

Corporate Governance

Basic Approach to Corporate Governance

MTI's key management priorities include the establishment of a sound and highly transparent management structure, and the creation of systems to support timely, appropriate decision-making in response to the changing business environment.

One of the measures introduced with the aim of achieving these goals was the adoption of a one-year term of office for directors. This has added a sense of urgency to the management culture, since directors are required to earn the confidence of shareholders every year. We are also working to strengthen and consolidate our compliance systems.

In accordance with our IR policy, we provide timely and accurate disclosure of information including financial results and other key management data. We also emphasize two-way communication with all stakeholders to enhance management transparency and build relationships of trust with market participants.

Outline of Corporate Governance Policies

1. The tasks of the Board of Directors, which consists of eight internal directors and one external director, are to make important management decisions and supervise directors in the performance of their duties. In addition to its regular monthly meetings, the Board also convenes extraordinary meetings as required. There are four statutory auditors, including one standing statutory auditor. All four are currently external statutory auditors. Their task is to strengthen the supervisory functions of management through various activities, including attendance at Board meetings and other important management meetings.

2. By basing its executive organization on an operating officer system, MTI has created a structure that supports clear chains of accountability and timely decision-making. The Management Committee, consisting mainly of directors and operating officers, meets two or three times a month to discuss important operational matters. Decisions by the President and CEO are guided by these deliberations.

3. As a rule, MTI appoints its directors to serve concurrently as presidents of the key subsidiaries and receives regular reports on the status of business from them. Additionally, by centralizing the control functions of the subsidiaries under the parent company, MTI Ltd., MTI monitors their business performance, as necessary, and has further strengthened its checks and balances.

4. MTI has appointed Ernst & Young ShinNihon LLC as its independent auditor. The independent auditor helps to ensure a high standard of transparency and accuracy in the Company's accounts by conducting regular audits and providing advice and verification on accounting matters. We have also retained outside experts on taxation and legal matters to provide advice as required.

Amounts of remuneration for directors and statutory auditors		
(Thousands of yen)		
Position	Number of persons	Amount*
Directors	9	215,022
(of whom external director)	(1)	(4,200)
Statutory auditors	4	33,810
(of whom external statutory auditors)	(4)	(33,810)
Total	13	248,832

* Sum of basic compensation, stock options, and bonuses

Amount of remuneration for the accounting auditor	
(Thousands of yen)	
Monetary or property benefits to be paid by the Company and its subsidiaries to the accounting auditor	38,500

Corporate Governance Structure

