

The corporate governance of SHIMADZU CORPORATION (the “Company”) is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information**

### **1. Basic Views**

As Shimadzu’s basic management philosophy, the Company has adopted the Corporate Philosophy of “Contributing to Society through Science and Technology,” which has been our spirit since our founding in 1875 and is the basic policy we have taken in continuing our business, and the Management Principle of “Realizing Our Wishes for the Well-being of Mankind and the Earth,” which is our pledge to contribute to the achievement of happiness for humanity and the preservation of the global environment by utilizing the technology and know-how we have cultivated over many years in our business. Based on these basic philosophies, the “Shimadzu Group Sustainability Charter” has been established by the resolution of the Board of Directors. The Charter is, as the basic policies of corporate activities, based on two principles of “solving the challenges of society through business operations” and “engaging in activities as a responsible member of society” while working towards harmony between the Earth, society, and people.

Under these basic philosophies and basic policies, the Company’s missions are “Contributing to Human Life & Well-being,” “Contributing to Well-being of the Earth,” and “Contributing to Industrial Development and a Safe & Secure Society,” and the business areas fulfilling these missions are defined as Healthcare, Green, Material, and Industry. In addition, by strengthening both technological development and social implementation capabilities, the Company will provide total solutions to its customers and achieve sustainable growth.

Specifically, to contribute to human life and well-being, we will use analytical and measuring technologies to provide solutions for examining patients with a wide variety of disorders or for supporting research in pharmaceutical, food, or other life science fields. We will also use our X-ray and optical technologies to offer solutions for diagnosing and treating patients.

To contribute to the well-being of the Earth, we will use environmental measurement technologies to provide solutions for the measurement of water, air, soil, and other environmental samples. In addition, we will use analytical, measuring, and other technologies to support the development of innovative technologies to combat global warming and will ensure that such technologies are widely adopted in society.

To contribute to industrial Development and a Safe & Secure Society, we will provide products based on precision machining technologies for the semiconductor, mobility, and other industries, and offer solutions for improving R&D and manufacturing capabilities.

In order to realize these basic philosophies, we must conduct corporate management from a long-term perspective. Such corporate management is only possible with the trust of our various stakeholders, including customers, shareholders, business partners, employees, and local communities (hereinafter referred to as “Stakeholders”).

We have positioned corporate governance as the fundamental framework for corporate management to earn the trust of our Stakeholders, to achieve sustainable growth and increase the corporate value of the Shimadzu Group in the medium and long term, to ensure management transparency and fairness, and to make quick and bold decisions and execute measures that enhance management dynamism. We will continue to improve and enhance the system.

### **[Reasons for Non-compliance with the Principles of Japan’s Corporate Governance Code]**

We comply with all principles of the Corporate Governance Code.

[Translation]

## [Disclosure Based on the Principles of Japan's Corporate Governance Code] [Updated]

### [Principle 1-4 Cross-Shareholdings]

Our basic policy on cross-shareholdings and the exercise of voting rights related to cross-shareholdings is as follows:

#### 1. Policy on Cross-Shareholding

From the perspective of management strategy, we will hold shares that we judge will lead to an increase in our corporate value over the medium to long term. Each year, the Board of Directors verifies the appropriateness of holdings, by confirming whether the overall scale of cross-shareholdings is appropriate and then confirming whether the holdings of individual stocks are appropriate for the given objectives and whether the benefits and risks from holding the stocks are commensurate with the corresponding cost of capital and other factors. Stocks that do not conform to the holding policy will be reduced.

As a result of verifying our cross-shareholdings, some stocks will be reduced, because we judged that holding the shares was not necessarily sufficiently meaningful.

#### 2. Shareholder Voting Criteria

For all proposals regarding cross-shareholdings that are subject to a vote, we will exercise our voting rights if we judge that it would increase shareholder value. To ensure we exercise our voting rights appropriately, we check the content of each proposal being voted on based on decision criteria specified for each proposal, such as appropriation of retained earnings, appointment of Directors or Audit & Supervisory Board Members, or establishment of measures to defend against a takeover. For issues involving particularly serious concerns, such as a social scandal, we consider our vote very carefully.

### [Principle 1-7 Transactions among Related Parties]

When conducting transactions with our Directors, executive officers who have a delegated relationship with us (hereinafter referred to as "Executive Officers with Specific Duties") and major shareholders, we shall submit such transactions to the Board of Directors for approval, except for routine transactions, to ensure that such transactions do not harm the interests of us or the common interests of our shareholders. In addition, we shall report to the Board of Directors on the results or status of each such transaction after the fact when such transaction is completed, and periodically when such transaction is for a long period of time.

### [Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion to Core Human Resources]

Our system ensures the promotion to management and corporate executive positions for core human resources of our global businesses based on abilities and leadership, in addition to track records, regardless of gender, nationality, age, disabilities, and others. We recommend honing skills by providing managers with management training for taking advantage of diversity of our human resources and also each employee with various self-development programs. We have introduced and firmly established our systems including childcare and nursing care leaves in order to create an employee-friendly environment. Our "Approach," "Voluntary and Measurable Goals and Their Status," "Human Resources Development Policy," and "Internal Environmental Improvement Policy" for ensuring diversity are posted on our website.

<<Approach and Voluntary and Measurable Goals and Their Status>>

<https://www.shimadzu.co.jp/diversity/>

<<Human Resources Development Policy and Internal Environmental Improvement Policy>>

<https://www.shimadzu.co.jp/sustainability/approach/efforts/talent/index.html>

### [Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

To ensure future pension benefits are paid to beneficiaries, we have stipulated our rules for managing the reserve funds of defined benefit corporate pension plan and manage the funds in accordance with such rules. Specifically, we have stipulated our basic policy on managing reserve funds. We have also stipulated the policy asset mix in order to achieve our asset management targets necessary for maintaining a sound pension plan into the future. The management and administration of our corporate pension is carried out by the Asset Management Committee consisting of the respective persons responsible for finance and human resource divisions of the Company and the persons with knowledge and experience in asset management and corporate pension plan.

[Principle 3-1 Enhancement of Disclosure]

In addition to disclosures required by laws and regulations, we proactively disseminate information on the following matters from the perspective of ensuring transparency and fairness in corporate decision-making and effective corporate governance.

1. Corporate Philosophy and Management Principle, and Management Strategies and Management Plan  
Our Corporate Philosophy and Management Principle, which shows what we are aiming for, and management strategies and management plan are disclosed on our website (in Japanese and English).

<<Corporate Philosophy and Management Principle>>

(Japanese) <https://www.shimadzu.co.jp/aboutus/company/actpln.html>

(English) <https://www.shimadzu.com/about/philosophy.html>

<<Management Strategies and Management Plan>>

(Japanese) <https://www.shimadzu.co.jp/ir/strategy/middleplan.html>

(English) <https://www.shimadzu.com/ir/strategy/middleplan.html>

2. Basic Views and Basic Policy on Corporate Governance

For our basic views on corporate governance, please refer to “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information, 1. Basic Views” in this report.

In addition, our basic policy on corporate governance is disclosed on our website.

<<Corporate Governance Policy>>

(Japanese) <https://www.shimadzu.co.jp/ir/governance/policy.html>

(English) <https://www.shimadzu.com/ir/governance/policy.html>

3. Policies and Procedures for the Board of Directors in Determining the Compensation for Executive Officers with Specific Duties and Directors

We shall establish procedures for determining the compensation for Directors, Audit & Supervisory Board Members, and Executive Officers with Specific Duties (hereinafter referred to as “Officers”), as well as the compensation system and others in the Compensation Regulations for Officers. The amount of compensation for Directors and Executive Officers with Specific Duties shall be determined by the Appointment and Compensation Committee, which is authorized by a resolution of the Board of Directors, within the total amount of compensation determined by a resolution of the General Meeting of Shareholders, and the results shall be reported to the Board of Directors. The Appointment and Compensation Committee shall consist of Representative Directors and Outside Directors, with a majority of the members being independent Outside Directors, and shall be chaired in principle by an independent Outside Director, thereby enhancing its independence and objectivity regarding appointment and compensation. In addition, the amount of compensation for Audit & Supervisory Board Members shall be determined through discussions among Audit & Supervisory Board Members. A summary of our compensation structure and compensation system for Officers is as follows:

(1) Directors (excluding Outside Directors) and Executive Officers with Specific Duties (hereinafter collectively referred to as “Directors, etc.”)

