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KOKUSAI ELECTRIC CORPORATION

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The corporate governance of KOKUSAI ELECTRIC CORPORATION (the “Company”) is described below.

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

1. Basic Views Update

In accordance with the Corporate Philosophy, “KOKUSAI ELECTRIC Way,” KOKUSAI ELECTRIC Group (hereinafter, the “Group”) is continuously working to enhance corporate governance enabling fast and decisive decision-making based on appropriate risk-taking in order to enhance the trust of stakeholders, including shareholders, investors, business partners, and employees. To strengthen the supervisory function of the Board of Directors and ensure flexible decision-making by the management team, the Company has adopted a company with an Audit and Supervisory Committee system. In addition, six of the members of the Board of Directors are independent Outside Directors with extensive expertise, and Executive Officers, who are delegated by the Board of Directors, execute business in accordance with the basic policies and other matters resolved by the Board of Directors. In this way, management’s supervisory function and executive function are segregated to the extent possible. Moreover, from the viewpoint of ensuring the effectiveness of corporate governance and transparency of procedures, decisions on the appointment and dismissal of Directors and Executive Officers, succession planning, and compensation require consultation in advance with the Nomination and Compensation Committee, the majority of whose members are independent Outside Directors.

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

Based on the revised Corporate Governance Code of June 2021 (hereinafter, the “Code”), the Company is implementing all principles of the Code, including those for the Prime Market.

Disclosure Based on each Principle of the Corporate Governance Code Update

[1.4 Cross-Shareholdings]

(1) Policy regarding cross-shareholdings

The Company does not currently have any cross-shareholdings. However, we may hold such cross-shareholdings only if we determine that maintaining and strengthening our relationship with the issuing company will contribute to the enhancement of the Company’s medium- to long-term corporate value. In such cases, the Board of Directors will each year examine all such

holdings in terms of their purpose, the benefits and risks associated with the holdings compared with the cost of capital, and the impact of the holdings on the Company's financial condition and other relevant factors. Based on this comprehensive evaluation, the Company will determine whether or not to continue the holdings, and will promptly reduce those shares whose significance is no longer recognized.

(2) Exercise of voting rights for cross-shareholdings

The Company does not currently have any cross-shareholdings. However, if any cross-shareholdings are held, the Company plans to exercise the voting rights pertaining to such shares in accordance with the criteria for exercising voting rights resolved by the Board of Directors of the Company, and to determine for each type of proposal whether such proposal will contribute to the enhancement of the Company's corporate value and the common interests of the shareholders of the issuing company.

[1.7 Related Party Transactions]

When the Company engages in transactions with related parties including major shareholders, the Company strives to ensure the fairness of the transactions and the common interests of its shareholders by conducting checks in advance by the accounting and other divisions in accordance with internal rules and regulations resolved by the Board of Directors, submitting the details of the transactions to the Board of Directors unless the terms and conditions of the transactions with such related parties are similar to those of other general transactions, and obtaining approval for the implementation of the transactions after the Board of Directors' verifying that the transactions with the related parties do not harm the common interests of the Company and its shareholders and other issues. In addition, if the Company engages in a transaction with an executive of the Company that involves a conflict of interest or other restricted transactions set forth in Article 356 of the Companies Act, or any other transaction that may fall within any of the foregoing, the Company shall obtain the prior approval of the Board of Directors.

[2.4.1 Ensuring Diversity in the Appointment of Core Human Resources]

(1) Female employees

As part of the Company's efforts to promote Diversity, Equity & Inclusion (DE&I), we are proactively working to empower women in the workplace. When promoting candidates to managerial positions, we consider the mission of the department and each candidate's capabilities and growth potential, and strive to appoint personnel in roles that will lead to the growth of the candidates themselves. Since April 2021, we have been working to increase the ratio of female managers to 4% by FY2025. As a result of these efforts, the ratio reached 3.2% as of March 31, 2023, ahead of schedule. Accordingly, we have set a new target to "increase the ratio of female managers to 10% by FY2030, in line with the ratio of female employees in the Company." In addition, we continue to take proactive measures such as signing the Women's Empowerment Principles (WEPs), expanding support systems for balancing work and childcare, conducting unconscious bias training, holding lectures on "Diversity and Innovation," and holding Diversity Week events (daily messages from the CEO of the Company and the Group companies). Furthermore, three of the Company's ten Board of Directors members are female, meeting the target of increasing the ratio of female executives to 30% or more by 2030 set by the Tokyo Stock Exchange in its "Numerical Targets for the Ratio of Female Directors at Domestic Companies Listed on the Prime Market, etc."

(2) Foreign national employees

As of March 31, 2025, the ratio of foreign nationals was 2.4% of the Company's employees. In addition, of the approximately 2,500 employees in the Group, 44.9% were employed in Japan while the remaining 55.1% are employees hired locally by the

Group companies. Furthermore, all full-time executives at our Group companies overseas are foreign nationals. We are committed to promoting the globalization of our human resources and have established a policy of continuing to maintain the ratio of foreign national employees at or above the current level.

(3) Mid-career employees

In order to anticipate unpredictable changes in the business environment, we actively promote the recruitment of highly specialized mid-career professionals (hereinafter, “mid-career hires”), regardless of gender, age, ethnicity, or nationality. As of March 31, 2025, mid-career hires accounted for 15.8% of all employees, and their proportion among senior management is equivalent. Going forward, we aim to maintain or increase the current ratio of mid-career hires by continuing to recruit talented personnel from outside the Company.

[2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has adopted a defined benefit corporate pension plan. This plan is managed by the KOKUSAI ELECTRIC CORPORATION Corporate Pension Fund in accordance with the “Basic Policy for the Management of Pension Assets” and the “Asset Management Guidelines,” which are established for the purpose of protecting the rights to receive benefits of pension participants and beneficiaries and increasing benefits within the range of acceptable risks from a long-term perspective. Decisions regarding asset management are deliberated and determined by the Board of Delegates comprising personnel from the human resources and corporate administration departments and finance department, with the assistance of personnel with specialized knowledge as well as advice from external advisors. Asset management performance is evaluated through quarterly monitoring of the asset management institutions. In addition, monthly reports are submitted to key relevant departments, while annual reports are submitted to the Board of Directors and the Management Meeting. Information on the asset management status and financial status of pension assets is also disclosed to participants and beneficiaries on a dedicated website.

[3.1 Full Disclosure]

(i) Company objectives (e.g., business principles), business strategies and business plans

(1) Corporate Philosophy

The Group has established the “KOKUSAI ELECTRIC Way” as our corporate philosophy, expressing our determination to further deepen “Tai-wa” (dialogue) with stakeholders and support the future with technology. For details, please visit the Company’s website at the following URL.

(Reference URL) <https://www.kokusai-electric.com/en/company/philosophy>

(2) Management Policy

The Group, as a dedicated manufacturer of semiconductor production equipment, is keenly aware of its social responsibilities and is committed to achieving its corporate philosophy. We will pursue economic, environmental, and social value from the aspects of both business activities and ESG initiatives (resolving environmental and social issues and strengthening governance), with the aim of contributing to the achievement of the SDGs and realizing a sustainable society while ensuring the Group’s sustainable development. For details, please visit the Company’s website at the following URL.

(Reference URL) <https://www.kokusai-electric.com/en/company>

(3) Management Strategy

The Group is focused on the deposition phase in the preprocess of semiconductor manufacturing and holds one of the world's leading market shares in batch deposition equipment and single wafer treatment (film property improvement) process equipment. In recent years, the miniaturization, increased complexity, and three-dimensional shapes of semiconductor device structures have led to more intricate wafer surface geometries. Thus, forming high-quality thin films and other materials requires more advanced technologies. To respond to this trend, the Group is focusing on expanding its business by increasing the sale and promoting the research and development of high-value-added products that utilize batch ALD* deposition technology, which balances difficult film deposition with high productivity, and treatment technology that improves the properties of thin films formed while maintaining high productivity. Additionally, we will enhance our after-sales services, including maintenance, repairs, parts supply, relocation, and modifications to meet our customers' needs throughout the entire lifecycle of the equipment. We will also focus on expanding our production and development systems to address future demand growth and improving production efficiency through the use of DX. In our ESG initiatives, we will promote activities aimed at resolving issues based on the five material themes we have established. Furthermore, we will actively engage in "Tai-wa" (dialogue) with our stakeholders in accordance with our disclosure policy.

For details, please visit the Company's website at the following URL.

(Reference URL) <https://www.kokusai-electric.com/en/company/managementandstrategy>

* We refer to a technique for thin film deposition at an atomic layer level involving a process of cyclical supply of multiple gases as "ALD."

(4) Medium-Term Management Plan

The Group formulates a Medium-Term Management Plan based on the above management strategy and the business environment, and sets medium-term targets based on the market size and growth of Wafer Fab Equipment (WFE). In addition, the Group has set the targets for return on invested capital (ROIC) and return on equity (ROE) that exceed the weighted average cost of capital (WACC) in order to improve capital profitability from a medium- to long-term perspective while being conscious of the cost of capital.

For details, please visit the Company's website at the following URL.

(Reference URL) https://www.kokusai-electric.com/sites/default/files/2024-08/IR%20Day2024_E_03.pdf

(5) Shareholder Returns

The Company considers the stable, continuous, and proactive return of profits to shareholders to be a key business priority, while giving top priority to strengthened R&D investment and capital investment and securing necessary internal reserves for future business development. We plan to distribute surplus as dividends with a consolidated dividend payout ratio target of approximately 20% to 30%. In addition, once our net cash (Note 1) turns positive, we aim to allocate an amount equivalent to about 70% of free cash flow after the redemption in installments of interest-bearing liabilities (Note 2) to dividends and share buybacks in order to further improve shareholder profits and capital efficiency. Furthermore, our policy, in principle, is to cancel treasury stock and retain up to 1% of the total number of issued shares for use in stock-based compensation plans and other purposes.

(Note 1) Net cash = (cash and cash equivalents) – (interest-bearing liabilities)

(Note 2) Free cash flow after the redemption in installments of interest-bearing liabilities = (cash flows from operating activities) + (cash flows from investing activities) – amount of redemption in installments of interest-bearing liabilities

(ii) Basic views and guidelines on corporate governance based on each of the principles of the Code

Please refer to 1. Basic Views.

(iii) Board policies and procedures in determining the remuneration of the senior management and directors

The Company consulted with the Nomination and Compensation Committee comprising independent Outside Directors (having the majority of the members), the Representative Director, and Directors on its decision-making policy regarding the details of individual compensation, etc. for the Representative Director, Directors, and Executive Officers (hereinafter, collectively referred to as the “Executives”) (hereinafter, the “Decision Policy”). Pursuant to the recommendations of the Nomination and Compensation Committee, the Decision Policy was resolved at the extraordinary meeting of the Board of Directors held on June 28, 2022, and subsequently reviewed at the extraordinary meeting of the Board of Directors held on June 27, 2024. The Decision Policy is reviewed each year at the extraordinary meeting of the Board of Directors held following the Annual Shareholders Meeting, taking into account the recommendations of the Nomination and Compensation Committee. With regard to compensation for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter), the Company emphasizes that a compensation system should enable the Company to attract and retain key talents both internally and externally to realize the Company’s vision, the system should motivate Directors to achieve performance targets and enhance medium- to long-term corporate value, which will lead to contributing to the sustainable growth of the Group, and the process of determining compensation should be transparent, fair, and reasonable from the perspective of accountability to all stakeholders, including shareholders. When determining individual Directors’ compensation, the Company’s basic policy is to determine an appropriate level in accordance with the functions and roles to be played by each Director.

