

Basic Corporate Governance Policy

MTI's Management Philosophy

■ Mission

MTI will contribute to creating a future society leveraging the potential of future mobile terminals.

■ Vision

Getting ahead of the times that are changing every moment, and creating services in response to the needs of the times — we believe that this way of working is important for creating a society where customers can live more freely in ways they like.

We wish to continue leading daily life with our customers as their closest partner. Moving forward, we aspire to bring about innovations to make a rapidly changing world more convenient.

Making the world, a step forward.

MTI Group contributes to building a brighter future for world.

Basic Views on 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 a 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 environment, 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.

In accordance with the basic approach described above, we have developed the following basic corporate governance policy for the purpose of consistently pursuing the optimal corporate governance and making continual improvements. In doing so, our aim is to achieve our management philosophy and earn the trust of shareholders and other stakeholders through efforts for sustained growth and the enhancement of corporate value over the medium to long terms.

1. Ensuring shareholder rights and equality

- (1) Recognizing that general meetings of shareholders are opportunities for dialogues with shareholders, MTI shall emphasize the viewpoint of shareholders and strive to develop a conducive environment for shareholders to exercise their rights equally and appropriately.
- (2) MTI shall schedule hours, days, venues, etc. of general meetings of shareholders to ensure that as many shareholders as possible can attend the meetings and that their intentions are better reflected in its business management. It will also dispatch convocation notices early to ensure a sufficient period for consideration. MTI shall also publish the content of the notices electronically, including on TDnet and its website prior to dispatch.
- (3) MTI shall determine basic policies for shareholder returns, including the distribution of surplus.
- (4) With regards to changes of control, capital strategies that will likely result in dilution (including capital increases and management buyouts) and anti-takeover measures, MTI's Board of Directors and Audit & Supervisory Board Members shall examine the need and reasonableness thereof from the viewpoint of fulfilling the fiduciary responsibility to shareholders, ensure appropriate procedures and provide sufficient explanations to shareholders.
- (5) In conducting transactions with its officers, major shareholders and similar parties (related party transactions), MTI shall obtain the prior approval of the Board of Directors regarding each such transaction and report on the results of the transaction to the Board in accordance with the provisions of the Rules of the Board of Directors.
- (6) MTI shall hold shares that are deemed necessary for improving its corporate value, by comprehensively taking into consideration the strengthening of its relations with partners in various industries and the promotion of collaboration with them, among other factors. With regards to major strategic shareholdings, MTI shall regularly report to the Board of Directors on the performance of its portfolio companies, the purpose of such shareholding and situations concerning achieving the purpose, etc. MTI shall exercise its voting rights as a shareholder from the perspective of sustained growth and the enhancement of the corporate value of the portfolio companies and MTI over the medium to long terms.

2. Appropriate cooperation with stakeholders, other than shareholders

(1) Appropriate cooperation with stakeholders

Recognizing fully that sustained growth and the enhancement of corporate value over the medium to long terms are the results of resource provision or contributions from customers, business partners, creditors, employees, local communities and other stakeholders, MTI shall endeavor to appropriately cooperate with these stakeholders. The Board of Directors shall exercise leadership in efforts to foster a corporate culture and climate that respect the rights and standpoints of these stakeholders and promote sound ethical business practice.

(2) Tackling sustainability-related issues

MTI shall actively focus on sustainability issues, especially social and environmental issues, and solve social issues through its activities. It will also disclose details of such issues on its website and via other means.

(3) Promotion of diversity

MTI shall respect diverse viewpoints and values that reflect different experiences, skills and characteristics, and shall promote the creation of environment in which diverse human resources can fulfil their potential.

(4) Internal reporting system

MTI shall formulate rules concerning internal reporting, and shall establish a compliance helpline for employees to directly provide information about questionable behavior and other matters governed by laws and regulations. If officers or employees of the MTI Group are found to have engaged in behavior which might be in breach of laws and regulations, MTI shall take appropriate action according to the gravity of reports. MTI shall also collaborate with the various business units of the MTI Group to formulate prevention recurrence measures and shall raise awareness of these measures across the group.

3. Appropriate information disclosure and ensuring transparency

MTI shall disclose important management information, positive or negative, in a proactive, timely and appropriate manner.

4. Responsibilities of the Board of Directors, etc.

(1) Roles of the Board of Directors

The Board of Directors recognizes that establishing corporate objectives (such as the management philosophy) and providing strategic directions is one of its major roles and responsibilities and shall engage in constructive discussions on specific management strategies, medium- to long- term management plans and other areas. The strategic directions described above shall be taken into account in decision-making regarding the execution of important business operations. Any parts of the medium- to long- term management plans that are not achieved shall be analyzed to identify the causes. Results of the analysis shall be explained to shareholders and reflected in plans for the next fiscal year and thereafter.

(2) Credentials of Directors and Statutory Auditors and procedures for selecting candidates

Directors and Audit & Supervisory Board Members shall be appointed from among those who have

excellent character and a high sense of ethics, as well as the knowledge, experience and capabilities required to create corporate value over the medium to long terms, and who can appropriately perform their roles and fulfill their responsibility. One or more Audit & Supervisory Board Members shall be appointed from among those who have appropriate knowledge about financial affairs and accounting. Director candidates shall be elected at a meeting of the Board of Directors, and Audit & Supervisory Board Member candidates shall also be elected at a meeting of the Board of Directors upon obtaining the consent of the Audit & Supervisory Board.