In consideration of the growth of business results for each fiscal year and the duties of Directors, etc. engaging in management for increasing the corporate value in the medium and long term, the compensation for Directors, etc. shall be comprised of a fixed compensation as a basic compensation, as well as a short-term performance-linked compensation and mid- to long-term performance-linked stock-based compensation which vary according to the business results. In addition, we shall set 60% of the overall compensation as a standard allocated for a fixed compensation so that the compensation system for Directors, etc. functions appropriately and effectively as an incentive for increasing the corporate value in the medium and long term. The policy on determining each compensation is as follows:

From the perspective of making a judgment based on objective information while setting the standards allowing for securing and recruiting excellent human resources, we shall determine the fixed compensation according to the positions and roles of Directors, etc., taking into consideration, as important reference indicators, the standards of peer companies (group of benchmark companies of a similar size and in a similar type of business) based on the research by external specialized organizations, and shall pay the amount as monthly compensation.

We shall determine a short-term performance-linked compensation taking into comprehensive consideration

the year-on-year growth rates of consolidated net sales and operating profit, performance evaluation for administrative corporate executive officers by division in charge, and personal evaluation, and shall pay the amount annually to Directors, etc. who were in service during the relevant fiscal year within three months from the end of the fiscal year.

Regarding a mid- to long-term performance-linked stock-based compensation, we shall determine the number of shares to be granted by position for Directors, etc. living in Japan according to the degree of achievement for performance targets in the final fiscal year of the medium-term management plan, and in principle, grant the shares after the end of the relevant periods for the medium-term management plan. In addition, we shall adopt consolidated net sales and consolidated operating profit as indicators for evaluating the degree of achievement for business results and change the amount between 50 to 200% according to the achievement of targets. If a Director, etc. materially breaches its duties or the Company's internal regulations, we may force the forfeit of beneficiary rights for receiving shares to be granted or claim the return of money equivalent to the granted shares.

(2) Outside Directors

The compensation for Outside Directors shall consist only of a fixed compensation and shall be determined in consideration of the compensation standards equivalent to their expected roles and duties.

(3) Audit & Supervisory Board Members

The compensation for Audit & Supervisory Board Members shall consist only of a fixed compensation and shall be determined in consideration of the compensation standards equivalent to their duties.

Considering the above matters as "policies related to compensation and other amounts and their calculation methods," the Company shall determine the compensation based on the resolution by the Board of Directors through deliberations and recommendations of the Appointment and Compensation Committee.

4. Policies and Procedures in Conducting the Board of Directors' Appointment and Dismissal of Administrative Corporate Executive Officers and Nomination and Dismissal Proposal of Candidates for Directors and Audit & Supervisory Board Members

Regarding the appointment of Executive Officers with Specific Duties and Corporate Officers who are under an employment agreement with the Company (hereinafter collectively referred to as "Administrative Corporate Executive Officers"), the candidates shall be proposed by Representative Directors taking into comprehensive consideration their personality, experience, insight, contributions to the Company, and other factors, deliberated by the Executive Committee and deliberated and recommended by the Appointment and Compensation Committee, and then submitted to and determined by the Board of Directors. The dismissal of Administrative Corporate Executive Officers shall be deliberated by the Executive Committee and deliberated and recommended by the Appointment and Compensation Committee, and then submitted to and determined by the Board of Directors.

The nomination of candidates for Directors shall be proposed by Representative Directors taking into comprehensive consideration their personality, experience, and expertise, deliberated and recommended by the Appointment and Compensation Committee, and then submitted to and determined by the Board of Directors. The dismissal proposal for Directors shall be deliberated and recommended by the Appointment and Compensation Committee, and then submitted to and determined by the Board of Directors.

The nomination of candidates for Audit & Supervisory Board Members shall be proposed by Representative Directors taking into comprehensive consideration their personality, experience, and expertise, deliberated and recommended by the Appointment and Compensation Committee, and then submitted to and determined by the Board of Directors with the consent of the Audit & Supervisory Board. The dismissal proposal for Audit & Supervisory Board Members shall be deliberated and recommended by the Appointment and Compensation Committee, and then submitted to and determined by the Board of Directors.

5. Explanations on Individual Appointment and Dismissal of Executive Officers with Specific Duties and Nomination and Dismissal Proposal of Candidates for Directors and Audit & Supervisory Board Members When the Board of Directors Conducts the Appointment and Dismissal and the Nomination and Dismissal Proposal

The Company's notice of the annual general meeting of shareholders describes the career summary and reasons for nomination by candidate regarding the nomination of candidates for Directors and Audit & Supervisory Board Members.

In addition, the Company's notice of resolutions at the annual general meeting of shareholders describes the individual reasons for the appointment of Executive Officers with Specific Duties. Please refer to our website. (Japanese) <https://www.shimadzu.co.jp/ir/library/shareholders.html>

[Translation]

(English) <https://www.shimadzu.com/ir/library/shareholders.html>

We will disclose the reasons on our website or other media when we propose a dismissal of a Director or an Audit & Supervisory Board Member or dismiss an Executive Officer with Specific Duties.

[Supplementary Principle 3-1-3 Initiatives on Sustainability, etc.]

We recognize the importance of sustainability issues, including social and environmental issues, in enhancing our corporate value over the medium to long term, and agree with the TCFD's recommendations and strive to disclose relevant information. In addition, the Shimadzu Group Sustainability Charter has been established by the resolution of the Board of Directors as the basic policies of the Shimadzu Group.

Under this Shimadzu Group Sustainability Charter, we have established the Shimadzu Group Sustainability Meeting and will conduct corporate activities based on two principles of "solving the challenges of society through business operations" and "engaging in activities as a responsible member of society," and will practice sustainability management to achieve 1) sustainability of the global environment and global society; 2) sustainability and growth of the Shimadzu Group's business activities; and 3) improvement of employee health and engagement. In this context, we recognize that human capital and intellectual property are important management resources. Regarding human capital, we will create a human resource management system that enables each employee to contribute to the Company while demonstrating creativity and individuality and achieving self-fulfillment through work. Regarding intellectual property, we will strive to acquire and effectively utilize the intellectual property that contributes to our business, as well as respect the intellectual property rights of other companies and strive to avoid infringement.

For more information on our sustainability initiatives, information disclosure regarding TCFD, and investments in human capital and intellectual property, please refer to our website and our Integrated Report.

<<Sustainability>>

<https://www.shimadzu.co.jp/sustainability/index.html>

<<TCFD>>

<https://www.shimadzu.co.jp/sustainability/approach/environmental/climate.html>

<<Investing in human capital>>

<https://www.shimadzu.co.jp/sustainability/approach/efforts/talent/index.html>

<<Intellectual property investment>>

[https://www.shimadzu.co.jp/research\\_and\\_development/index.html](https://www.shimadzu.co.jp/research_and_development/index.html)

<<Integrated Report>>

<https://www.shimadzu.co.jp/ir/library/annual.html>

[Supplementary Principle 4-1-1 Overview of the Scope of Delegation from the Board of Directors to Administrative Corporate Executive Officers]

The Board of Directors deliberates on important matters stipulated in the Guidelines on Items for Resolution of the Board of Directors, such as approval of medium- and long-term plans, important management strategies and measures, and other matters stipulated by laws and regulations and the Articles of Incorporation, and monitors, supervises, and evaluates the business execution through regular reports on the status of the business execution by administrative corporate executive officers. Decision-making on the business execution other than those designated as important matters is delegated to administrative corporate executive officers and the Executive Committee, which comprises the business execution function led by the President.

