related to financial results. However, even during this period, timely disclosure may be made in accordance with the Timely Disclosure Rules.

[Measures to realize management with capital cost and stock price in mind]

In promoting the solution SoC business, the Group is implementing management with capital profitability in mind.

Specifically, we set up multiple checkpoints for each business project, focusing on profitability and cash flow, during the period from the beginning of the project to the acquisition of the project, and during the period from the acquisition to the start of mass production.

Once a year, we calculate the cost of capital for the fiscal year ended and reports the results compared to the return on capital (ROE, ROIC) to the Board of Directors.

In the fiscal year ended March 2023, we confirmed that the Group's profitability exceeded the cost of capital because the Group's ROE and ROIC exceeded the cost of capital according to our calculation.

Specific measures to further improve ROE and ROIC are as follows.

- Through Securing of Proper Profits on a per project basis.
- Pursuing development efficiency by strengthening development systems in line with the solution SoC

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business.

By promoting these measures, we aim to increase our corporate value and improve our market valuation.

[Implementation of Dialogue with Shareholders]

- We provide shareholders and investors with an interactive environment by disclosing the Group's latest business results and business strategies on the shareholders and investors pages of our website, and by posting a contact point for IR inquiries.
- We hold quarterly financial results briefings and individual interviews with institutional investors and analysts.
- Dialogues with shareholders, investors, and analysts are reported to the Board of Directors and other meetings to provide feedback to management.

2. Capital Structure

| | |
|----------------------------|-------------|
| Foreign Shareholding Ratio | 30% or more |
|----------------------------|-------------|

[Status of Major Shareholders]

| Name or Company Name | Number of Shares Owned | Percentage (%) |
|---|------------------------|----------------|
| The Master Trust Bank of Japan, Ltd. (trust account) | 4,552,200 | 12.79 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 1,940,643 | 5.45 |
| Custody Bank of Japan, Ltd. (trust account) | 1,369,000 | 3.84 |
| NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT | 1,196,754 | 3.36 |
| UEDA YAGI TANSHI Co., Ltd. | 761,700 | 2.14 |
| Nomura Securities Co., Ltd. | 688,000 | 1.93 |
| JAPAN SECURITIES FINANCE Co., Ltd. | 594,200 | 1.67 |
| STATE STREET BANK AND TRUST COMPANY 505225 | 550,400 | 1.54 |
| CENTRAL TANSHI Co., Ltd. | 512,800 | 1.44 |
| STATE STREET BANK WEST CLIENT-TREATY 505234 | 436,600 | 1.22 |

| | |
|---|---|
| Name of Controlling Shareholder, if applicable (excluding Parent Company) | - |
|---|---|

| | |
|---------------------------------------|------|
| Name of Parent Company, if applicable | None |
|---------------------------------------|------|

Supplementary Explanation

1. The ratio of foreign shareholdings and the status of major shareholders are as of September 30, 2023.
2. Although the Statement of Large-Volume Holdings (the Statement of Changes) made available for public

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inspection on December 22, 2023, indicated that Capital Research and Management Company held 1,716,018 shares (4.82% of the issued shares) as of December 15, 2023, the Company could not confirm its actual shareholding as of September 30, 2023, and therefore did not include it in the above list of major shareholders.

3. Corporate Attributes

| | |
|---|--|
| Listed Stock Exchange and Market Segment | 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 yen or more but less than 1 trillion yen |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | Fewer than 10 |

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

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5. Other Special Circumstances That 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. Matters Concerning Institutional Structure and Organizational Management, etc.

| | |
|-----------------------|--|
| Organizational System | Company with Audit & Supervisory Committee |
|-----------------------|--|

Directors

| | |
|---|-----------|
| Number of Directors Stipulated in Articles of Incorporation | 10 |
| Directors' Term of Office Stipulated in Articles of Incorporation | 1 year |
| Chairperson of the Board | President |
| Number of Directors | 10 |
| Election of Outside Directors | Elected |
| Number of Outside Directors | 5 |
| Number of Independent Directors among Outside Directors | 4 |

Outside Directors' Relationship with the Company (1)

| Name | Attributes | Relationship with the Company (*1) | | | | | | | | | | | |
|--------------------|----------------------|------------------------------------|---|---|---|---|---|---|---|---|---|---|--|
| | | a | b | c | d | e | f | g | h | i | j | k | |
| Masatoshi Suzuki | From another company | | | | | | | | | | | | |
| Sachiko Kasano | Lawyer | | | | | | | | | | | | |
| Yasuyoshi Ichikawa | CPA | | | | | | | | | | | | |
| Morimasa Ikemoto | From another company | | | | | | | | | | | | |
| Noriko Yoneda | Lawyer | | | | | | | | | | | | |

*1 Categories for "Relationship with the Company"

- a. Person who executes business of the Company or a subsidiary
- b. Person who executes business at or a non-executive director of a parent company
- c. Person who executes business at a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- e. Major client of the Company or a person who executes business for such client
- f. 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
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- h. 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)
- i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- k. Other

Outside Directors' Relationship with the Company (2)

| Name | Audit & Supervisory Committee Member | Designation as Independent Director | Supplementary Explanation of the Applicable Relationship | Reasons for Appointment |
|------------------|--------------------------------------|-------------------------------------|--|---|
| Masatoshi Suzuki | | ✓ | - | Leveraging a wealth of management experience gained from serving as a representative director and in other positions at listed companies, he supervises and advises management from an objective and neutral standpoint. Therefore, we believe that he will be able to appropriately perform his duties as Outside Director from an independent position. In addition, as Mr. Suzuki meets the requirements for Independent Officer stipulated by Tokyo Stock Exchange and the "Independence Standards for Outside Directors" set forth by the Company, the Company has designated him as Independent Officer. |