Specifically, the Company determines the standard annual salary according to the level of responsibilities and other factors for Directors who concurrently serve as Executive Officers of the Company (hereinafter, “Concurrent Directors/Executive Officers”), based on its management indicators outlined in its business policies with an aim to achieve a globally competitive, performance-linked compensation system, thereby attracting and retaining key talents both internally and externally. The Company offers the compensation package consisting of a base salary as fixed compensation (monetary compensation), and in addition, an incentive pay as a short-term performance-linked compensation (monetary compensation), which is linked to the degree of achievement of annual budgets for the Company’s business performance, their performance compared to the one in the previous fiscal year, and the degree of achievement of priority issues in the businesses in which they are in charge, etc. and an incentive pay as a medium- to long-term performance-linked compensation (stock-based compensation), which is linked to the Company’s business performance, etc. and corporate value. The Company believes this compensation structure can incentivize Concurrent Directors/Executive Officers to further enhance corporate value over the medium-to-long term.

The Company determines the standard annual salary according to the level of responsibilities and other factors for Directors who do not concurrently serve as Executive Officers (hereinafter, “Non-executive Directors”), with an aim to achieve a globally competitive, performance-linked compensation system, thereby attracting and retaining key talents both internally and externally. Specifically, the Company offers the compensation package consisting of a base salary as fixed compensation

(monetary compensation) and, in addition, in order to provide incentives to enhance the Company's corporate value on a continuous basis, and to share additional value with shareholders, only the restricted stock unit (hereinafter, "RSU") plan is applied as medium- to long-term performance-linked incentive (stock-based compensation), and the performance share unit (hereinafter, "PSU") plan is not applied (however, there may be cases where neither the base salary (monetary compensation) nor RSUs are granted based on the responsibilities of the position).

The Company only offers a base salary as fixed compensation (monetary compensation) to independent Outside Directors and Directors who are Audit and Supervisory Committee Members, in view of their responsibilities. However, in order to promote the sustainable growth of the Company and the enhancement of medium- to long-term corporate value by sharing its interests with shareholders through their holding of the Company's shares, they acquire the Company's shares by contributing a certain amount of a base salary (monetary compensation) to the Officers' Shareholding Association.

In determining compensation for individual Directors and Executive Officers, the Company has established the Nomination and Compensation Committee, whose chairperson and majority of members are independent Outside Directors. The Board of Directors consults with the Nomination and Compensation Committee on the individual amounts of the base salary (monetary compensation), short-term performance-based compensation (monetary compensation), and medium- to long-term performance-based compensation (stock-based compensation), and receives a recommendation from the Committee. The Board of Directors and the Representative Director, who is delegated by the Board of Directors, are required to make decisions in accordance with the contents of the recommendation.

(iv) Board policies and procedures in the appointment/dismissal of senior management personnel and the nomination of candidate directors and auditors

The Board of Directors consults with the Nomination and Compensation Committee regarding the appointment of Executives, and nominates candidates for Directors and appoints Executive Officers based on the Committee's recommendations. The selection criteria for Executives established by the Company are as follows.

<Selection criteria for candidates for Directors who are not Audit and Supervisory Committee Members>

- (a) Possess sufficient experience and expertise to meet stakeholders' expectations and contribute to enhancing the medium- to long-term corporate value of the Group
- (b) Be able to make fair determinations from a company-wide, neutral perspective and demonstrate risk management capabilities
- (c) Be able to secure the time and effort necessary to properly fulfill the responsibilities and roles of a Director
- (d) Possess excellent character and insight, and have high ethical standards
- (e) Not fall within any of the grounds for disqualification for directors as stipulated in Article 331, paragraph (1) of the Companies Act
- (f) In the case of candidates for Outside Directors, sufficiently meet the Tokyo Stock Exchange's Independence Standards of Independent Directors and contribute to enhancing and strengthening corporate governance
- (g) The appointment of the candidate must maintain diversity in experience and expertise, enable the Board of Directors to function in the most efficient and effective manner, and allow for balance and comprehensive oversight of management throughout the Company

<Selection criteria for candidates for Directors who are Audit and Supervisory Committee Members>

- (a) Be able to conduct audits from a neutral and objective company-wide perspective, based on extensive experience
- (b) Be able to secure the time and effort necessary to properly fulfill the roles and responsibilities of a Director
- (c) Possess excellent character and insight, and have high ethical standards
- (d) Not fall within any of the grounds for disqualification for directors as stipulated in Article 331, paragraph (1) of the Companies Act
- (e) In the case of candidates for independent Outside Directors, sufficiently meet the Company's Independence Standards of Independent Directors and contribute to enhancing and strengthening corporate governance
- (f) The appointment of the candidate must ensure a balance of knowledge, experience, and specialized skills. At least one Director who is an Audit and Supervisory Committee Member shall have considerable knowledge of finance and accounting.

<Selection criteria for candidates for Executive Officers>

- (a) Possess sufficient experience and expertise to meet stakeholders' expectations and contribute to enhancing the medium- to long-term corporate value of the Group
- (b) Be able to make fair determinations from a company-wide, neutral perspective and demonstrate risk management capabilities
- (c) Be able to secure the time and effort necessary to properly fulfill the responsibilities and roles of an Executive Officer
- (d) Possess excellent character and insight, and have high ethical standards
- (e) Not fall within any of the grounds for disqualification for directors as stipulated in Article 331, paragraph (1) of the Companies Act

Regarding the dismissal of Executives, if any of the following dismissal criteria are met, the Board of Directors shall consult with the Nomination and Compensation Committee. Based on the recommendations of the Committee, the Board of Directors shall submit a proposal for dismissal to the Shareholders Meeting in the case of Directors, and dismiss Executive Officers directly.

- (a) If an Executive engages in illegal or wrongful acts
 - (b) If an Executive no longer meets the requirements stipulated in the relevant selection criteria
 - (c) In any other case where there is reasonable cause
- (v) Explanations with respect to individual appointment/dismissal of senior management personnel and nomination of candidate directors based on (iv)

The reasons for the appointment of each Director are disclosed in the Reference Documents for the Shareholders Meeting, etc. If any Director is dismissed in the future, the Company shall provide an individual explanation based on the policies and procedures described in (iv) above.

[3.1.3 Sustainability Initiatives, etc.]

Under our corporate slogan, “Technology & Tai-wa for Tomorrow,” and our corporate philosophy, “KOKUSAI ELECTRIC Way,” the Company considers it our social responsibility to respond to society’s trust and expectations through our business activities, and by pursuing corporate value from both business and ESG perspectives, we aim to contribute to the achievement of the SDGs and to realize both a sustainable society and the sustainable development of the Group. In promoting sustainability, we have strengthened our activity base by reviewing our corporate philosophy, establishing specialized conferences, identifying materiality, and participating in global initiatives such as the United Nations Global Compact. We are working on the following while endeavoring to collaborate with stakeholders and actively disclose information.

For the Group’s approach to sustainability and efforts to enhance corporate value, please visit the Company’s website at the following URL.

(Reference URL) <https://www.kokusai-electric.com/en/csr>

- (1) In order to strengthen corporate governance, the Company has transitioned to a company with an Audit and Supervisory Committee, increased the number of Outside Directors, and established a Nomination and Compensation Committee. In addition, as a specialized body to lead sustainability activities across the entire Group, we have established a Sustainability Committee, chaired by the President and Chief Executive Officer, as a subordinate organization under the Board of Directors. The Board of Directors not only provides basic guidelines but also offers advice on promotion activities, thereby creating a system in which the Board of Directors is actively involved in the promotion and oversight of sustainability management. The Sustainability Committee comprises members with the expertise necessary to address various social and business issues. The Committee’s agenda is determined with consideration for such factors as materiality and external requirements. The status of sustainability activities led by the Committee is communicated within the Company and reported to the Board of Directors on a quarterly basis, with advice supporting further promotion.

(Reference URL) <https://www.kokusai-electric.com/en/csr/sustainability/management>

- (2) We have identified as materiality those priority issues that are to be addressed in order for the Group to contribute to achievement of the SDGs and achieve sustainable development. We extracted and organized materiality candidates based on international requirements and the Group’s sustainability management issues, and shortlisted them by identifying items with a high degree of importance to both stakeholders and the Group based on matrix evaluation. As regards those materialities having a high degree of importance, the Board of Directors confirmed their consistency with the Company’s initiatives and strategies. Following the identification of the five materialities, we have specified priority themes and activity items, and are managing their progress by setting Key Performance Indicators (KPIs). Progress status is monitored by the Sustainability Committee and the Board of Directors. We will vigorously disclose the materiality identification process and the situation of promotion activities both inside and outside the Company through our website and Integrated Reports, etc., and promote “Tai-wa” with our stakeholders.

(Reference URL) <https://www.kokusai-electric.com/en/csr/sustainability/materiality>

- (3) For risk management, we not only review the impact of each identified risk on business continuity and the effectiveness of countermeasures, but also conduct regular risk assessments in all departments to identify new risks

that may arise as social situations and the business environment change. The results of risk assessments are deliberated by the Sustainability Committee, which reports its findings to the Board of Directors. We are continuously striving to strengthen risk countermeasures and business continuity plans to ensure that they are thorough.

(Reference URL) <https://www.kokusai-electric.com/en/csr/governance/risk>

- (4) The Company endorsed the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), and has identified “Creation of a sustainable society and conservation of the global environment” as one of our materialities, with “Reduction of environmental impact” as a priority theme, and we are promoting “Reduction of greenhouse gas emissions” as an activity item. We identify the risks and opportunities arising from climate change, analyze their impact on our business and finances, and establish countermeasures. We are also working toward achieving our greenhouse gas emission reduction target of limiting the global temperature rise to 1.5°C.

Information based on the four core elements of the TCFD recommendations, i.e., governance, strategy, risk management, and metrics and targets, is disclosed on the Company’s website.

(Reference URL) <https://www.kokusai-electric.com/en/csr/environment/tcfd>

Furthermore, in addition to operating solar power generation facilities at the Toyama Technology & Manufacturing Center, we are promoting the development of products and services aimed at reducing environmental impact throughout their entire life cycles in order to realize a sustainable society in harmony with the environment through products and services.

- (5) In response to climate change, we received SBTi certification (*1) by the Science Based Targets initiative (SBTi) (*2), confirming that our greenhouse gas emissions reduction targets for 2030 are based on scientific grounds.

We also participated in Renewable Energy 100% (RE100) (*3). Through our participation in RE100, the Group will actively promote the introduction of renewable energy and aim to achieve 100% renewable energy by 2030.

In addition to operating solar power generation facilities at the Toyama Technology & Manufacturing Center and Tonami Manufacturing Center, we are promoting the development of products and services aimed at reducing the environmental impact throughout their entire life cycles in order to realize a sustainable society in harmony with the environment through our products and services.

We will continue to promote the introduction and transition to renewable energy, and contribute to the realization of a sustainable society.

*1 Five to ten year targets for greenhouse gas emission reduction set by companies in line with the level agreed in the Paris Agreement

*2 International initiative that supports companies to set science-based targets for reduction of greenhouse gas emissions

*3 International initiative aiming to use 100% renewable energy for electricity in business activities

- (6) Regarding strategies, metrics and targets related to human capital, the Company recognizes that people are the source of our business activities, and we believe that work style reforms that balance the diversification of talent and values

with increased productivity, the alignment of corporate growth and individual career development through both on-the-job training (OJT) and off-the-job training (Off-JT) in a way that respects our medium- to long-term corporate growth strategy and individual career plans, the fostering of a psychologically safe corporate culture, and the maintenance and enhancement of health and safety are all essential for the sustainable development of companies.

