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Corporate Governance Policy

Shimadzu Corporation

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Introduction

Our Basic Policy on Corporate Governance

In accordance with a resolution of the Meeting of the Board of Directors, our Company has established the Corporate Philosophy of “Contributing to Society through Science and Technology,” which has been our corporate principle since the foundation of our Company in 1875, and which has remained our basic policy throughout our business; and the Management Principle of “Realizing Our Wishes for the Well-being of Mankind and the Earth,” which is our commitment to contribute to the happiness of mankind and the preservation of the global environment by using the technology and know-how that we have nurtured in our long-standing business, as the basic principles in the management of our business. Based on these basic principles, our Company has also adopted the CSR Charter as the basic policy for our CSR activities. Under the CSR Charter, we are committed to both “solve the challenges of society through business operations” and “engage in activities as a responsible member of society” in harmony with the earth, society and people.

Under these basic principles and policy, our Company is globally engaged in four business segments, namely, Analytical and Measuring Instruments, Medical Systems, Aircraft Equipment, and Industrial Machinery, in the fields of “human health,” “safety and security of society” and “industrial development.”

In the field of "human health", our Company provides various kinds of solutions such as medical diagnostic and treatment support system with X-ray and/or optical technology, R&D assistance for food and drug or support for life science research with Analytical and Measuring Instruments. Also, in an effort of contribution to "industrial development" and achievement of "safety and security of society", utilizing our precision machinery technologies, our Company provides instruments and

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key components used at manufacturing facilities and precise onboard aircraft equipment, in addition to a variety of Analytical and Measuring Instruments and Medical Systems.

As well as aiming for more growth of the above businesses, our Company will focus on development of new business models by promoting the cooperation and integration with each business making use of our own accumulated technologies and knowhow. In particular, integrating analytical/measuring and medical technologies, we will create new businesses taking advantage of our strength in healthcare business field.

Our mission is to conduct our business from a long-term perspective to achieve the above basic principles. Such management of the business cannot be realized without the trust of our stakeholders including our customers, shareholders, business partners, employees, local communities and other stakeholders (the “Stakeholders”).

Therefore, our Company has established, and will maintain and enhance, our corporate governance as the core structure of the management of our business to strengthen the trust of our Stakeholders, strive for sustainable growth of the Shimadzu Group and to increase of our corporate value over the mid to long term. We will maintain transparency and fairness in management, and achieve fast and bold decision-making and business performance to energize the vitality of the management.

Chapter I. The General Principles of the Policy

Article 1. (Purpose)

Our Company wishes to use the spirit of the “Corporate Governance Code” in our business management to achieve sustainable growth and enhance the corporate value of the Shimadzu Group over the mid to long term. Therefore, we have established this “Corporate Governance Policy” to express our position putting effective corporate governance into practice.

The revision of this Policy shall be subject to a resolution by the Board of Directors.

Article 2. (Basic Policy on Corporate Governance)

Our basic policy on corporate governance shall be as follows:

1) Appropriate Cooperation with Stakeholders

Our Company fully recognizes that sustainable growth and the creation of corporate value of the Shimadzu Group over the mid to long term will be brought about by the provision of resources and contribution made by Stakeholders. We will endeavor to appropriately cooperate and build trust with Stakeholders.

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The Board of Directors, Directors and Corporate Officers (which are comprised of Executive Officers who are under an engagement agreement with our Company and Officers who are under an employment agreement with our Company. Chairman of the Board, President & CEO, Senior Managing Executive Officers and Managing Executive Officers are defined as Executive Officers.) exercise their leadership in establishing a corporate culture where the rights and positions of Stakeholders and sound business activities are respected.

2) Securing the Rights and Equal Treatment of Shareholders

Our Company will develop an environment in which shareholders can exercise their rights in order to fully secure shareholders' rights.

In addition, we will give consideration to the rights and equal treatment of minority shareholders and foreign shareholders to secure effective equal treatment of shareholders.