[Principle 4-9 Independence Standards for Independent Outside Directors]

The Board of Directors has established the Regulations for Outside Officers and has formulated the independence standards for persons who become outside officers. The details are described in "[Independent Officers] Matters relating to Independent Officers" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Supervision in Management, 1. Organizational Composition and Operation" in this report.

[Supplementary Principle 4-10-1 Views on the Independence of Committee Composition and Committee's Authority and Roles, etc.]

To strengthen the independence, objectivity, and accountability of the functions of the Board of Directors relating to the appointment and compensation for Directors and Executive Officers with Specific Duties (hereinafter collectively referred to as "Directors, etc."), the Company has established the Appointment and Compensation Committee as an advisory institution for the Board of Directors.

[Translation]

The Appointment and Compensation Committee consists of Representative Directors and Outside Directors, with a majority of the Committee members being independent Outside Directors who meet the Company's criteria for independence of outside officers. In addition, the Chairman of the Committee shall be an independent Outside Director, in principle, and shall be elected annually by a vote of members from among the Committee members. The Regulations for Outside Officers stipulate that the term of office of Outside Directors shall not exceed eight years and also the criteria for independence of outside officers. The convocation notice and integrated report of the Company disclose the criteria for independence. Regarding the following matters, the Appointment and Compensation Committee shall resolve or determine recommendation contents upon obtaining approval from a majority of the Committee members and then report or make a recommendation to the Board of Directors.

(Matters to be resolved)

- Matters regarding the compensation system for Directors, etc. and compensation amount
- Other matters entrusted by the Committee members or the Board of Directors

(Matters to be deliberated)

- Matters regarding the appointment and dismissal of President & CEO, Directors, etc., and Audit & Supervisory Board Members
- Matters regarding succession planning for the President & CEO
- Policies on determining the calculation method of the compensation amount for Directors, etc. and Audit & Supervisory Board Members (hereinafter collectively referred to as "Officers") and compensation system for Officers
- Other matters requested by the Committee members or the Board of Directors

[Supplementary Principle 4-11-1 Views on the Balance, Diversity, and Size of the Board of Directors]

We believe that the balance of knowledge, experience, and abilities, and diversity and size of the Board of Directors as a whole should always be optimized in order to further strengthen monitoring and supervision of business execution and to stimulate discussions to determine strategies and policies that will enhance corporate value over the medium to long term.

Our Board of Directors consists of the Chairman, the President, Internal Directors, several Outside Directors, and several Internal and Outside Audit & Supervisory Board Members as Audit & Supervisory Board Members. In consideration of business development, the management environment surrounding the Company and other factors, we have appointed Outside Directors with various backgrounds, including female Directors, mainly experienced corporate managers, etc. with extensive experience from a wide range of industries, to ensure a more diverse composition.

Under our Corporate Philosophy of "Contributing to Society through Science and Technology," we are developing four business segments globally of Analytical & Measuring Instruments, Medical Systems, Aircraft Equipment, and Industrial Machinery. In particular, we are working to create new businesses that leverage our strengths in the healthcare field by integrating measuring and medical technologies. From this perspective of corporate management, in order to achieve a good balance in the decision-making of important business execution through full discussion at the Board of Directors and in the supervision and auditing functions of appropriate business execution, we have determined the knowledge and experience that we consider important for our Board of Directors and nominate as candidates for Officers those who have appropriate knowledge and experience. The above knowledge and experience will be reviewed as necessary in light of the external environment and the Company conditions.

For the knowledge and experience of each Director and Audit & Supervisory Board Member, please refer to the skill matrix prepared and disclosed on our website, etc.

<<Skill matrix>>

[https://www.shimadzu.co.jp/ir/governance/skill\\_matrix.html](https://www.shimadzu.co.jp/ir/governance/skill_matrix.html)

In addition, the policies and procedures for the appointment of Directors are above-described in "4. Policies and Procedures in Conducting the Board of Directors' Appointment and Dismissal of Administrative Corporate Executive Officers and Nomination and Dismissal Proposal of Candidates for Directors and Audit & Supervisory Board Members" in [Principle 3-1 Enhancement of Disclosure].

[Supplementary Principle 4-11-2 Concurrent positions of Directors and Audit & Supervisory Board Members]

Our Directors and Audit & Supervisory Board Members who concurrently serve as officers of other companies are deliberated on by the Board of Directors, and important positions in such companies are disclosed in the Notice of Convocation of the Annual General Meeting of Shareholders. Concurrent positions held by our Directors and Audit & Supervisory Board Members as of the date of the renewal of this report are

[Translation]

as follows:

Hiroko Wada	Representative, Office WaDa Outside Director, Coca-Cola Bottlers Japan Holdings Inc.
Nobuo Hanai	Outside Director, Perseus Proteomics Inc.
Yoshiyuki Nakanishi	Outside Director, The Japan Steel Works, Ltd. Outside Director, IHI Corporation
Nami Hamada	Founder, Managing Director, Mile High Capital Inc. Outside Director (Audit & Supervisory Committee Member), Coca-Cola Bottlers Japan Holdings Inc. Outside Director (Audit Committee Member, Nomination Committee Member, and Compensation Committee Member), MetLife Insurance K.K.
Hiroyuki Fujii	Outside Corporate Auditor, Dai Nippon Toryo Co., Ltd.
Tsuyoshi Nishimoto	Partner attorney-at-law, Hibiya Park Law Offices External Executive Officer serving as Audit & Supervisory Committee member, Enigmo Inc. External Corporate Auditor, Broadleaf Co., Ltd.
Yuka Hayashi	Representative, Hayashi CPA Office Vice President, Hayashi Management Consultant Co., Ltd. Outside Managing Director (serving as Audit & Supervisory Committee Member), Harima Chemicals Group, Inc.

[Supplementary Principle 4-11-3 Summary of Analysis and Evaluation Results of the Effectiveness of the Board of Directors as a Whole]

The Company analyzes and evaluates the effectiveness of the Board of Directors every year for Directors and Audit & Supervisory Board Members who constitute the Board of Directors. In this year's evaluation, in addition to the traditional survey, individual interviews were conducted with all Directors and Audit & Supervisory Board Members in cooperation with an external research organization.

Based on the survey results, the Board of Directors exchanged opinions mainly about the matters that need to be improved. We disclose the summary of effectiveness evaluation results based on the discussions at the Board of Directors as follows:

Summary of effectiveness evaluation results for this fiscal year  
(Overview)

The evaluation results were generally positive. The Board of Directors is involved as necessary and sufficiently in the deliberation of the medium-term management plan and M&A projects. In addition, a notable strength of the Company's Board of Directors is that it maintains an environment in which Outside Directors can actively voice their opinions in order to discuss issues from a variety of perspectives. However, there are issues in selecting materials and agenda items for efficient deliberation, as the role expected of the Board of Directors is becoming even more significant under the Corporate Governance Code. We will continue to work on improving these issues.

1. Composition of the Board of Directors:

The size and composition of the 12-member Board of Directors, with half of the members coming from outside the Company, was evaluated positively. We will continue to discuss member composition that will contribute to strategic monitoring and strengthened governance. In addition, we will increase opportunities for discussion between administrative corporate executive officers and members of the Board of Directors in order to increase the depth of discussions at Board of Directors meetings and to help business execution.

2. Operation of the Board of Directors:

According to the evaluation, there is room for improvement in the allocation of time for deliberations. Efficient discussion based on concise materials with clear discussion points will allow for even more time to be allocated to important agenda items.

3. Roles and Responsibilities of the Board of Directors:

The roles and responsibilities of the Board of Directors are being adequately fulfilled. Business strategy and M&A deal monitoring, group governance, and risk management were pointed out as themes that require

[Translation]

continued focus. We will make efforts for these matters as essential themes.

4. Self-Assessment by Directors:

All Directors were aware of their expected roles and engaged in lively discussions, drawing on their diverse backgrounds, resulting in a positive evaluation.

