

Corporate Governance Policies

1/4/2019 Partial Revision and enforcement

1/10/2015 Establishment

Kurita Water Industries Ltd.

Table of contents

- 1. Basic Concept.....2
- 2. Basic Policies.....2
 - (1) Ensuring the rights and equality of shareholders.....2
 - (2) Appropriate level of cooperation with stakeholders other than shareholders.2
 - (3) Ensuring appropriate information disclosure and transparency of information.2
 - (4) Duties of the Board of Directors and the Audit & Supervisory Board, etc....3
 - (5) Dialogue with shareholders and investors.....3
- 3. Policies.....4
 - (1) Policy for ensuring the rights of minority shareholders.....4
 - (2) Capital policy.....4
 - (3) Policies regarding shares owned for policy purposes and the exercise of voting rights.....4
 - (4) Policies for responding to a large-scale purchase of the Company’s shares.5
 - (5) Practice of Ethical Behavior.....6
 - (6) Policies for nominating the accounting auditor.....6
 - (7) Policies for ensuring that audits are properly performed by the accounting auditor.....7
 - (8) Roles and duties of the Board of Directors.....7
 - (9) Size and makeup of the Board of Directors.....9
 - (10) Policies and procedures for nominating candidates for Directors and members of the Audit & Supervisory Board and for replacing the President and Director, Directors with positions of responsibility and Representative Directors 10
 - (11) Policies and procedures for nominating candidates for Directors and members of the Audit & Supervisory Board..... 11
 - (12) Roles and duties of independent External Directors and policy for the effective use of independent External Directors.....12
 - (13) Criteria for judging the independence of independent External Directors.12
 - (14) Policies for evaluating the Board of Directors.....13
 - (15) Training policies for the Directors and the members of the Audit & Supervisory Board..... 14
 - (16) Policies for dialogue with shareholders and investors and the appropriate disclosure of information..... 14
- 4. Review.....16

1. Basic Concept

Kurita Water Industries Ltd. and its consolidated subsidiaries (hereinafter the “Kurita Group,” and Kurita Water Industries Ltd. on a non-consolidated basis shall be hereinafter referred to as the “Company”) aim to contribute broadly to society through corporate activities in the fields of water and environment in accordance with the Kurita corporate philosophy, “Study the properties of water, master them, and we will create an environment in which nature and man are in harmony.” The Kurita Group will make efforts to promote sustainable growth and enhance its corporate value in the medium and long term, deferring to the rights and position of various stakeholders such as customers, business partners, employees, shareholders, and local communities while striving to meet their expectations. To this end, the Kurita Group will establish corporate governance, with the aim of realizing transparent, fair, prompt, and decisive decision-making measures and highly effective management supervision.

2. Basic Policies

(1) Ensuring the rights and equality of shareholders

The Kurita Group will work to develop an environment in which the shareholders are able to appropriately exercise their rights, such as voting rights at a general meeting of shareholders, and provide the information needed to exercise of their rights in a timely and accurate manner in order to secure the substantive equality of the rights of shareholders, including minority and foreign shareholders.

(2) Appropriate level of cooperation with stakeholders other than shareholders

The Kurita Group will work to ensure an appropriate level of cooperation with stakeholders such as customers, business partners, employees, and local communities under the leadership of the Board of Directors. To achieve this aim, the Kurita Group will properly respond to issues related to sustainability, and make actions based on compliance with laws, regulations, and social ethics a prerequisite for all corporate activities.

(3) Ensuring appropriate information disclosure and transparency of information

The Kurita Group will develop an environment in which the Audit & Supervisory Board, the members of the Audit & Supervisory Board, and the accounting auditor are able to conduct audits properly. It will also disclose information in accordance with the laws related to information disclosure, such as the Companies Act and the Financial Instruments and Exchange Act, and

regulations for the timely disclosure of corporate information established by the Tokyo Stock Exchange. The Kurita Group will actively and fairly disclose information that is deemed to be effective for facilitating understanding of the Kurita Group among shareholders and investors. This information will comprise financial information including financial conditions and results of operations, management strategies including risks, corporate governance and matters related to social and environmental issues, and policies for capital efficiency.