3) Ensuring Appropriate Information Disclosure and Transparency

Our Company recognizes that timely and appropriate disclosure of highly valuable information is essential for building trust with Stakeholders. To put the above into practice, our Company has concluded that any information disclosure, not only in compliance with the relevant laws and regulations, but also the medium-term management plan and financial information, to include performance results, and non-financial information, such as environment, social and governance (ESG) information, are important for deepening the understanding of our business activities. To this end, we will actively disclose such information through the media both in Japanese and English, such as our corporate website, regardless of whether the information may have a positive or negative impact on our Company.

The Board of Directors recognizes that the information disclosed will serve as the basis for a constructive dialogue with shareholders, and therefore, will ensure that the information is accurate, clear and useful for the users.

4) Dialogue with Shareholders

Our Company recognizes that active and constructive dialogue with shareholders and investors is essential to achieve sustainable growth and increase corporate value over the mid to long term. Therefore, we will establish an Investor Relations "IR" structure mainly managed by the Executive Officer in charge of IR, and in addition to Shareholders' Meetings, commit to creating opportunities where our shareholders and investors can deepen their understanding of our business strategies.

5) Responsibilities of the Board of Directors, etc.

Given its fiduciary duty and accountability to shareholders, to promote the sustainable growth of

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our Company and increase corporate value over the mid to long term as well as to enhance earning power and capital efficiency, the Board of Directors shall fulfill the following roles and responsibilities:

- (i) Set the direction or vision of the corporate strategy, which is the objective of our Company;
- (ii) Establish an environment that supports taking calculated risks needed to promote swift, vigorous and flexible business development by the Corporate Officers; and
- (iii) Monitor the Corporate Officers and Directors through evaluation of the business results and performance from an independent and objective standpoint.

Chapter II. Appropriate Cooperation with Stakeholders

Article 3. (Corporate Philosophy and Management Principle)

Given our social responsibility, our Company recognizes that we should conduct our business in order to create value for all Stakeholders while increasing corporate value over the mid to long term. To this end, in accordance with a resolution of the Meeting of the Board of Directors, our Company has established the Corporate Philosophy of “Contributing to Society through Science and Technology,” and the Management Principle of “Realizing Our Wishes for the Well-being of Mankind and the Earth,” as the basic principles of our business management, which will serve as the bases for our business activities.

Article 4. (CSR Charter)

Recognizing that dealing with sustainability issues, including social and environmental matters, is an important element of increasing our corporate value over the mid to long term, our Company has established the CSR Charter as a basic policy of the Shimadzu Group for the CSR activities in accordance with a resolution of the Meeting of the Board of Directors. To earn the trust of our Stakeholders and achieve sustainable growth and development for our businesses and society, our Company will engage in company activities and fulfill social responsibilities based on two principles – solve the challenges of society through business operations and engage in activities as a responsible member of society. The Board of Directors will oversee such activities.

Article 5. (Corporate Code of Ethics)

Under our Corporate Philosophy, Management Principle and CSR Charter, our Company has established the principles of conduct for employees in the “Corporate Code of Ethics” through a resolution of the Meeting of the Board of Directors to clarify employees’ responsibilities as a member of society. The five (5) principles of conduct listed in the “Corporate Code of Ethics” are

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namely, (i) Customer-Oriented Approach, (ii) Fairness and Transparency, (iii) Dialogue with Stakeholders, (iv) Contribution to Society and Global Environmental Conservation, and (v) Respect for the Creativity and Individuality of Employees. The Board of Directors will verify that these principles are widely accepted by employees and applied in our corporate activities. Additionally, the contents of the “Corporate Code of Ethics” will be periodically reviewed by the Board of Directors.

Article 6. (Diversity)

Our Company recognizes that diverse perspectives and values reflecting various histories, cultures and corporate climate as well as the variety of experiences, skills and characteristics nurtured in our global business network are strengths that support our sustainable growth. Our Company respects such diversity, employs talent and creates a workplace to achieve a work-life balance. The Shimadzu Group as a whole promotes initiatives such as the promotion of women’s active participation in the workplace and hiring regardless of nationality, thereby taking advantage of such diversity.

Article 7. (Asset Owner)

In light of the fact that the management of corporate pension funds impacts our financial standing in addition to stable asset formation for employees, we will develop an appropriate corporate pension system by preparing an effective personnel distribution and operating structure.

