



Corporate Governance

NEC Electronics views strong corporate governance as a vital step towards maximizing the corporate value of the entire NEC Electronics Group. To this end, the company strives to realize transparency and integrity of management, as well as the timely and fair disclosure of information.

Corporate Governance System

We have established framework for business execution/management oversight and internal control system.

Board of Directors

The board of directors is composed of five directors for faster and more effective management. The board of directors holds ordinary meetings once a month and extraordinary meetings as needed. The board deliberates and decides on a number of key concerns, from management planning issues to financial planning, investment and loans, and business restructuring.

Prior to the board's deliberations and decisions, the executive committee is convened to fully discuss matters of importance to the company's interests.

Corporate Auditors and Board of Corporate Auditors

The board of corporate auditors of NEC Electronics is comprised of four corporate auditors including two outside corporate auditors. Of the two outside corporate auditors, one has judicial experience. The board holds ordinary meetings once a month and extraordinary meetings as needed. In addition to deciding auditing guidelines, the board receives status reports on the audits conducted by corporate auditors.

Corporate auditors attend meetings of the board of directors and other important company meetings. They also hear business reports presented by directors, review important resolutions and other documents, check the status of the company's operations and assets, and conduct checks of subsidiaries as part of efforts to monitor directors in the execution of their duties.

Corporate auditors, moreover, receive reports as necessary regarding audits by the Internal Auditing Division and the independent auditor, and hold regular meetings with these bodies to exchange key information. A dedicated three-person staff is also on hand to aid corporate auditors in their duties.

NEC Electronics believes that this auditor system for its corporate governance is sufficiently functional, through full-time auditors, who can effectively obtain high-quality information from relevant divisions using their knowledge and understanding of the business, while the

meetings of the board of corporate auditors, which includes part-time auditors, conduct objective analysis of the information.

Internal Auditing Division

The Internal Auditing Division, as part of management's monitoring functions under supervision of the president of NEC Electronics, is the organization responsible for internal audits and improving management. Specifically, the department serves as an autonomous third party for investigating and evaluating other parts of the management organization, including divisions responsible for business execution, staffing, consolidated subsidiaries and other areas. This is carried out from a compliance, risk management, and internal control perspective. The department also proposes concrete measures for rectifying or improving problems that arise.

Corporate Officer System

The corporate officer system was adopted to clarify responsibility for conducting business operations and for fast decision-making in the execution of business activities.

Development and systematization of company rules

We are strengthening the internal control system by developing and systematizing company rules.

To respond to changing conditions both inside and outside the company, NEC Electronics re-evaluated its internal control system pertaining to rules and regulations, daily operations and management. Based on this review, NEC Electronics is now working to clarify and define its internal operating procedures for improved decision-making and corporate governance.

Corporate governance system