(4) Duties of the Board of Directors and the Audit & Supervisory Board, etc.

The Board of Directors will fulfill its fiduciary responsibility and accountability to shareholders. It will strengthen the orientation of corporate strategies, decision-making on important matters related to operational execution, the supervision of overall management, the internal controls and risk management measures that support appropriate risk-taking, etc. in order to enhance the corporate value and earnings power, as well as improve capital efficiency, etc.

The members of the Audit & Supervisory Board and the Audit & Supervisory Board will fulfill their fiduciary responsibility to shareholders, and conduct audits in an appropriate manner and express their opinions from an independent and objective standpoint.

(5) Dialogue with shareholders and investors

Continuing to emphasize management that values shareholders, the Kurita Group will make efforts to engage in constructive dialogues with shareholders and investors, as well as provide them with information in a timely and appropriate manner.

3. Policies

(1) Policy for ensuring the rights of minority shareholders

The Company will set forth procedures for requesting the execution of rights in the Shares Handling Regulations, thereby enabling minority shareholders to appropriately execute their rights for suspending the illegal acts of the Company and the Company's officers and file a representative suit. If a shareholder requests to execute his or her rights, the Company will build a fair and transparent relationship with the shareholder by taking appropriate actions.

(2) Capital policy

The Kurita Group will work to keep the return on equity (ROE) at a level higher than the cost of capital ratio. Setting the target dividend payout ratio between 30% and 50%, the Kurita Group will continue to increase dividends whenever possible to ensure that the dividend payout ratio stays within this range for the most recent five-year period.

(3) Policies regarding shares owned for policy purposes and the exercise of voting rights

1) Policy regarding shares owned for policy purposes

In some cases, the Company holds listed shares as shares owned for policy purposes to strengthen business relationships, etc. When holding such shares, the Company makes efforts to minimize the risk of holding shares owned for policy purposes by examining economic rationality in the medium and long term and relationships with companies whose shares the Company holds. The propriety of holding each individual stock owned for policy purposes is reviewed on a regular or timely basis at the Board of Directors by closely examining the expected return against the cost of capital and actual business transactions with the company whose shares the Company holds. Based on the results of the examination, the Company aims to reduce the holding of shares owned for policy purposes.

2) Policy for exercising the voting rights of shares owned for policy purposes

When exercising the voting rights of shares owned for policy purposes, the Company will do so by judging the pros and cons of each proposal, taking into comprehensive consideration the enhancement of the corporate value of a company in the medium and long term in which the Company holds shares and the contribution to enhancing the shareholder value of the Company.

3) Policy for responding to the intention to sell, etc. of the Company's shares indicated by a shareholder owning shares for policy purposes¹

If a shareholder owning shares for policy purposes indicates its intention to sell, etc. the Company's shares, the Company will not prevent the shareholder from making such sale, etc.

¹ The term "shareholder owning shares for policy purposes" means a shareholder who owns the Company's shares for policy purposes.

4) Policy for transactions with shareholders owning shares for policy purposes

The Company will not conduct transactions with any shareholder owning shares for policy purposes if such transactions are detrimental to the Company itself and common interests of its shareholders.

(4) Policies for responding to a large-scale purchase of the Company's shares

1) Policy for responding to a large-scale purchase of the Company's shares

The Company will work to enhance its corporate value by expanding the business of the Kurita Group and pursuing other measures, without implementing takeover defense measures². If an attempt is made to conduct a large-scale purchase of the Company's shares, and the Board of Directors deems this large-scale purchase to be an abuse that harms the corporate value of the Company or the common interests of its shareholders, the Company will respond to this attempt in accordance with separately specified procedures.

² "Takeover defense" means the introduction of measures that make it difficult to successfully acquire a listed company (which in this case means an act to acquire the number of shares needed to exercise influence over the listed company). These measures include the issuing new shares or share options, etc. for non-business purposes, such as financing, and are introduced before a person the manager of the listed company considers to be unfavorable commences the acquisition. The word "introduction" here means deciding on the specific details of takeover defense, such as resolving to issue new shares or share options as a means for preventing the takeover.

