

Corporate Governance

Basic Concepts

Sharp's business philosophy contains this statement: "Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders... indeed, the entire Sharp family." Under this philosophy, Sharp's basic concept concerning corporate governance is to maximize corporate value through swift and accurate management that preserves transparency, objectivity and soundness.

Based on this stance, Sharp appoints outside directors who have deep insight and a wealth of experience in the fields of social and economic trends, management, and so forth. In the institutional design of the company, we have chosen to become a company with an audit & supervisory committee. This format increases the agility of our decision-making, while strengthening oversight of the execution of duties.

With regard to the execution of business, Sharp separates the supervisory and decision-making functions from the business execution functions through the introduction of the Executive Officers System. This system enables the prompt, efficient, and consistent conduct of business. Sharp has also organized its business structure by decentralizing management to clarify the profit responsibilities of each business unit. In this way we have been strengthening our individual businesses and operations, exercising control through the Chairperson's Office, President's Office, and the Business Strategy Planning Office, organizations within our headquarters.

Status of Corporate Governance System

Sharp's corporate governance system comprises the Board of Directors, which supervises directors' execution of duties, and the Audit & Supervisory Committee, which audits the directors' execution of duties, together with Executive Officers System which separates the supervisory and decision-making functions from the business execution functions.

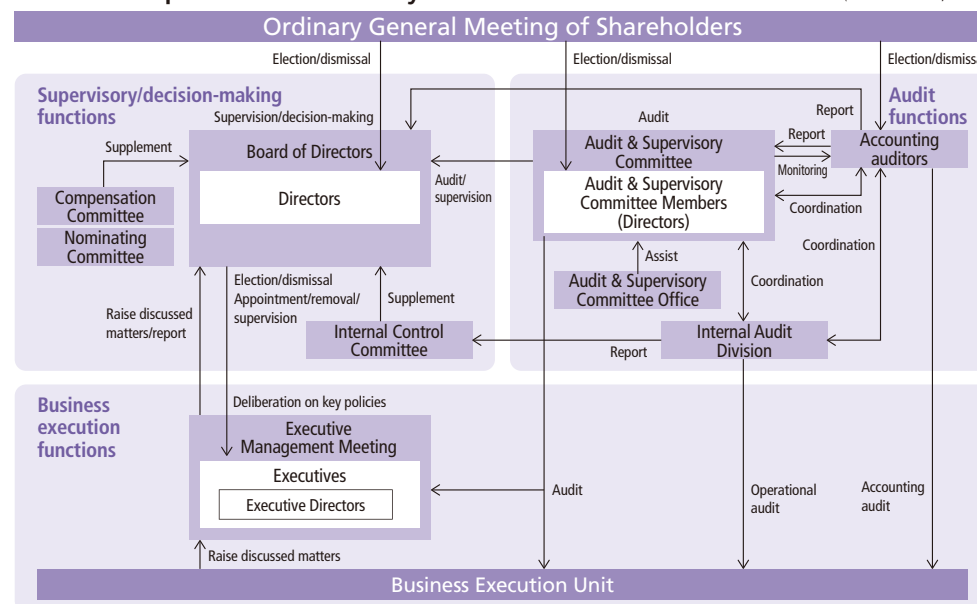
Meetings of the Board of Directors of Sharp Corporation make decisions on matters stipulated by law and management-related matters of importance, and supervise the state of business execution. The Company also has an Internal Control Committee, the Compensation Committee, and the Nominating Committee. These committees serve as advisory bodies to the Board of Directors. In addition, important transactions between the parent company group and Sharp Group which need to be submitted for discussion at the Executive Management Meeting are reviewed and approved by the Board of Directors, the majority of whom are independent outside directors, to determine the necessity, rationality, and appropriateness of the transaction in question.

In addition to the Board of Directors, the Company has set up an Executive Management Committee whose members are executive officers. The Executive Management Meeting deliberates in an appropriate and timely manner on matters of importance related to corporate management and business operations. This committee facilitates prompt executive decision-making.

The Audit & Supervisory Committee is comprised of three directors, all of whom are outside directors having high levels of professional knowledge. Two of the Audit & Supervisory Committee members are independent directors and one member is a full-time Audit & Supervisory Committee member. The Audit & Supervisory Committee members hold regular meetings with executive directors, accounting auditors, the head of the Internal Audit Division and others to exchange opinions and endeavor to ensure that business is conducted legally, appropriately, and efficiently.