5. Support for and Cooperation with Directors and Audit & Supervisory Board Members:

Information and awareness sharing between Outside Directors and Audit & Supervisory Board Members is appropriately conducted. Securing opportunities for the candid exchange of opinions between outside officers and the Accounting Auditor, which was an issue last year, has improved, and cooperation with the Internal Audit Department also received a positive evaluation.

6. Dialogue with Shareholders and Investors:

According to the evaluation, there are issues in providing information to outside officers regarding the dialogue between the Company and institutional investors. We will promote information sharing for IR activities on the executive side and work to ensure that outside officers and institutional investors have opportunities to meet with each other.

7. Addressing and Reviewing Last Year's Issues:

Cooperation between Outside Directors and the Accounting Auditor has improved. The medium-term management plan was discussed carefully in stages and received a positive evaluation. Going forward, we will strive to prepare materials with clear points for efficient discussion.

[Supplementary Principle 4-14-2 Training Policy for Directors and Audit & Supervisory Board Members]

We hold seminars inviting experts and specialists to help Directors and Audit & Supervisory Board Members acquire the knowledge, etc. necessary to fulfill their roles and responsibilities, and also provide opportunities to participate in external seminars and external exchange meetings such as industry organizations and other opportunities. In addition, for the purpose of deepening the understanding of Shimadzu Group's business activities, we provide Outside Directors and Outside Audit & Supervisory Board Members with opportunities to receive explanations of our business, finance, organization, etc., as well as to provide them with the necessary knowledge and insight by, for example, inspecting our business sites, visiting customers and business partners, and touring exhibitions, as necessary.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

1. Regarding our dialogue with shareholders, in addition to dialogue at financial results briefings, we have appointed an Officer in charge of IR, and the Corporate Communication Department IR Group plays a central role in realizing constant dialogue with shareholders. We also engage in direct dialogue with business divisions as appropriate to promote shareholder understanding.

2. The Corporate Communication Department IR Group collects and compiles information necessary for IR activities from each business division, company-wide divisions, and domestic and overseas subsidiaries.

3. As major IR activities, we regularly hold meetings, such as quarterly financial results briefings, medium-term management plan briefings, business briefings for the measuring business, medical business, etc., tours of R&D facilities, etc., small meetings with management, participation in conferences sponsored by securities companies, individual visits to domestic and overseas institutional investors, and briefings for individual investors. In addition, we disclose information through our website and Integrated Report to provide information to many shareholders.

4. Opinions received from shareholders/investors and analysts through the above IR activities are reported not only to the President and the Officer in charge of IR but also to the Board of Directors and the Executive Committee as appropriate, to share information.

5. We will not disclose any insider information in accordance with the rules on insider trading regulations. At the same time, we will take care to avoid information disparities among shareholders, such as by maintaining a period of silence during the period prior to the announcement of financial results.



[Translation]

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

We have set targets for capital costs such as ROIC and ROE in our medium-term management plan (targets for fiscal year 2025: ROIC of 11.0% or above, ROE of 12.5% or above).

We have also established a capital allocation policy and will implement management that is conscious of capital costs and stock prices, such as improving capital efficiency.

For more information on our medium-term management plan and capital allocation policy, please refer to our company website.

<<Medium-Term Management Plan >>

(Japanese) <https://www.shimadzu.co.jp/ir/strategy/middleplan.html>

(English) <https://www.shimadzu.com/ir/strategy/middleplan.html>

[Translation]

## 2. Capital Structure

Foreign Shareholding Ratio	30% or more
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### [Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	40,835,000	13.85
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	20,742,707	7.04
Custody Bank of Japan, Ltd. (Trust Account)	13,283,500	4.51
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	12,753,576	4.33
MUFG Bank, Ltd.	7,672,477	2.60
Taiyo Life Insurance Company	7,411,520	2.51
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6,287,000	2.13
The Bank of Kyoto, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	4,922,900	1.67
National Mutual Insurance Federation of Agricultural Cooperatives (Standing proxy: The Master Trust Bank of Japan, Ltd.)	4,384,000	1.49
JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	4,269,033	1.45

Controlling Shareholder (except for Parent)	—
Parent (Listed Stock Market)	N/A

### Supplementary Explanation

In the substantial shareholding report available for public inspection as of April 17, 2023, Mitsubishi UFJ Financial Group, Inc. held 20,699 thousand shares of the Company (holdings ratio of share certificates, etc.: 6.99%) as of April 10, 2023. However, we do not include this information in the aforementioned Status of Major Shareholders because except for MUFG Bank, Ltd., we have confirmed no beneficial ownerships of the number of shares as of September 30, 2023.

In the substantial shareholding report available for public inspection as of October 5, 2023, Sumitomo Mitsui Trust Bank, Ltd. held 12,084 thousand shares of the Company (holdings ratio of share certificates, etc.: 4.08%) as of September 29, 2023. However, we do not include this information in the aforementioned Status of Major Shareholders because we have confirmed no beneficial ownerships of the number of shares as of September 30, 2023.

## 3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market (Tokyo)
Fiscal Year-End	March
Type of Business	Precision Instruments
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 50 to less than 100

[Translation]

#### 4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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#### 5. Special Circumstances Which May Have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (excluding the case where the person concurrently serves as President)
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Officers Designated from among Outside Directors	4

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Hiroko Wada	From another company												
Nobuo Hanai	From another company								△				
Yoshiyuki Nakanishi	From another company								△				
Nami Hamada	From another company												

\* Categories for "Relationship with the Company"

“○” when the director presently falls or has recently fallen under the category;

“△” when the director fell under the category in the past;

“●” when a close relative of the director presently falls or has recently fallen under the category; and

“▲” when a close relative of the director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b. Non-executive director or executive of the parent of the Company

c. Executive of a fellow subsidiary of the Company

d. Party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)

i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)

j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)

k. Other

[Translation]

[Translation]

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroko Wada	○	—	<p>Based on her extensive global business experience as a director of a multinational company and CEO of a Japanese corporation and her broad knowledge about marketing, human resource development, and diversity, she actively expresses views and offers recommendations that strengthen the decision-making and supervisory functions of the Board of Directors. Also, as the chairperson of the Appointment and Compensation Committee, she participates in discussions about improving the transparency and fairness of Director appointment/dismissal and compensation decisions. She was appointed because of her anticipated role in contributing to sustaining growth and increasing the corporate value of the Shimadzu Group. She satisfies the requirements for independent officers prescribed by the Tokyo Stock Exchange and the Independence Standards for Outside Officers specified by the Company (described in [Independent Officers] Matters relating to Independent Officers). The Company has designated her as an independent officer because the Company has judged she is unlikely to have any conflicts of interest with general shareholders.</p>

[Translation]

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Nobuo Hanai	○	<p>The Company has a business transaction with Kyowa Kirin Co., Ltd., for which he had served as Director of the Board until March 2020, in terms of product sales. However, the ratio of the amount for such transaction accounts for less than 0.1% of the consolidated net sales of both companies for the most recent fiscal year, and the amount meets the Independence Standards for Outside Officers specified by the Company (less than 2% of the consolidated net sales).</p>	<p>Based on his extensive management experience as a CEO of a major Japanese pharmaceutical company and global knowledge about R&amp;D and the pharmaceutical industry in Japan and throughout the world, he actively expresses views and offers recommendations that strengthen the decision-making and supervisory functions of the Board of Directors. Also, as a member of the Appointment and Compensation Committee, he participates in discussions about improving the transparency and fairness of Director appointment/dismissal and compensation decisions. He was appointed because of his anticipated role in contributing to sustaining growth and increasing the corporate value of the Shimadzu Group based on his knowledge of major markets.</p> <p>He satisfies the requirements for independent officers prescribed by the Tokyo Stock Exchange and the Independence Standards for Outside Officers specified by the Company (described in [Independent Officers] Matters relating to Independent Officers). The Company has designated him as an independent officer because the Company has judged he is unlikely to have any conflicts of interest with general shareholders.</p>

