

December 28, 2023

Socionext Inc.

Masahiro Koezuka

Representative Director, Chairman, President and CEO

Contact: Public Relations & Investor Relations Office

Representative Phone : +81-45-568-1000

Securities Code: 6526

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

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

1. Basic Views

(1) Basic Management Policy

1) Management philosophy

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

The Group’s Mission as a corporation

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

The Group’s Value

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

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

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

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

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

2) Management Policy

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

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

#### (2) Basic views on corporate governance

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

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

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

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

##### [Principle 1-4 Cross-shareholdings]

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

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

##### [Principle 1-7 Related-Party Transactions]

In accordance with the Related-Parties Transactions Management Regulations, when conducting transactions with officers or major shareholders (related-party transactions), the Company verifies the reasonableness and appropriateness of the transactions and conducts appropriate approval procedures by the Board of Directors, etc. In accordance with the above regulations, the Company is required to report the results of all related-party transactions to the Board of Directors on a quarterly basis.

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

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

The Company strives to foster a corporate climate and culture that enables each and every employee with a wide

range of personalities, ideas and values to work comfortably and demonstrate their abilities.

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

#### Female employees

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

#### Foreign nationality employees

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

#### Mid-career employees

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

In the fiscal year ended March 2023, mid-career employees accounted for 10.7% of the Company's total employees and 8.5% of its management positions.

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

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

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

#### [Principle 3-1 Full Disclosure]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company's approach to the evaluation of effectiveness

The Board of Directors of the Company is to analyze and evaluate the effectiveness of the Board of Directors every year to further ensure its effectiveness and improve its functions.

With the support of a third-party organization, the Company began evaluating the effectiveness of the Board of Directors in the fiscal year ended March 2023 and will continue to carry out the exercise once a year.

A summary of the methodology and results of the evaluation of the effectiveness of the Company's Board of Directors for the fiscal year ended March 2023 is provided below.

Method of evaluation

In December 2022, an external third-party questionnaire survey with approximately 40 questions (both multiple-choice and descriptive) was conducted with all ten directors, and the results were discussed at a meeting of the Board of Directors to evaluate the effectiveness of the Board of Directors.

Summary of evaluation results

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

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

- 1) Efforts to provide information to outside officers
  - Ensuring advance distribution of materials and considering operation of advance briefing
  - Promoting a thorough understanding of the semiconductor business and the Company's business model among outside directors
  - Considering strengthening the support structure (to reinforce the secretariat, including its resources)
- 2) Securing time for deliberations on strategically important topics by reviewing a standard for determining matters to be submitted to the Board of Directors

- Setting the annual agenda
  - Sorting out the roles and functions of the Board of Directors as a precondition (to share awareness)
- 3) Encouraging two-way discussions between outside and inside the Company by establishing communication opportunities for both parties
  - 4) Enhancing opportunities for internal officers to speak out from a company-wide perspective (to change mindset)
  - 5) Considering the ideal structure of the Board of Directors with an awareness of diversity (by utilizing skill matrix, etc.)

#### Initiatives based on evaluation results

The Company will continue to promote improvement activities for issues identified based on the above evaluation results, and will work to further improve effectiveness by regularly incorporating third-party involvement in the evaluation process.

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

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

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

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

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

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

#### Policy for initiatives to promote dialogue

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

#### Internal Structure

- The person in charge of Investor Relations shall be the executive officer in charge of corporate planning, and the department in charge of Investor Relations shall be the Public Relations & Investor Relations

Office.

- Departments committed to Investor Relations (Public Relations & Investor Relations Office, Corporate Planning Office, Corporate Affairs & Human Resources Division, Finance and Corporate Finance Division, etc.) will fully cooperate in preparing disclosure materials to promote dialogue with shareholders.