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|--------------------|---|---|---|---|
| Sachiko Kasano | | ✓ | - | <p>Based on her extensive experience as an attorney and her deep insight into corporate legal affairs and compliance, she supervises and advises management from an objective and neutral standpoint. While Ms. Kasano has no experience of being involved in corporate management other than serving in the past as Outside Officer, the Company concluded that she will be able to perform her duties appropriately from an independent standpoint.</p> <p>In addition, as Ms. Kasano meets the requirements for Independent Officer stipulated by Tokyo Stock Exchange and the “Independence Standards for Outside Directors” set forth by the Company, the Company has designated her as Independent Officer.</p> |
| Yasuyoshi Ichikawa | ✓ | ✓ | - | <p>Based on his extensive experience as a certified public accountant and his deep insight into financial accounting, he supervises and advises management from an objective and neutral standpoint. While Mr. Ichikawa has no experience of being involved in corporate management other than serving in the past as Outside Officer, the Company concluded that he will be able to perform his duties appropriately from an independent standpoint.</p> <p>In addition, as Mr. Ichikawa meets the requirements for Independent Officer stipulated by Tokyo Stock Exchange and the “Independence Standards for Outside Directors” set forth by the Company, the Company has designated him as Independent Officer.</p> |
| Morimasa Ikemoto | ✓ | | - | <p>He has served as a director who is an audit and supervisory committee member and a full-time auditor of a listed company, and has considerable knowledge of finance and accounting, internal control and auditing. In addition, from June 2018 to July 2022, he advised the management of the Company as Outside Director of the Company. Therefore, the Company concluded that he will be able to</p> |

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| | | | | perform his duties appropriately. Although Mr. Ikemoto meets the requirements for Independent Officer stipulated by Tokyo Stock Exchange and the “Independence Standards for Outside Directors” set forth by the Company, the Company has not designated him as Independent Officer |
| Noriko Yoneda | ✓ | ✓ | - | She has extensive experience as an attorney and deep insight into corporate legal affairs and compliance. While Ms. Yoneda has no experience of being involved in corporate management other than serving in the past as Outside Officer, the Company concluded that she will be able to perform her duties appropriately from an independent standpoint. In addition, as Ms. Yoneda meets the requirements for Independent Officer stipulated by Tokyo Stock Exchange and the “Independence Standards for Outside Directors” set forth by the Company, the Company has designated her as Independent Officer. |

[Audit & Supervisory Committee]

Composition of Supervisory Committee and Attributes of the Chairperson

| | All Committee Members (persons) | Full-time Members (persons) | Inside Directors (persons) | Outside Directors (persons) | Committee Chair (Chairperson) |
|-------------------------------|---------------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------------|
| Audit & Supervisory Committee | 3 | 1 | 0 | 3 | Outside Director |

| | |
|--|-----------|
| Appointment of Directors and/or Staff to Support the Supervisory Committee | Appointed |
|--|-----------|

Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

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|--|
| To support the duties of the Audit & Supervisory Committee, the Company established a dedicated Audit & Supervisory Committee Secretariat (3 persons). In order to ensure the independence of the Audit & Supervisory Committee Secretariat, persons belonging to the Audit & Supervisory Committee Secretariat shall provide support to the Audit & Supervisory Committee under the direct directions and chain of command from the Audit & Supervisory Committee, and shall obtain prior consent from the Audit & Supervisory Committee for appointments, transfers and other personnel matters. |
|--|

Status of Coordination between Audit & Supervisory Committee, Accounting Auditor and Internal Audit Department

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| In order to ensure the effectiveness and efficiency of audits, the Audit & Supervisory Committee receives explanations of accounting audit plans and results, and exchanges information and opinions as necessary, in |
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cooperation with the Accounting Auditor. In cooperation with the Internal Audit Department, which is the internal audit division, the Audit & Supervisory Committee approves the annual audit plan of the Internal Audit Department and receives its reports on the results of internal audit, while the Audit & Supervisory Committee directs the Internal Audit Department when necessary.

[Voluntary Established Committees]

| | |
|--|-----------|
| Voluntary Establishment of Committees Equivalent to Nomination Committee or Compensation Committee | Appointed |
|--|-----------|

Status of Voluntarily Established Committees, Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

| | Committee's Name | All Members (persons) | Full-time Members (persons) | Inside Directors (persons) | Outside Director (persons) | In-house Experts (persons) | Other (persons) | Committee Chair (Chairperson) |
|--|---------------------------------------|-----------------------|-----------------------------|----------------------------|----------------------------|----------------------------|-----------------|-------------------------------|
| Voluntarily Established Committee Equivalent to Nomination Committee | Nomination and Compensation Committee | 3 | 0 | 1 | 2 | 0 | 0 | Outside Director |
| Voluntarily Established Committee Equivalent to Compensation Committee | Nomination and Compensation Committee | 3 | 0 | 1 | 2 | 0 | 0 | Outside Director |

Supplementary Explanation

The current members of the Nomination and Compensation Committee are as follows:
 Chairperson: Masatoshi Suzuki (Independent Outside Director)
 Committee members: Sachiko Kasano (Independent Outside Director), Masahiro Koezuka (Representative Director, Chairman and President)

For details on Nomination and Compensation Committee, see "II 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)" in this report.

[Matters Concerning Independent Directors]

| | |
|---------------------------------|---|
| Number of Independent Directors | 4 |
|---------------------------------|---|

Other Matters Concerning Independent Directors

Four out of five Outside Officers, who qualify as independent officers, are appointed as independent officers. The Company has established the following independence standards for outside directors.