[Translation]

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Yoshiyuki Nakanishi	○	<p>The Company has a business transaction with DIC Corporation, for which he had served as Director until March 2021, in terms of product sales. However, the ratio of the amount for such transaction accounts for less than 0.1% of the consolidated net sales of both companies for the most recent fiscal year, and the amount meets the Independence Standards for Outside Officers specified by the Company (less than 2% of the consolidated net sales).</p>	<p>He offers extensive management experience as the CEO of a global chemical company and global knowledge about chemical industries throughout the world, management strategies, manufacturing, marketing, and other expertise. He actively expresses views and offers recommendations that strengthen the decision-making and supervisory functions of the Board of Directors. Also, as a member of the Appointment and Compensation Committee, he participates in discussions about improving the transparency and fairness of Director appointment/dismissal and compensation decisions. He was appointed because of his anticipated role in contributing to sustaining growth and increasing the corporate value of the Shimadzu Group based on his knowledge of major markets. He satisfies the requirements for independent officers prescribed by the Tokyo Stock Exchange and the Independence Standards for Outside Officers specified by the Company (described in [Independent Officers] Matters relating to Independent Officers). The Company has designated him as an independent officer because the Company has judged he is unlikely to have any conflicts of interest with general shareholders.</p>

[Translation]

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Nami Hamada	○	—	<p>She has abundant knowledge in finance and accounting through her experience in, for example, managing a finance-related consulting firm. She also has abundant experience, for example, as a manager of a Japanese subsidiary of a foreign securities company, as well as knowledge in human resource development and global insight. She actively expresses views and offers recommendations that strengthen the decision-making and supervisory functions of the Board of Directors. Also, as a member of the Appointment and Compensation Committee, she participates in discussions about improving the transparency and fairness of Director appointment/dismissal and compensation decisions. She was appointed in anticipation of her valuable advice regarding the Group's management based on her abundant knowledge in finance and accounting and to serve the role of appropriately supervising the execution of business operations.</p> <p>She satisfies the requirements for independent officers prescribed by the Tokyo Stock Exchange and the Independence Standards for Outside Officers specified by the Company (described in [Independent Officers] Matters relating to Independent Officers). The Company has designated her as an independent officer because the Company has judged she is unlikely to have any conflicts of interest with general shareholders.</p>



[Translation]

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nominating Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Appointment and Compensation Committee	Appointment and Compensation Committee
Total Committee Members	6	6
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

The members of the Appointment and Compensation Committee are as follows:

Chairperson: Hiroko Wada (Outside Director)

Committee members: Nobuo Hanai (Outside Director)

Yoshiyuki Nakanishi (Outside Director)

Nami Hamada (Outside Director)

Teruhisa Ueda (Chairman and Representative Director)

Yasunori Yamamoto (President and Representative Director)

Our views on the independence of the Appointment and Compensation Committee and the Committee's authority and roles, etc. are described in the aforementioned [Supplementary Principle 4-10-1].

**[Audit & Supervisory Board Members]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Financial Auditor and Internal Audit Department

(1) Cooperation between Audit & Supervisory Board Members and the Accounting Auditor

Audit & Supervisory Board Members confirm the audits conducted by the Accounting Auditor through interviews with the Accounting Auditor on audit plans, interim audit progress, annual audits, etc., or by attending the actual audits as appropriate.

(2) Cooperation between Audit & Supervisory Board Members and Internal Audit Division

Audit & Supervisory Board Members and the Internal Audit Dept. discuss the audit plan in advance and coordinate the audit destinations and audit schedule to ensure effective and efficient audits. The Internal Audit Dept. reports the status of the internal control system and the results of internal audits to all Audit & Supervisory Board Members at regular monthly meetings and at their request and exchanges opinions with Audit & Supervisory Board Members on the status of risks and internal controls. Then, Audit & Supervisory Board Members confirm again what Audit & Supervisory Board Members deem important in the reports of the Internal Audit Dept. Conversely, Audit & Supervisory Board Members share events of concern with the Internal Audit Dept., and

[Translation]

the Internal Audit Dept. reflects them in internal audit items and takes other measures.

(3) Cooperation between Internal Audit Division and the Accounting Auditor

The Internal Audit Dept. and the Accounting Auditor exchange opinions on audit schedules, auditing procedures and others as needed and collaborate closely with each other in internal control audits.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Officers Designated from among Outside Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tsuyoshi Nishimoto	Attorney at law													
Yuka Hayashi	CPA													

\* Categories for "Relationship with the Company"

“○” when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

“△” when the Audit & Supervisory Board Member fell under the category in the past;

“●” when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and

“▲” when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- Non-executive director or accounting advisor of the Company or its subsidiary
- Non-executive director or executive of the parent of the Company
- Audit & Supervisory Board Member of the parent of the Company
- Executive of a fellow subsidiary of the Company
- Party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the Audit & Supervisory Board Member himself/herself only)
- Executive of a corporation to which outside officers are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- Executive of a corporation that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- Other

[Translation]

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Tsuyoshi Nishimoto	○	—	<p>He has made a series of various achievements in the overall corporate legal services as an attorney at law. In particular, he has high levels of expert knowledge and abundant experience in overseas legal affairs, mergers and acquisitions, system development, crisis management, and other areas, which are effective for auditing the Group that expands its businesses globally. He was appointed by the judgment that he is appropriate as an Audit &amp; Supervisory Board Member of the Company based on his experiences and achievements. He satisfies the requirements for independent officers prescribed by the Tokyo Stock Exchange and the Independence Standards for Outside Officers specified by the Company (described in [Independent Officers] Matters relating to Independent Officers). The Company has designated him as an independent officer because the Company has judged he is unlikely to have any conflicts of interest with general shareholders.</p>
Yuka Hayashi	○	—	<p>She has been engaged in accounting audits of companies, as a certified public accountant, and has abundant experience and knowledge of accounting. She also serves as Outside Managing Director (serving as Audit &amp; Supervisory Committee Member) at another company, and she is expected to fulfill her role of audit and advice to the business execution system and on initiatives involving management issues by drawing on her professional knowledge of corporate accounting. She was appointed by the judgment that she is appropriate as an Audit &amp; Supervisory Board Member of the Company. She satisfies the requirements for independent officers prescribed by the Tokyo Stock Exchange and the Independence Standards for Outside Officers specified by the Company (described in [Independent Officers] Matters relating to Independent Officers). The Company has designated her as an independent officer because the Company has judged she is unlikely to have any conflicts of interest with general shareholders.</p>

[Translation]

## [Independent Officers]

Number of Independent Officers	6
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### Matters relating to Independent Officers

“Independence Standards”

An Outside Director or an Outside Audit & Supervisory Board Member (including candidates for such posts) is considered independent and is unlikely to have any conflicts of interest with general shareholders if none of the following applies.

- (1) A person for whom the Company is a major business partner (i.e. a person who received payments from the Company that represent 2% or more of its annual consolidated sales for the most recent fiscal year), or an executive officer thereof
- (2) A major business partner of the Company (i.e. a person who made payments to the Company that represent 2% or more of the Company’s annual consolidated sales for the most recent fiscal year), or an executive officer thereof
- (3) A consultant, accounting professional, or legal professional who has received a large amount of monetary consideration or other property (10 million yen or more in the most recent fiscal year) from the Company besides compensation as a Director, Member of the Board or an Audit & Supervisory Board Member (If the person who has received such property is an organization such as a corporation or a union, a person who is affiliated with such organization)
- (4) A person to whom any of the items (1) through (3) applies during the most recent 12 months
- (5) A second-degree relative or closer of a person listed in items 1) through 3) below (excluding immaterial persons)
  - 1) A person listed in items (1) through (4) above
  - 2) An executive officer of a subsidiary of the Company (including a director who does not serve as an executive officer in the case of designation of an Outside Audit & Supervisory Board Member as an independent officer)
  - 3) A person to whom 2) applied during the most recent 12 months or who was an executive officer of the Company (including a director who does not serve as an executive officer in the case of designation of an Outside Audit & Supervisory Board Member as an independent officer) during the most recent 12 months

## [Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked remuneration and others
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### Supplementary Explanation

The details are described in “[Principle 3-1 Enhancement of Disclosure] 3. Policies and Procedures for the Board of Directors in Determining the Compensation for Executive Officers with Specific Duties and Directors” in [Disclosure Based on the Principles of Japan’s Corporate Governance Code] in this report.