Chapter III. Securing the Rights and Equal Treatment of Shareholders

Article 8. (Securing the Rights and Equal Treatment of Shareholders)

Our Company will develop an environment in which shareholders can exercise their rights in order to fully secure equal shareholders’ rights. We will also consider not to impede in effect any exercise of shareholders’ rights, including the special rights recognized for minority shareholders and foreign shareholders. If an institutional investor who holds shares under the name of a custodian institution expresses in advance of a Shareholders’ Meeting an interest in attending the said meeting and exercising its voting rights, then our Company will work with the custodian institution to consider such possibility and decide on the response thereto.

Article 9. (Shareholders’ Meetings)

Our Company recognizes that Shareholders’ Meetings are opportunities for constructive dialogue with shareholders, and therefore, the Company determines the dates of such meetings and takes appropriate measures to secure the exercise of shareholders’ rights, such as voting rights at such meetings.

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Our Company shall strive to send convening notices for Shareholders' Meetings early enough to give shareholders the information they need for their decisions in an accurate manner as well as sufficient time to consider the agenda. The contents of the convening notice will be disclosed before the day it is sent via the Tokyo Stock Exchange or on our Company's website. And also, our Company seeks to enhance convenience for shareholders in exercising their voting rights via the Internet, such as using the electronic voting platform. In addition, the convening notices of Shareholders' Meetings shall be provided both in Japanese and English.

If the Board of Directors recognizes that a considerable number of votes has been cast against a proposal by our Company at Shareholders' Meeting, then the Board will analyze the reasons behind the opposing votes and why many shareholders opposed the proposal, and take the necessary measures such as having dialogue with shareholders.

Article 10. (Capital Policy)

The basic capital policy of our Company is to achieve a sustainable increase of the shareholder value and to maintain a well-balanced capital structure with the need to secure financial stability, utilize capital for growth and achieve a stable return for shareholders.

To enhance business growth and earning power over the mid to long term while striving to balance increases in scale, growth potential, and efficiency, our Company will utilize the capital for capital investments, research and development investments, strategic investments and investments in human resources to maintain sound equity ratios. Moreover, our Company positions shareholder returns as one of its important management policies and pays dividends by generally taking earnings and cash flows into consideration, based on the policy of ensuring stable dividends. Furthermore, our Company will consider treasury stock purchases as appropriate.

Article 11. (Cross-Shareholdings¹)

Our basic policies on cross-shareholdings and the exercise of voting rights on our cross-shareholdings are as follows:

1) Policies for Cross-Shareholdings

Our Company recognizes the need to maintain cooperative relationships with various companies to achieve sustainable growth. For this reason, we make decisions regarding cross-shareholdings by generally considering the business strategy, enhancement of relationships with our business partners, sustaining relationships with local communities and the like. Every year, after confirming whether the amount of cross-shareholdings is inappropriate, the Board of Directors assesses whether or not to hold each individual cross-shareholding by checking whether the purpose of

¹ Cross-shareholding here means to hold the shares of other companies for reasons other than pure investment purposes, for example, to strengthen business relationships. Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.

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holding is appropriate and whether the benefits and risks associated with each holding are worth the cost of capital, etc.

2) Standards for the Exercise of Voting Rights

Our Company will exercise voting rights for cross-shareholdings concerning an item on the agenda after determining whether each agenda item will contribute to the increase of shareholder value. To ensure appropriate exercise of voting rights, we will examine the content of each agenda item by applying our Company's standard voting policy each agenda, such as appropriation of surplus, appointment of directors and company auditors, and anti-takeover measures, and will further examine whether or not to approve each agenda item when a serious concern such as a social scandal is raised regarding the investee company.

Article 12. (Basic Policy on Corporate Control)

Our Company establishes the medium-term management plans under the management policy aiming for sustainable growth and increase of our corporate value over the mid to long term. Our Company will make efforts to earn high trust and evaluation from our shareholders through promoting mutual constructive dialogue to ensure their understanding of our management policy. Also, our Company is implementing measures of shareholder return through steadily achieving the medium-term management plans.