Report to the Board of Directors

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

Initiatives to promote dialogue

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

Management of insider information

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

**【Measures to realize management with capital cost and stock price in mind】**

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

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

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

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

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

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

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

[Implementation of Dialogue with Shareholders]

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

2. Capital Structure

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

[Status of Major Shareholders]

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

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

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

Supplementary Explanation

1. The ratio of foreign shareholdings and the status of major shareholders are as of September 30, 2023.
2. Although the Statement of Large-Volume Holdings (the Statement of Changes) made available for public inspection on December 22, 2023, indicated that Capital Research and Management Company held 1,716,018 shares (4.82% of the issued shares) as of December 15, 2023, the Company could not confirm its actual shareholding as of September 30, 2023, and therefore did not include it in the above list of major shareholders.



## Corporate Governance

### CORPORATE GOVERNANCE

#### 3. Corporate Attributes

|   |  |
|---|--|
| Listed Stock Exchange and Market Segment                                      | Tokyo Stock Exchange, Prime Market                   |
| Fiscal Year-End   | March  |
| Business Sector   | Electrical Appliances                                |
| Number of Employees (Consolidated) as of the End of the Previous Fiscal Year  | 1,000 or more  |
| Net Sales (Consolidated) as of the End of the Previous Fiscal Year            | 100 billion yen or more but less than 1 trillion yen |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | Fewer than 10  |

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

|   |
|---|
| - |
|---|

#### 5. Other Special Circumstances That May Have Material Impact on Corporate Governance

|   |
|---|
| - |
|---|

## II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Oversight in Management

### 1. Matters Concerning Institutional Structure and Organizational Management, etc.

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

#### Directors

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

#### Outside Directors' Relationship with the Company (1)

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

|                  |                      |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|------------------|----------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Morimasa Ikemoto | From another company |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Noriko Yoneda    | Lawyer               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

\*1 Categories for "Relationship with the Company"

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

### Outside Directors' Relationship with the Company (2)

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

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

## Corporate Governance

### CORPORATE GOVERNANCE

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

#### [Audit & Supervisory Committee]

##### Composition of Supervisory Committee and Attributes of the Chairperson

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

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

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

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

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

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

[Voluntary Established Committees]

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

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

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

Supplementary Explanation

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

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

[Matters Concerning Independent Directors]

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

Other Matters Concerning Independent Directors

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

**Independence Standards for Outside Directors**  
 The Company considers Outside Directors or candidates for such directors to be independent if it determines that none of the following 1 to 9 apply:  
 However, even if a person falls under any of the following 1 to 9, he or she may be appointed as Independent Outside Director of the Company if the Company believes that he or she has sufficient independence, provided that the reasons for such independence are publicly disclosed.

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

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

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

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

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

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

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

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

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

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

[Incentives]

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

Supplementary Explanation for Applicable Items

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

|   |                                    |
|---|------------------------------------|
| <b>Persons Eligible for Stock Options</b> | Inside Directors, Employees, Other |
|---|------------------------------------|

Supplementary Explanation for Applicable Items

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

[Director Remuneration]

|   |   |
|---|---|
| <b>Status of Disclosure of Individual Directors' Remuneration</b> | No disclosure of remuneration for any Directors |
|---|---|

Supplementary Explanation for Applicable Items

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

|   |             |
|---|-------------|
| <b>Policy on Determining Remuneration Amounts and the Calculation Methods Thereof</b> | Established |
|---|-------------|