Independence Standards for Outside Directors

The Company considers Outside Directors or candidates for such directors to be independent if it determines that none of the following 1 to 9 apply:

However, even if a person falls under any of the following 1 to 9, he or she may be appointed as Independent Outside Director of the Company if the Company believes that he or she has sufficient independence, provided that the reasons for such independence are publicly disclosed.

1. A person whose major client or supplier is a Socionext Group Company (Note 1) (Note 2) or a business executive person thereof (Note 3)
2. Major client of (Note 4) or major lender (Note 5) to Socionext Group Companies or a business executive person thereof
3. An outside expert who receives a substantial amount of compensation from Socionext Group Companies in addition to officer's compensation (Note 6), or a person who belongs to the organization if the outside expert is an organization such as a corporation
4. A member or employee of the Accounting Auditor of the Company
5. A person who receives a large donation from a Socionext Group Company (Note 7), or a person who belongs to the organization if the recipient of such a donation is an organization such as a corporation
6. A business executive person of a corporation or other organization that accepts directors or other officers from a Socionext Group Company
7. A person who has fallen under any of the above items 1 through 6 in the past three years
8. A major shareholder of the Company (Note 8) or a business executive person thereof
9. A close relative of one of the following (Note 9):
 - (1) Persons listed in the above 1 through 8
 - (2) A business executive person of a Socionext Group Company
 - (3) A business executive person who has been an executive person of a Socionext Group Company in the past three years

(Note 1) "Socionext Group Companies" means Socionext Inc. and its subsidiaries.

(Note 2) "A person whose major client or supplier is a Socionext Group Company" means a party whose sales to Socionext Group Companies account for 2% or more of its annual consolidated total sales in the most recent fiscal year.

(Note 3) A business executive person is defined in Article 2, Paragraph 3, Item 6 of the Regulations for Enforcement of the Companies Act.

(Note 4) "Major client of or supplier to a Socionext Group Company" means a party to which 2% or more of Socionext Group Companies' annual consolidated total sales in the most recent fiscal year are recorded.

(Note 5) Major lender is a major lender stated in the Company's most recent Business Report.

(Note 6) A substantial amount of compensation means that an individual is paid at least 10 million yen per year in the most recent business year of a Socionext Group Company, and an organization such as a corporation is paid at least 2% of the total annual consolidated sales in the most recent business year of the organization.

(Note 7) A large donation means a donation of at least 10 million yen per year in the most recent fiscal year of a Socionext Group Company.

(Note 8) A major shareholder is a person who holds 10% or more of the voting rights.

(Note 9) A close relative is a spouse, a relative within the second degree of kinship or a relative living together.

[Incentives]

| | |
|--|--|
| Implementation Status of Measures related to Incentives Granted to Directors | Introduction of Performance-Linked Remuneration Scheme |
|--|--|

Supplementary Explanation for Applicable Items

For details, see “II 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof” in this report.

Persons Eligible for Stock Options

Inside Directors, Employees, Other

Supplementary Explanation for Applicable Items

As an incentive program aimed at accelerating preparations for listing, the Company has granted stock options on eight occasions to employees who joined the Company before the end of December 2020 (non-executive directors are not eligible for the granting thereof).

[Director Remuneration]

Status of Disclosure of Individual Directors’ Remuneration

No disclosure of remuneration for any Directors

Supplementary Explanation for Applicable Items

In accordance with laws and regulations, the total amount is disclosed separately for Directors who are not Audit & Supervisory Committee Members and Directors who are Audit & Supervisory Committee Members. If there is a person for whom the total amount of consolidated compensation, etc. is 100 million yen or more, the Company plans to disclose such person separately in the Annual Securities Report in accordance with laws and regulations.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

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

Policy on determining compensation, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members) (overview)

A. Details of the Directors’ Compensation System

a. Basic Views

- Highly linked to the company’s performance and highly transparent and objective
- Enhancement of corporate value and compensation should be linked in order to share a sense of interest with shareholders
- Contribute to securing and retaining a global management team that meets competent capability requirements in realizing the corporate vision

b. Compensation level

In light of the business environment surrounding the Company, we will objectively compare compensation levels with those of other companies in the same industry or other companies of the same size, based on the data from research firms, and establish appropriate levels relevant for the positions.

c. Process for determining compensation

- The Company has established a voluntary Nomination and Compensation Committee to ensure the appropriateness of compensation levels and amounts and the transparency of the decision-making process. The chairperson and the majority of committee members are Independent Outside Directors. The Board of Directors consults with the Nomination and Compensation Committee on basic policies and decision procedures. The recommendations of the Nomination and Compensation Committee are deliberated by the Board of Directors, and the Board of Directors decides the basic policy and decision procedures and makes a resolution on the agenda for the General Meeting of Shareholders in the event that the upper limit of total compensation is reviewed.
- The specific amount of basic compensation and incentive compensation (cash and stock) for each individual is determined within the total amount of compensation approved by the General Meeting of Shareholders, based on the report made by the Nomination and Compensation Committee to the Board of

Directors, and subject to approval by the Nomination and Compensation Committee, and is determined at the discretion of the Representative Director, Chairman and President, based on a resolution of the Board of Directors.

