

CORPORATE GOVERNANCE

Basic Concept

Based on the Musashi Philosophy which is composed of Our Origin, Our Purpose and Our Way, Musashi Seimitsu Industry (hereafter, the "Company") positions the enhancement of corporate governance as the highest management priority in the corporate activities of the Musashi Group.

Musashi Corporate Governance Basic Policy

The Company has established the Basic Policy for Musashi Corporate Governance to achieve sustainable growth and the medium- to long-term improvement of corporate value in accordance with its basic view on corporate governance.

See the Company's website for details.
www.musashi.co.jp/ir/management/market/

Corporate Governance System

The Company has adopted the institutional design of a company with an Audit and Supervisory Committee as it works to enhance the function of its auditing and supervising directors in their execution of business and improve the effectiveness of internal control.

In addition, the Company involves its outside directors, including those serving concurrently as members of the Audit and Supervisory Committee, in the decision-making of the Board of Directors, thus improving the soundness and transparency of management.

Further, the Company has established the Nomination Committee and Remuneration Committee, with outside directors constituting the majority of each of these committees, to supplement the supervisory functions of the Board of Directors.

Meanwhile, authority over some matters to be resolved by the Board of Directors is delegated to the Management Committee and other committees, thus enabling prompt decision-making and the execution of business and increasing the agility of business decisions.



Chairperson
Hiroshi Otsuka
Number of meetings held in FY2020
8

Board of Directors

The Company's Board of Directors consists of ten directors, and three of them serve concurrently as members of the Audit and Supervisory Committee. It is chaired by the President & CEO.

Authority over some of the matters to be resolved by the Board of Directors is delegated to the Management Committee and other committees, permitting the Board of Directors to dedicate itself to resolutions regarding important matters faced by the Company, such as the formulation of basic management policies, management strategies, and management plans, and the supervision of the directors' execution of their duties. Further, six of its members are outside directors, constituting the majority. This structure permits the Board of Directors to fully demonstrate its function of supervising the execution of business from a neutral, objective standpoint.

The Board of Directors met eight times in FY2020. In the meetings, the Board of Directors deliberated on not only the business plan and medium-term management plan but also the revision of the Musashi Philosophy and the formulation of the Musashi 100th Year Vision.



Chair
Michi Miyasawa
Number of meetings held in FY2020
12

Audit and Supervisory Committee

There are three members of Company's Audit and Supervisory Committee: one inside director, who is also a full-time member of the Audit and Supervisory Committee, and two outside directors, who are independent. This committee is chaired by the inside director as its full-time member.

The Audit and Supervisory Committee regularly receives reports from directors (excluding members of the Audit and Supervisory Committee) and others about the businesses of the Company and Group companies and the status of development and the operation of the internal control system, among other matters. In addition, the committee audits the directors' execution of their duties using information obtained by attending important meetings of the Management Committee and through other means.