Recipients of Share Options	
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### Supplementary Explanation

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[Translation]

## [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected directors
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### Supplementary Explanation

Total compensation amount by officer classification and total amount by type of compensation for the 160th fiscal year (from April 1, 2022 to March 31, 2023)

Officer classification	Number of eligible officers (people)	Fixed compensation Amount (millions of yen)	Performance-linked compensation		Total (millions of yen)
			Short-term performance-linked compensation	Mid- to long-term performance-linked stock-based compensation	
Directors (excluding Outside Directors)	6	197	167	8	372
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	53	–	–	53
Outside Directors	4	46	–	–	46
Outside Audit & Supervisory Board Members	2	20	–	–	20
Total	14	316	167	8	492

Notes:

- 1 The aforementioned amount includes the portion for two Outside Directors who retired as of June 28, 2022.
- 2 Mid- to long-term performance-linked stock-based compensation system adopts a performance-linked and non-monetary compensation system under which shares are granted every three years according to the degree of achievement for performance targets in the final fiscal year of the medium-term management plan, but the Company needs to expense the compensation costs annually for operating the system. The relevant compensation described above is the expense amount obtained by multiplying the number of points expected to be granted to Directors (excluding Outside Directors) for the fiscal year by the fair value of the Company's shares at the time of acquisition by the trust. However, the shares will be actually granted after the end of the medium-term management plan.
- 3 The employee salary portion for officers who concurrently serve as employees is not described because no relevant matters are applicable.
- 4 The individual compensation of persons whose total amount of compensation, etc. is ¥100 million or more is disclosed in the annual securities report (in Japanese only).

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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### Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

The details are described in “[Principle 3-1 Enhancement of Disclosure] 3. Policies and Procedures for the Board of Directors in Determining the Compensation for Executive Officers with Specific Duties and Directors” in [Disclosure Based on the Principles of Japan's Corporate Governance Code] in this report.

[Translation]

### [Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

The Company supports the operations of Outside Directors and Outside Audit & Supervisory Board Members by arranging the staff of the Executive Secretariat Department and the Audit & Supervisory Board Members' Office, respectively.

### [Status of Persons Who Have Retired from a Position Such as Representative Director and President]

Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company

Name	Title/ Position	Responsibilities	Working Form and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office
Shigehiko Hattori	Senior corporate advisor	Contributions to society and communities through activities in external organizations, etc.	Part-time, paid	June 26, 2015	Renewable for one year
Akira Nakamoto	Senior corporate advisor	Contributions to society and communities through activities in external organizations, etc.	Part-time, paid	April 1, 2022	Renewable for one year

Total Number of Retired Representative Director and Presidents, etc.  
Holding Advisory or Any Other Position in the Company

2

#### Other Matters

- The Company, by resolution of the Board of Directors after deliberation by the Appointment and Compensation Committee, has revised the advisor and senior corporate advisor system, and with the exception of the senior corporate advisors who assumed office before June 26, 2019, the term of office for new senior corporate advisors who have retired from the post of President, etc., on or after June 26, 2019 shall be a maximum of six years (renewable for one year). In addition, upon retirement of such advisor, the relevant person will assume the position of the honorary advisor (for life and without compensation).
- Senior corporate advisors and honorary advisors are not involved in any management decision-making of the Company.
- The term of office of the current senior corporate advisors shall be renewed for one year, and upon renewal, the President shall report to the Board of Directors on the status of their activities, etc. for approval. The compensation of the senior corporate advisors shall be up to 20 million yen per year, to be determined annually by the President based on the content of activities, and reported to the Board of Directors.
- Senior corporate advisors contribute to the Company's social and community contribution activities by engaging in external activities such as economic association activities and industry group activities.

## 2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

- (1) We have positioned corporate governance as the fundamental framework for corporate management to earn the trust of our Stakeholders, to achieve sustainable growth and increase the corporate value of the Shimadzu Group in the medium and long term, to ensure management transparency and fairness, and to make quick and bold decisions and execute measures that enhance management dynamism. We will continue to improve and enhance the system.

The Company has, as an institution, the Board of Directors responsible for decision-making and supervision of important business execution, the Executive Committee (chaired by the President and composed of administrative corporate executive officers) responsible for accurate and speedy business execution, as well as the Audit & Supervisory Board and the Accounting Auditor.

In order to clarify the management responsibility of Directors, the term of office of Directors is set at one year. In addition, administrative corporate executive officers, including the Chairman, are appointed by the Board of Directors.

- (2) The Board of Directors, chaired by the Representative Director and Chairman and attended by Directors and Audit & Supervisory Board Members, meets once a month in principle to make decisions on management policies and other important matters concerning the Company's business execution, and to

[Translation]

receive reports from Directors, administrative corporate executive officers, and other senior management on the status of business execution and monitors and supervises the execution of management operations so that such execution is appropriately made. In addition, the Board of Directors has strengthened its monitoring and supervisory functions regarding proper business execution by appointing several Outside Directors and by taking other measures.

- (3) The Appointment and Compensation Committee consists of Representative Directors and Outside Directors, with a majority of the Committee members being independent Outside Directors who meet the Company's criteria for independence of outside officers. In addition, the Chairman of the Committee shall be an independent Outside Director, in principle, and shall be elected annually by a vote of members from among the Committee members.
- (4) The President is the Chief Executive Officer in charge of business execution and has administrative corporate executive officers to assist the business execution thereof. Under the guidance and supervision of the President and the Executive Committee, each administrative corporate executive officer shall effectively, efficiently, and appropriately execute their assigned duties, including those relating to business fields, sales, technology, manufacturing, management, and risk management.
- (5) The Executive Committee consists of the President and other administrative corporate executive officers, presided over by the President, and in principle meets three times a month. In addition to deliberating on matters related to business execution other than important matters to be decided by the Board of Directors, important management matters designated by the President, and other matters, each administrative corporate executive officer freely and openly raises and discusses various topics for consideration, thereby creating a system that enables an accurate grasp of important management and business issues without omission. In addition, the Executive Committee receives reports from each administrative corporate executive officer on the status of execution of their assigned duties as delegated by the Board of Directors and encourages appropriate execution of duties by inspecting and discussing progress and issues.
- (6) The Audit & Supervisory Board currently consists of four Audit & Supervisory Board Members, half or more of whom are Outside Audit & Supervisory Board Members who meet the requirements for independent officers as set forth by the Company, and has appointed one Audit & Supervisory Board Member who has knowledge of finance and accounting. In principle, the meeting is held once a month to receive reports from each Audit & Supervisory Board Member on important matters related to the audit of the execution of duties by Directors, hold discussions, and make resolutions. Each Audit & Supervisory Board Member conducts audits based on the annual audit plan in accordance with the Shimadzu Corporation Auditing Standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board. In addition, the Audit & Supervisory Board Members' Office has been established as an organization to assist audits by Audit & Supervisory Board Members, and four employees have been assigned to the office, with matters related to their personnel affairs being subject to the prior consent of the Audit & Supervisory Board.
- (7) Audit & Supervisory Board Members and the Audit & Supervisory Board shall actively and proactively exercise their authority to express their opinions at meetings of the Board of Directors and fulfill their roles and responsibilities related to operational audits and accounting audits. Audit & Supervisory Board Members exchange opinions with Directors, the President, and other administrative corporate executive officers as appropriate, participate in important internal management-related meetings, objectively evaluate the status and results of business execution, with respect to important management issues based on the knowledge gained through the execution of audit duties, their own work experience, and others, and provide advice to Directors and the Board of Directors, as necessary. Outside Audit & Supervisory Board Members attend meetings of the Audit & Supervisory Board, which are held once a month in principle, where they receive reports on audit results from other Audit & Supervisory Board Members to share information.
- (8) The Internal Audit Dept. under the direct control of the President conducts internal audits, including on Group companies, to ensure the effectiveness of internal controls. Internal audits are conducted by the Business Strategy Dept. for sales, the Research and Development Management Dept. for technology and research, and the Manufacturing Management Dept. for manufacturing, respectively, to monitor sales,

[Translation]

R&D, manufacturing, and other operational structures. Furthermore, company-wide divisions in charge of accounting, human resources, legal affairs, quality assurance, environmental management, etc. monitor company-wide business activities in each specialized field. In addition, an Internal Audit Dept. has been established under the direct control of the President (with seven internal auditors) to evaluate the effectiveness of internal controls from a perspective independent of the line of business execution. In order to ensure that the Board of Directors and the Audit & Supervisory Board are able to fulfill their functions, we have established a system for reporting directly to the Board of Directors and the Audit & Supervisory Board, in addition to reporting to the President (CEO), regarding reports from the Internal Audit Dept.