Our basic policy of Corporate Control is that the persons or the companies who control the decision of our finance and business policy as shareholders should understand our Corporate Philosophy, Management Principle, sources of our corporate value and the relationship of trust with Stakeholders and enhance our corporate value and the common interests of shareholders.

As our Company lists its shares, it should be shareholders' discretion whether they will accept a proposal for a Large-Scale purchase of our shares that may cause a transfer of corporate control. Furthermore, this belief in the ultimate authority of our shareholders will not be shaken even when our Company receives a Large-Scale purchase proposal as long as it contributes to the corporate value of the Shimadzu Group and the common interests of shareholders.

Article 13. (Capital Policy that May Harm Shareholders' Interests)

With respect to a capital increase and the like of our Company, which results in a change of control or in a significant dilution, in order not to unfairly harm existing shareholders' interests, the Board of Directors and Corporate Auditors will carefully examine the necessity and rationale thereof from the perspective of their fiduciary duty to shareholders, taking the appropriate procedures, and provide a sufficient explanation to shareholders.

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Chapter IV. Ensuring Appropriate Information Disclosure and Transparency

Article 14. (Full Disclosure)

Our Company recognizes that timely and appropriate disclosure of highly valuable information is essential in building trust with Stakeholders. Our Company will actively disclose information both in Japanese and English that we may determine to be important to deepen the understanding towards our Company (including non-financial information) such as (i) the Corporate Philosophy and Management Principle as well as business strategies and plans, (ii) basic views and guidelines on corporate governance, (iii) policies and procedures regarding the remuneration of the Executive Officers and Directors, (iv) policies and procedures in the appointment and dismissal of the Corporate Officers, and the nomination and dismissal proposal for Directors and Audit & Supervisory Board Members, and (v) the reasons for the appointment and dismissal of the Executive Officers, and the nomination and dismissal proposal for Directors and Audit & Supervisory Board Members, regardless of whether such information may have a positive or negative impact on us, by using methods such as our corporate website that can ensure easy access.

Article 15. (Appointment and dismissal of the Corporate Officers, Nomination and dismissal proposal for Directors and Audit & Supervisory Board Members; Succession Planning for the President & CEO)

1. Our Company makes appointments and dismissals of the Corporate Officers based on fair and appropriate procedures, and reflecting an appropriate evaluation of performance results and qualifications.

At the appointment of the Corporate Officers, the Representative Director will propose candidates based on a broad consideration of factors such as personality, experience, views and contribution to our Company. The proposal will be made at the Meeting of the Board of Directors for decision after the deliberations and advice of the Arbitrary Nominating and/or Compensation Committee (the “Nominating/Compensation Committee”) as well as the deliberation by the Meeting of Corporate Officers’. At the dismissal of the Corporate Officers, the proposal will be made at the Meeting of the Board of Directors for decision after the deliberations and advice of the Nominating/Compensation Committee as well as the deliberation by the Meeting of Corporate Officers’.

At the nomination of Directors candidates, the Representative Director will propose candidates based on a broad consideration of factors such as personality, experience and expertise of the candidates. The proposal to include nomination and dismissal of Directors will be made at the Meeting of the Board of Directors for decision after the deliberations and advice of the Nominating/Compensation Committee.

With regard to the nomination of Audit & Supervisory Board Members candidates, the

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Representative Director will propose candidates based on a broad consideration of factors such as personality, experience and expertise of the candidates. The proposal will be made at the Meeting of the Board of Directors for decision after the proposal has been deliberated and advised by the Nominating/Compensation Committee and then has been approved at the Audit & Supervisory Board. The dismissal proposal for Audit & Supervisory Board Members will be made at the Meeting of the Board of Directors for decision after the deliberations and advice of the Nominating/Compensation Committee.

Our Company will disclose the reasons for the nomination and dismissal proposal for Directors and Audit & Supervisory Board Members, and the reason for the appointment and dismissal of the Executive Officers.

