

Chapter V Corporate Governance

Corporate Governance Initiatives

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Governance

<p>Needs of society</p> <ul style="list-style-type: none"> Ensuring management transparency Enhancing capital efficiency Strengthening the functions of the Board of Directors 	<p>Approach of MinebeaMitsumi</p> <ul style="list-style-type: none"> Stakeholder engagement based on the Five Principles, our corporate credo Appropriate information disclosure, active dialogue with investors Formulation of Midterm Business Plan for sustainable growth Fair compensation and incentives based on performance Strengthening Group governance
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Corporate governance highlight

Number of Directors 11 persons <small>(including one female Director)</small>	Number of independent Outside Directors 3 persons <small>(including one female independent Outside Director)</small>	Number of meetings of Board of Directors held 13 times <small>* Results of fiscal year ended March, 2018</small>	Rate of attendance at Board of Directors meetings 100 % <small>* Results of fiscal year ended March, 2018 (all members)</small>
Number of Audit & Supervisory Board Members 4 persons	Number of independent Outside Audit & Supervisory Board Members 3 persons	Number of meetings of the Audit & Supervisory Board held 15 times <small>* Results of fiscal year ended March, 2018</small>	Rate of attendance at Audit & Supervisory Board meetings 100 % <small>* Results of fiscal year ended March, 2018 (all members)</small>

Basic policy for corporate governance

- 1 Securing the rights and equal treatment of shareholders**
 The Company shall secure the rights of shareholders and improve a proper environment enabling the shareholders to exercise their rights in order to substantially secure shareholder's right and equality.
- 2 Appropriate cooperation with stakeholders other than shareholders**
 The Company shall be aware of the presence of its stakeholders and build appropriate cooperation with them, following our company credo.
- 3 Ensuring appropriate information disclosure and transparency**
 The Company shall disclose information properly based on laws and regulations, and proactively offer any other information including non-financial information.
- 4 Responsibilities of the Board**
 The Board of Directors shall understand and perform the roles and duties of itself, based on fiduciary duty and accountability to the shareholders.
- 5 Dialogue with shareholders**
 The Company shall develop policy and structure that enable us to constructively communicate with the shareholders and give plain explanations to them.

Corporate governance system

Overview of management decision-making, supervision, execution and auditing system

By delegating the business execution authority of Directors to Executive Officers and the Technical Officers, we are aiming to revitalize and accelerate execution of business looking toward achieving our managerial objectives under the firm leadership of our CEO. The Board of Directors makes decisions on important matters of management, obtaining advice on all aspects of management from three independent Outside Directors, and also supervises business execution in a manner geared to achieving our goals.

Moreover, in addition to attending Board of Directors' meetings, Executive Officer Council meetings and other important meetings, the Audit & Supervisory Board Members, including three independent Outside Audit & Supervisory Board Members audit the Directors' execution of their duties, which involves auditing domestic offices and Group companies in conjunction with the Independent Auditors and the Internal Auditing Office.

Nominating process of Director and Audit & Supervisory Board Member candidates

When nominating a Director candidate, we comprehensively conduct reviews from the perspective of assigning the right person to the right position, which involves considering an individual's capabilities with respect to making appropriate and swift decisions, adequately managing risk, monitoring business execution, and overseeing respective corporate functions and business divisions.

Moreover, when nominating an Audit & Supervisory Board Member candidate, we gain consent of the Audit & Supervisory Board upon electing a candidate after having comprehensively conducted reviews with consideration placed on factors that include an individual's expertise regarding finance and accounting, knowledge regarding the Company's fields of business, and knowhow regarding risk management and corporate management.

Based on these policies, such matters are resolved at a Board of Directors' meeting, after having been deliberated on by the Senior Executive Officer Council, upon review by the President and Chief Executive Officer and the Executive Officer in charge of personnel.

Compensation for Directors and Audit & Supervisory Board Members

Compensation for Directors and Audit & Supervisory Board Members, and its decision processes

Regarding compensation for Directors and Audit & Supervisory Board Members, limits for Directors and Audit & Supervisory Board Members as a group have been set by the resolution of the General Meeting of Shareholders and compensation is set at a certain amount within these limits.

Directors' compensation packages consist of performance-linked incentive compensation introduced in 2017 and stock options, in addition to basic compensation paid in a fixed amount on a monthly basis, and performance-linked bonuses determined according to performance achieved in respective business years. A suitable amount for each Director's compensation package is determined by a resolution passed by the Board of Directors according to his/her duties, performance, the performance of the Company, and other factors. The performance-linked bonuses are structured to reflect corporate performance as well as job responsibilities and accomplishments, with payment standards determined using a bonus calculation table that is based on the consolidated results and stock price levels for respective fiscal years. Moreover, amounts of performance-linked incentive compensation are determined based on the extent of achievement with respect to the Midterm Business Plan's aim of achieving net sales of 1 trillion yen and operating income of 100 billion yen.

In the case of Outside Directors, certain amounts for compensation packages are determined according to their professional backgrounds and other factors.

The performance-linked incentive compensation and stock options are not offered to Outside Directors.

Based on the above policy, upon consulting with the President and Chief Executive Officer, the head Outside Director, and the head Audit & Supervisory Board Member, the Board of Directors has resolved to set compensation for Directors to within the range of 1.5 billion yen as has been resolved by resolution of the General Meeting of Shareholders.

Audit & Supervisory Board Members' compensation packages consist solely of the basic compensation, which is paid in a fixed amount on a monthly basis. Compensation of the respective Audit & Supervisory Board Members is decided upon consulting with the Audit & Supervisory Board Members, and is to be within the range of 100 million yen as has been resolved by resolution of the General Meeting of Shareholders.

Compensation of Directors and Audit & Supervisory Board Members for fiscal year ended March, 2018

Categories	Number of payees	Amount of compensation, etc. (thousands of yen)		
		Basic compensation	Bonuses	Total
Directors (Outside Directors)	14 ¹⁾ (2)	309,946 (17,026)	666,851 ²⁾ (-)	959,797 (17,026)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	4 (3)	51,796 (35,340)	- (-)	51,790 (35,340)
Total	18¹⁾	361,742	666,851²⁾	1,028,593

*1. Includes 2 Directors who have retired as of June 29, 2017.
*2. Includes performance-linked incentive compensation.

Group governance

Our aim of achieving the Company's medium-to long-term goals and continually generating sustainable growth requires that we persist with efforts that involve orchestrating M&As and alliances, while at the same time focusing on establishing large-scale overseas mass production facilities as well as global R&D capabilities in light of regional risk assessment findings. As a result, the risks surrounding the Group have diversified. In response to this, we will seek to enhance our risk management and compliance systems, while also redoubling efforts to develop and operate our internal controls including those of our Group companies overseas.

The Company takes steps to ensure that governance practices take hold. To that end, we have established the MinebeaMitsumi Group Code of Conduct, which extends to all Group companies, and otherwise take steps to instill business ethics across the entire Group. Also, having established the Rules for Management of Group Companies, we make sure that our Group companies, including those overseas, are well aware of rules stipulating matters that must be decided by the Company and those that require preliminary reporting to the Company.

Furthermore, our Audit & Supervisory Board Members and Internal Auditing Office regularly perform audits with respect to all aspects of management encompassing compliance and risk management practices of our Group companies, including those overseas. Meanwhile, we appropriately identify and take remedial action with respect to any issues revealed by such audits.