- (9) Accounting audits are conducted by Deloitte Touche Tohmatsu LLC. The certified public accountants who execute the services are regularly replaced in accordance with the provisions of the Certified Public Accountants Act. The current certified public accountants are Koichiro Tsukuda, Tadatomo Node, and Yasunori Yamagishi, and the assistants for the accounting audit services are 17 certified public accountants, three persons who have passed the accountant examination, etc., and 20 other persons. In order to ensure independence from Directors and the Board of Directors, the Audit & Supervisory Board shall determine the content of proposals concerning the appointment of an Accounting Auditor and others and shall give its consent when determining the compensation of the Accounting Auditor.
- (10) The Risk Management and Corporate Ethics Meeting and the Environmental Meeting have been established under the Shimadzu Group Sustainability Meeting as specialized subcommittees to promote the Group's sustainability management initiatives.



[Translation]

### 3. Reasons for Adoption of Current Corporate Governance System

- (1) Our basic management policy is to achieve sustainable growth of the Shimadzu Group, enhance our corporate value over the medium to long term, and fulfill our social responsibility through balanced, accurate, and prompt decision-making and business execution, while paying full attention to ensure the interests of all the various Stakeholders of the Company, including customers, shareholders, business partners, employees, and local communities, and our social responsibility are being fulfilled. We have adopted the current system with the aim of achieving corporate governance to conduct such corporate management.
- (2) The Shimadzu Group's business fields are broad and diverse, and they have an extremely advanced professional and technical background. We believe that it is important to have a system that enables us to make the accurate and prompt decisions mentioned above on the execution of a wide range of complex and diverse businesses, and at the same time, a system that enables us to closely monitor and supervise the business execution in line with the actual situation. For this reason, the Board of Directors is appropriately sized so that it can conduct substantial deliberations. Internal Directors who are well versed in the Company's business activities and are familiar with internal affairs, and Outside Directors who view management from an objective perspective, are fully aware of the aforementioned basic management policy and conduct full discussions to make decisions on business execution. At the same time, Directors mutually monitor, supervise, and evaluate the status of the execution of duties by each Director from their own perspectives. In addition, the Company has a system where Audit & Supervisory Board Members and the Audit & Supervisory Board, including Outside Audit & Supervisory Board Members, audit the execution of duties by Directors and the status of the establishment and operation of the internal control system.
- (3) Outside Directors engage in full discussions at the Board of Directors meetings based on their abundant experience and superior abilities and insight. In addition, by providing useful recommendations on overall management and compliance, they contribute to strengthening the appropriate business execution system.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Energize General Shareholders Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholders Meeting	They are sent out about three weeks before the date of the general meeting.
Scheduling AGMs Avoiding the Peak Day	Recognizing that the General Meeting of Shareholders is a forum for constructive dialogue with shareholders, we set the date of the General Meeting of Shareholders not to fall on so-called peak days.
Allowing Electronic or Magnetic Exercise of Voting Rights	From the 153rd Annual General Meeting of Shareholders held in June 2016, it is possible to exercise voting rights by electronic or magnetic means.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	Since the 153rd Annual General Meeting of Shareholders held in June 2016, we have participated in the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English (Translated Fully or Partially)	We prepare the convocation notice in English and disclose it on our website, etc.
Other	We disclose the convocation notice (in Japanese and English) on our website, etc. about one week prior to the date of dispatching the convocation notice of the General Meeting of Shareholders. Starting with the 158th Annual General Meeting of Shareholders held in June 2021, we began live-streaming the General Meeting of Shareholders.

[Translation]

## 2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	<p>We strive to disclose information that is deemed effective in a timely manner in order for our shareholders, investors, and other Stakeholders to understand us and to gain the trust of our Stakeholders. In addition, we have established a Disclosure Policy, which sets forth the policies, methods, etc. of information disclosure. The Disclosure Policy is posted on our website.</p> <p>(Japanese)  <a href="https://www.shimadzu.co.jp/sustainability/approach/stake_holder/disclosure.html">https://www.shimadzu.co.jp/sustainability/approach/stake_holder/disclosure.html</a></p> <p>(English)  <a href="https://www.shimadzu.com/sustainability/approach/stake_holder/disclosure.html">https://www.shimadzu.com/sustainability/approach/stake_holder/disclosure.html</a></p>	
Holding Regular Investor Briefings for Individual Investors	<p>Participating in investor briefings for individual investors sponsored by securities companies.</p> <p>In addition, we use our website to disseminate information.</p>	No
Holding Regular Investor Briefings for Analysts and Institutional Investors	<p>We hold quarterly financial results briefings (briefings for the second and fourth quarters are given by the Representative Director, President &amp; CEO), individual visits to domestic and overseas institutional investors, small meetings with management, participation in conferences sponsored by securities companies, tours of R&amp;D and other facilities, business briefings for the measurement business, medical business, etc., medium-term management plan briefings, and others.</p>	Yes
Holding Regular Investor Briefings for Overseas Investors	<p>We conduct regular individual interviews with foreign institutional investors. In addition, we participate in conferences for foreign investors sponsored by securities companies.</p>	No
Posting IR Materials on Website	<p><a href="https://www.shimadzu.co.jp/ir/index.html">https://www.shimadzu.co.jp/ir/index.html</a></p> <p>Financial results, financial results briefing materials, medium-term management plan materials, business briefing materials, Shimadzu Integrated Report, FACTBOOK, data collection, annual securities report, corporate governance policy, shareholder newsletters, etc. are posted. Information on IR, press releases, etc. are also posted.</p>	
Establishment of Department and/or Manager in Charge of IR	<p>Officer in charge: Akira Watanabe, Director and Senior Managing Executive Officer</p> <p>Department in charge: Corporate Communications Department IR Group</p>	

[Translation]

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The Shimadzu Group Sustainability Charter has been established to achieve “sustainable growth of society” and “increasing the corporate value in the medium and long term” by harmonizing with global society and earning an even higher level of trust from Stakeholders in order to realize a sustainable world.
Implementation of Environmental Activities, CSR Activities, etc.	The Shimadzu Group Sustainability Charter defines initiatives for a sustainable society and environment as key themes, and we conduct activities to earn the trust of our Stakeholders and achieve sustainable development and growth for our business and society. These activities are summarized in the Shimadzu Integrated Report, which is disclosed externally along with detailed information on the website.
Formulation of Policies for Information Provision to Stakeholders	A Disclosure Policy has been established, setting forth the policies, methods, etc. of information disclosure.