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

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

A. Details of the Directors' Compensation System

a. Basic Views

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

b. Compensation level

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

c. Process for determining compensation

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

|   |
|---|
| <p>B. Compensation structure</p> <p>a. Executive Director</p> <p>1) Basic compensation: Based on the scope of responsibility and role (position) in the Company, a fixed amount is paid as basic compensation</p> <p>2) Cash incentive compensation: Payment by cash (bonus) as performance-based compensation based on the evaluation of performance results in the target year</p> <p>3) Stock incentive compensation: Payment by stock as performance-based restricted-stock compensation based on the evaluation of performance results in the target year</p> <ul style="list-style-type: none"> <li>• If the performance target is 100% achieved, the percentage of the above proportion is 1) 60%, 2) 20% and 3) 20%.</li> <li>• As evaluation items and indicators for the performance-based portion (cash and stock), we consider four items of “net sales,” “operating profit,” and “design win amount,” and “business transformation, growth strategy, ESG measures, etc.” with a weighting of 25% for each. In addition, we evaluate all of these items based on comprehensive judgment by the Nomination and Compensation Committee. The results of the evaluation are reported to and deliberated on by the Board of Directors.</li> </ul> <p>b. Independent Outside Directors (non-executive directors)</p> <ul style="list-style-type: none"> <li>• In view of the role of supervising the execution of business, only fixed basic compensation is paid.</li> </ul> |
|---|

[Support System for Outside Directors]

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

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

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

| Name              | Job title/<br>position     | Responsibilities   | Terms and Conditions<br>of Employment<br>(Full/part time,<br>with/without<br>remuneration, etc.) | Date when<br>former role as<br>president/<br>CEO<br>ended | Term                                   |
|-------------------|----------------------------|--|--|---|--|
| Yoshifumi Okamoto | Special Technology Adviser | Promote technological collaboration with customers and academic institutions, etc. | Terms and Conditions: Full-time Remuneration: With remuneration                                  | March 30, 2022  | From March 30, 2022, to March 31, 2024 |

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

Other Related Matters

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



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

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

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

**Board of Directors**

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

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

**Audit & Supervisory Committee**

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

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

**Nomination and Compensation Committee**

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

**Outside Directors' Meeting**

The Outside Board of Directors' group meeting is held every month to gather and share information necessary for

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

#### Lead Independent Outside Director

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

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

#### Management Committee

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

#### Risk and Compliance Committee

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

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

#### Internal Audit Department

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

#### Policy on election and dismissal of Directors

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

##### 1. Policies for election

- (1) In electing director candidates, consideration shall be given to the composition of the Board of Directors so that the Board of Directors can fully exercise its functions and contribute to the sustainable development of the Group, while ensuring diversity by balancing the experience, knowledge and abilities of each director.
- (2) The Board of Directors shall consist of not more than ten members, and at least one-third of them shall meet the independence standards for outside directors set by the Company.
- (3) The Audit & Supervisory Committee shall, in principle, have at least one legal specialist and one financial

accounting specialist.

2. Election criteria for director candidates

(1) Requirements common to all directors

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

(2) Requirements for Internal Directors

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

(3) Requirements for Outside Directors

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

3. Procedures to elect director candidates

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

4. Standards and procedures for dismissing directors

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

3. Reasons for Adoption of Current Corporate Governance System

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

(1) Strengthening supervisory functions

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

(2) Ensuring management transparency

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

of officers.

(3) Acceleration of decision-making

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

III. Implementation of Measures for Shareholders and Other Stakeholders

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

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

2. Status of IR-related Activities

|  | Supplementary Explanation   | Explanation by a representative director or a representative executive officer |
|--|---|--|
| Formulation and Publication of Disclosure Policies       | The disclosure policy is available on the Company website.<br><a href="https://www.socionext.com/en/ir/management/disclosure.html">https://www.socionext.com/en/ir/management/disclosure.html</a> |  |
| Regular Investor Briefings Held for Individual Investors | We will consider holding briefing sessions for individual investors, taking into account the percentage of shares held by individual shareholders.  | None   |