The Group will strengthen its foundations for innovation by promoting Diversity, Equity and Inclusion (DE&I), securing and developing human resources capable of responding to the rapid globalization of our business, reforming our organizational culture, and promoting the health & productivity management.

For information on the status of investment in human capital, please visit our website at the following URLs.

(Reference URL: Human Resources Management) <https://www.kokusai-electric.com/en/csr/social/diversity>

(Reference URL: Health & Productivity Management Initiatives)

<https://www.kokusai-electric.com/en/csr/social/well-being>

(Reference URL: Annual Securities Report) <https://www.kokusai-electric.com/en/ir/library/securities>

[4.1.1 Scope and Summary of Delegation to Management]

The Board of Directors and the Management Meeting determine important matters prescribed by laws and regulations and the Articles of Incorporation as well as internal rules and regulations such as the Board of Directors Regulations and the Management Meeting Regulations. These internal rules and regulations stipulate that important matters such as basic policies and the basic strategy for Group management and the Medium-Term Management Plan be submitted for discussion, and clarify the scope of delegation. In addition, Executive Officers execute their duties based on these basic policies and basic strategy established by the Board of Directors, which oversees the status of execution.

[4.9 Independence Standards and Qualification for Independent Outside Directors]

Following consultation with the Nomination and Compensation Committee, a voluntary committee established by the Company, the Company established the Independence Standards of Independent Outside Directors by resolution of the Board of Directors. All of the Company's independent Directors satisfy the standards, and currently, they continue to fulfill their roles and responsibilities as independent Outside Directors by offering frank, active, and constructive opinions at Board of Directors meetings from a fair and neutral standpoint, based on their extensive knowledge and experience.

The Company shall strive to disclose as much detail as possible regarding independent Directors, including the reasons why we have determined that they are "persons who are unlikely to have conflicts of interest with general shareholders" as stipulated in Rule 436-2, paragraph (1) of the Securities Listing Regulations, as well as the specific reasons why each Director is deemed suitable to serve as a Director of the Company.

For details, please visit the Company's website at the following URL.

(Reference URL) <https://www.kokusai-electric.com/en/csr/governance/corporate>

[4.10.1 Use of Optional Approach]

The Company has established the Nomination and Compensation Committee as a voluntary body to complement the role of the Board of Directors in determining the appointment and dismissal of Directors and Executive Officers, succession planning, and compensation. The Nomination and Compensation Committee is responsible for enhancing the fairness, appropriateness, and

transparency of the appointment and dismissal of Directors and Executive Officers, succession planning, and compensation by deliberating and reporting the results to the Board of Directors. Regarding the appointment and dismissal of Directors and Executive Officers, the Nomination and Compensation Committee recommends candidates who are capable of contributing to the sustainable development of the Company and the enhancement of its medium- to long-term corporate value. In the case of independent Outside Directors, the Nomination and Compensation Committee recommends candidates who have extensive knowledge and who are expected to actively contribute to the Board of Directors, in addition to the foregoing. With regard to compensation, the Committee makes recommendations to ensure that compensation serves as a sound incentive for the sustainable development of the Company and the enhancement of its medium- to long-term corporate value. The Board of Directors deliberates and makes resolutions based on the recommendations of the Nomination and Compensation Committee. The Nomination and Compensation Committee comprises members selected from among Directors by resolution of the Board of Directors. To ensure independence, the majority of Committee members are independent Outside Directors, and the chairperson is an independent Outside Director elected by and from among the Committee members. Furthermore, any Committee member with a special interest in a particular matter is not permitted to participate in deliberations on that matter.

[4.11.1 View on the Appropriate Balance Between Knowledge, Experience and Skills of the Board as a Whole, and on Diversity and Appropriate Board Size]

We believe that it is important for the Board of Directors of the Company to be balanced and diverse in terms of overall knowledge, experience, and ability, and to be of an adequate size to allow for sufficient deliberation and oversight of execution. Based on this view, the Board of Directors of the Company is limited to fifteen members, the number stipulated in the Articles of Incorporation, and comprises Directors who possess highly specialized expertise and extensive experience in areas such as corporate management, finance, accounting, and legal affairs, and who reflect diversity in gender and other areas. The current Board of Directors comprises executive Directors with extensive experience and highly specialized expertise who are well versed in the Group's operations, and non-executive Directors who support and oversee management from an objective standpoint (independent Outside Directors include those with management experience at other companies, and Directors who are Audit and Supervisory Committee Members include those with professional knowledge in finance, accounting, and legal affairs). We consider the current Board of Directors to be appropriate in terms of both diversity and size.

The Company has established a skill matrix that lists the knowledge, experience, and abilities expected of Directors and Executive Officers from the perspective of enhancing corporate value, sustainable growth, business promotion, and other matters. Please refer to the last page of this report for the skill matrix as of the date of submission.

For policies and procedures regarding the appointment of Directors, please refer to the [3.1 Full Disclosure] (iv) Board policies and procedures in the appointment/dismissal of senior management personnel and the nomination of candidate directors and auditors, above.

[4.11.2 Status of Concurrent Positions in the Event that Directors Hold Concurrent Positions as Directors of Other Listed Companies]

The status of important concurrent positions held by Directors, including Directors who are Audit and Supervisory Committee Members, is disclosed in the Reference Documents for the Shareholders Meeting, Business Report, and Annual Securities Report, etc.

[4.11.3 Evaluation of the Effectiveness of the Board of Directors]

(1) Evaluation subjects and methods

In March 2025, a survey was conducted on the effectiveness of the Board of Directors for FY2024 among all Directors, including Directors who are Audit and Supervisory Committee Members. The results were compiled, analyzed, and evaluated by the Board of Directors secretariat, and in order to consider the results from an objective standpoint and obtain more effective and reliable results, the results of the survey were also provided to external experts for a third-party evaluation. In addition, based on the results of the survey and the third-party evaluation, the Board of Directors held discussions and evaluated its effectiveness, and also considered initiatives to further improve the effectiveness of the Board of Directors.

(2) Questionnaire items

The main items in the questionnaire are as follows. Each question is evaluated on a five-tiered grading scale, and there are also open-ended questions and free comment sections for each item.

In the evaluation for FY2024, in order to make more effective use of the effectiveness evaluation, we added a new free-response section regarding efforts to address issues identified in FY2023. Additionally, in light of the fact that the Company has been listed on the Prime Market of the Tokyo Stock Exchange for over a year, we added new questions regarding relationships with investors and shareholders, thereby incorporating new perspectives to enable a more multifaceted evaluation. Furthermore, we added questions asking Directors about their own contributions to enhancing the effectiveness of the Board of Directors, as well as questions directed at independent Outside Directors regarding the information and measures they consider necessary to fully perform their functions.

- 1) Initiatives to address issues based on the results of the survey for FY2023 on the effectiveness of the Board of Directors
- 2) Functions of the Board of Directors
- 3) Size and composition of the Board of Directors
- 4) Operation of the Board of Directors
- 5) Operation of the Audit and Supervisory Committee
- 6) Operation of the Nomination and Compensation Committee
- 7) Discussions of the Board of Directors
- 8) Relationships with investors and shareholders
- 9) Support systems for the Board of Directors
- 10) Other

(3) Status of responses to issues identified as a result of the FY2023 effectiveness evaluation

- (a) Consideration of measures to enhance discussions on matters deemed important in light of the roles and responsibilities of the Board of Directors, such as management strategies for enhancing medium- to long-term corporate value

Prior to conducting the usual follow-ups on the medium-term plan, the executive side shared with the Board of Directors the underlying market trends and the schedule for follow-ups with the aim of promoting understanding and ensuring opportunities for discussion. In addition, a list of agenda items for the year was distributed and shared with Directors to enhance the predictability of matters to be discussed.

- (b) Continuous consideration of enhancing the diversity and skills deemed necessary for the composition of the Board of Directors, taking into account the skills identified as issues for the Company in the skill matrix

The Company has updated the skill matrix appropriately and in a timely manner and, through the Nomination and Compensation Committee, held discussions and considerations on the diversity and skills deemed necessary for the composition of the Board of Directors. In addition, we provided training to executive Directors to strengthen the skills identified as issues for the Company, and consistently reported the implementation status of these training programs to the Nomination and Compensation Committee. Furthermore, we promoted a deeper understanding of the Company's business and the roles and functions of each division by organizing a visit to the Toyama Technology & Manufacturing Center for newly appointed Outside Directors.

- (c) Consideration of the creation of a mechanism for sharing information with the Board of Directors regarding matters that should be reported to the Board of Directors, and implementation of ongoing follow-up

We worked to ensure a shared understanding and awareness among all Directors by consistently documenting follow-up items in the minutes of the Board of Directors meetings and sharing this information with Directors. In addition, the secretariat requests the relevant divisions to take action on these follow-up matters, and continuously requests the divisions to monitor and report on their progress. Furthermore, the secretariat manages matters deemed to require regular and ongoing submission to the Board of Directors due to their managerial and business importance, and strives to report them at appropriate times.

- (d) Consideration of the regular sharing of information with the Board of Directors regarding trends in capital markets and opinions from investors and analysts about the Company

A report on investor relations (IR) activities is provided to the Board of Directors on a semi-annual basis, including the sharing of opinions about the Company obtained through interactions with investors and analysts during IR activities.

- (e) Consideration of providing opportunities for information sharing with Directors to enhance the effectiveness of the Board of Directors, and holding meetings attended only by Outside Directors

We held meetings attended only by independent Outside Directors (including lectures with the theme of dialogue with investors and shareholders), where opinions were exchanged regarding the stock market's expectations of the Company.

(4) Evaluation results for FY2024

As a result of the analysis, most of the issues identified in FY2023 appear to have been improved, and overall there were no major concerns. Therefore, it was evaluated that the effectiveness of the Board of Directors, including the Audit and Supervisory Committee and the voluntarily established Nomination and Compensation Committee, which is an advisory body to the Board of Directors, is ensured. Meanwhile, it was also evaluated that there is room for improvement in deepening discussions on issues considered to be of high importance, further diversifying the Board of Directors, strengthening supervisory functions by incorporating the perspectives of stakeholders and the specialized knowledge of the semiconductor industry, and sharing risk information. Based on the results of the evaluation and analysis, the following matters have been identified as issues to enhance the effectiveness of the Board of Directors further.

(5) Issues to enhance effectiveness further

- (a) Consideration of measures to enhance discussions on matters considered highly important in light of the roles and responsibilities of the Board of Directors, such as formulating management strategies to enhance medium- to long-term corporate value and supervising management with an awareness of shareholders' perspectives

- (b) Continuous consideration of ensuring diversity in the composition of the Board of Directors, taking into account the skills identified as requiring improvement in the skill matrix and the expertise necessary for more constructive discussions
- (c) Consideration of the regular sharing of information with the Board of Directors regarding trends in capital markets and the opinions of investors, analysts, and shareholders regarding the Company, and taking measures to stimulate dialogue with investors, analysts, and shareholders further
- (d) The enhancement of opportunities for information sharing with Directors to improve the effectiveness of the Board of Directors, the continued holding of meetings attended only by Outside Directors, and consideration of appropriate themes for such meetings

[4.14.2 Training Policy for Directors]

When Directors assume their new positions, the Company provides them with an opportunity to receive an explanation from the departments responsible for human resources and corporate administration regarding the roles and responsibilities expected of them as an executive. Additionally, when Outside Directors assume their new positions, the Company provides them with an opportunity to acquire basic knowledge of the Group's business operations, financial situation, and organization, etc. Even after assuming their positions, the Company continues to provide Directors with the necessary knowledge and insight by arranging visits to the Company's major business locations, meetings with senior management, and seminars conducted by external legal professionals.