B. Compensation structure

a. Executive Director

- 1) Basic compensation: Based on the scope of responsibility and role (position) in the Company, a fixed amount is paid as basic compensation
- 2) Cash incentive compensation: Payment by cash (bonus) as performance-based compensation based on the evaluation of performance results in the target year
- 3) Stock incentive compensation: Payment by stock as performance-based restricted-stock compensation based on the evaluation of performance results in the target year
 - If the performance target is 100% achieved, the percentage of the above proportion is 1) 60%, 2) 20% and 3) 20%.
 - As evaluation items and indicators for the performance-based portion (cash and stock), we consider four items of “net sales,” “operating profit,” and “design win amount,” and “business transformation, growth strategy, ESG measures, etc.” with a weighting of 25% for each. In addition, we evaluate all of these items based on comprehensive judgment by the Nomination and Compensation Committee. The results of the evaluation are reported to and deliberated on by the Board of Directors.

b. Independent Outside Directors (non-executive directors)

- In view of the role of supervising the execution of business, only fixed basic compensation is paid.

[Support System for Outside Directors]

The Representative Director, Chairman and President or the Board of Directors Secretariat provides the necessary support to outside directors, including providing supplementary explanations on the business overview and proposals to be submitted to the Board of Directors. Furthermore, for Outside Directors who are Audit & Supervisory Committee Members, the Audit & Supervisory Committee Secretariat provides support for their activities.

[Statuses of Persons Who Have Retired as Representative Director and President, etc.]

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

| 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 |
|-------------------|----------------------------|--|--|---|--|
| Yoshifumi Okamoto | Special Technology Adviser | Promote technological collaboration with customers and academic institutions, etc. | Terms and Conditions: Full-time Remuneration: With remuneration | March 30, 2022 | From March 30, 2022, to March 31, 2024 |

| | |
|--|---|
| Number of Persons Holding Advisory Positions (<i>Sodanyaku, Komon</i> , etc.) After Retiring as Representative Director and President, etc. | 1 |
|--|---|

Other Related Matters

The Board of Directors has resolved to appoint the above advisor, and in accordance with the Advisory Regulations, the term of office is one year in principle, and an appropriate level of compensation is set in consideration of the nature of the work, experience, knowledge, and social position.

Following the establishment of the Nomination and Compensation Committee on March 30, 2022, the appointment of advisor (including continuation) is subject to a resolution of the Board of Directors after receiving a report from the Nomination and Compensation Committee on the necessity and appropriateness of the treatment.

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

The Company's business execution and monitoring systems are as follows:

Board of Directors

The Board of Directors makes decisions on important management matters and matters stipulated by laws and regulations and the Articles of Incorporation, and continuously supervises the status of business execution. In addition, the Company employs multiple independent outside directors who are experts in diverse fields to strengthen the supervisory function of business execution and develop an effective system through appropriate advice. In principle, the Board of Directors meets once a month on a regular basis, and extraordinary meetings are held as necessary.

The Board of Directors consists of ten members in total, with five internal directors and five outside directors.

Audit & Supervisory Committee

The Audit & Supervisory Committee conducts audits on the legality and appropriateness of the execution of duties by directors, ensures the soundness of the Company, and acts in the common interest of shareholders with a view to sustainable enhancement of corporate value. One full-time Audit & Supervisory Committee Member is elected to enhance the effectiveness of the audit and supervisory functions by attending important meetings and strengthening cooperation with the Accounting Auditor and Internal Audit Department. In principle, the Audit & Supervisory Committee meets once a month, and extraordinary meetings are held as necessary.

The Audit & Supervisory Committee consists of three Directors, of which three are outside directors.

Nomination and Compensation Committee

The Nomination and Compensation Committee, which is composed of members elected from among the directors by resolution of the Board of Directors, is established as a voluntary advisory body to the Board of Directors with the aim of improving transparency regarding election and compensation of directors who are not Audit and Supervisory Committee Members and executive officers, and election of directors who are Audit and Supervisory Committee Members. The Nomination and Compensation Committee is consulted by the Board of Directors and makes recommendations on the election and compensation of directors who are not Audit and Supervisory Committee Members and executive officers, and the election of Directors who are Audit and Supervisory Committee Members. The Committee formulates election criteria and policies for the personnel of directors and executive officers, and policies for the compensation of directors who are not Audit and Supervisory Committee Members and executive officers, and deliberates compensation levels. To adopt independent perspectives, an Outside Director chairs the Committee and two-thirds of the Committee members are Outside Directors.

Outside Directors' Meeting

The Outside Board of Directors' group meeting is held every month to gather and share information necessary for Outside Directors' management decision-making and to exchange opinions including their ideas and necessity of discussion for the Board of Directors. The meeting is chaired by a Lead Independent Outside officer. The Outside Directors' Meeting is composed of all outside directors, and the representative director participates as necessary.

Lead Independent Outside Director

Our company selects the Lead Independent Outside Director from among the Independent Outside Directors.

The role of the Lead Independent Outside Director is to act as a liaison between the management and the Independent Outside Directors and to facilitate dialogue between them.

In addition, the Outside Directors' Meeting is convened to determine the agenda of the meeting when necessary, and serves as the chairman of the meeting, and the results of the deliberations are communicated to the management or the Board of Directors to encourage discussion.

Management Committee

The Management Committee deliberates and makes decisions on important matters relating to the execution of the Group's business and on important matters to be submitted to the Board of Directors, as determined by the Board of Directors regarding the transfer of authority. In principle, the Management Committee meets once a week. The Committee consists of the Representative Director, Chairman, President and CEO, executive officers, and organizational heads appointed by the CEO.

Risk and Compliance Committee

The Risk and Compliance Committee discusses to identify, analyze and take measures for risks including information security, compliance and disasters. Business risks, such as those relating to the business environment, strategy, finance, labor management and supply chain, are deliberated by the Management Committee. The Risk and Compliance Committee meets quarterly.