2) Policy for responding to a large-scale purchase by means other than a takeover bid

When an attempt is made to conduct a large-scale purchase of the Company's shares or when there are signs that such an attempt will be made, the Board of Directors will examine whether this attempt is an abuse that harms the corporate value of the Company or the common interests of its shareholders. If the Board of Directors deems this large-scale purchase to be an abuse that harms the corporate value of the Company or the common interests of its shareholders, the Board of Directors will decide the takeover defense measures. If a decision is made to implement takeover defense measures, the Company will immediately disclose this information.

3) Policy for responding to large-scale purchase by takeover bid

If the Company's shares become the target of a takeover bid, the Board of Directors will immediately determine its opinion about the takeover bid and make an announcement. The Company will not interfere unduly with the right of its shareholders to relinquish the shares they hold by accepting the takeover bid.

(5) Practice of Ethical Behavior

1) Establishment of the Code of Conduct

The Kurita Group will conduct business in deference to the rights of its stakeholders such as customers, business partners, employees, shareholders, and local communities, placing compliance with laws and regulations and actions that are based on social ethics as a prerequisite for all corporate activities. The Board of Directors will set forth core values and the code of conduct to ensure the effectiveness of this management.

2) Reviewing the practice of ethical behavior

The Board of Directors will conduct a review once a year to determine whether the Code of Conduct is widely established among employees and whether they put it into practice.

(6) Policies for nominating the accounting auditor

1) Policy for a nominating the accounting auditor

The Audit & Supervisory Board will nominate a candidate for the accounting auditor by establishing the criteria for nominating, dismissing, and refusing to reappoint the accounting auditor of the Company. These criteria are meant to ensure the independence and expertise of the accounting auditor so that it may conduct audits properly, and thereby enable the Kurita Group to earn the confidence of its shareholders and society and fulfill its social responsibility as a company.

2) Standards for selecting a candidate for the accounting auditor and evaluating the accounting auditor

When selecting a candidate for the accounting auditor, the Audit & Supervisory Board will make a judgment on the nomination, dismissal, and refusal to reappoint the accounting auditor of the Company by obtaining the necessary materials, receiving a report from the Directors and related divisions inside the Company, and making a comprehensive assessment of the following items based on the evaluation standards set forth in the Audit Standards of the Audit & Supervisory Board:

- a) Independence, b) Quality control, c) Auditing capabilities, d) Audit plan, e)

Implementation system, and f) Audit costs

(7) Policies for ensuring that audits are properly performed by the accounting auditor

1) Securing the appropriate amount of time for the accounting auditor to conduct an audit

The Kurita Group will secure the appropriate amount of time for the accounting auditor to conduct an audit in order to ensure that a high-quality audit is performed.

2) Ensuring the appropriate level of cooperation with the accounting auditor

The Company will sufficiently promote cooperation with the accounting auditor by arranging opportunities for the accounting auditor to conduct interviews with the President, the Executive General Managers of Sales Divisions, the Executive General Manager of the Next Generation Business Division, the Executive General Manager of the Engineering Division, the Executive General Manager of the Corporate Planning and Control Division, and the External Directors. The members of the Audit & Supervisory Board, the Internal Auditing Department, and the accounting auditor will promote a greater level of cooperation by mutually checking each other's audit plans and sharing their concerns.

3) Appropriate response to the findings of the accounting auditor

If the accounting auditor discovers acts of misconduct and asks for the appropriate response to be made, or if the accounting auditor points out defects in the internal control, the Executive General Manager of the Corporate Planning and Control Division will investigate the facts and the cause by setting up an investigation committee, and immediately publish information that should be disclosed as necessary. The members of the Audit & Supervisory Board will ask for an investigation committee to be set up when needed, work to uncover the facts by receiving an explanation from the investigation committee, and audit the progress of the Directors and the investigation committee in addressing the situation.

(8) Roles and duties of the Board of Directors

1) Roles and duties of the Board of Directors

(i) The Board of Directors shall be responsible for promoting sustainable growth

and enhancing the corporate value in the medium and long term by realizing efficient and effective corporate governance, while respecting the rights and opinions of stakeholders such as customers, business partners, employees, shareholders, and local communities and striving to meet their expectations. In line with the corporate philosophy, "Study the properties of water, master them, and we will create an environment in which nature and man are in harmony," the Board of Directors will also offer strategic direction that will contribute

to the sustainable growth of the Kurita Group, and determine how to conduct important operations based on the direction.