[5.1 Policy for Constructive Dialogue with Shareholders]

The Company considers improving management transparency to be one of our important responsibilities as a company that is widely trusted by society. Based on this belief, we have established the "KOKUSAI ELECTRIC Group Disclosure Policy," and are committed to the continuous disclosure of corporate information to all stakeholders in a fair, impartial, timely and appropriate manner.

(1) Disclosure standards

(a) Disclosure of material information

The Company shall disclose material information in a timely and appropriate manner in compliance with the Financial Instruments and Exchange Act, the rules of financial instruments exchanges, and other related laws and regulations (hereinafter, the "Financial Instruments Exchange Act, etc.").

"Material information" refers to corporate information that must be disclosed in a timely manner under the Financial Instruments Exchange Act, etc. in cases when important matters concerning the Company or its subsidiaries are decided or when a significant event occurs, as well as other information that is required to be disclosed under the Financial Instruments Exchange Act, etc.

(b) Voluntary disclosure

Even if information does not fall within the category of "material information," the Company shall disclose it as promptly as possible and in a fair and impartial manner if it is deemed to have a substantial impact on the investment decisions of shareholders and investors.

(2) Method of disclosure

In order to ensure fair disclosure to shareholders and investors both in Japan and overseas, the Company shall disclose material information in an appropriate manner as stipulated by the Financial Instruments Exchange Act, etc., and shall also promptly post details of such disclosure on the Company's website after it is made public.

(3) Future forecasts

Information disclosed by the Company may include forward-looking statements such as future plans, forecasts, and strategies. However, actual results may differ significantly from this information mainly due to external factors such as subsequent changes in economic and social conditions. When disclosing information that includes forecasts of future performance, etc., the Company shall clearly state that such information includes risks and uncertainties.

(4) Communication system

The Public Relations & IR Departments within the Corporate Strategy Division, which is overseen by the Representative Director, President and Chief Executive Officer, serves as the contact point and handles practical matters related to communication with shareholders and investors. In principle, the Company's key IR activities are supervised and implemented by the Representative Director, President and Chief Executive Officer, the Executive Officer in charge of finance, and the Vice President of the Corporate Strategy Division, who work closely with related internal departments with specialized knowledge in order to provide a more appropriate response to individual requests.

(5) Improving communication

In addition to financial results briefings and information disclosure on the Company's website, we consider opportunities such as one-on-one meetings and individual briefings to help shareholders and investors deepen their understanding of our business environment and management strategy.

(6) Reflecting opinions and other feedback gained through communication in management

Valuable opinions and other feedback received from shareholders and investors are shared with the Board of Directors and other bodies, and are utilized to support the sustainable growth of the Company and the enhancement of its medium- to long-term corporate value.

(7) Management of insider information

The Company shall strictly ensure compliance with internal rules and regulations stipulating the standards for managing material information and the guidelines for Executives and employees regarding the trading of stocks and other securities, in order to prevent insider trading.

(8) Quiet period

To ensure the fairness of disclosure, the Company has established a quiet period from the day after the end of each fiscal quarter until the announcement date of quarterly financial results. During this period, we refrain from responding to inquiries regarding the relevant financial results. However, if any facts requiring timely disclosure occur during this period, we shall disclose them in a timely and appropriate manner.

(9) Response to analysts' earnings forecasts

The Company does not intend to interfere with analysts' earnings forecasts. However, we may point out any errors related to our past information that has been publicly disclosed.

(10) Response to market rumors

The Company's plan is not to comment on market rumors. However, if such a rumor has a material impact on the capital market, or if an explanation or other response is requested by a financial instruments exchange or other institution, we shall consult with the person in charge of the relevant internal departments as necessary, and respond appropriately.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure Update	Disclosure of Initiatives (Update)
Availability of English Disclosure Update	Available
Date of Disclosure Update Update	June 30, 2025

[Explanation for Applicable Items](#) [Update](#)

The Company has set the targets for return on invested capital (ROIC) and return on equity (ROE) that exceed the weighted average cost of capital (WACC) in order to improve capital profitability from a medium- to long-term perspective while being conscious of the cost of capital. Our medium-term targets are ROIC of 23% or more, and ROE of 25% or more. For details, please refer to page 50 of the IR Day 2024 presentation materials at the following URL.

(Reference URL) https://www.kokusai-electric.com/sites/default/files/2024-08/IR%20Day2024_E_03.pdf

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders [Update](#)

Name or Company Name	Number of Shares Owned (shares)	Percentage (%)
KKR HKE INVESTMENT L.P.	42,504,800	18.25
BNYM AS AGT/CLTS NON TREATY JASDEC	35,079,893	15.06
STATE STREET BANK AND TRUST COMPANY 505001	17,672,930	7.59
The Master Trust Bank of Japan, Ltd. (trust account)	16,331,000	7.01
KKR HKE Investment L.P. G.P. KKR HKE Investment Limited.	12,187,200	5.23
Qatar Holding LLC	11,520,000	4.95
Custody Bank of Japan, Ltd. (trust account)	4,729,800	2.03
STATE STREET BANK WEST CLIENT - TREATY 505234	3,167,500	1.36
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2,313,173	0.99
HSBC - FUND SERVICES CLIENTS A/C 500	1,941,700	0.83

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	N/A

Supplementary Explanation Update

- The above information is based on the status as of March 31, 2025.
- The Company holds 5,058,400 shares of treasury stock, but these are excluded from the foregoing list of major shareholders. The shareholding ratio is calculated excluding treasury stock.
- The following Large Volume Holding Reports (including change reports) are available for public inspection; however, as the Company is unable to confirm the beneficial ownership as of March 31, 2025, the following holders are not included in the Status of Major Shareholders above.

Large volume holder: Applied Materials Europe B.V.

Date of submission: October 27, 2023

Total number of share certificates, etc.: 34,560,000

Holding ratio of share certificates, etc.: 15.00% (as of October 25, 2023)

Large volume holder: Capital Research and Management Company and three other companies as joint holders

Date of submission: April 2, 2025

Total number of share certificates, etc.: 18,223,886

Holding ratio of share certificates, etc.: 7.67% (as of March 26, 2025)

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) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
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

—

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

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

1. Organizational Composition and Operation

Entity Form	Company with an Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors Update	10
Election of Outside Directors	Elected
Number of Outside Directors Update	6
Number of Independent Directors Update	6

Outside Directors' Relationship with the Company (1) [Update](#)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masaaki Tsuruta	From another company											
Mami Sasaki	From another company											
Tsuyoshi Abe	From another company											
Hitoshi Kumagai	CPA											
Noriko Sakai	Lawyer											
Chizu Sekine	From another company											

*Categories for "Relationship with the Company".

*○the director currently falls or has recently fallen within the category; △the director fell within the category in the past

*●a close relative of the director currently falls or has recently fallen within the category; ▲a close relative of the director fell within the category in the past

- Person who executes business for the Company or its subsidiaries
- Person who executes business for, or a non-executive director of, the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or supplier, or a person who executes business for such a person/entity
- Major client or supplier of the Company or a person who executes business for such a client or supplier
- Consultant, accounting expert, or legal expert who receives a large amount of monetary consideration or other assets from the Company, in addition to receiving remuneration as a director/company auditor
- Major shareholder of the Company (where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client or supplier of the Company (excluding those categorized as any of d, e, or f above) (applies to the director himself/herself only)
- Person who executes business for a company where the Company outside directors/company auditors are appointed to that company simultaneously (applies to the director himself/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to the director himself/herself only)
- Other

Name	Member of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masaaki Tsuruta		○	—	Masaaki Tsuruta, who engaged in business operations in the semiconductor industry for many years, possesses a high level of expertise and experience. In addition, he has corporate management experience as a president of a Japanese subsidiary of a foreign company. For these reasons, he was appointed as an Outside Director in June 2021, with the expectation that he will contribute to improving the Company's management strategies. He has contributed to improving the Company's management strategies, and the Company has nominated him as an Outside Director because it believes he can be expected to continue contributing on this front. There are no personal, capital, or business relationships, or other interests between Mr. Tsuruta and the Company, and Mr. Tsuruta meets the Independence Standards of Independent Directors for the Company. The Company believes there is no risk of conflicts of interest with general shareholders.
Mami Sasaki		○	—	Mami Sasaki, who served as a managing director of foreign securities firms for many years, has been in charge of client coverage of major Japanese institutional investors and overseas hedge funds, and has a proven track record in handling a wide range of financial products both in Japan and overseas. She is expected to provide advice on the formulation of the Company's management strategy and equity story from an international perspective and an investor's viewpoint. In addition, she has experience in personnel compensation systems and a strong awareness of issues related to the active participation of women in the workplace. The Company has nominated her as an Outside Director because it believes she can be expected to contribute to the Company's management activities, particularly in the area of human capital management. There are no personal, capital, or business relationships, or other interests between Ms. Sasaki and the Company, and

				Ms. Sasaki meets the Independence Standards of Independent Directors for the Company. The Company believes there is no risk of conflicts of interest with general shareholders.
Tsuyoshi Abe		○	—	Tsuyoshi Abe has served as executive vice president and executive officer at foreign semiconductor/ICT companies and Japanese industrial automation companies, and possesses a wide range of knowledge and experience across the value chain, including sales & marketing, branding, promotion, research, internal and external integrated communications, R&D, and intellectual property strategy. In addition, at a Japanese company, he served as Chief Marketing Officer, where he not only formulated medium-to long-term business plans and strategies, but also led new business launches, M&A and start-up investments, as well as corporate culture, organizational and employee mindset reforms, and DX. The Company has nominated him as an Outside Director because it believes he can be expected to contribute to creating innovation and improving management strategies through his advice. There are no personal, capital, or business relationships, or other interests between Mr. Abe and the Company, and Mr. Abe meets the Independence Standards of Independent Directors for the Company. The Company believes there is no risk of conflicts of interest with general shareholders.
Hitoshi Kumagai	○	○	—	Hitoshi Kumagai was appointed as an Outside Auditor of the Company in January 2021 and as an Outside Director in June 2021, for he has extensive knowledge, experience, and a high level of insight in finance and accounting as a certified public accountant. He also has experience serving as an Outside Auditor of listed companies and has broad insight. The Company has nominated him as an Outside Director (an Audit and Supervisory Committee Member) because it believes he can be expected to express objective audit opinions from an independent and neutral standpoint. There are no personal, capital, or business relationships, or other interests between Mr. Kumagai and the Company, and Mr. Kumagai meets the Independence Standards of

				Independent Directors for the Company. The Company believes there is no risk of conflicts of interest with general shareholders.
Noriko Sakai	○	○	—	Noriko Sakai was appointed as an Outside Director in March 2021, for she has extensive expertise and experience as well as a high level of insight in legal affairs and compliance as a lawyer, although she has never been directly involved in corporate management except as an outside officer. She has contributed to improving the Company's management strategies. The Company has nominated her as an Outside Director (an Audit and Supervisory Committee Member) because it believes she can be expected to contribute to corporate governance. There are no personal, capital, or business relationships, or other interests between Ms. Sakai and the Company, and Ms. Sakai meets the Independence Standards of Independent Directors for the Company. The Company believes there is no risk of conflicts of interest with general shareholders.
Chizu Sekine	○	○	—	Chizu Sekine has many years of experience in the field of electrochemistry, engaging in research and development of molecular design, synthetic materials, and organic light-emitting diode (OLED) displays. She has also been involved in the commercialization of OLED-related products and international standardization activities for printed electronics, and has a wealth of knowledge and experience. More recently she also has experience as a manager of a company that handles technology, patent, and chemical safety information research, business information distribution, and technical services. The Company has nominated her as an Outside Director (an Audit and Supervisory Committee Member) because it believes she can be expected to contribute to the suggestions for expanding our business and technology fields, and advice on strengthening our management structure. There are no personal, capital, or business relationships, or other interests between Ms. Sekine and the Company, and Ms. Sekine meets the Independence Standards of Independent Directors

				for the Company. The Company believes there is no risk of conflicts of interest with general shareholders.
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Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson [Update](#)

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	4	1	1	3	Inside Director

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

Appointed

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

- (1) The Company has established an Audit and Supervisory Committee Office and assigned staff members to support the duties of the secretariat of the Audit and Supervisory Committee and the Audit and Supervisory Committee.
- (2) Dedicated employees are assigned to the Audit and Supervisory Committee Office. The number of employees and the expertise required are determined through discussions between the Audit and Supervisory Committee and the Board of Directors.
- (3) Employees assigned to the Audit and Supervisory Committee Office are not under the direction or supervision of Directors, but instead perform their duties directly under the direction and supervision of the Audit and Supervisory Committee Members.
- (4) In order to ensure the independence of employees assigned to the Audit and Supervisory Committee Office, decisions regarding their personnel transfers, personnel evaluations, and disciplinary action require the consent of the Audit and Supervisory Committee Member(s) appointed by the Audit and Supervisory Committee.
- (5) Employees assigned to the Audit and Supervisory Committee Office work exclusively for the Audit and Supervisory Committee and are not assigned to any other duties, thereby ensuring the executability of instructions issued by the Audit and Supervisory Committee to these employees.