(3) Boardroom diversity

The Board of Directors shall elect Directors by paying attention to boardroom diversity, including in terms of gender, nationality, career history and age, and the optimal size of the Board in order to ensure that that Board as a whole is equipped with knowledge, experience and capabilities in a balanced manner and performs its roles and responsibility effectively.

(4) Size of the Board of Directors

As stipulated in the Articles of Incorporation, the quorum of Directors shall not exceed ten persons.

(5) Independent Outside Directors

Based on the objective of enhancing the supervisory function of the Board of Directors, one-third or more of the Directors shall be Independent Outside Directors in accordance with the Criteria for Determining Independence of Outside Officers adopted by the Board of Directors. Independent Outside Directors shall have the roles described below, among others.

- Advice from the viewpoint of sustained growth and the enhancement of corporate value over the medium to long terms
- Management supervision through involvement in the appointment of officers and important decision-making
- Supervision of conflicts of interest between the Company and its officers and reflection of stakeholders' opinions

(6) Involvement of and advice from outside experts regarding the appointment of Directors

The Board of Directors shall establish a Nomination and Remuneration Committee which consists of a majority of external parties such as outside officers or outside experts and shall ensure transparency and fairness through the involvement of and advice from outside experts.

Approach to the independence of the Nomination and Remuneration Committee, as well as Its authority and role

- The Nomination and Remuneration Committee is comprised of a majority of external experts such as outside officers or outside experts, to ensure transparency and fairness.
- Upon consultation by the Board of Directors, the Nomination and Remuneration Committee considers and reports on proposals on a range of matters, including the policy and criteria for the election and dismissal of Directors, the structure of Directors' compensation and the policy for determining compensation, and succession planning.

(7) Training successors of President (Chief Executive Officer) and selection thereof

MTI shall develop training programs for successors to the President, and the Board of Directors shall supervise the implementation of said programs.

(8) Compensation for Directors and Audit & Supervisory Board Members

Taking into account the work responsibilities assumed by Directors for the improvement of MTI's business performance in each fiscal year and the enhancement of corporate value over the medium to long terms, compensation for Directors shall consist of basic compensation, bonuses (performance-based compensation) and stock compensation. Outside Directors shall be paid fixed amounts of compensation that will not fluctuate with MTI's business performance. The policy for determining the details of such compensation shall be determined by the Board of Directors based on the content of a report by the Nomination and Remuneration Committee. The specific details of the compensation of each individual Director shall be determined by the Board of Directors based on the content of a report by the Nomination and Remuneration Committee.

Compensation for Audit & Supervisory Board Members shall be limited to fixed-amount compensation that will not fluctuate with MTI's business performance and shall be determined through discussions among Audit & Supervisory Board Members.

(9) Management of the Board of Directors.

MTI's Board of Directors shall make important decisions on the execution of business. The Company shall balance decision-making and supervisory functions by reflecting the opinions of executive Directors whilst at the same time enhancing checks and balances among Executive Directors and supervision by the Outside Directors. The Company shall also delegate to Executive Directors and others the authority to make decisions on certain matters relating to business execution such as investment finance, capital contributions, personnel affairs, organizational changes and regulations, from the viewpoint of speeding up decision-making. More specifically, the Rules of the Board of Directors and the Rules for Administrative Authority (administrative authority criteria and list of matters concerning bottom-up decision-making systems) shall clearly provide for the authority of decision-making bodies and decision-makers, in terms of decision-making,

approval, deliberations, etc. The agenda, deliberation schedule and frequency of holding meetings of the Board of Directors shall be determined to ensure the necessary and sufficient discussions for determining the execution of important business operations and supervision of business execution. In addition, schedules for holding Board meetings and expected agenda thereof shall be determined in advance by taking into consideration the time required for advanced preparation by the participants in such meetings, in order to facilitate constructive discussions and dialogues at the meetings.

(10) Meetings consisting only of Independent Outside Directors

MTI shall hold meetings consisting only of Independent Outside Directors as necessary, to promote the exchange of opinions and shared awareness.

(11) Performance evaluation of the Board of Directors

The Board of Directors shall conduct an annual analysis and evaluation of the overall effectiveness of the Board of Directors and a summary of results of the evaluation shall be publicly announced every year.

(12) Collecting information and support system

If a Director requests a relevant division to provide information or materials pertaining to fulfilling his/her duties, the division shall provide such information or materials based on the request, as appropriate.

(13) Training for Directors and Audit & Supervisory Board Members

MTI shall provide Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, opportunities to acquire knowledge about its business, financial affairs, legal affairs, organizations and other matters concerning corporate management.

5. Dialogues with shareholders

MTI shall separately establish and publicly disclose its IR policy concerning the development of systems and initiatives for promoting constructive dialogues with shareholders.

6. Revision or abolition of the Policy

The revision or abolition of the Policy shall be implemented by resolution of the Board of Directors.