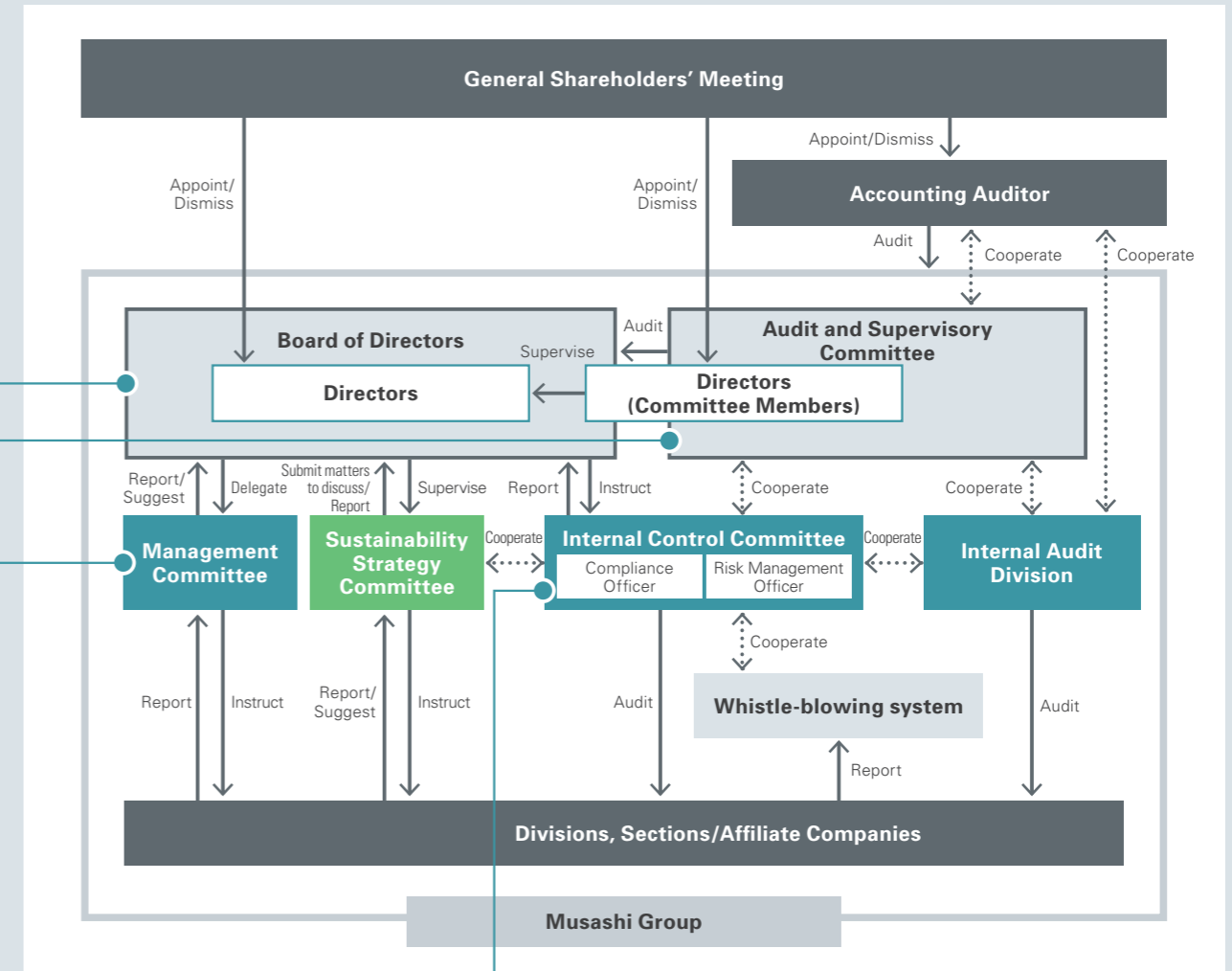
Chairperson
Hiroshi Otsuka
Number of meetings held in FY2021
45

Management Committee

The Management Committee deliberates and makes decisions on policies regarding the execution of business and the implementation of specific matters regarding businesses, aiming to make decisions on important matters in the execution of business that are delegated to it by the Board of Directors.

The Management Committee consists of at least three executive officers including the chairperson (Chief Executive Officer).

The Management Committee also deliberates in advance on matters to be resolved by the Board of Directors.



Internal Control Committee

The Internal Control Committee deliberates on matters related to internal control from all over the world, aiming to ensure efficient, effective business management, compliance with laws related to business management, and appropriate financial reporting.

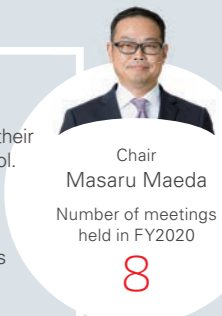
This committee consists of five executive officers including the Chief Compliance Officer, who serves as the chairperson. Members of the Audit and Supervisory Committee also attend its meeting as necessary.

The Internal Control Committee receives reports from relevant departments, committees, and subsidiaries concerning the status of development and operations regarding regulations, etc., in accordance with the basic policy for the development of an internal control system.

In addition, departments and subsidiaries examine themselves regarding internal control every year to clarify their issues, in their efforts to continually improve internal control.

Internal Information Management Committee

The Internal Information Management Committee meets when financial results are announced and when an array of corporate information is disclosed to manage internal information. It prevents the leakage of internal information and deliberates on the accuracy and appropriateness of disclosures. The Internal Information Management Committee consists of people responsible for handling information and members of the Management Committee. Its chairperson is appointed by the president.



Chair
Masaru Maeda
Number of meetings held in FY2020
8

Establishment of the Sustainability Strategy Committee

The Sustainability Strategy Committee, which is chaired by the Chief Executive Officer (CEO), has been incorporated into the corporate governance system (since December 2021) to address social issues regarding sustainability in an appropriate manner.

This committee has discussions for the realization of

sustainability considering stakeholders' expectations and requests identified through dialogues with them and other opportunities, as well as discussions of other social issues, in light of the Company's Vision and Purpose. The committee enables the management of the Company to reflect social issues, thus improving the effectiveness of management, with the goal of steadily addressing these issues. **P27**