Cooperation among the Audit and Supervisory Committee, Accounting Auditor and Internal Audit Department

The Audit and Supervisory Committee receives timely and regular reports from the Accounting Auditor on the audit plan, status of audit execution, audit results and other matters, and exchanges information and opinions. In addition, the selected Audit and Supervisory Committee Member(s) monitor(s) the execution of duties by the Accounting Auditor, report(s) the results to the Audit and Supervisory Committee, and exchange(s) information and opinions with the Accounting Auditor on specific issues as necessary.

Furthermore, the Audit and Supervisory Committee receives timely and regular reports from the Audit Office on the audit plan, status of audit execution, audit results and other matters, and exchanges information and opinions.

Since establishing the Audit and Supervisory Committee, the Company has invited the Accounting Auditor and the Audit Office members to regular three-party audit opinion exchange meetings. At these meetings, the Audit and Supervisory Committee receive reports from the Accounting Auditor and the Audit Office on their respective audit plans, the status of audit execution, and the results of their audits. These meetings serve as forums for collaboration through the mutual exchange of information and opinions.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) Equivalent to Nomination Committee or Compensation Committee

Established

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

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

Supplementary Explanation

The Nomination and Compensation Committee functions as both a nomination committee and a compensation committee. For other points, please refer to [4.10.1 Use of Optional Approach] above.

Matters Concerning Independent Directors

Number of Independent Directors [Update](#)

6

Other Matters Concerning Independent Directors

All Outside Directors who qualify as Independent Directors are designated as Independent Directors.

Incentives

Implementation Status of Measures Related to Incentives Granted to Directors

Introduction of performance-linked compensation plan / Introduction of stock options plan

Supplementary Explanation for Applicable Items

The Company has adopted a performance-linked compensation (PSU and RSU) plan and a stock options plan with the aim of increasing motivation and morale for enhancing corporate value.

Persons Eligible for Stock Options

Inside Directors / Employees / Subsidiaries' Directors / Subsidiaries' Employees / Other

Supplementary Explanation for Applicable Items

Stock options are granted to Directors, Executive Officers, and employees of the Company, Directors of subsidiaries, employees of subsidiaries, and other eligible persons by resolution of the Board of Directors of the Company based on details approved by the Shareholders Meeting of the Company with the aim of increasing motivation and morale for enhancing corporate value.

Director Compensation

Status of Disclosure of Individual Director's Remuneration

No disclosure for individual Directors

Supplementary Explanation for Applicable Items

Compensation paid to Directors of the Company is also disclosed in the Annual Securities Reports and Business Reports.

Decision Policy regarding Compensation Amounts and Calculation Methods Update

Established

Disclosure of Decision Policy regarding Compensation Amounts and Calculation Methods

At the Board of Directors meeting held on June 28, 2022, the Company established the Decision Policy regarding the details of compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee Members). This policy is reviewed at the extraordinary meeting of the Board of Directors held each year following the Annual Shareholders Meeting. In addition, in order to ensure objectivity and transparency in the procedures for determining compensation for Directors, the Company established a Nomination and Compensation Committee on June 30, 2021 (effective July 1, 2021), whose chairperson and majority of members are independent Outside Directors.

(1) Basic policy

With regard to compensation for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter), the Company emphasizes that a compensation system should enable the Company to attract and retain key talents both internally and externally to realize the Company's vision, the system should motivate Directors to achieve performance targets and enhance medium- to long-term corporate value, which will lead to contributing to the sustainable growth of the Group, and the process of determining compensation should be transparent, fair, and

reasonable from the perspective of accountability to all stakeholders, including shareholders. When determining individual Directors' compensation, the Company's basic policy is to determine an appropriate level in accordance with the functions and roles to be played by each Director.

Specifically, the Company determines the standard annual salary according to the level of responsibilities and other factors for Concurrent Directors/Executive Officers, based on its management indicators outlined in its business policies with an aim to achieve a globally competitive, performance-linked compensation system, thereby attracting and retaining key talents both internally and externally. The Company offers the compensation package consisting of a base salary as fixed compensation (monetary compensation), and in addition, an incentive pay as a short-term performance-linked compensation (monetary compensation), which is linked to factors such as the degree of achievement of annual budgets for the Company's business performance, their performance compared to the one in the previous fiscal year, and the degree of achievement of priority issues in the businesses in which they are in charge, a an incentive pay as a medium- to long-term performance-linked compensation (stock-based compensation), which is linked to the Company's business performance, etc. and corporate value. The Company believes this compensation structure can incentivize Concurrent Directors/Executive Officers to further enhance corporate value over medium to long term.

The Company determines the standard annual salary according to the level of responsibilities and other factors for Non-executive Directors, with an aim to achieve a globally competitive, performance-linked compensation system, thereby attracting and retaining key talents both internally and externally. Specifically, the Company offers the compensation package consisting of a base salary as fixed compensation (monetary compensation) and, in addition, in order to provide incentives to enhance the Company's corporate value on a continuing basis, and to share additional value with shareholders, only the RSU plan is applied as medium- to long-term performance-linked incentive (stock-based compensation), and the PSU plan is not applied (however, there may be cases where neither the base salary (monetary compensation) nor RSUs are granted based on the responsibilities of the position).

The Company only offers a base salary as fixed compensation (monetary compensation) to independent Outside Directors and Directors who are Audit and Supervisory Committee Members, in view of their responsibilities. In order to promote the sustainable growth of the Company and the enhancement of medium- to long-term corporate value by sharing interests with shareholders through their holding of the Company's shares, they acquire the Company's shares by contributing a certain amount of their base salaries (monetary compensation) to the Officers' Shareholding Association.

- (2) Policies for determining the amount of compensation, etc. for individual Directors with respect to a base salary (including policies for determining the timing or conditions of compensation, etc. to be granted)

A base salary (monetary compensation) of the Company's Directors shall be fixed monthly compensation, which shall be determined, according to the level of responsibilities and other factors, by comprehensively considering the level of compensation of other companies, the Company's performance, and the level of employee salaries.

- (3) Policies for determining the details, and amount or the method of calculation of the number of a short-term performance-linked compensation (monetary compensation) (including policies for determining the timing or conditions of compensation, etc. to be granted)

Regarding a short-term performance-linked compensation (monetary compensation) for Concurrent Directors/Executive

Officers, the amount to be paid to individual Directors shall be determined by multiplying the predetermined standard amount according to the level of responsibilities and other factors by performance evaluation coefficients, and the compensation shall be paid as monetary compensation at a predesignated time each year. Specific performance evaluation coefficients shall be determined, in principle, by overall company performance evaluation based on sales growth, market share, gross profit margin, and adjusted EPS, which are priorities of the Company's business management, and individual performance evaluation based on targets set for individual Directors through an interview with the Representative Director, President and Chief Executive Officer. The weight of overall company performance evaluation shall be 80%, and that of individual performance evaluation shall be 20%. For the Representative Director, President and Chief Executive Officer, only overall company performance evaluation shall be used as the performance evaluation coefficient.

In the event of certain circumstances defined by the Board of Directors of the Company, such as illegal or wrongful acts, or material corrections to financial statements, the Company may extinguish the right to receive compensation or request its return, depending on when the conduct occurred or was discovered. Such extinguishment or return of compensation shall be deliberated by the Nomination and Compensation Committee and decided by the Board of Directors.

- (4) Policies for determining the details, and amount or the method of calculation of the number of a medium- to long-term performance-linked compensation (stock-based compensation) (including policies for determining the timing or conditions of compensation, etc. to be granted)

The medium- to long-term performance-linked compensation (stock-based compensation) for Concurrent Directors/Executive Officers shall consist of the PSU plan and the RSU plan. The composition rate of the two plans for the Representative Director, President and Chief Executive Officer shall be 70% for PSU and 30% for RSU. The composition shall be set in such a way that Directors in a higher position shall be subject to a higher rate of PSU.

The medium- to long-term performance-linked compensation (stock-based compensation) for Non-executive Directors (excluding Outside Directors) shall be RSU only (however, there may be cases in which RSUs are not granted based on the responsibilities of the position).

PSUs shall be allocated in a number of units determined based on the standard amount determined by the Board of Directors of the Company in accordance with the level of responsibilities of each Concurrent Director/Executive Officer in the first fiscal year of a period of three consecutive fiscal years (hereinafter, the "Performance Evaluation Period") determined by the Board of Directors of the Company, and all units will vest at the end of the Performance Evaluation Period, subject to continued service during the Performance Evaluation Period (excluding the period prior to assuming the position of Director). After the end of the Performance Evaluation Period, the number of units held by each Concurrent Director/Executive Officer shall be determined by multiplying the number of vested units by an evaluation coefficient calculated according to the achievement rate of numerical targets during the Performance Evaluation Period stipulated in advance by the Board of Directors of the Company, and the corresponding number of shares of the Company's common stock and cash shall be granted and paid. Specific numerical targets shall, in principle, be determined based on indicators that reflect the medium- to long-term growth in the Company's corporate value, such as relative TSR (three-year evaluation), adjusted operating profit margin (average for three fiscal years), and adjusted free cash flow ratio (average for three fiscal years). One unit shall be equivalent to one share, and approximately 60% shall be delivered in the form of shares of the Company's common stock, and the remaining approximately 40% shall be converted into cash and paid to be used by each Concurrent Director/Executive Officer

to fund their tax payments.

RSUs shall be allocated each year in a number of units determined based on the standard amount determined by the Board of Directors of the Company in accordance with the level of responsibilities of each Concurrent Director/Executive Officer as well as each Non-executive Director. During the three consecutive fiscal years, beginning with the fiscal year in which the units were allocated, the rights to a number of units corresponding to one-third of the units will vest at the end of each fiscal year, subject to continued service during each fiscal year (excluding the period prior to assuming the position of Director). After the end of each fiscal year, the corresponding number of shares of the Company's common stock and cash shall be granted and paid based on the number of vested units. One unit shall be equivalent to one share, and approximately 60% shall be delivered in the form of shares of the Company's common stock, and the remaining approximately 40% shall be converted into cash and paid to be used by each Concurrent Director/Executive Officer to fund their tax payments. In addition, the above-mentioned PSUs and RSUs may also be granted on ad hoc basis in the event of certain circumstances, such as the hiring of key talents, promotions, or other reasons. Before such ad hoc grants are made, the Nomination and Compensation Committee shall deliberate their appropriateness and provide recommendations to the Board of Directors.

