CORPORATE GOVERNANCE

Fundamental Corporate Governance Policy
Renesas Electronics is committed to strengthening corporate governance by improving its management structure and taking many other actions involving management. This stance is based on the recognition that efficient management along with the soundness and transparency of management are vital to achieving constant growth in corporate value.

Renesas Electronics has adopted the corporate auditor system for its corporate governance, and has a corporate governance structure with the Board of Corporate Auditors that monitors execution of directors’ duties. Renesas Electronics believes that its audit structure for corporate governance is sufficiently functional, through full-time auditors, who can effectively obtain high quality information from the accounting auditors, the

Overview of Corporate Governance
Renesas Electronics’s Governance Structure
Corporate governance at Renesas Electronics is based on “the election of external directors and collaboration with the Board of Corporate Auditors.” This is one of the governance models contained in Report of the Study Group on the Internationalization of Japanese Financial and Capital Markets (announced June 17, 2009), which was prepared by the Finance Committee of the Financial System Council. The Company places priority on incorporating external perspectives in order to deal with management issues from a diverse range of viewpoints. To gain access to these viewpoints, the Company has outside directors and corporate auditors with a broad array of experience and professional knowledge. Currently, three of the 10 directors and four corporate auditors are from outside the Renesas Electronics Group. To upgrade the Group’s performance and corporate governance, the Company seeks individuals from the outside who can provide advice and judgments based on accurate and objective viewpoints. This is why the Company has one independent outside director and two independent outside corporate auditors who have no financial or other interest in the Group.

Execution of Business Activities
The Company’s Board of Directors carefully examines candidates for election as directors who are submitted at shareholders’ meetings to ensure that all directors are well suited to executing business operations. Directors take into consideration background of candidates and other applicable items to reach decisions about their suitability.

The Board of Directors, which has 10 members that include three outside directors, meets once each month in principle and at other times as needed. The directors reach decisions with speed and flexibility about important matters involving management and supervise the execution of business operations by directors. The outside directors have two primary functions. One is to supervise and check the execution of business operations by directors to determine if these directors are performing their jobs properly. The other is to use their knowledge, experience and insight to reflect external viewpoints in the decision-making process for management. The Company plans to continue to appoint outside directors who have the required practical experience and professional skills to perform these functions.

All resolutions to be submitted for approval by the Board of Directors, except resolutions that do not require preliminary discussions, are, in principle, first submitted to the Executive Committee for a preliminary examination. These examinations provide for more thorough discussions of these resolutions. In addition, the Company has the following committees chaired by the president to oversee a broad range of risks.

Internal Auditing Office in charge of internal audits and other relevant divisions using their profound knowledge and experience of the semiconductor business, while the meetings of the Board of Corporate Auditors, which includes highly independent outside corporate auditors, conduct analysis of the information from objective and many different viewpoints.

The Company formulated the Renesas Electronics Group CSR Charter to provide guidelines for all group CSR activities. The charter reflects the conviction that CSR initiatives based on this charter will enable the Group to fulfill social obligations as a responsible corporate citizen as well as contribute to steady growth in corporate value and shareholder value.

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### Internal Audit Office

Internal audit is performed by the Internal Audit Office, staffed by 15 employees. Specifically, this office serves as an autonomous third party for verifying and evaluating other parts of the management organization, including divisions responsible for business operation units, corporate staff, consolidated subsidiaries and other areas. This is carried out from a compliance, risk management and internal control perspective. The Internal Audit Office also proposes concrete measures for rectifying or improving problems that arise.

### Accounting Audit

The auditors who performed the accounting audit of the Company’s consolidated financial statements for the fiscal year ended March 31, 2012, were Jun Uemura, Kazuhiro Ishiguro, and Noriyasu Hanafuji, partners of Ernst & Young ShinNihon LLC. None of the three partners have performed an accounting audit of the Company for seven or more consecutive years. The audit team included certified public accountants and junior accountants.

The Company and its consolidated subsidiaries pay a total of ¥319 million to Ernst & Young ShinNihon LLC for services provided. This amount includes a payment of ¥232 million by the Company for services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

### Details of Remuneration for Directors and Corporate Auditors in the year ended March 31, 2012

<table>
<thead>
<tr>
<th>Officer category</th>
<th>Total remuneration (in yen million)</th>
<th>Remuneration by category (in yen million)</th>
<th>Number of directors receiving remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (excluding outside directors)</td>
<td>134</td>
<td>Basic remuneration: 134</td>
<td>8</td>
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<tr>
<td></td>
<td></td>
<td>Stock acquisition rights: 134</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bonuses: –</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Retirement allowances: –</td>
<td></td>
</tr>
<tr>
<td>Corporate auditors (excluding outside corporate auditors)</td>
<td>20</td>
<td>Basic remuneration: 20</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stock acquisition rights: 20</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Bonuses: –</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retirement allowances: –</td>
<td></td>
</tr>
<tr>
<td>Outside directors and outside corporate auditors</td>
<td>47</td>
<td>Basic remuneration: 47</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stock acquisition rights: 47</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bonuses: –</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

1. As of March 31, 2012, there were ten directors, including three outside directors, and five corporate auditors, including three outside corporate auditors. Included in the above were three directors, of which two were outside directors, and one corporate auditor who resigned at the close of the 9th Ordinary General Meeting of Shareholders held on June 28, 2011.
2. Remuneration for directors does not include the salary received by directors who serve concurrently as employees.
3. No executive bonuses or stock options were provided to directors or corporate auditors.
4. Total remuneration for directors is limited to ¥30 million each month by a resolution approved by shareholders at an extraordinary shareholders’ meeting held on February 24, 2010.
5. Total remuneration for corporate auditors is limited to ¥12 million each month by a resolution approved by shareholders at an extraordinary shareholders’ meeting held on February 24, 2010.
6. The Company has no predetermined policy regarding remuneration for directors and corporate auditors, nor a fixed methodology for the calculation of such remuneration. Remuneration for each director, within the limit approved at the shareholders’ meeting (¥30 million per month), takes into account the remuneration of directors at other firms in the same industry and salaries of the Company’s employees. In addition, remuneration is set at a proper level in relation to the responsibilities of each director. The result is a monthly payment that matches the position of each director at the Company. Remuneration for each corporate auditor, within the limit approved at the shareholders’ meeting (¥12 million per month), takes into account the remuneration of corporate auditors at other firms in the same industry and remuneration and salaries of the Company’s directors and employees. In addition, monthly remuneration is set at a proper level in relation to the responsibilities of each corporate auditor based on discussions among the corporate auditors.

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**Diagram:**

- **Board of Directors**
  - Ten Directors (Three outside directors)
  - Representative Director, President
  - Executive Committee (Discussion of key items)
  - 16 Corporate Officers (incl. concurrent directors) (Business operation)

- **Board of Corporate Auditors**
  - Five Corporate Auditors (Four outside auditors)
  - Corporate Auditors Office

- **Independent Auditors**
  - Internal Audit Office
  - Internal Control Promotion Committee
  - Information Management and Security Committee
  - CSR Promotion Committee

- **General Meeting of Shareholders**
  - Appointment/removal
  - Audit
  - Instruction

- **Business Operation Units, Corporate Staff and Subsidiaries**

(As of June 26, 2012)