The Committee consists of the chairperson (Representative Director, Chairman, President and CEO), committee members (executive officers) and organizational heads appointed by the CEO.

Internal Audit Department

The Internal Audit Department, which is established directly under the CEO, conducts internal audits on the overall development of internal controls over management activities and the status of execution of business in the Group. The Internal Audit Department's audit plan is approved by the CEO and the Audit & Supervisory Committee, and the results of the Internal Audit Department's audit are reported to the CEO and the Audit & Supervisory Committee. In addition, the Audit & Supervisory Committee can direct the Internal Audit Department as necessary.

Policy on election and dismissal of Directors

The Company sets forth the following policies, standards and procedures for the election and dismissal of directors of the Company.

1. Policies for election

- (1) In electing director candidates, consideration shall be given to the composition of the Board of Directors so that the Board of Directors can fully exercise its functions and contribute to the sustainable development of the Group, while ensuring diversity by balancing the experience, knowledge and abilities of each director.

- (2) The Board of Directors shall consist of not more than ten members, and at least one-third of them shall meet the independence standards for outside directors set by the Company.
- (3) The Audit & Supervisory Committee shall, in principle, have at least one legal specialist and one financial accounting specialist.

2. Election criteria for director candidates

(1) Requirements common to all directors

- 1) A person must have the personality, knowledge, insight and experience required of a director, as well as a high level of awareness in legal compliance and ethics.
- 2) A person must understand the Group's management philosophy and have the integrity to earn the trust of various stakeholders.

(2) Requirements for Internal Directors

- 1) Have a high level of knowledge of the Group's business areas and a wealth of experience and track record in specialized areas.
- 2) Can promote appropriate organizational management and business execution by making quick and accurate management decisions while overseeing management from a company-wide and medium- to long-term perspective.

(3) Requirements for Outside Directors

- 1) Can perform supervisory functions from a fair and broad perspective based on extensive experience and knowledge in management and areas of expertise.
- 2) Can discuss and offer opinions in a frank and constructive manner toward sustainable development of the Group.

3. Procedures to elect director candidates

The Board of Directors decides the candidates for directors to be proposed to the General Meeting of Shareholders, based on the recommendations of the Nomination and Compensation, in which the majority of members and the chairperson are Independent Outside Directors. Election of candidates for Directors who are Audit & Supervisory Committee Members shall be subject to the prior consent of the Audit & Supervisory Committee.

4. Standards and procedures for dismissing directors

When a director no longer meets the requirements set forth in "2. Election criteria for director candidates" or is deemed to lack eligibility as a director, the Board of Directors shall take appropriate measures, such as procedures for dismissal under laws and regulations, based on the report of the Nomination and Compensation Committee.

3. Reasons for Adoption of Current Corporate Governance System

To increase corporate value over the medium to long term, the Company has established a corporate governance system based on a company with an audit and supervisory committee.

(1) Strengthening supervisory functions

The Board of Directors, which includes Independent Outside Directors, and the Audit & Supervisory Committee, the majority of whose members are independent outside directors, will strengthen the supervisory function over business execution.

(2) Ensuring management transparency

The Company ensures management transparency by appointing more than one-third of its directors as independent outside directors and by having the Nomination and Compensation Committee, a majority of whose members are independent outside directors, report to the Board of Directors on the nomination and compensation of officers.

(3) Acceleration of decision-making

The Board of Directors focuses on guiding the course of action for management, making important decisions and overseeing the execution of business operations. By delegating its executive authority to the CEO and executive officers, we aim to promote business operations and increase corporate value through accelerated decision-making.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

| | Supplementary Explanation |
|---|--|
| Early Posting of Notice of the General Shareholders Meeting | As a general rule, we send out a convocation notice three weeks prior to the General Shareholders Meeting to give shareholders enough time to consider the matter. Convocation notices will also be disclosed on the Company website before they are sent out. |
| Scheduling of the General Shareholders Meeting During Non-Peak Days | In order to encourage more shareholders to participate, we make efforts to avoid holding shareholder meetings on peak days (days when many other companies hold their shareholders meetings). |
| Electronic Exercise of Voting Rights | Shareholders can exercise their voting rights via a voting website or a platform for the electronic exercise of voting rights. |
| 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 participates in the electronic voting platform for institutional investors operated by ICJ, Inc. |
| Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English | An English version of the notice is available on the websites of the Company and the Tokyo Stock Exchange and on the electronic voting platform for institutional investors. |
| Other | We make efforts to create convocation notices that are easy to read and understand for shareholders. At the General Shareholders Meeting, we also strive to explain the contents of our proposals and reports to shareholders so that they can understand them. |

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 disclosure policy is available on the Company website. https://www.socionext.com/en/ir/management/disclosure.html | |
| Regular Investor Briefings Held for Individual Investors | We will consider holding briefing sessions for individual investors, taking into account the percentage of shares held by individual shareholders. | None |

| | | |
|---|--|------|
| Regular Investor Briefings Held for Analysts and Institutional Investors | We hold quarterly financial results briefings. | Held |
| Regular Investor Briefings Held for Overseas Investors | We provide opportunities for dialogue with key institutional investors. | Held |
| Online Disclosure of IR Information | We have set up a page for shareholders and investors to disclose legal disclosure materials and financial results briefing materials. https://www.socionext.com/en/ir/ | |
| Establishment of Department and/or Placement of a Manager in Charge of Investor Relations | The Public Relations & Investor Relations Office is in charge of investor relations. | |