For both PSUs and RSUs, in the event of certain circumstances defined by the Board of Directors of the Company, such as illegal or wrongful acts, or material corrections to financial statements, the Company may extinguish the right to receive compensation or request its return, depending on when the conduct occurred or was discovered. Such extinguishment or return of compensation shall be deliberated by the Nomination and Compensation Committee and decided by the Board of Directors.

- (5) Policies for determining the compositions of compensation, etc. for individual Directors with respect to the amount of a base salary (monetary compensation), a short-term performance-linked compensation (monetary compensation) or medium- to long-term performance-linked compensation (stock-based compensation)

The composition rate of compensation for Concurrent Directors/Executive Officers by type of compensation shall be set in such a way that those in a higher position shall be subject to a higher portion of performance-linked compensation based on the compensation levels that shall be benchmarked against those of companies with business scales similar to the Company's and those of companies belonging to related industries, and business types and categories. The composition rate shall be deliberated by the Nomination and Compensation Committee. The Board of Directors and the Representative Director delegated by the Board of Directors shall respect the content of recommendations made by the Nomination and Compensation Committee and determine the details of compensation, etc. for individual Directors within the range of the composition rate by type of compensation stated in such recommendations.

The approximate ratio of each type of compensation, etc. for the Representative Director, President and Chief Executive Officer shall roughly be the base salary (monetary compensation): short-term performance-linked compensation (monetary compensation): medium- to long-term performance-linked compensation (stock-based compensation) = 1: 0.8 : 0.8. For other Concurrent Directors/Executive Officers, the ratio shall be determined in accordance with the level of responsibilities.

- (6) Matters concerning the determination of compensation, etc. for individual Directors

(a) Nomination and Compensation Committee

In order to ensure objectivity and transparency in the procedures for determining compensation for Directors, the Company established a Nomination and Compensation Committee, the chairperson and the majority of the members of

which are independent Outside Directors. The Nomination and Compensation Committee utilizes objective compensation market research data provided by external specialist organizations, the latest status and market trends regarding the executive compensation environment, and the results of compensation comparisons with comparable companies determined by the Company to compare the composition and level of compensation for Directors against market standards. The Company also employs an external compensation consulting firm (Willis Towers Watson) as an advisor, and based on their advice as well, provides necessary recommendations or reports to the Board of Directors.

(b) Method of determining compensation

The individual amounts of base salary (monetary compensation), short-term performance-linked compensation (monetary compensation), and medium- to long-term performance-linked compensation (stock-based compensation) shall be determined by the Representative Director, based on a delegation of authority from the Board of Directors, within the limit of the total amount of compensation determined by resolution of the Shareholders Meeting. The scope of this delegated authority shall be determination of the amount of base salary (monetary compensation), short-term performance-linked compensation (monetary compensation), and medium- to long-term performance-linked compensation (stock-based compensation) for each Director. The Board of Directors shall consult with and obtain recommendations from the Nomination and Compensation Committee to ensure that the delegated authority is exercised appropriately by the Representative Director. The Representative Director, having received the above-mentioned delegation, shall make decisions in accordance with the contents of such recommendations.

Support System for Outside Directors

The Board of Directors provides support to Outside Directors, with the legal department, which functions as the secretariat of the Board of Directors, acting as the point of contact, sending materials in advance and offering supplementary explanations. The Audit and Supervisory Committee provides support to Outside Directors, including the collection of information, through the Audit and Supervisory Committee Office. In addition, when an Outside Director requests information necessary for the execution of his or her duties, the relevant departments shall promptly provide the relevant information.

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

To strengthen the supervisory function of the Board of Directors and ensure flexible decision-making by the management team, the Company has adopted a company with an audit and supervisory committee system. In addition, six of the members of the Board of Directors are Outside Directors. Furthermore, Executive Officers execute business in accordance with the basic policies and other matters resolved by the Board of Directors. In this way, management's supervisory function and executive function are segregated to the extent possible. The Company believes that by having the Board of Directors determine the basic policies for the Company's management and governance, and by having Executive Officers execute their duties flexibly within the scope of discretion delegated to them in accordance with such policies, we can achieve ongoing enhancement of our corporate value.

(Board of Directors)

The Board of Directors comprises ten Directors: Kazunori Tsukada (Representative Director, President and Chief Executive Officer) as chair, with Hidehiro Yanagawa (Director, Executive Vice President and Executive Officer), Masaki Nakamura (Director), Masaaki Tsuruta (independent Outside Director), Mami Sasaki (independent Outside Director), Tsuyoshi Abe (independent Outside Director), Yuji Kamiya (Audit and Supervisory Committee Member), Hitoshi Kumagai (Audit and Supervisory Committee Member, independent Outside Director), Noriko Sakai (Audit and Supervisory Committee Member, independent Outside Director), and Chizu Sekine (Audit and Supervisory Committee Member, independent Outside Director). In principle, the Board of Directors meets once a month and at other times as necessary. The Board of Directors deliberates and determines important matters prescribed by laws and the articles of incorporation, as well as internal rules and regulations such as the Board of Directors Regulations and the Management Meeting Regulations. In addition, the Board of Directors supervises the overall management of the Company, including the execution of duties by Executive Officers. To ensure its expertise and independence and enable its decision-making and supervision of business execution from a higher level and wider viewpoint, six out of ten Directors are Outside Directors, and all of them are independent Outside Directors.

(Audit and Supervisory Committee)

The Audit and Supervisory Committee comprises four Directors who are Audit and Supervisory Committee Members (of which three are independent Outside Directors), with full-time member Yuji Kamiya (Director) as chair, and Hitoshi Kumagai (independent Outside Director), Noriko Sakai (independent Outside Director) and Chizu Sekine (independent Outside Director). In principle, the Audit and Supervisory Committee meets once a month and at other times as necessary. The Audit and Supervisory Committee, comprised of these Directors who are Audit and Supervisory Committee Members, cooperates with the Accounting Auditor and the Audit Office, and strives to ensure the integrity of management.

(Nomination and Compensation Committee)

The Company voluntarily established the Nomination and Compensation Committee as an advisory body independent from the Board of Directors to clarify the Company's policy on executive assignment and compensation and to ensure transparency in the decision-making process. The Nomination and Compensation Committee comprises five members: Masaaki Tsuruta (independent Outside Director), Noriko Sakai (Audit and Supervisory Committee Member, independent Outside Director), Hitoshi Kumagai (Audit and Supervisory Committee Member, independent Outside Director), Masaki Nakamura and Kazunori Tsukada (both of

whom are Directors).

(Executive Officer System and Management Meeting)

The Company has introduced an executive officer system and the President and Chief Executive Officer controls the operations as the chief person responsible for business execution. The Management Meeting comprises the President and Chief Executive Officer as chair and all Executive Officers. In principle, the Management Meeting meets twice a month. The Management Meeting deliberates and determines important matters concerning business execution in accordance with laws, the articles of incorporation, as well as internal rules and regulations such as the Board of Directors Regulations and the Management Meeting Regulations.

(Sustainability Committee)

The Sustainability Committee was established under the supervision of the Board of Directors, and comprises the President and Chief Executive Officer as chair, as well as committee members (department heads) appointed by the chair and the full-time Audit and Supervisory Committee Member. In principle, the Sustainability Committee meetings are held every six months. The Sustainability Committee deliberates and determines matters concerning climate change initiatives and other environmental conservation management, respect for diversity of human assets, maintenance and enhancement of health and safety, compliance, risk management, and timely and appropriate information disclosure. The Committee reports its activities to the Board of Directors on a quarterly basis and receives advice to support the promotion of its activities.

(Audit Office)

The Audit Office, which reports directly to the President and Chief Executive Officer, comprises six dedicated members who conduct internal audits of the Company and the Group companies, investigate the systems for business operation and their implementation status, and evaluate whether the operations are being conducted legally, accurately, and appropriately from a standpoint independent of business execution. The results of audits are reported to the President and Chief Executive Officer and to the Audit and Supervisory Committee, and three-party audit opinion exchange meetings are regularly held with the Audit and Supervisory Committee and the Accounting Auditor to exchange information and opinions, thereby striving to enhance the effectiveness of monitoring activities of each party's respective roles.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted an audit and supervisory committee structure to ensure management transparency and enhance efficiency by strengthening the supervisory function of the Board of Directors and realizing a system for fast and decisive decision-making by Executive Officers, as well as to enable appropriate responses to changes in the business environment. Independent and specialized Outside Directors and Inside Directors who are knowledgeable about the Company's business supervise the business execution by Executive Officers, thereby strengthening the supervisory function of the Board of Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Distribution of Convocation Notices for Shareholders' Meetings	To ensure that shareholders have sufficient time to fully consider the proposals, we strive to send the notice of Shareholders' Meetings and related documents earlier than the statutory deadline, aiming to dispatch them approximately three weeks prior to the date of the relevant Shareholders Meeting.
Scheduling of Shareholders' Meetings on Non-Peak Days	We endeavor to hold Shareholders' Meetings on non-peak days.
Electronic Exercise of Voting Rights	Allowing the exercise of voting rights via the Internet enables shareholders to exercise their voting rights by electronic means.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	By utilizing the "Electronic Voting Rights Exercise Platform" for institutional investors operated by ICJ, Inc., we are enhancing the environment for institutional investors to exercise voting rights.
Provision of Notice (or Summary of Notice) of Shareholders' Meetings in English	For the convenience of overseas investors, we provide the notice of and reference materials for Shareholders' Meetings in English.
Other	<ul style="list-style-type: none"> • We post notices of Shareholders' Meetings and other documents on the Company's website and on the Tokyo Stock Exchange website (TDnet). • We hold so-called "participatory virtual shareholders meetings."

2. Status of IR-related Activities **Update**

	Supplementary Explanation	Explanation by Representative
Formulation and Publication of Disclosure Policies	We have established the KOKUSAI ELECTRIC Group Disclosure Policy and posted it on the Company's website.	
Regular Investor Briefings held for Individual Investors	In addition to posting the details of briefings for analysts and institutional investors on the Company's website, we also hold briefings for individual investors or provide similar opportunities.	Yes
Regular Investor Briefings held for Analysts and Institutional Investors	We hold briefings for analysts and institutional investors on a quarterly basis, as well as briefings on our medium- to long-term initiatives as appropriate.	Yes
Regular Investor Briefings held for Overseas Investors	In addition to holding briefings for analysts and institutional investors with simultaneous interpretation, the details of these briefings are disclosed on the Company's website.	Yes
Online Disclosure of IR Information	IR materials are disclosed on the Company's website.	

Establishment of Departments and/or Placement of a Manager in Charge of IR	The departments in charge are the Public Relations & IR departments within the Corporate Strategy Division.	
Other	The Representative Director, President and Chief Executive Officer is responsible for management planning, Public Relations, and IR.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	These rules are stipulated in our corporate philosophy, “KOKUSAI ELECTRIC Way.”
Implementation of Environmental Preservation Activities, CSR Activities, etc.	Please refer to [3.1.3 Sustainability Initiatives, etc.] above.
Formulation of Policies, etc. on Provision of Information to Stakeholders	Please refer to [5.1 Policy for Constructive Dialogue with Shareholders] above.

