

Corporate Governance

The aim of corporate governance in the IBIDEN Group is to create a transparent corporate-control system that accommodates the reliance of our shareholders and society, by augmenting and strengthening our internal-audit functions, the management-oversight functions of our board of directors, and the audit functions of our corporate auditors by proactively rolling out "activities for advancing compliance and risk management."

Basic Thinking behind Corporate Governance

(1) The Objective of the Group's Corporate Governance

The IBIDEN Group views corporate governance as a vital management issue for achieving improved corporate value through sustained growth, and is actively making efforts accordingly in every company of the group.

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(2) The Group's Governance System

To strengthen the group governance system, we are proposing to the managers of group companies and other such entities that they create systems similar to ours for advancing compliance and risk management, and at "Group Information Sharing Conferences," we review the status of such activities for advancement, and assess the business status and the progress of profit planning at each company.

(3) Details of IBIDEN Organizations

IBIDEN makes use of corporate auditors and companies that have boards of corporate auditors.

We make effort to clearly set forth the management responsibilities of directors and to strengthen our management practices, as well as establishing a term of one year for the board of directors to create optimal management practices that meet changes in the business climate. Additionally, to achieve prompt business-related decision-making and task execution, we have streamlined the board of directors by reducing the number of members and have adopted an operating-officer system.

Two of IBIDEN's four corporate auditors are outside auditors who have no connection to the company's interests. The corporate auditors attend meetings of the board of directors, management conferences, and the like, and conduct audits of task execution by directors. Additionally, the standing corporate

auditors collaborate with the Audit Division that is the company's internal-audit area as well as with accounting auditors, and conduct audits of the company and other group companies in accordance with laws and various regulations. In compliance with the auditor-meeting rules and corporate-auditor audit rules established by the board of corporate auditors, our executives make the required reports and furnish information on request by the corporate auditors. As an organization that conducts internal audits, IBIDEN has established the Audit Division (with two staff members). Through coordination with the corporate auditors, the Audit Division conducts audits of matters desired by the corporate auditors, and reports the results to them. The Audit Division cooperates with the corporate auditors in the audits they conduct, elevating the effectiveness of the IBIDEN Group's audit system.

The company intends to maintain the present system through these moves just described: clearly setting forth the management responsibilities of directors, achieving prompt decision-making through adoption of an operating-officer system, and augmenting the effectiveness of the audit system.

(4) Stakeholder Relations and Timely Disclosure

In the IBIDEN Group, we believe it is our vital mission to aim to enhance corporate value and meet the expectations of our shareholders. Along with this, we also believe that we must fulfill our responsibilities to our investors, local residents, local community, business partners, employees, and other stakeholders. Further, in aims of encouraging understanding of the IBIDEN Group among all stakeholders and achieving broad acceptance regarding the coordination of different interests among our stakeholders coupled with contributing to appropriate evaluation, the company has enacted rules for disclosure, and conducts disclosure of management-related information that is fair, timely, and appropriate based on the decisions of the Disclosure Committee comprising the president and CEO and the directors responsible for the company's financial areas.

<Reference> Schematic of Corporate Governance System

