

## Corporate governance structure

Sansha Electric Manufacturing does business based on power electronics technologies. This is a highly specialized niche market. For this reason, our basic principle is to appoint internal personnel with advanced knowledge and experience in this area as Directors. We also elect Outside Directors to increase the stability of our management foundation and the transparency of our management of the company. They attend the meetings of our Board of Directors that take place every month. Outside Directors are asked to provide appropriate comments and advice from an independent perspective to ensure the objectivity of our decision-making processes. From the perspective of monitoring management, we have increased the independence of our Outside Audit & Supervisory Board Members to build a framework that

enables them to fairly, objectively and properly supervise the company regarding its fulfillment of its corporate social responsibilities. Our two Outside Audit & Supervisory Board Members have significant experience and knowledge in their areas of expertise. One is an expert in legal affairs, and the other is an expert in financial and accounting affairs. They attend the monthly meetings of the Board of Directors to monitor and oversee the state of our day-to-day management of the company.

In view of our business operations, the size of our corporation and other factors, we have adopted the current governance structure centered on the Outside Directors and Outside Audit & Supervisory Board Members.