IV. Matters Concerning the Internal Control System

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

In accordance with laws and regulations, the Company passed a resolution regarding the Basic Policy on Internal Control Systems at a meeting of the Board of Directors, and has appropriately established and operates internal control systems based on this resolution. A summary of this Board of Directors' resolution is as follows.

1. Systems to Ensure that the Execution of Duties by Directors and Employees Conforms with Laws and Regulations and the Articles of Incorporation (Article 399-13, paragraph (1), (c) of the Companies Act and Article 110-4, paragraph (2), item (iv) of the Regulations for Enforcement of the Companies Act)
 - (1) The Company shall establish a corporate philosophy (KOKUSAI ELECTRIC Way), which serves as the foundation for the business activities of the Company and the Group companies, and shall develop the necessary internal rules and regulations to ensure that its Directors, Executive Officers, employees, etc., and equivalent persons at the Group companies comply with laws and regulations and the Articles of Incorporation, and perform their duties appropriately.
 - (2) The Company shall establish a system for the continuous education and awareness-raising regarding laws and regulations and the Articles of Incorporation, as well as internal rules and regulations for its Directors, Executive Officers, employees, etc., and equivalent persons at the Group companies.
 - (3) The Company shall inform its Group companies of the policies and regulations with which each company must comply according to its scale and other characteristics, and ensure that they establish internal rules and regulations, as well as systems that are similar to those of the Company.
 - (4) The Company shall establish a Sustainability Committee, chaired by the President and Chief Executive Officer, as a subordinate organization under the Board of Directors for the purpose of promoting sustainability activities, including thorough risk management and compliance within the Company and its Group companies. In addition, the Company shall appoint an Executive Officer responsible for compliance, as the Company's chief compliance officer.
 - (5) The Company shall establish a department in charge of audits to regularly audit the Company and its Group companies regarding compliance and other matters. In order to ensure the independence of audits by the department in charge of audits and the effectiveness of audits by the Audit and Supervisory Committee, the department in charge of audits shall report to both the President and Chief Executive Officer and the Audit and Supervisory Committee.
 - (6) The Company shall establish a Compliance Whistleblower System, which is available not only to the Company's Directors, Executive Officers, employees, etc., and equivalent persons at Group companies, but also to all stakeholders of the Group, and shall establish an external whistleblower contact whose direct recipient of information is an external third party with specialized knowledge.
 - (7) The Company shall regularly report the details of reports made through the Compliance Whistleblower System and the status of responses to the Board of Directors, and shall continuously review the Company's compliance system.
 - (8) The Company shall develop and operate business processes to ensure the appropriate financial reporting.
 - (9) The Company shall never have any ties with anti-social forces, and shall take a firm stance against any unreasonable demands in cooperation with the police and legal counsel.
2. Systems for Storing and Managing Information Related to the Execution of Duties by Directors (Article 110-4, paragraph (2), item (i) of the Regulations for Enforcement of the Companies Act)

The Company shall appropriately store and manage the minutes of Shareholders Meetings, the minutes of Board of Directors meetings, documents related to important decision-making (including electromagnetic records; the same shall apply hereinafter), and other documents related to the execution of duties by Directors (including documents related to the execution of duties by Executive Officers and employees in important positions) in accordance with laws and regulations, as well as internal rules and regulations, and shall maintain these documents in a manner that allows Directors and others to view them at any time as necessary for the execution of their duties. In addition, the Company shall establish an information security system to ensure the proper management of these documents.

3. Regulations and Other Systems for Managing the Risk of Loss (Article 110-4, paragraph (2), item (ii) of the Regulations for Enforcement of the Companies Act)

- (1) The Company shall establish internal rules and regulations for risk management and a Sustainability Committee to examine and address risks, thereby establishing a risk management system. In addition, the Company shall establish a system to regularly report the status of risk management at the Company and the Group companies to the Board of Directors.
- (2) The Company shall continually strive to identify and prevent the possibility of the occurrence of new risks through deliberations regarding the business activities of the Company and the Group companies at meetings of the Board of Directors, the Management Committee, and other meetings.
- (3) In the event that a risk that may cause significant damage to the Group's business materializes or is predicted to materialize, the Company shall, under the judgment and direction of the President and Chief Executive Officer, promptly appoint a person in charge of response and take swift and appropriate action.

4. Systems to Ensure that the Duties of Directors are Executed Efficiently (Article 110-4, paragraph (2), item (iii) of the Regulations for Enforcement of the Companies Act)

- (1) The Company shall introduce an executive officer system and establish a system that enables the efficient and prompt execution of duties based on the division of duties among Executive Officers as determined by the Board of Directors. In addition, the Company shall establish a Management Meeting comprising Executive Officers in order to make decisions on important matters that affect the Group through multifaceted consideration.
- (2) The Company shall clarify the scope of duties, authority, and responsibilities of Directors, Executive Officers, etc., and shall establish internal rules and regulations, etc. for appropriately distributing authority and responsibilities among each organization in the Company.
- (3) The Company shall work to achieve its goals based on the Medium-Term Management Plan and annual budget approved by the Board of Directors, and shall check and review the progress through regular reports at Board of Directors meetings.

5. Systems for Ensuring the Appropriateness of Business Operations within the Business Group Comprising the Company, its Parent Company, and Subsidiaries (Article 110-4, paragraph (2), item (v) of the Regulations for Enforcement of the Companies Act)

- (1) The Company shall establish a corporate philosophy applicable to the Group, and shall strive to ensure the appropriateness of operations within the Group by maintaining proper coordination with the Group companies.
 - (2) Regarding the management of the Group companies, the Company shall, while respecting their autonomy, ensure the appropriateness of important management matters through resolutions by, or reports to, the Company's Board of Directors or Management Meeting.
 - (3) When necessary, the Company shall monitor or audit the execution of business operations by dispatching Directors and Auditors to Group companies to understand the circumstances, etc.
 - (4) Based on internal rules and regulations, including the Group Company Management Regulations, the Company shall cooperate with the Group companies to ensure that their business operations are conducted appropriately.
 - (5) The Company's department in charge of audits shall conduct audits of the Group companies.
 - (6) The Company shall require the Group companies to document their business processes and establish systems to ensure the accuracy of all matters within the Group companies that should be reflected in the Company's financial reports.
 - (7) When conducting transactions with Group companies, the Company shall conduct such transactions after fully considering their necessity and ensuring fairness by using market prices as a standard. In addition, the Company shall not make unreasonable or inappropriate demands of the Group companies and shall maintain the soundness of the entire Group.
6. Matters Concerning Directors and Employees who Should Assist the Duties of the Audit and Supervisory Committee of the Company (Article 110-4, paragraph (1), item (i) of the Regulations for Enforcement of the Companies Act), Matters Concerning the Independence of Those Directors and Employees from Other Directors of the Company (Excluding Directors who are Audit and Supervisory Committee Members) (Article 110-4, paragraph (1), item (ii) thereof), and Matters Concerning Ensuring the Effectiveness of Instructions to Directors and Employees who Should Assist the Duties of Audit and Supervisory Committee Members of the Company (Article 110-4, paragraph (1), item (iii) thereof)
- (1) The Company shall establish an Audit and Supervisory Committee Office and assign dedicated employees to assist the Audit and Supervisory Committee with its duties. Those employees also will be in charge of the secretariat of the Audit and Supervisory Committee.
 - (2) Employees who are assigned to the Audit and Supervisory Committee Office are not under the direction or supervision of Directors (excluding Directors who are Audit and Supervisory Committee Members), but instead perform their duties directly under the direction and supervision of Audit and Supervisory Committee Members. In addition, decisions regarding personnel transfers, personnel evaluations, and disciplinary action of said employees require the consent of Audit and Supervisory Committee Members designated by the Audit and Supervisory Committee.
7. Systems for Reporting to the Audit and Supervisory Committee of the Company (Article 110-4, paragraph (1), item (iv) of the Regulations for Enforcement of the Companies Act)
- (1) The Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers, and the Directors and Auditors of the Group companies shall immediately report to the Audit and Supervisory Committee any important matters such as facts that may cause significant damage to the Group, and any matters for

which reporting is requested in accordance with the rules and regulations established by the Audit and Supervisory Committee.

- (2) The Company shall report any matters reported through the Compliance Whistleblower System to the Audit and Supervisory Committee in a timely manner through the Executive Officer responsible for compliance.

8. Systems to Ensure that a Person who Makes a Report is Not Treated Unfavorably Due to Said Report (Article 110-4, paragraph (1), item (v) of the Regulations for Enforcement of the Companies Act)

The Company shall prohibit any disadvantageous treatment of individuals who have made reports to the Audit and Supervisory Committee on the grounds of such reporting, and shall thoroughly communicate this policy throughout the Company. In addition, the Company shall establish a strict information management system to protect both the individuals who have made such reports and the contents of the reports. Reports made through the Compliance Whistleblower System may be made anonymously, and the Company shall prohibit any disadvantageous treatment of individuals for having made such reports.

9. Matters Related to Policies Concerning the Procedure for Advance Payment or Reimbursement of Expenses that Arise with Regard to Carrying Out the Duties of Audit and Supervisory Committee Members, or any Other Processing of Expenses or Obligations that Arise with Regard to Carrying Out Those Duties (Article 110-4, paragraph (1), item (vi) of the Regulations for Enforcement of the Companies Act)

When an Audit and Supervisory Committee Member requests the advance payment of expenses, the reimbursement of expenses incurred, or the payment of obligations incurred in the execution of their duties, the Company shall comply with such requests unless it can prove that such expenses or obligations did not arise from the execution of duties by the Audit and Supervisory Committee Member. The same shall apply to expenses or obligations incurred when the Audit and Supervisory Committee Member seeks opinions of experts such as lawyers, certified public accountants, or tax accountants in order to execute his or her duties.

10. Other Systems to Ensure that Audits by the Audit and Supervisory Committee are Executed Effectively (Article 110-4, paragraph (1), item (vii) of the Regulations for Enforcement of the Companies Act)

- (1) The Company shall ensure that Audit and Supervisory Committee Members are able to grasp important matters related to the execution of duties through regular meetings with the President and Chief Executive Officer, as well as attendance at Management Meetings and other important meetings.
- (2) The Audit and Supervisory Committee, the department in charge of audits and the Accounting Auditor shall hold regular meetings to exchange opinions on their respective audit plans and audit results.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

(1) Basic views for eliminating anti-social forces

In order to conduct fair and sound management and business activities, the Company has established the KOKUSAI ELECTRIC Group Anti-Corruption Policy and the Regulations for the Prevention of Anti-Social Transactions, which state that under no circumstances will the Company have any relationship with anti-social forces, nor will it provide them with monetary

or other economic benefits or with positions of superiority. The Company intends to take thorough measures not only for the Company but for the entire Group, by establishing a system and business procedures for preventing anti-social transactions, providing education on laws and ethics, and conducting internal audits, etc., based on these regulations.

(2) Development status of measures for eliminating anti-social forces

The Company's legal departments take measures to eliminate anti-social forces under the responsibility of the Executive Officer responsible for compliance, who oversees risk management for the entire Group.

In the event that anti-social forces become involved in the Company's business activities, or in the event of the possibility of such involvement, the legal departments shall promptly investigate the facts, report the results of the investigation to the Executive Officer responsible for compliance, and appropriate measures shall be taken. In addition, when entering into agreements with business partners, clauses for the elimination of anti-social forces are set forth in the basic transaction agreement and other relevant agreements.

In establishing systems for preventing anti-social transactions and dealing with anti-social forces, the Company shall work closely with external organizations such as local police stations, the Centers for Removal of Criminal Organizations, and lawyers with specialized knowledge. Furthermore, the Company is working to strengthen its relationship with the consultation counters at local police stations, through participation in the *Tokubouren*, a special anti-violence countermeasures federation of the Tokyo Metropolitan Police Department.