## IV. Matters Related to Internal Control System

### 1. Basic Views on Internal Control System and Progress of System Development

Internal control is a critical system for organizational operation in order for a company to achieve management strategies, business purposes, and others. The Company makes its internal control work in an integrated manner with risk management including compliance of corporate ethics, verifies its effectiveness in a timely manner, and grasps the changes in the business environment all the time. By doing so, we have improved our internal control system to a system that does not adhere to past views and methods to strengthen our internal controls. Under such understanding, we adopt our basic view of building an internal control system centered on risk management in order to ensure that Directors, administrative corporate executive officers, and employees of the Company and Group companies execute their duties in compliance with laws and regulations and the Articles of Incorporation and that the operations of the Company and Group companies are conducted appropriately and efficiently.

#### 1. System for Executing Duties

Under the direction and supervision of the corporate institutions described in II.2, the Company shall adopt a consolidated management system consisting of the Company and Group companies and build a group-wide internal control system for performing operations appropriately and efficiently.

Each business division shall adopt a consolidated management system, including subsidiaries, by business segment regarding the management policies, budget management, business results management, internal control, and others. By doing so, each division makes efforts to ensure appropriate performance of operations and effective business operations across the Group and by business group. The Company shall adopt a matrix-style collaborative management system consisting of each business division and functional divisions, in which functional divisions such as those engaged in sales, technology, manufacturing, and management across business divisions are responsible for monitoring, evaluating, and instructing the Company and Group companies through the relevant internal control related to their area of expertise.

The Internal Audit Dept. under the direct control of the President conducts internal audits, including on Group companies, to ensure the effectiveness of internal controls. In building the internal control system for ensuring the reliability of financial reporting, the Company has stipulated the Basic Regulations for Building the Internal Control System Relating to Financial Reporting in accordance with the Financial Instruments and Exchange Act, deliberates important matters under the administrative corporate executive officer in charge of internal controls at the J-SOX Committee. Also, respective persons responsible for each type of internal control have engaged in building the internal control system for ensuring appropriateness of financial reporting of the Company and Group companies.

Regarding information management, we maintain information and documents relating to the execution of business operations in accordance with the regulations for maintaining documents, and make efforts to manage information appropriately by stipulating the regulations for confidential information management and information security.

#### 2. Compliance and Risk Management System

To engage in business activities appropriately, the Company makes efforts to ensure compliance with laws and enhance corporate ethics across the Group in accordance with the principles of conduct and conduct guidelines stipulated in the Shimadzu Group Corporate Code of Ethics.

Regarding the compliance with corporate ethics and laws, the Company offers a reporting, contact, and consultation system in line with ordinary managerial positions, and has established and proactively utilizes the whistleblowing and consultation desk where whistleblowers are protected and appropriate measures are taken. Taking advantage of these systems, the Company makes efforts to discover issues early and correct them. The Company will establish an internal environment and system for diversity, equity and inclusion, and mitigate human rights risks in its supply chains on a company-wide basis.

In addition, the Company has established the Shimadzu Group Risk Management Regulation. The Risk Management and Corporate Ethics Meeting chaired by the President deliberates important matters for risk management activities. Also, under the administrative corporate executive officer in charge of risk management, our business divisions, functional divisions, and Group companies grasp the status of risk identification/evaluation and management. Through these initiatives, the Group strives to mitigate risks and bolster the system for responding to a risk at its occurrence. From the perspective of business continuity, the Company will, in particular, engage in preventing the occurrence of significant damage and minimizing the damage resulting from disasters or information security risks.

[Translation]

## 2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

We have established a Corporate Code of Ethics, which stipulates that we “will not engage in any conduct that violates social common sense, such as associating with individuals or groups that adversely affect social order and sound corporate activities,” in other words, that we “will take a firm stand against antisocial forces and will not accept any demand from such forces.” We clearly indicate our basic stance on antisocial forces to all Directors, Audit & Supervisory Board Members, administrative corporate executive officers, and employees. To ensure that this basic approach is put into practice, we have established a department with overall responsibility to provide guidance and education on how to deal with antisocial forces. In addition, we collaborate closely with the police and external specialized agencies to collect and exchange information on antisocial forces and prepare for emergency responses.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation
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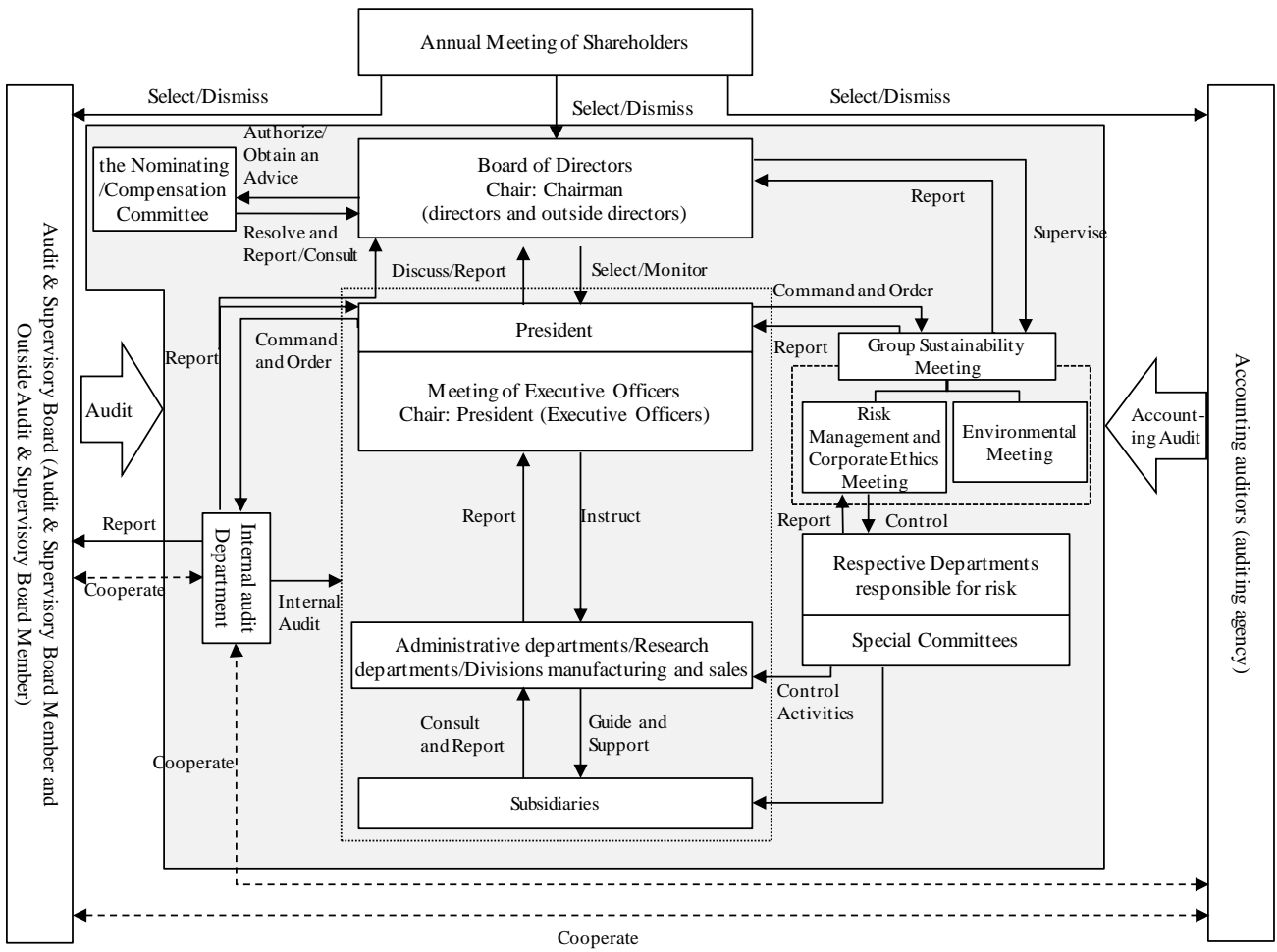
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### 2. Other Matters Concerning Corporate Governance System

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[Translation]

[Schematic Diagram of the Corporate Governance System Including Internal Control System]



[Translation]

[Schematic Diagram of Timely Disclosure System]