3. Status of Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanation |
|--|--|
| Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders | In the Mission, Value and Action Policy and the CSR Policy, the Company has established a policy of respecting the positions of all stakeholders through honest, balanced and fair relationships with shareholders, customers, business partners, employees and society. |
| Implementation of Environmental Preservation Activities and CSR Activities, Etc. | Our sustainability initiatives are disclosed on the Company website. https://www.socionext.com/en/sustainability/ |
| Formulation of Policies, etc. on Provision of Information to Stakeholders | The disclosure policy is available on the Company website. https://www.socionext.com/en/ir/management/disclosure.html |

IV. Matters Concerning the Internal Control System

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

| |
|--|
| <p>In accordance with the Companies Act, the Company’s Board of Directors approved the Basic Policy on the Development of Internal Control Systems, and the Company has developed and been operating an internal control system in the Group based on the policy.</p> <p>1. Systems to ensure that the execution of the duties by Socionext Personnel complies with laws and regulations and the Articles of Incorporation</p> <p>(1) The company is committed to promoting compliance, including compliance with laws and regulations, by establishing internal rules, such as the “CSR Basic Policy” and the "Compliance Standards", and making the Group's officers and employees aware of and abide by them.</p> <p>(2) The company shall clarify laws and regulations concerning the Group's business activities, establish internal rules necessary for compliance with them, conduct education, and develop a monitoring system.</p> <p>(3) When the Group's officers and employees become aware of potentially material noncompliance related to the Group's business activities, they immediately notify the Board of Directors and the Audit and Supervisory Committee of such information through their business lines.</p> <p>(4) To enable early detection of compliance issues, the company shall set up internal and external contact</p> |
|--|

- points for whistleblowing from the Group officers and employees, while ensuring that whistleblowers are protected.
- (5) The company regularly receives reports on the status of the execution of its duties from the Group's executors at meetings of the Board of Directors and confirms that there are no non-compliance in the execution of its duties.
 - (6) The company shall conduct internal audits to confirm the status of the Group's business execution and to ensure compliance with laws and regulations, the Articles of Incorporation, and to improve operational efficiency.
 - (7) The Group shall stand firm against anti-social forces, have no relationship with them, and respond systematically in cooperation with external specialized agencies.
2. Systems under which information regarding execution of duties by Directors shall be retained and managed
- (1) The company shall appropriately store and manage documents related to the execution of duties by Directors and other important information based on the "Important Document Management Regulations" and by designating a custodian.
 - (2) The company shall establish a system for the directors to view documents to check the status of the execution of duties at all times.
3. Regulations and other systems for the risk management of loss
- (1) The company shall establish a risk management system for the Group based on the "Risk Management Standards". Risk management for overall management is carried out by the Management Committee, and risk management for disasters/accidents, compliance, information security, etc. is carried out by the Risk and Compliance Committee.
 - (2) The company shall systematically and continuously identify and assess risks that could cause losses to the Group, appoint an officer to take charge of each identified risk, clarify the system of responsibility, and develop and implement countermeasures. In addition, when risks materialize, the company shall undertake activities to minimize the losses incurred.
 - (3) Based on the "BCP (Business Continuity Plan) / BCM (Business Continuity Management) Standards," the company shall clarify its responsibility system, prepare for unforeseen events such as disasters in the Group and business partners, and conduct activities to ensure business continuity in the Group.
 - (4) Based on the "Information Security Standards," the company shall clarify its responsibilities and implement specific measures for the Group's information security.
 - (5) The company regularly reports to the Board on the status of the Group's risk management activities.
4. Systems to ensure efficient execution of duties by Directors
- (1) The company separates the supervisory function of management from the executive function, and the Board of Directors determines basic management policies and important business execution, and supervises the executive function. the company has introduced an executive officer system in which the CEO and executive officers are responsible for the executive functions of the company. In addition, a management committee is established to efficiently conduct multifaceted reviews in the executive function, and deliberates and decides on important matters related to management strategy and business execution.
 - (2) The company shall clarify the duties of the Group's officers and employees and the reporting obligations of its subsidiary officers and employees to the company through the "Socionext Group Approval Authority and Affiliate Management Regulations" and "Regulations on Organization and Separation of Duties."

- (3) The company shall establish a system for the efficient and lawful conduct of the Group's business by establishing the business process fundamentals for the business.
 - (4) The company shall continuously promote the development of internal control systems and the reform of business processes in the Group.
 - (5) The company disseminates its management policy throughout the Group and formulates a business plan in March of each year that includes the next fiscal year and beyond. At monthly meetings of the Board of Directors, the Company monitors and supervises the achievement of management objectives by reporting on financial results and the status of business execution.
5. Matters relating to Socionext Personnel assisting with the duties of Audit & Supervisory Committee and matters relating to the independence, etc. of such Socionext Personnel from Directors (excluding Audit & Supervisory Committee Members)
- (1) The Company shall have Socionext Personnel to assist with the duties of the Audit & Supervisory Committee of the Company and shall assign appropriate personnel with the abilities and knowledge required by the Audit & Supervisory Committee of the Company.
 - (2) In order to ensure the independence of the Socionext Personnel referred to in the preceding item and the effectiveness of directions given to such Socionext Personnel by Audit & Supervisory Committee of the Company, the Company shall obtain the consent of the Audit & Supervisory Committee with respect to matters relating to personnel, such as appointment, transfer and compensation of such Socionext Personnel.
 - (3) In principle, the Company shall not allow the Socionext Personnel described in the item (1) above to serve concurrently with any other organizations. However, when it becomes necessary to have the Socionext Personnel with special expertise concurrently serve at the request of the Audit & Supervisory Committee of the Company, consideration shall be given to ensuring the independence set forth in the preceding paragraph.
6. Systems for Reporting to the Audit and Supervisory Committee
- (1) Officers and employees of the Group shall regularly report to the Audit and Supervisory Committee of the company on their performance of duties and provide Audit and Supervisory Committee members with opportunities to attend important meetings.
 - (2) Officers and employees of the Group shall immediately report to the Audit & Supervisory Committee of the Company when a risk affecting their management or performance occurs or when they become aware of a fact that constitutes a material breach of compliance with respect to the conduct of their business activities.
 - (3) The Group shall not treat any officers or employees unfavorably for the reason of making a report under the preceding two items.
7. Other systems for ensuring the effectiveness of audits by the Audit and Supervisory Committee
- (1) Officers and employees of the Group shall exchange information with the Audit and Supervisory Committee upon request from the Audit and Supervisory Committee.
 - (2) The Audit Department regularly shall report the status and results of audits to the Audit and Supervisory Committee. The Audit and Supervisory Committee may give instructions to the Audit Department as necessary.
 - (3) The Audit and Supervisory Committee receives reports from accounting auditors on plans and results of accounting audits from time to time, and periodically exchanges information with accounting auditors.