Through the compliance system described above, the Company shall take a resolute stance against anti-social forces.

V. Other

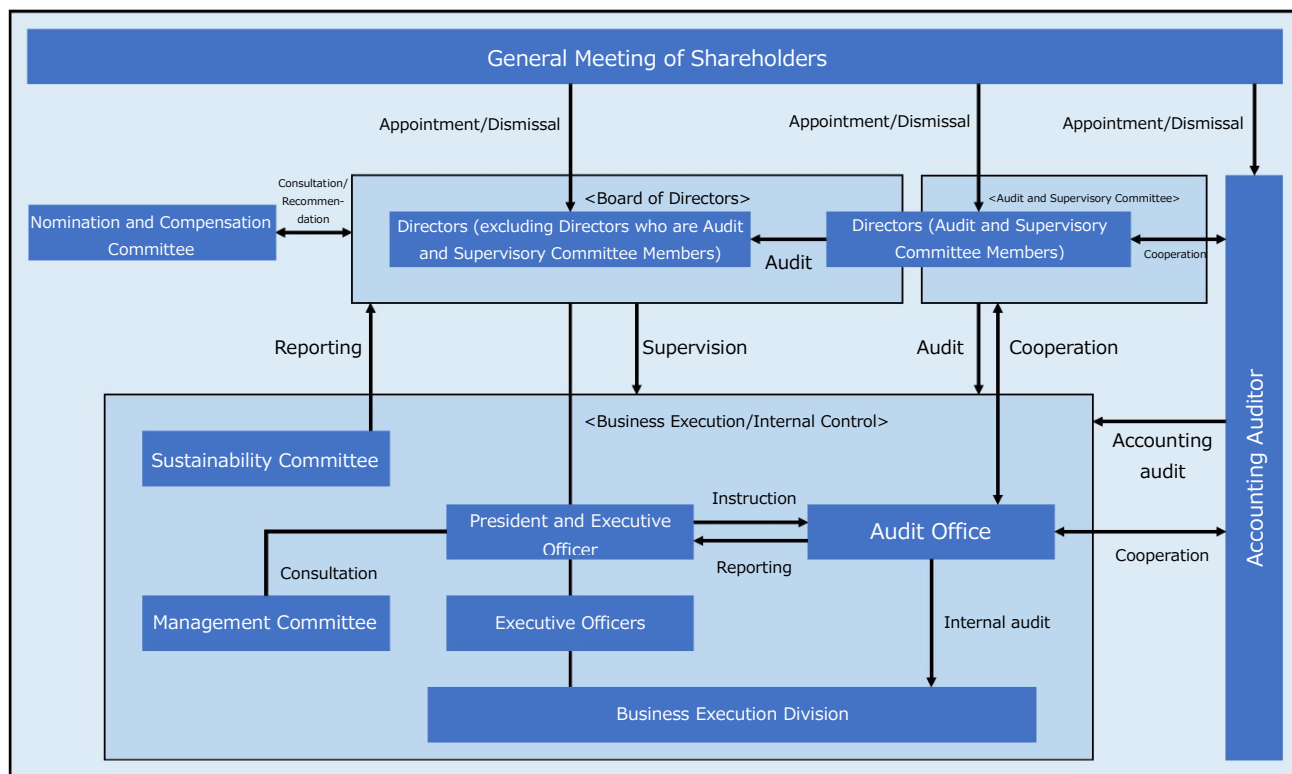
1. Adoption of Anti-Takeover Measures

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

2. Other Matters Concerning the Corporate Governance System

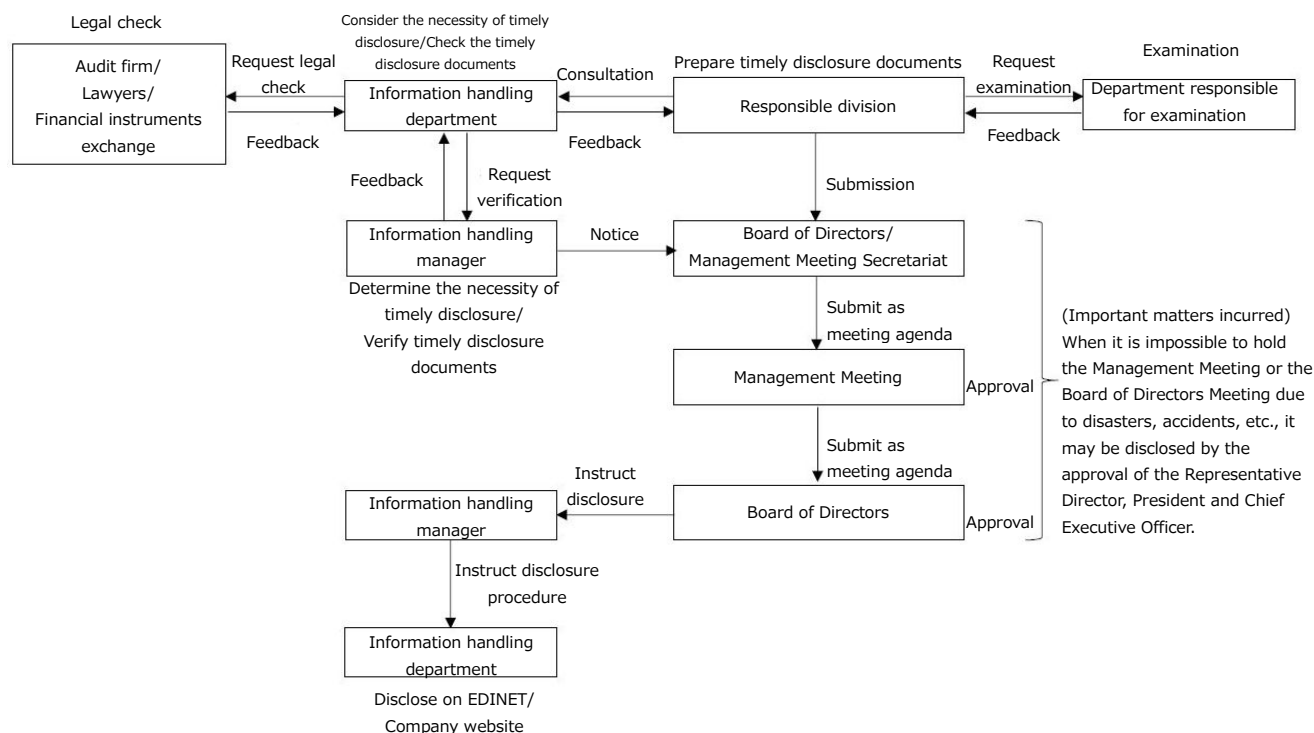
Corporate Governance Structure

Company with Audit and Supervisory Committee



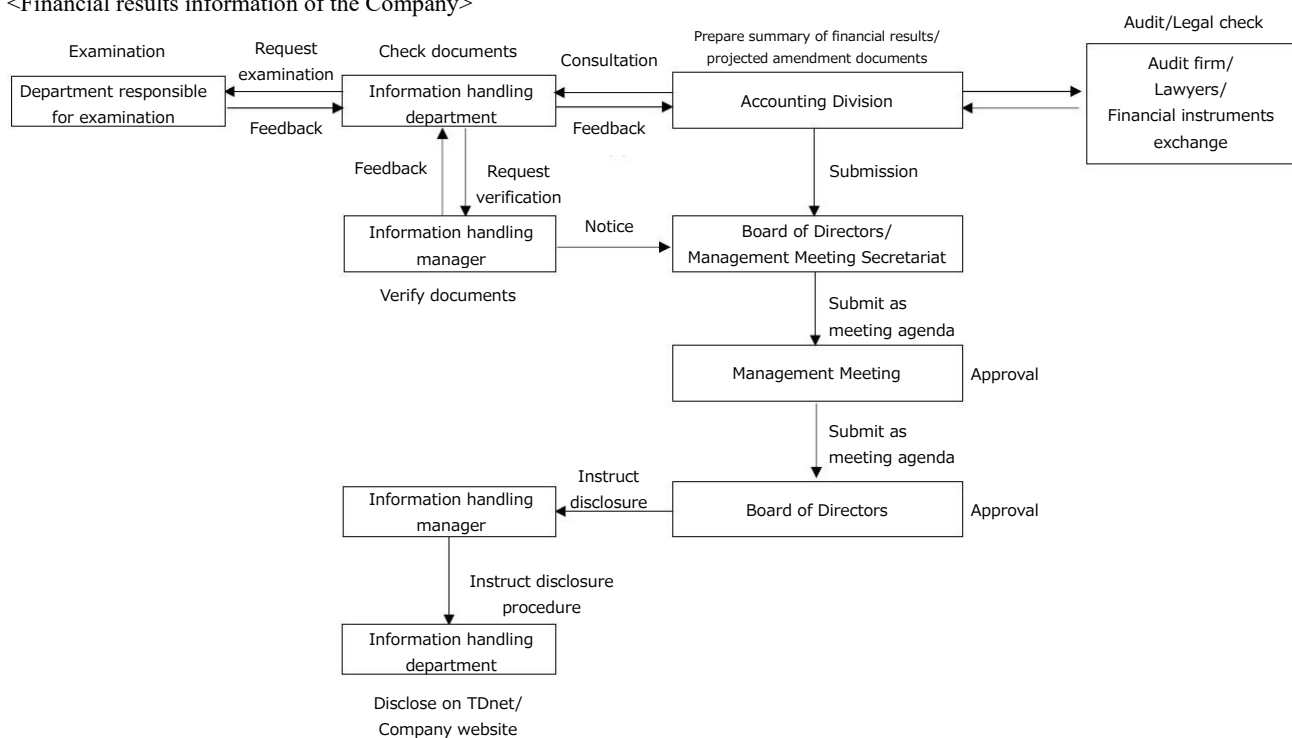
Overview of Timely Disclosure System

<Important matters decided or incurred by the Company>



If the information handling manager is unable to act, the general manager of the information handling department shall act in his or her place.

<Financial results information of the Company>



If the information handling manager is unable to act, the general manager of the information handling department shall act in his or her place.

Skill Matrix for Directors and Executive Officers

* Independent Outside Director

		Directors						Directors (Audit and Supervisory Committee Members)				Executive Officers							
		Kazunori Tsukada	Hidehiro Yamagawa	Masaki Nakamura	Masaaki Tsuruta *	Mami Sasaki *	Tsuyoshi Abe *	Yuji Kamiya	Hiroshi Kumagai *	Norio Sakai *	Chizu Sekine *	Masayuki Yamada	Yoshitaka Kawakami	Kenji Kamayama	Naotoshi Yamamine	Masami Miyamoto	Shigeru Odake	Teruhiko Kawakami	Yasuyuki Homma
Enhancement of corporate value	Corporate management	●	●	●	●	●	●	●	●		●								●
	Finance/accounting			●		●	●	●	●		●		●						
	Internal control/ corporate governance	●		●	●	●	●	●	●	●	●		●		●			●	
	Legal affairs/risk management	●				●	●	●		●								●	
	Human resources	●					●	●										●	
Company's sustainable growth	Knowledge of the semiconductor industry	●	●	●	●		●	●				●	●	●	●	●	●	●	●
	R&D/design		●		●		●				●	●		●			●		
	Global	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Business strategy	●	●		●		●				●								
	Service strategy	●	●				●								●				
Business promotion	Production/quality assurance/ supply chain management		●				●					●			●				●
	Sales	●	●				●									●			
	DX/IT	●	●				●						●						●

END