(ii) To fulfill the responsibility stated in the preceding paragraph, the Board of Directors will ensure the fairness and transparency of management and disclose information in a timely and accurate manner by fulfilling its supervisory function over the Directors and the overall management. It will make decisions in the best interest of the Kurita Group quickly and decisively by appointing candidates for the Directors and members of the Audit & Supervisory Board, appointing executive officers, evaluating Directors, and deciding on their remuneration. It will also assess major risks facing the Kurita Group and formulate countermeasures to address these risks, and decide on how to execute the important operations of the Kurita Group.

2) The scope of judgments and decisions made by the Board of Directors and the scope of responsibility delegated to senior management³

The Board of Directors will make decisions on important matters related to operational execution, such as matters related to the management policies set forth in the Board of Directors Regulations, the strategies, targets, and focused measures for management plans, important investments and loans, and business transfers, etc. In regards to the operational execution other than important matters, the Executive Committee consisting of senior management or senior management with the decision-making authority set forth in the Internal Decision Approval and Review Rules will quickly make decisions on matters related to operational execution, striving to achieve the objectives of the business plans.

³ The term “senior management” means the Directors with positions of responsibility and persons appointed by the President.

3) Transactions between related parties⁴

When conducting an important transaction with a related party, the Company will review and decide on the transaction in advance at the Board of Directors to ensure that the transaction does not harm the interest of the Kurita Group and the common interests of its shareholders. The details of the submission standards, etc. shall be set forth in the Board of Directors Regulations, and the standards shall be disclosed.⁵

⁴ The term “related party” means the persons listed below.

(1) A subsidiary, (2) an affiliate, (3) a shareholder who holds 10% of more of the voting rights of the Company and its close relative, (4) an officer of the Company and its close relative, (5) an officer of an important subsidiary and its close relative, (6) a company in which a party mentioned in (3) through (5) above holds the majority of the voting rights for

its own account and its subsidiary, (7) a pension fund for employees (only if an important transaction other than the contribution of premiums is conducted between the corporate pension fund and the company), and (8) a person set forth in Paragraph 5 (3) of “the Accounting Standard for Related Party Disclosures”.

⁵ The term “important transaction” means the transactions listed below.

(1) Transaction exceeding 10% of the net sales or the sum of the cost of sales and selling, general and administrative expenses on a consolidated statement of income, (2) transaction related to profit or loss exceeding 10% of the non-operating income or non-operating expenses on a consolidated statement of income, (3) transaction exceeding 10 million yen of the extraordinary income or extraordinary losses on a consolidated statement of income, (4) transaction exceeding 1% of the total assets on consolidated balance sheet, (5) transaction in which the balance, the total amount of transactions generated, or the average balance for the period of the loan of funds or the purchase or sale of tangible fixed assets or securities, etc. exceeds 1% of total assets on a consolidated balance sheet, (6) in the case of the transfer or acquisition of business, the total amount of assets or liability subject to the transfer or acquisition, whichever amount is greater, exceeds 1% of the total assets on a consolidated balance sheet, (7) in the event the related party is an individual, the transaction of an item on a consolidated statement of income or a consolidated balance sheet that exceeds 10 million yen, and (8) transactions set forth in Paragraph 13 through Paragraph 18 and Paragraph 20 of “the Guidance on Accounting Standard for Related Party Disclosures”.

(9) Size and makeup of the Board of Directors

1) Personnel structure

To fulfill the highly effective supervisory function over the operational execution, the Board of Directors shall be organized in a way that complements the necessary knowledge, experience and diversity for overall decision making. The Company will ensure that the Board will consist of personnel with a high degree of expertise in various business fields, management planning, finance and accounting, legal affairs, and technologies, etc., taking into consideration gender, international experience, etc.

2) Number of Directors

There shall be three or more Directors in total. Two of these Directors shall be External Directors to ensure the independence and objectivity of the Board of Directors.