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

3. Status of Measures to Ensure Due Respect for Stakeholders

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

IV. Matters Concerning the Internal Control System

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

|   |
|---|
| <p>In accordance with the Companies Act, the Company’s Board of Directors approved the Basic Policy on the Development of Internal Control Systems, and the Company has developed and been operating an internal control system in the Group based on the policy.</p> <p>1. Systems to ensure that the execution of the duties by Socionext Personnel complies with laws and regulations and the Articles of Incorporation</p> <p>(1) Directors and executive officers involved in the execution of their duties at the Company (hereafter referred to as “Management”) shall take the lead in complying with the “CSR Policy” established for compliance, including compliance with laws and regulations and the Articles of Incorporation, and shall also actively work to promote compliance based on the ethics of the Company’s Management.</p> <p>(2) The management of the Company shall ensure that all Socionext Personnel comply with the “CSR Policy,” and shall promote compliance throughout Socionext through continuous education and other measures.</p> <p>(3) The management of the Company shall clarify laws and regulations pertaining to business activities, develop the necessary internal rules, education and monitoring systems to ensure compliance, and promote compliance throughout Socionext.</p> |
|---|

- (4) If an officer or employee of the Company becomes aware of any facts that may constitute a material breach of compliance in connection with the conduct of business activities, he or she shall immediately notify the Board of Directors of the Company and the Audit & Supervisory Committee of the Company of such fact through the normal line of business.
  - (5) The management of the Company shall establish and operate a Whistle-Blowing System that secures a protection system for whistle-blowers, etc., in order to enable early detection of compliance issues and appropriate responses to them through a communication channel that is independent of normal business lines.
  - (6) The Board of Directors of the Company shall receive regular reports on the execution of duties from the person performing the duties and shall confirm that there is no non-compliance in the execution of duties.
  - (7) The management of the Company shall strengthen the development of an internal control system through the evaluation and audit of internal control over financial reporting to ensure the appropriateness of financial reporting.
  - (8) The management of the Company shall conduct an internal audit in order to confirm the status of business execution, ensure compliance with laws and regulations and the Articles of Incorporation, etc. and make improvements in operational efficiency.
  - (9) The management of the Company shall take a firm stand against antisocial forces, have no relationship with them, and deal with them systematically in coordination with external professional organizations.
2. Systems under which information regarding execution of duties by Directors shall be retained and managed
    - (1) The management of the Company shall properly store and manage documents involved in the execution of their duties (including electromagnetic records) and other important information, in accordance with the Important Document Management Regulations, after appointing a person in charge of retention.
    - (2) Directors of the Company shall have access at all times to documents to confirm the status of the execution of their duties, and the person in charge of retention of each document shall ensure that the directors of the Company shall have access at all times.
    - (3) With regard to information security, a system of responsibility shall be clarified relating to information security and specific measures shall be implemented and ensured in accordance with the provisions on information security.
3. Regulations and other systems for the risk management of loss
    - (1) The management of the Company shall aim to achieve business continuity, enhancement of corporate value and sustainable development of corporate activities of Socionext, and shall develop appropriate risk management systems to deal with risks that may impede this.
    - (2) The management of the Company shall constantly assess and verify risks that could cause losses to Socionext and report important matters to the Company's Board of Directors.
    - (3) The management of the Company shall conduct risk control, including preventive measures, with respect to the risks recognized in the preceding paragraph and other risks assumed in the course of conducting business, and shall take actions to minimize losses. In addition, in order to minimize losses arising from the occurrence of risks, the Risk and Compliance Committee, etc. shall be established in the Company and necessary measures shall be implemented, and risks that occur shall be regularly analyzed and reported to the Board of Directors, etc. of the Company to take actions to prevent the recurrence of similar risks.
    - (4) In order to collect risk information that cannot be grasped by the provisions in the preceding three items, the management of the Company shall set up a Whistle-Blowing System in the Company and operate it

while ensuring a system to protect whistle-blowers.