2. With regard to the successor of the President & CEO, the successor will be developed in accordance with a plan to equip him/her with the necessary knowledge, experience and competence as a successor, such as experience in each job responsibility delegated by the Board of Directors and participation in the management of the Company by making proposals and engaging in discussions in important managerial meetings, such as the Meeting of Corporate Officers'. The Board of Directors will oversee such succession planning. Additionally, upon the nomination of a candidate to become the successor of the President & CEO, the President & CEO shall provide briefings to the Nominating/Compensation Committee in advance with respect to the brief history of such candidate and the reasons for the appointment. After the deliberations and advice of the Nominating/Compensation Committee, the proposal about the successor of the President & CEO will be made at the Meeting of the Board of Directors for decision.

Article 16. (Remuneration of the Executive Officers and the Directors)

In deciding the remuneration, our Company will consult the Nominating/Compensation Committee and obtain an advice from the committee. Our Company has designed the remuneration for Inside Directors and Executive Officers to be comprised of a fixed monthly remuneration, a short-term performance-linked remuneration and stock-based compensation. As a basic rule, to achieve sustainable growth and increase our corporate value over the mid to long term, the stock-based compensation is designed to reward shares of our Company and the like as remuneration upon the completion of a medium-term management plan based on the performance achievement level and the like of such plan.

Article 17. (Accounting Auditors)

Our Company will establish standards for the evaluation of the Accounting Auditors and verify whether they possess the independence and expertise needed to perform proper performance of audits.

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The Board of Directors and the Board of Corporate Auditors will secure adequate time to ensure high quality audits, and ensure that Accounting Auditors have access to the Corporate Officers, such as by interviews. In addition, our Company will ensure adequate coordination between the Accounting Auditors, the Corporate Auditors, the Internal Audit Department and the Outside Directors so that our Company is constituted in a way that it can adequately respond to any misconduct, inadequacy or concern identified by the Accounting Auditors.

Article 18. (Selection and Evaluation of Accounting Auditors)

The Board of Corporate Auditors will establish the evaluation standards for the Accounting Auditors, and conduct the evaluation of the Accounting Auditors, including whether they possess independence and expertise, to select those who can perform objective and accurate audits.

Chapter V. Dialogue with Shareholders

Article 19. (Dialogue with Shareholders)

Our Company informs its shareholders and investors of the current business situation and business strategies through the financial results briefings presented by the President & CEO at the end of the fiscal year and half-year, and the financial results for the first and third quarters are reported in a telephone conference by the Executive Officer in charge of IR. In addition, our Company actively participates in conferences that are held in capital markets, responds to personal interviews, and conducts tours of the business sites and facilities of our Company. Also, in light of the composition of shareholders, our Company will actively engage in dialogue with our international investors mainly through the Executive Officer in charge of IR and the department in charge of IR. In disclosing information, our Company will not disclose any insider information in accordance with the restrictions on insider trading. At the same time, in order to ensure the impartial distribution of information to shareholders, our Company will set a silent period from the date of closing of the annual accounts to the date of publication of the said accounts, etc.

To contribute to sustainable growth and the increase of corporate value over the mid to long term, the Corporate Officers will sincerely listen to the views of shareholders and/or investors through the bi-lateral communication with the capital markets, clearly explain the business policies of our Company to shareholders in an understandable manner so as to gain their support, and promote constructive dialogue to maximize the common interests of shareholders.

Chapter VI. Responsibilities of the Board of Directors

Article 20. (Organizational Structure)

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1. Our Company has elected to be governed as a company with a Board of Corporate Auditors. To ensure a transparent and fair management, and to energize the vitality of the management, our Company has established the Board of Directors, which is responsible for making decisions on the conduct and supervision of our important business, the Meeting of Corporate Officers', which is responsible for the proper and prompt conduct of our business headed by the President & CEO, the Board of Corporate Auditors, and the Accounting Auditors.

2. As an advisory body to the Board of Directors, we have established the Nominating/Compensation Committee, which is composed mainly of Independent Outside Directors. In nominating candidates for Directors and determining the remuneration of Directors, we will strengthen the independence and objectivity of nomination and remuneration by having the Nominating/Compensation Committee deliberate and submit advice before resolutions of the Board of Directors. The Board of Directors shall consider, deliberate, and resolve matters concerning nomination and remuneration based on the advice of the Nominating/Compensation Committee.