(4) Expenses incurred in the performance of the duties of the Audit & Supervisory Committee of the Company shall be in accordance with Article 399-2, Paragraph 4 of the Companies Act, and the Company shall establish procedures for the requests in the same paragraph.

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

The Company takes a firm stand against antisocial forces and clearly declares in its internal regulations that it will not have any relationship with any party, making sure that all Socionext Personnel are fully aware of this and promoting initiatives to eliminate antisocial forces.

- (1) In contracts with business partners and other parties, the Company strives to ensure thorough enforcement of such provisions by establishing clauses on the elimination of antisocial forces or concluding memoranda on antisocial forces.
- (2) By appointing a person responsible for preventing unjust demands and joining the Kanagawa Corporate Defense Countermeasures Council, we have been working to establish a system to collaborate with the police and gather information on antisocial forces.
- (3) With respect to our business partners, we use newspapers, web article search services, etc., and conduct inspections of all our business partners regularly and upon new business transactions to determine whether they are or are suspected of being associated with antisocial forces.

Employees hired and new candidates for directors are investigated in the same way as business partners. In addition, when hiring employees, the Company obtains a written pledge from the new employees stating that they are not associated with antisocial forces.

We also conduct a similar survey on a certain range of major shareholders.

V. Other

1. Adoption of Anti-Takeover Measures

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|------------------------------------|------|
| Adoption of Anti-Takeover Measures | None |
|------------------------------------|------|

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

“Overview of Timely Disclosure System”

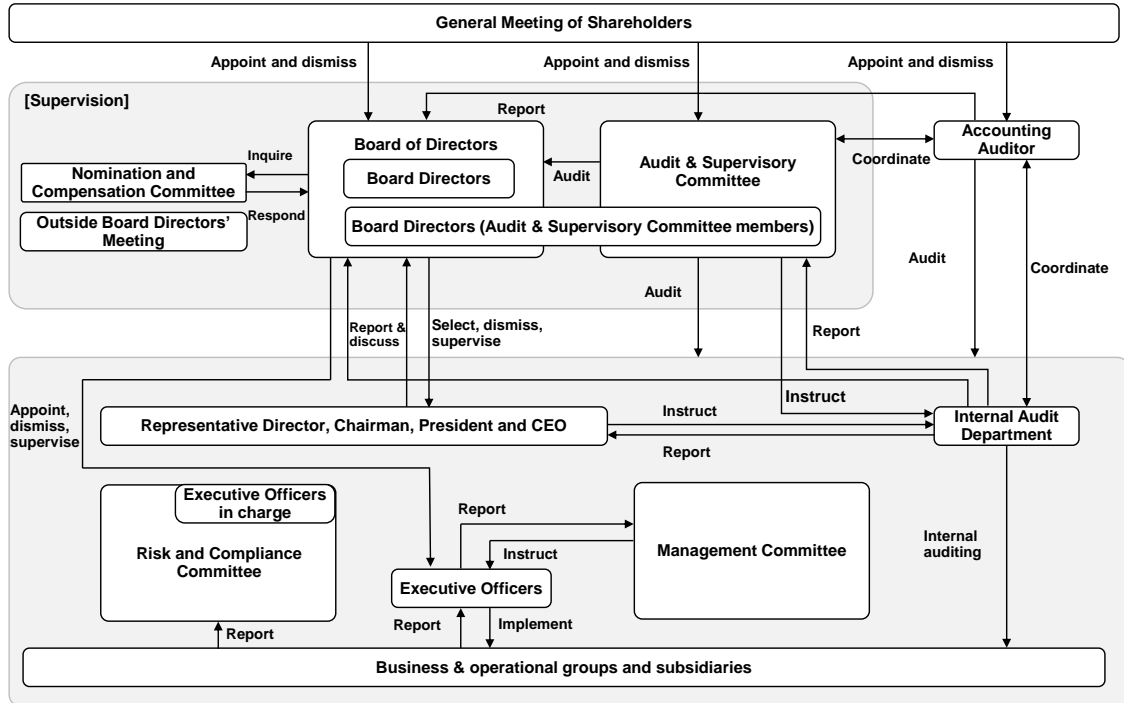
1. Collection of disclosure information

In accordance with the Board Regulations and the Management Committee Regulations, the Company has a system in which information required to be disclosed in a timely way will be gathered in these committees. The Corporate Vice President in charge of corporate planning, who is responsible for external disclosure, attends these committees and Secretariats of the Board of Directors and the Management Committee to judge whether timely disclosure is necessary.