(10) Policies and procedures for deciding the remuneration of the Directors and the members of the Audit & Supervisory Board

1) Policy for deciding the remuneration of the Directors and the members of the Audit & Supervisory Board

The remuneration system for the Directors (excluding External Directors) consists of fixed remuneration as the basic remuneration and incentive remuneration that reflects performance. The remuneration system for External Directors with supervising functions and members of the Audit & Supervisory Board is a fixed remuneration plan. The fixed remuneration is a fixed amount by position for Directors and by working form for members of the Audit & Supervisory Board, and a portion thereof is appropriated for the Directors' and Audit & Supervisory Board members' Shareholding Scheme for the purchase of the Company's shares so that Directors and members of the Audit & Supervisory Board share the risks of share price fluctuation with shareholders. The incentive remuneration consists of short-term incentive remuneration, which increases or decreases depending on factors such as the level of attainment of the annual business plan or the evaluation of each individual's performance of his or her duties, and long-term incentive remuneration, whereby shares are issued to retiring Directors according to their performance while in office and title. The incentive remuneration is intended to serve as an incentive to Directors (excluding External Directors) to continuously improve the Kurita Group's business results for the enhancement of the corporate value.

2) Procedures for deciding the remuneration of the Directors and the members of the Audit & Supervisory Board

When making a proposal regarding the remuneration system and the remuneration level of the Directors (excluding External Directors) and the members of the Audit & Supervisory Board and the performance evaluation of the Directors to the Board of Directors, the Chairperson of the Board of Directors will consult the Nomination and Remuneration Advisory Council in advance. Based on the report given by the Nomination and Remuneration Advisory Council, the Board of Directors will decide the remuneration of the Directors within the total amount determined by a general meeting of shareholders. The allocation of remuneration to each member of the Audit & Supervisory Board shall be decided through consensus of the Audit & Supervisory Board.

(11) Policies and procedures for nominating candidates for Directors and members of the Audit & Supervisory Board and for replacing the President and Director, Directors with positions of responsibility and Representative Directors

1) Policy for nominating candidates for Directors and members of the Audit & Supervisory Board and for replacing the President and Director, Directors with positions of responsibility and Representative Directors

The Board of Directors will nominate candidates for Directors in accordance with the “Size and makeup of the Board of Directors” in (9) and, by giving consideration to sustained growth, etc. of the Kurita Group, will review the management structure at least once a year and determine the President and Director, Directors with positions of responsibility and Representative Directors. The Board of Directors will also nominate candidates for the members of the Audit & Supervisory Board in such a way that the number of the members will be three or more, one or more of which will be a member who is specialized in finance, accounting and legal affairs.

2) Procedures for nominating candidates for Directors and members of the Audit & Supervisory Board and for replacing the President and Director, Directors with positions of responsibility and Representative Directors

When making a proposal of candidates for Directors, the President and Director, Representative Directors, and Directors with positions of responsibility as well as members of the Audit & Supervisory Board, the Chairperson of the Board of Directors will consult the Nomination and Remuneration Advisory Council in advance. Based on the report given by the Nomination and Remuneration Advisory Council, the Board of Directors will submit a proposal for recommending the candidates for Directors and members of the Audit & Supervisory Board to the Board of Directors by stating the reason for recommendation. After deliberating the proposal, the Board of Directors will nominate the candidates for Directors and members of the Audit & Supervisory Board and determine the President and Director, Directors with positions of responsibility and Representative Directors. When submitting a proposal for recommending the candidates for the members of the Audit & Supervisory Board to the Board of Directors, the consent of the Audit & Supervisory Board shall be obtained in advance.

3) Plan of succession

The President and Director will consult the Nomination and Remuneration Advisory Council about the requirements for the successor to the President and for the Directors. The Board of Directors will deliberate and decide the requirements by taking into consideration the aims of the Company and its specific management strategies. The Successor Planning Committee consisting mainly of external officers regularly conducts reviews on the selection of a candidate for successor to the President and Director and on developing successor planning measures. The results of the review will be confirmed at the Board of Directors.