Article 21. (Responsibilities of the Board of Directors)

1. The Company has established the Board of Directors as the body that makes decisions on business policies and important matters concerning the conduct of the business, and monitors and/or supervises the Directors appointed at Shareholders' Meetings and the Corporate Officers appointed at the Meetings of the Board of Directors.

Given its fiduciary responsibility and/or accountability to shareholders, the Board of Directors will fulfill the following roles and responsibilities to promote sustainable corporate growth, increase the corporate value over the mid to long term, and enhance the earning power and/or capital efficiency, etc.:

- (i) Set the direction and vision of our Company's objectives such as the corporate strategy, etc.;
- (ii) Establish an environment that supports taking calculated risks needed to promote swift, vigorous and flexible business development by the Corporate Officers by establishing and/or strengthening an internal control system that would allow resolutions and business policies to be appropriately implemented pursuant to the business judgment principle; and
- (iii) Monitor the Directors and/or the Corporate Officers through evaluations of business results and performance from an independent and objective standpoint.

2. When disclosing important business strategies and/or business plans, such as the medium-term management plan, etc., the Board of Directors and/or the Executive Officers will explain their earning plans and capital policy, and present their positions and targets for profitability and capital efficiency. Also, the Board of Directors and/or the Senior Management will endeavor to provide explanations that are clear and logical to shareholders regarding the measures to be taken for the

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allocation of management resources such as capital investment, recruitment, human resource development, etc., to achieve their business plans as set forth in the medium-term management plan. The Board of Directors and the Senior Management will explain the status of achieving the medium-term management plan to shareholders based on an analysis of the structural changes in the economy, social circumstances and other factors, and the measures taken by the Company.

3. In the deliberations and/or resolutions on important matters regarding business strategies and/or measures such as the medium-term management plan, etc., the Board of Directors will discuss the proposal by obtaining various views from the Inside Directors, Independent Outside Directors and Corporate Auditors based on their expertise, knowledge and experience. The Board of Directors will endeavor to ensure that active discussions and exchanges of views take place at the Meetings of the Board of Directors by explaining to the Outside Directors and/or Outside Auditors in advance the subject agenda. The progress of the medium-term management plan will be reviewed and followed regularly at meetings, and the achievement thereof will be analyzed by giving full consideration to any measure taken by the Company as well as structural changes in the economy, social circumstances and other factors, and the analysis will be reflected in the plan for the following fiscal period.

4. In principle, Meetings of the Board of Directors will be held monthly with the attendance of the Directors and Corporate Auditors. The Board of Directors will make decisions on important matters concerning the conduct of the business of our Company such as management policies, etc., and receive reports from the Directors and the Corporate Officers in charge concerning the conduct of important business, and supervise and monitor management performance to ensure operational appropriateness. Further, the evaluation thereof will be properly reflected to the HR of the Executive Officers. The Board of Directors will strengthen the monitoring and/or supervising functions concerning the proper conduct of the business by appointing more than one (1) Independent Outside Director, etc.

Article 22. (Fiduciary Responsibilities of Directors, Corporate Auditors, etc.)

Adhering to their fiduciary responsibilities to shareholders, the Directors, Corporate Auditors and Corporate Officers will build trust with Stakeholders through bi-lateral communication such as timely and/or appropriate disclosures of mutually beneficial information that are clear to Stakeholders; and act in the interest of our Company and the common interests of shareholders.

Article 23. (Establishment of an Environment that Supports taking calculated risk by the Corporate Officers)

The Board of Directors will consider the establishment of an environment that supports taking calculated risks needed to promote swift, vigorous and flexible business development by the Corporate Officers as a major part of their roles and responsibilities. It will encourage proposals from the Directors and/or the Corporate Officers, and examine such proposals from an independent

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and objective standpoint, and support prompt and/or active decision-making by the Corporate Officers when plans are to be actually implemented.