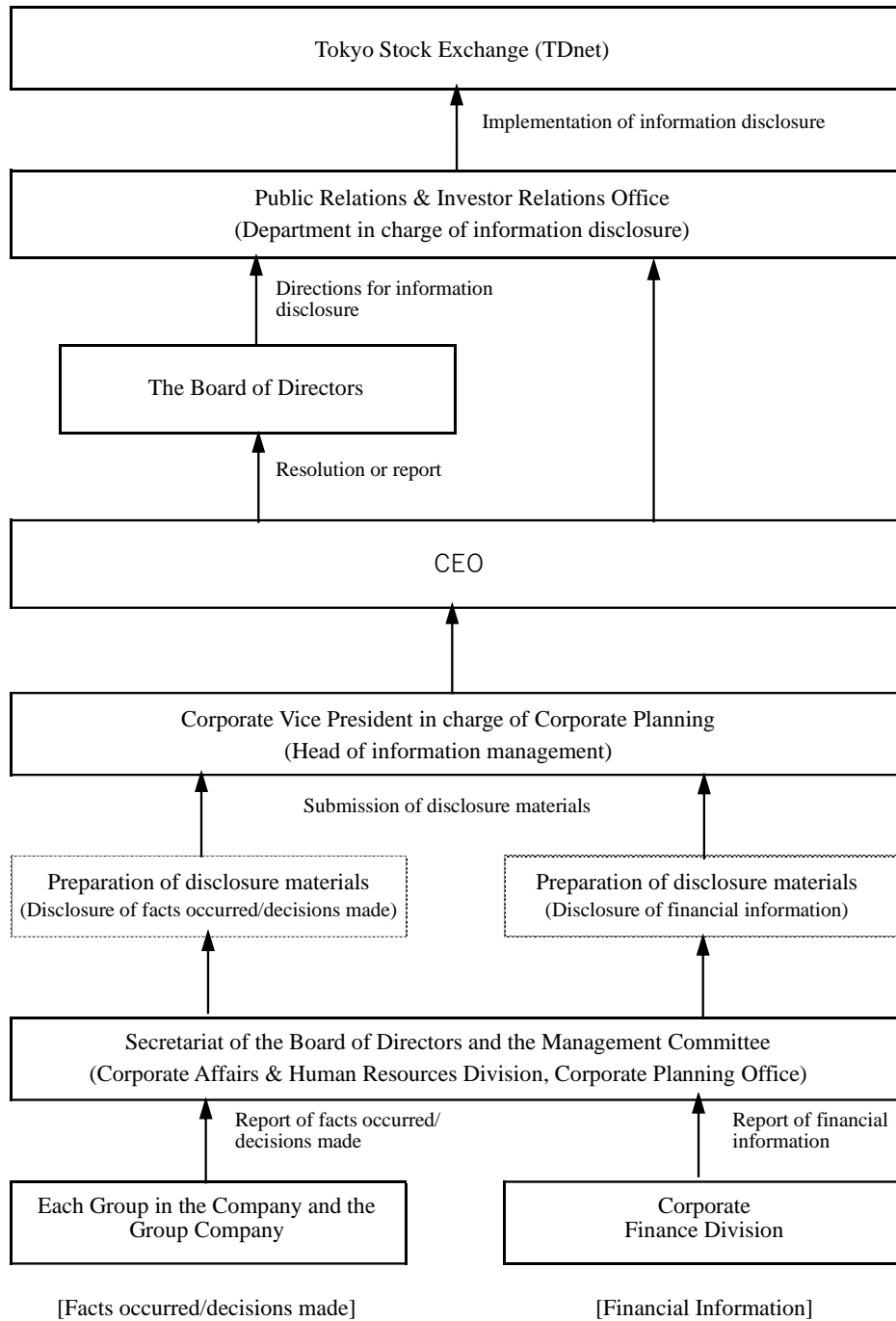
2. Publication of disclosure information

If it is judged that the matter is subject to timely disclosure, the Public Relations & Investor Relations Office shall publish such information after obtaining the approval of the CEO of the disclosure materials.

[Chart (Reference material)]



[Overview of Timely Disclosure System (Chart)]



[Skill matrix of Directors (Reference material)]

| Name | Gender | Outside Director | Independent Officer | Audit & Supervisory Committee Member | 1) | 2) | 3) | 4) | 5) |
|--------------------|--------|------------------|---------------------|--------------------------------------|-----------------------|------------------------|-------------------------------------|------------------------|----------------------|
| | | | | | Management experience | Semiconductor business | International (Overseas experience) | Finance and Accounting | Legal and Compliance |
| Masahiro Koezuka | Male | | | | ✓ | ✓ | ✓ | | |
| Koichi Otsuki | Male | | | | | ✓ | | | |
| Noriaki Kubo | Male | | | | | ✓ | | | |
| Yutaka Yoneyama | Male | | | | | ✓ | ✓ | ✓ | ✓ |
| Hisato Yoshida | Male | | | | | ✓ | | | |
| Masatoshi Suzuki | Male | ✓ | ✓ | | ✓ | | ✓ | | ✓ |
| Sachiko Kasano | Female | ✓ | ✓ | | | | | | ✓ |
| Yasuyoshi Ichikawa | Male | ✓ | ✓ | ✓ | | | | ✓ | |
| Morimasa Ikemoto | Male | ✓ | | ✓ | | | | ✓ | |
| Noriko Yoneda | Female | ✓ | ✓ | ✓ | | | | | ✓ |