4. Systems to ensure efficient execution of duties by Directors
  - (1) The Company shall separate the supervisory and executive functions of management, and the Board of Directors of the Company shall determine basic management policies and important business execution etc., and supervise executive functions. The Company also introduces an executive officer system, and among the executive decision-making bodies, the Management Committee discusses basic management policies and strategies and makes decisions on important matters related to management execution. Of the matters discussed by the Management Committee, important matters shall be reported to or decided by the Board of Directors.
  - (2) The Board of Directors of the Company shall clarify the duties of the management and other executive organizations of the Company and shall have them perform their duties in accordance with their respective duties.
  - (3) The management of the Company shall make decisions on execution of duties in accordance with appropriate decision-making procedures established by the Board of Directors, the Management Committee and the internal approval system, etc. of the Company.
  - (4) The management of the Company shall ensure that all employees are fully aware of management policies, etc., and shall set and realize specific goals to achieve management goals.
  - (5) The management of the Company shall promote the continuous development of internal control systems and the reform of business processes in order to pursue the efficiency of the business.
  - (6) The Company's Board of Directors shall monitor and supervise the achievement of management objectives by having the Company's management and other executive bodies conduct monthly financial reporting, business execution reporting, etc.
5. Systems to ensure the appropriateness of operations of the Corporate Group composed of the Company, its parent company and its subsidiaries
  - (1) With the aim of sustainably enhancing the corporate value of Socionext, the Company shall establish and enact the systems and provisions in the preceding items based on the "CSR Policy," and shall establish a system to receive reports on matters related to execution of duties from the management, executive officers, employees executing business, persons handling operations and other equivalent persons of the Group Company. In addition, they shall provide guidance, support and supervision on the development of a system for efficient, legitimate and appropriate business execution as a corporate group.
  - (2) The Company shall establish common rules regarding the delegation of authority from the representative director of the Company (if there is more than one person, it should be the person in the highest position; the same shall apply hereafter) to the Group Company, including the authority and process for determining important matters of the Group Company.
  - (3) The representative director of the Company shall designate the division in charge of the Group Company, and the officer in charge of the business execution of such division shall confirm the implementation and compliance of the preceding two items through presidents of the Group Company, etc.
  - (4) The management of the Group Company shall confirm the management policy of Socionext and issues for achieving the management goals through regular liaison meetings, etc.
  - (5) Directors of the Company shall evaluate internal control over financial reporting of the Group Company in accordance with domestic and foreign laws and regulations, and carry out improvement activities based on the results.

- (6) The Company's internal audit organization shall conduct an internal audit on Socionext as a whole.
6. Matters relating to Socionext Personnel assisting with the duties of the Audit & Supervisory Committee and matters relating to the independence, etc. of such Socionext Personnel from Directors
  - (1) The Company shall have Socionext Personnel to assist with the duties of the Audit & Supervisory Committee of the Company and shall assign appropriate personnel with the abilities and knowledge required by the Audit & Supervisory Committee of the Company.
  - (2) In order to ensure the independence of Socionext Personnel referred to in the preceding item and the effectiveness of directions given to such Socionext Personnel by the Audit & Supervisory Committee of the Company, the management of the Company shall obtain the consent of the Audit & Supervisory Committee of the Company with respect to matters relating to personnel, such as appointment, transfer and compensation of such Socionext Personnel.
  - (3) In principle, the management of the Company shall not allow Socionext Personnel described in (1) above to serve concurrently with any other organizations. However, when it becomes necessary to have Socionext Personnel with special expertise concurrently serve at the request of the Audit & Supervisory Committee of the Company, consideration shall be given to ensuring the independence set forth in the preceding paragraph.
7. System for reporting to the Audit & Supervisory Committee
  - (1) The management of the Group shall provide Audit & Supervisory Committee Members of the Company with an opportunity to attend important meetings.
  - (2) The management, accounting advisors, auditors, executive officers, employees executing business, persons handling operations, other equivalent persons and employees of the Group shall immediately report to the Audit & Supervisory Committee of the Company when a risk affecting their management or performance occurs or when they become aware of a fact that constitutes a material breach of compliance with respect to the conduct of their business activities.
  - (3) The management and employees of the Group shall periodically report the performance of their duties to the Audit & Supervisory Committee of the Company.
  - (4) No management members, accounting advisors, auditors, executive officers, employees executing business, persons handling operations and other equivalent persons of the Group shall treat any managers or employees unfavorably for the reason of making a report under the preceding two items.
8. System for Ensuring Effectiveness of Audit by Audit & Supervisory Committee
  - (1) The management of the Group shall regularly exchange information with Audit & Supervisory Committee Members of the Company.
  - (2) The Company's internal audit organization shall periodically report its audit findings to the Audit & Supervisory Committee of the Company.
  - (3) The Audit & Supervisory Committee of the Company shall, from time to time, have the Accounting Auditor of the Company explain and report on the results of the audit and other matters and shall regularly exchange information with the Accounting Auditor of the Company.
  - (4) Expenses incurred in the performance of the duties of the Audit & Supervisory Committee of the Company shall be in accordance with Article 399-2, Paragraph 4 of the Companies Act, and management of the Company shall establish procedures for the requests in the same paragraph.