Status of Corporate Governance System

(As of June 28, 2024)



Organization Membership

(◎ : Committee chair) (As of June 28, 2024)

Title	Name	Board of Directors	Audit & Supervisory Committee	Executive Management Meeting	Nominating Committee	Compensation Committee	Internal Control Committee
Deputy Chairman, Member of the Board	Po-Hsuan Wu	◎		○	○	○	○
President & CEO, Member of the Board	Masahiro Okitsu	○		◎	○	○	◎
Member of the Board(Outside Director)	Akira Kiyota	○			○	○	
Member of the Board(Outside Director)	Ching-Ray Chang	○					
Member of the Board(Outside Director)	Seiichi Nagatsuka	○					
Member of the Board(Outside Director)	Yumiko Kajiwara	○			○	○	
Member of the Board(Outside Director)*	Hsu-Tung Lu	○	◎				○
Member of the Board(Outside Director)*	Yasuo Himejiwa	○	○				○
Member of the Board(Outside Director)*	Yutaka Nakagawa	○	○		◎	◎	○
Senior Executive Managing Officer, CFO	Yoshio Kosaka			○			○
Senior Executive Managing Officer, CTO	Mototaka Taneya			○			
Executive Managing Officer	Yasufumi Sugahara			○			
Executive Managing Officer	Tetsuji Kawamura			○			
Executive Officer	Yoshiro Nakano			○			
Executive Officer	Katsuhiro Kawai			○			

* Member of Audit & Supervisory Committee

Corporate Governance

Director Remuneration

Disclosure Status of Remuneration for Each Director, and Policy for Deciding Remuneration Amount or Calculation Methods

Regarding remuneration for directors (excluding directors on the Audit & Supervisory Committee), the Ordinary General Meeting of Shareholders, held June 27, 2024, resolved to cap cash remuneration at ¥500 million per fiscal year (of which a maximum of ¥100 million may be paid to outside directors).

The Company grants restricted stock as nonmonetary remuneration or stock acquisition rights as stock options to directors, up to a limit of ¥300 million (150,000 shares or 1,500 units) per fiscal year, of which a maximum of ¥30 million (15,000 shares or 150 units) may be granted to outside directors. This allows us to better align values between Sharp directors and shareholders, as well as to strengthen the sense of responsibility and increase motivation related to corporate performance.

The Compensation Committee, delegated authority by the Board of Directors, determines monetary remuneration for individual directors (excluding members of the Audit & Supervisory Committee) within the scope approved by the Ordinary General Meeting of Shareholders. The Compensation Committee provides advice regarding nonmonetary remuneration, which is determined by a resolution of the Board of Directors in consideration of said advice.

Monetary remuneration is limited to ¥100 million per fiscal year for directors who are Audit & Supervisory Committee members per resolution of the Ordinary General Meeting of Shareholders, held June 29, 2021.

To better align values between Sharp directors who are members of the Audit & Supervisory Committee and shareholders, the Company grants restricted stock as nonmonetary remuneration separate from the framework for monetary remuneration to directors who are members of the Audit & Supervisory Committee, up to a limit of ¥60 million (30,000 shares) per fiscal year. This remuneration is designed to improve a greater awareness of the need for complete and comprehensive audits, to prevent loss of corporate value, and to maintain trust in the Company.

The Ordinary Meeting of General Shareholders approves the scope of monetary and nonmonetary remuneration for individual directors who are members of the Audit & Supervisory Committee, the amounts of which are then determined according to discussions among directors who are members of the Audit & Supervisory Committee.

Remuneration, etc. for Sharp directors (excluding directors who are members of the Audit & Supervisory Committee) for the fiscal year ended March 31, 2024 was ¥218 million (five directors, including one director who retired during the term). Remuneration, etc. for directors who are members of the Audit & Supervisory Committee was ¥73 million (three outside directors).

The Company does not disclose remuneration for individual directors.

Ongoing Development of the Internal Control System

In May 2006, the Board of Directors passed a resolution to adopt the Basic Policy for Internal Control (final revision in August 2024). Sharp is currently engaged in the development and operation of internal control systems in accordance with this Basic Policy. The Internal Control Committee, which serves as an advisory body to the Board of Directors, deliberates on basic policies regarding internal controls, internal audits, and the status of internal controls-related policies and operations. The committee reports on or refers matters to the Board of Directors as necessary. Sharp has established departments to supervise and implement measures and initiatives related to internal controls on a company-wide basis. Sharp has also established an independent internal audit division to evaluate the effectiveness of internal control and provide feedback on a continuing basis.

To enhance compliance throughout the Group, Sharp introduced the Sharp Group Charter of Corporate Behavior, a set of principles to guide corporate behavior, and the Sharp Code of Conduct, which clarifies the conduct expected of all directors, executives, and employees of Sharp. Disseminating these throughout the Company and conducting annual trainings fosters a mindset of preventing problems before they occur. In accordance with the basic rules of compliance, Sharp is also developing a company-wide compliance promotion system. Sharp is also formulating the Sharp Group Compliance Guidebook which points out specific standards for items to be observed, prohibited items, and actions to be taken by all directors, executives, and employees. This is being provided to the whole company in order to ensure thorough compliance.

On the subject of compliance-related whistleblowing systems, we have established the Crystal Hotline to handle various issues regarding compliance, including organizational or individual violations of the law or ethics at Sharp or domestic subsidiaries as well as the Competition Law Hotline to handle issues regarding competition laws. These hotlines have been established both internally and externally (making use of advisory law firm services) in keeping with the Whistleblower Protection Act and may be used by any employees or temporary employees of the Sharp Group in Japan, or employees of its business partners, etc*. In addition, our major overseas bases have also established similar whistleblowing and consultation facilities.

To deal comprehensively and systematically with a wide range of business risks, Sharp formulated its Business Risk Management Guidelines for the prevention of risk and for the swift response to any emerging risks.

*Business partners may only use the Crystal Hotline.