Article 24. (Delegation to Corporate Officers)

Conducting business other than the important matters set forth in the Guidelines on Items for Resolution of the Board of Directors such as approval of the medium-term management plan, important management strategies and/or policies, etc., the Board of Directors will delegate decision-making to the Corporate Officers and the Meeting of Corporate Officers' led by the President & CEO. The Board of Directors will monitor, supervise and/or evaluate the conduct of the business by them through reports on the status of the performance of duties submitted by the Corporate Officers.

Article 25. (Related Party Transactions)

If our Company engages in transactions with the Directors, Executive Officers or major shareholders, to ensure that such transactions will not harm the interests of our Company or the common interests of shareholders, such transactions (except for regular transactions) will be referred to the Meeting of the Board of Directors for approval. Furthermore, the results and status of each transaction will be reported to the Board of Directors after its completion, or on a regular basis if it is conducted over a long period.

Article 26. (Ensuring Effectiveness of the Board of Directors and the Corporate Auditors)

The Board of Directors will be of an appropriate size to be able to deliberate in a substantive manner. It will make decisions on the conduct of important business after sufficient discussions are held by the Inside Directors who have a profound knowledge of our business, and the Outside Directors who see our management from an objective standpoint based on their abundant experience outside the Company. Moreover, once a year, the Board of Directors will analyze and evaluate its effectiveness as a whole, taking into consideration relevant matters, including the self-evaluation of each Director, and identify issues that should be addressed. A summary of the results thereof will be disclosed.

The Board of Directors of our Company consists of the Chairman of the Board, the President & CEO, the Inside Directors, more than one (1) Outside Director, the Corporate Auditors, i.e., the Inside Corporate Auditors and more than one (1) Outside Corporate Auditor. In consideration of business development, the environment surrounding the business, etc., the Board of Directors will be structured in a manner that would achieve both diversity and the appropriate size.

To fulfill the roles and responsibilities expected of fiduciaries, where the Directors and Corporate Auditors also serve as directors, corporate auditors or members of the management in other companies, such positions will be limited to a reasonable number and disclosed by our Company.

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Article 27. (Independent Outside Directors)

1. Our Company will appoint more than one (1) Independent Outside Director with the goal of contributing to the sustainable growth of our Company and the increase of corporate value over the mid to long term. The Independent Outside Directors endeavor to contribute to sufficient discussions at the Meetings of the Board of Directors based on their extensive experience, outstanding abilities and knowledge. Creating beneficial proposals on management as well as compliance will contribute to the strengthening of a proper business operation system.

The Independent Outside Directors will monitor any conflict of interest between our Company during important decision-making of the Board of Directors, and endeavor to appropriately represent the views of Stakeholders from an independent standpoint.

2. Independent Outside Directors participate as members of the Nominating/Compensation Committee in drafting the report, in order to examine matters of particular importance, such as nomination and remuneration, based on an independent and objective standpoint.

Article 28. (Independence Standards and Qualifications for Independent Outside Directors)

The Board of Directors has established the Rules for Independent Officers. It has also established and disclosed the independence standards for the Independent Outside Directors. The Board of Directors will endeavor to select Independent Outside Director candidates who are expected to contribute to truthful, active and constructive discussions at the Meetings of the Board of Directors.

Article 29. (Coordination between Independent Outside Directors and Outside Corporate Auditors)

The Company will hold regular meetings consisting of (i) the Corporate Auditors and Outside Directors, (ii) the Corporate Auditors, Outside Directors and Accounting Auditors, and (iii) the Outside Directors and Outside Auditors, etc., so that the Outside Directors and Outside Auditors can exchange information and/or opinions in various ways.

Article 30. (Internal Control and/or Risk Management; Whistleblowing)

1. In relation to internal control and/or the risk management system, in accordance with the “Basic Policy on Establishment of Internal Control System,” the Board of Directors will inspect and maintain the said system by obtaining reports on the status of the establishment and operation thereof every year as well as assessments as stipulated in the internal audit report every quarter. The Board of Directors will conduct oversight activities to ensure timely and accurate information disclosures.

2. In addition to the Contact Point established within the Company, the Company will establish a Contact Point composed of an outside attorney who will be independent of the Corporate Officers, and it will report to the Corporate Auditors the outline of the whistleblowing and the status of the

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response. Also, the Company will enhance a framework for whistleblowing through the establishment of relevant rules and regulations, such that employees can report without fear of suffering from any disadvantageous treatment.