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

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

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

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

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

V. Other

1. Adoption of Anti-Takeover Measures

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

Supplementary Explanation for Applicable Items

|   |
|---|
| - |
|---|

2. Other Matters Concerning the Corporate Governance System

“Overview of Timely Disclosure System”

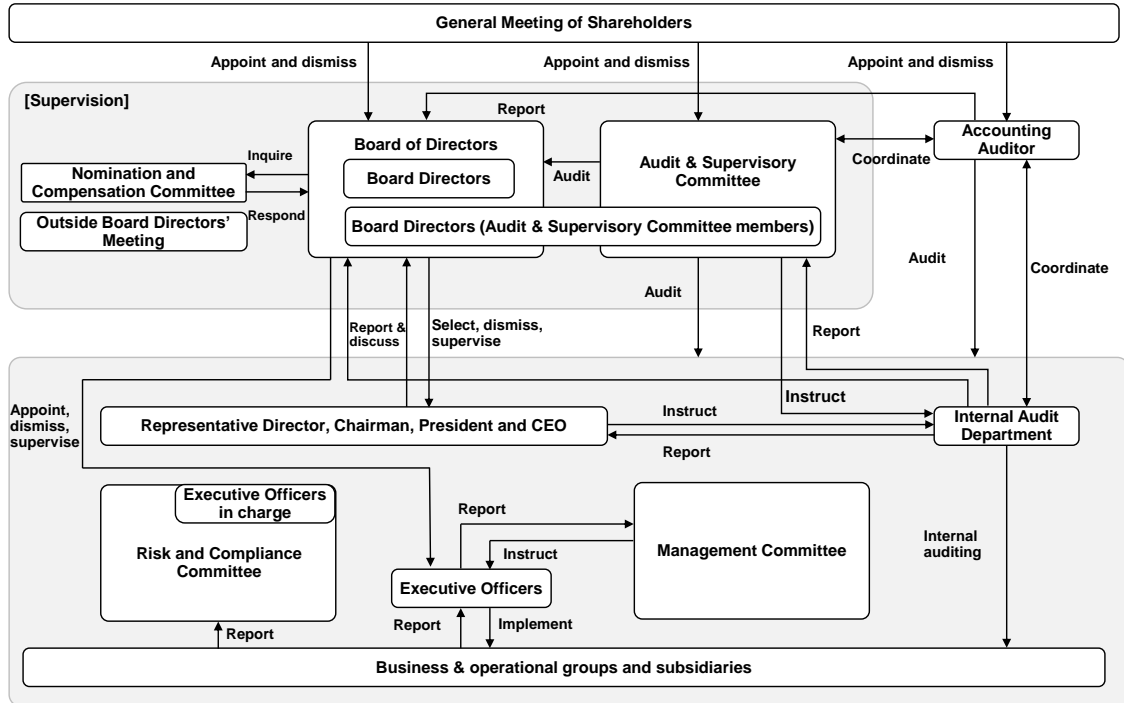
1. Collection of disclosure information

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

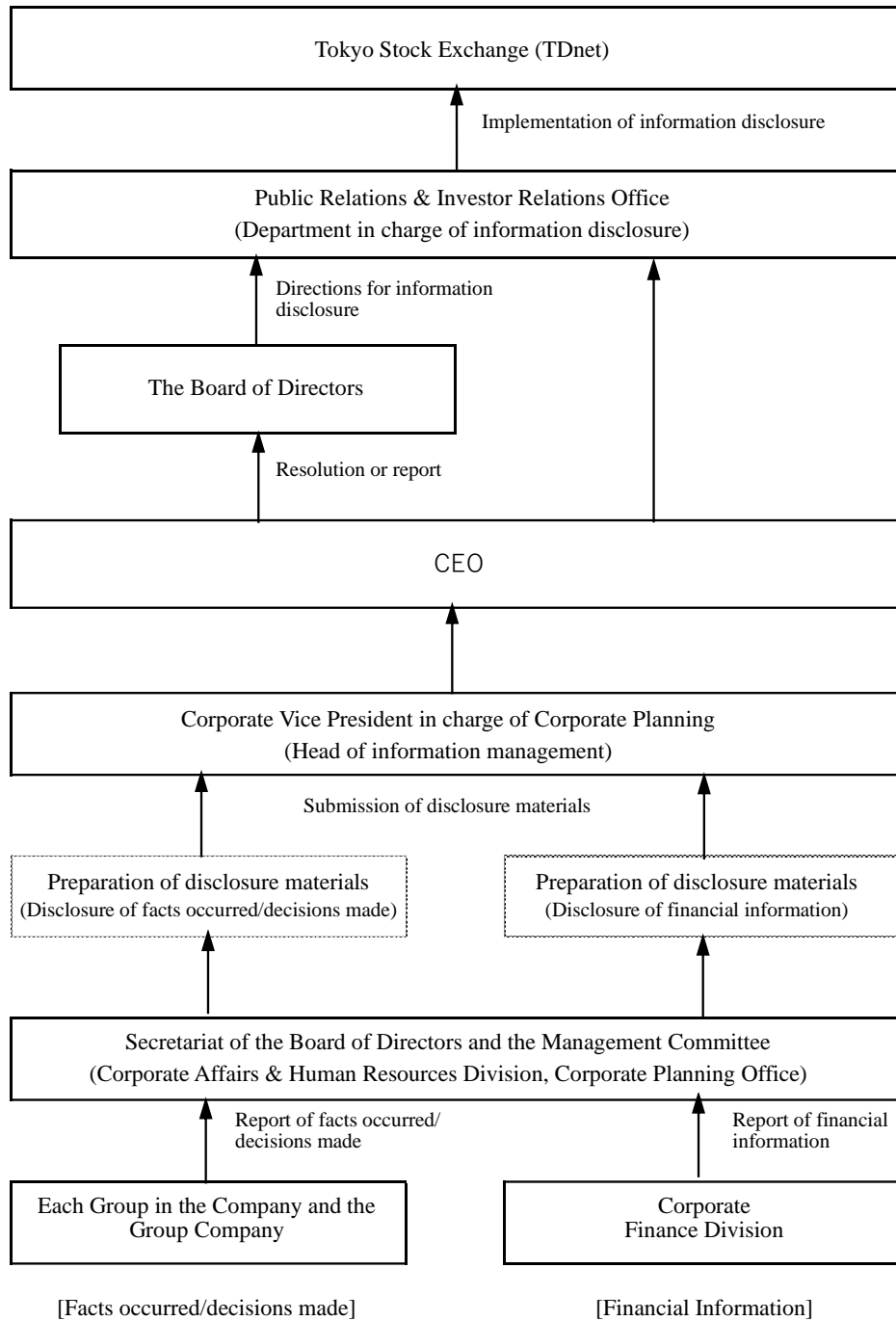
2. Publication of disclosure information

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

[Chart (Reference material)]



[Overview of Timely Disclosure System (Chart)]



[Skill matrix of Directors (Reference material)]

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