4) Restriction on concurrent service of Directors and members of the Audit & Supervisory Board
Full-time Directors and full-time members of the Audit & Supervisory Board shall not concurrently serve as a Director or a corporate auditor of some other listed company, etc. Part-time independent External Directors and independent members of the Audit & Supervisory Board shall not concurrently serve as a Director or a corporate auditor at more than three listed companies including the Company. The Company will disclose the concurrent service status of Directors and members of the Audit & Supervisory Board every year.

(12) Roles and duties of independent External Directors and policy for the effective use of independent External Directors

1) Roles and duties of independent External Directors

(i) Independent External Directors shall evaluate the results of the business activities of the Kurita Group and the execution of operations by the Directors and the executive officers, taking into consideration the corporate philosophy, the corporate vision, the medium-term management plan, and the management plan for a fiscal year. They shall express their opinions at the Board of Directors from the standpoint of promoting the sustainable growth of the Kurita Group and enhancing its corporate value in the medium and long term.

(ii) Independent External Directors shall express their opinions at the Board of Directors from an independent position and the standpoint of supervising management in regards to the nomination of candidates for the Directors, the remuneration of the Directors, and other important decisions made at the Board of Directors.

2) Policies for the effective use of independent External Directors

(i) The Directors and the members of the Audit & Supervisory Board shall mutually exchange information with independent External Directors and promote the shared understanding of the execution of operations, using opportunities such as the Board of Directors and other individual meetings. The exchange of information and shared understanding will enable independent External Directors to fulfill their roles and responsibilities.

(ii) If necessary, independent External Directors may instruct certain employees who belong to the Corporate Planning and Control Division to assist the Directors with their duties.

(13) Criteria for judging the independence of independent External Directors

The criteria for judging the independence of independent External Directors in selecting candidates shall be that the candidates for independent External Directors and their close relatives⁶ must not fall under any of the following items.

a. A person who currently executes the operations of the Company or its subsidiary or has executed such operations in the past 10 years.

- b. A person whose major business partner is currently the Company⁷ or was the Company at some time during the past year, or an individual who executes the operations of this party
- c. A current major business partner of the Company⁸ or a major business partner at some time during the past year, or a person who executes the operations of the major business partner
- d. A consultant, an accountant, or a legal professional who currently receives or has received at some point during the past year a lot of money or property⁹ other than remuneration for officers from the Company
- e. A current major shareholder of the Company¹⁰ or a person who executes the operations of a major shareholder
- f. A person who executes the operations of an organization in which an external officer also currently assumes office (the person only)
- g. A person who executes the operations of an organization to which the Company currently makes a donation (the person only)

⁶ The term “close relatives” means relatives within the second degree of kinship.

⁷ The term “person whose major business partner is the Company” means a person whose sales in transactions with the Company make up 2% or more of that person’s consolidated net sales.

⁸ The term “major business partner of the Company” means a business partner with whom the Company’s sales in transactions make up 2% or more of the consolidated net sales of the Company, or a business partner from which borrowings make up 1% or more of the consolidated total assets of the Company.

⁹ The term “a lot of money or property” means money and other property that are equivalent to 10 million yen or more per year, other than remuneration for officers.

¹⁰ The term “major shareholder of the Company” means a shareholder who has voting rights that account for 10% or more of the voting rights of the Company.

(14) Policies for evaluating the Board of Directors

1) Purpose and frequency of evaluation

The Board of Directors will analyze and evaluate its effectiveness every year in order to fulfill its expected roles and functions more effectively.

2) Evaluation items

The effectiveness of the Board of Directors shall be analyzed and evaluated from various aspects by setting appropriate evaluation items. These items will make it possible to understand the makeup of the Board of Directors and identify the degree of contribution individual Directors make to the Board of Directors, etc.

3) Disclosure of evaluation results

The overview of the evaluation results and the future issues and measures of the Board of

Directors shall be disclosed every year by means of the annual report, etc.

(15) Training policies for the Directors and the members of the Audit & Supervisory Board

1) Orientation for newly-appointed Directors and members of the Audit & Supervisory Board

Newly-appointed Directors and members of the Audit & Supervisory Board shall participate in the prescribed orientation immediately after they take office so that they can perform their expected roles and duties.