The Board of Directors will ensure and monitor the enforcement of the said internal control system.

Article 31. (Roles and/or Responsibilities of Corporate Auditors and the Board of Corporate Auditors)

Half or more of the Board of Corporate Auditors will be Outside Corporate Auditors who satisfy the requirement of being an independent officer as prescribed by our Company, and at least one (1) member will have the appropriate expertise on finance and/or accounting.

The Corporate Auditors and the Board of Corporate Auditors will positively and/or proactively exercise their rights and express their views at the Meetings of the Board of Directors. They will perform their responsibilities and/or duties concerning the business and accounting audits. The Corporate Auditors, the Board of Corporate Auditors and the internal audit department will consult with each other about an audit plan in advance so as to conduct an effective audit. In addition, they will supplement information by sharing audit information with each other as well as understand the multifaceted risks by conducting joint audit visits. The Corporate Auditors and Board of Corporate Auditors will hold regular meetings and secure the cooperation of the Outside Directors so that such Outside Directors can strengthen their capacity to collect information without having their independence jeopardized. The Accounting Auditors will participate in these meetings where/when necessary.

The Corporate Auditors and the Board of Corporate Auditors will adhere to their fiduciary responsibilities to shareholders, and make decisions from an independent and objective standpoint in performing their roles and responsibilities including the audit of the performance of the Directors' duties, appointment, dismissal and determination of the remuneration of the Accounting Auditors.

Article 32. (Providing Information and Support to the Board of Directors)

1. In principle, Meetings of the Board of Directors will be held each month. The schedule thereof will be fixed early enough so that the Directors and Corporate Auditors can make arrangements, and the convening notices thereof will be sent five (5) days prior to a meeting. To give each agenda sufficient time for consideration and discussion, the Board of Directors will set up sufficient time for deliberations depending on the content and importance of the agenda.

2. For the Directors and/or Corporate Auditors to fulfill their expected roles and responsibilities, the Company will provide an environment where the Directors and Corporate Auditors can proactively access information, and establish and enhance a support structure for them by providing sufficient staff, etc. Any support will be provided by the administrative office of the

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Board of Directors, mainly by the Executive Secretariat Department and/or Corporate Strategy Planning Department, to the Directors, and by the Corporate Auditors' Office to the Corporate Auditors.

The Board of Directors and the Board of Corporate Auditors will verify whether the information requested by each of the Directors and Corporate Auditors is provided efficiently to further establish an environment to enhance the effectiveness of the roles and duties of each of the Directors and Corporate Auditors.

3. To promote accurate, prompt and active decision-making, the Directors will actively request the relevant department to provide information and materials. Any information required by the Outside Directors for decision-making will be provided by the administrative office of the Board of Directors as necessary, including explaining and answering questions in advance regarding the matters to be resolved at the Meeting of the Board of Directors.

The Corporate Auditors will collect the necessary information by engaging in audit or exercising their statutory investigation power in accordance with the laws and regulations, and other means. As the main players, the full-time Corporate Auditors will actively request the Directors or relevant departments to provide the necessary information and/or materials.

4. In cases where it is decided that a third party opinion or view is required to perform their duty, the Directors and/or Corporate Auditors will actively consult and conduct the examination with external specialists, such as consultants, attorneys, etc.

Article 33. (Directors and/or Corporate Auditors' Training)

For the Directors and Corporate Auditors to fulfill their expected roles and responsibilities, the Company will give them opportunities to acquire the necessary knowledge, skills, etc. Upon assuming their position, the Directors and Corporate Auditors will receive training opportunities in relation to their responsibilities, risk management, finance and accounting, and other matters. Subsequently, incumbent Directors will continue to renew and update their knowledge by attending outside seminars and the like. The Outside Directors and Outside Corporate Auditors will receive explanations about the business from the Corporate Officers, and acquire the necessary knowledge and/or expertise by visiting the workplace and attending meetings with important customers to deepen their understanding of the Shimadzu Group's business, as necessary.

Amended on November 30, 2018