2) Self-improvement of the Directors and the members of the Audit & Supervisory Board

The Directors and the members of the Audit & Supervisory Board shall acquire the knowledge they require on their own and continuously devote themselves to learning so that they can perform their expected roles as executives who play a role in the important governing bodies of a company. The Company will provide the Directors and the members of the Audit & Supervisory Board with information about external seminars and other opportunities for self-improvement, and cover their expenses within the range specified in a separate document.

3) Checking the implementation status of training

The Executive General Manager of the Corporate Planning and Control Division will report the implementation status of training for the Directors and the members of the Audit & Supervisory Board to the Board of Directors every year.

(16) Policies for dialogue with shareholders and investors and the appropriate disclosure of information

1) Basic stance

Continuing to emphasize management that values shareholders, the Kurita Group will actively listen to feedback of shareholders and investors, and continuously work to develop a framework to promote constructive dialogue with shareholders and investors in order to contribute to the sustainable growth of the Company and enhance its corporate value in the medium and long term.

2) Framework for promoting dialogue

(i) The responsible official in charge of conducting constructive dialogue with shareholders and investors shall be the Executive General Manager of the Corporate Planning and Control Division. The Executive General Manager of the Corporate Planning and Control Division shall individually engage in dialogue with shareholders and investors upon receiving a request for dialogue from shareholders and investors, and work to set up a useful place for shareholders and investors by securing opportunities for dialogue between shareholders and investors and the President and other members of management.

(ii) As an organization that supports dialogue with shareholders and investors, the Company

will set up a full-time IR and SR section in the Corporate Planning and Control Division, and appoint full-time IR and SR staff. To identify and gather important in-house information and manage it appropriately, the Executive General Manager of the Corporate Planning and Control Division will also set up an IR and SR liaison group consisting of the persons in charge in the Corporate Planning Department, the Finance and Accounting Department, and the Corporate Communications and CSR Department to share information regularly or as needed. The Executive General Manager of the Corporate Planning and Control Division will manage this group and provide the information necessary for dialogue.

3) Efforts to enhance IR and SR activities

The Executive General Manager of the Corporate Planning and Control Division shall be in charge of IR and SR activities that will serve as dialogue alternatives to individual meetings. The full-time IR and SR staff will work to enhance dialogue with shareholders and investors by planning and conducting various explanatory meetings and transmitting more information. The Executive General Manager of the Corporate Planning and Control Division shall report on the results of and plans for IR and SR activities at the Board of Directors each year.

4) Conveying the feedback of shareholders and investors to management

The Executive General Manager of the Corporate Planning and Control Division shall convey the feedback and concerns of shareholders identified through dialogue with them to the Board of Directors on a regular basis or as needed. The full-time IR and SR staff shall prepare the minutes soon after the dialogue is conducted, and provide an environment where the Directors, the members of the Audit & Supervisory Board, and the executive offices are able to read the minutes whenever they wish to do so.

5) Management of insider information

The Company has established the “Regulations Concerning Regulations on Insider Trading of Shares, etc.” as specified by law to prevent insider trading from occurring, and will work to observe the Regulations in dialogue with shareholders and investors. The Company has also set up a silent period that lasts from the day after the fiscal year end to the announcement of business results. In general, the purpose of the silent period is to prevent the leakage of information about business results and ensure fairness. The Company will refrain from answering questions and commenting on business results during the silent period. However, in the event that performance is expected to significantly deviate from forecasts during the quiet period, the Company will implement appropriate information disclosure in accordance with the standards for information disclosure.

6) Understanding the shareholder structure

To promote dialogue with substantial shareholders, the Company will make efforts to understand the shareholder structure by conducting a survey at least twice a year in Japan and

other countries to identify substantial shareholders.

4. Review

These policies will be reviewed regularly (at least once a year) or when the need to review them arises. The revision of these policies shall be decided by a resolution of the Board of Directors.

1/4/2019 Partial Revision and enforcement

1/12/2018 Partial Revision and enforcement

1/4/2018 Partial Revision and enforcement

29/6/2017 Partial Revision and enforcement

1/4/2017 Partial Revision and enforcement

1/10/2016 Partial Revision and enforcement

29/6/2016 Partial Revision and enforcement

1/10/2015 Establishment