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Corporate Governance Report

Last Updated: June 28, 2019
Hitachi Metals, Ltd.
Koji Sato
President and Chief Executive Officer
Securities Code: 5486
https://www.hitachi-metals.co.jp/e/index.html

The corporate governance of Hitachi Metals, Ltd. (the "Company") is described below.

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

1. Basic Views [Updated]

The underlying basis for corporate governance at the Company is to ensure transparent, sound, and efficient management, meet the needs of our stakeholders, and increase corporate value. We believe increasing corporate value to be one of our most important management challenges.
Accordingly, it is imperative that we create an organizational structure in which management supervision and business execution both function effectively and are balanced. We also believe that timely, high-quality information disclosure contributes to the improvement of corporate governance. In pursuit of this philosophy, we go beyond simple financial disclosure, regularly publishing the details of individual businesses and medium-term management plans.
We acknowledge that compliance is the linchpin of corporate governance. Because of this, we must go beyond mere compliance with laws and internal regulations, extending to the role we must fulfill as a member of society while staying aware of the corporate activities that we engage in, based on respect for social ethics and morality. The Company established the "Hitachi Metals Group Codes of Conduct" (https://www.hitachi-metals.co.jp/e/corp/corp15.html), which materializes the above details and serves as specific standards to guide its Directors, Executive Officers, and employees on what is the appropriate conduct.
Directors and Executive Officers are compensated for executing management that enhances the Company's corporate value and benefits stakeholders by formulating, determining, and executing management policies from a medium- to long-term perspective, medium-term management plans, and annual business budgets, and the compensation system reflects the Company's short-term and medium- to long-term business performance.
The Company's corporate governance framework is established in the Corporate Governance Guidelines ("the Guidelines") and the basic policy on the internal control system determined by the Board of Directors based on Japan's Companies Act. An overview of this basic policy is provided in "IV. Matters Related to Internal Control System, 1. Basic Views on Internal Control System and Progress of System Development." Furthermore, the Guidelines are also provided on the Company's website (https://www.hitachi-metals.co.jp/e/ir/ir-csr.html).

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

The Company implements all the principles of the corporate governance code.

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

[Principle 1-4] Holding Shares of Other Companies as Strategic-Shareholdings
In principle, the Company shall not hold the shares of other companies as strategic-shareholdings. The exception is if the Company believes these holdings contribute to the Company's corporate value. The Company would comprehensively take into consideration objectives of such holdings such as maintenance and strengthening of business relations, capital tie-ups, business alliances and joint development as well as associated returns and risks. The Company has been reducing such holdings through conducting an annual review of holding objectives by the Board of Directors primarily on the significance of holding and the cost of capital of each individual stock from qualitative and quantitative aspects. For other policies on our strategic-shareholdings, please refer to Article 7. Policies Concerning Holding Shares of Other Companies as Strategic-Shareholdings in the Guidelines.
As of March 31, 2019, the number of the strategic-shareholdings was 26. The number has decreased from 42 as of March 31, 2015, when the corporate governance code had yet to be implemented.

[Principle 1-7] Related Party Transactions
For policies and procedures on transactions with the Company's parent company, please refer to Article 8. Transactions with a Parent Company of the Company in the Guidelines

[Principle 2-6] Roles of Corporate Pension Funds as Asset Owners
The Company adopts a contract-type defined benefit pension plan. To manage the pension plan, the Company has established the Retirement Benefits Committee consisting of the officer in charge of Human Resources & General Administration, the officer in charge of Finance and others, and assigned personnel with appropriate qualifications required in the Human Resources & General Administration and Finance Division as the secretariat. In addition, the Company has established a basic policy on pension asset management to ensure pension benefits to beneficiaries in the future and secure the total returns necessary for payment over the long term. According to the policy, the Company sets a medium- to long-term strategic asset mix as well as selects and evaluates asset managing trustees, and monitors the status of pension asset management on a regular basis. The trustees manage conflicts of interest between such trustees and beneficiaries by complying with the defined criteria for the exercise of voting rights, taking into account that they exercise their voting rights solely for the purpose of increasing performance of asset management as defined in the basic policy.
Furthermore, to help employees ensure stable asset building, the Company adopts defined contribution pension plans in addition to the contract-type defined benefit pension plan, carries out the review of asset managing trustees and asset management products, and provides employees with educational sessions on asset management.

[Principle 3-1] Full Disclosure
i) Company objectives (e.g., business principles), business strategies and business plans
For the Company's business principles, please refer to Article 1. Business Principles in the Guidelines. For the Company's business strategies and business plans, the Company has developed the Fiscal 2021 Medium-term Management Plan, setting 2021 (ending March 31, 2022) as the final fiscal year, and the details are posted on the Company's website: https://www.hitachi-metals.co.jp/e/ir/ir-prsen.html.

ii) Basic views and policies on corporate governance
For the Company's basic views and policies on corporate governance, please refer to 1. Basic Views above and the Guidelines.

iii) The Compensation Committee's policies and procedures in determining the compensation of the senior management and Directors
As the Company is a company with nominating and other committees ("company with Nominating Committee, etc."), it sets forth the policy on the determination of compensation, etc. for each Director and Executive Officer in the Compensation Committee, with a majority of the members being independent Outside Directors, and determines the amount of individual compensation based on the policy. For the policy on the determination of compensation, etc. for each Director and Executive Officer, please refer to "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management," "1. Organizational Composition and Operation," "Compensation for Directors and Executive Officers," "Disclosure of Policy for Determining Compensation Amounts or Calculation Methods Thereof" provided later in this document.

iv) The Board of Directors' policies and procedures in appointing and dismissing the senior management and the Nominating Committee's policies and procedures in nominating candidates for Director
As the Company is a company with Nominating Committee, etc., it determines candidates for Director in the Nominating Committee, with a majority of the members being independent Outside Directors. The Nominating Committee determines candidates for Director based on Article 12. Size of the Board, Article 13. Composition of the Board, Article 14. Qualifications of Directors, and Article 15. Criteria for Independence of Outside Directors in the Guidelines.
The Board of Directors ensures that the appointment and dismissal of an Executive Officer are conducted in a fair manner based on Article 20. Policy on Appointment and Dismissal of Executive Officers in the Guidelines.

v) Reasons for appointing and nominating the senior management and candidates for Director
For the reasons for nominating candidates for Director at the 82nd Ordinary General Meeting of Shareholders, please refer to Reference Document for the General Meeting of Shareholders on pages 4 to 15 in Notice of the 82nd Ordinary General Meeting of Shareholders on our website: https://www.hitachi-metals.co.jp/e/ir/ir-stock.html. For the reasons for appointing Executive Officers, please refer to "Reasons for appointment as Executive Officer" provided later in this document.

[Supplementary Principle 4-1-1] Summary of Scope of Matters Delegated to the Management by the Board of Directors
The Company specifies items resolved by the Board of Directors in the Board of Directors Rules. They include items such as dividend of surplus; issuance of new shares and subscription rights to shares; acquisition, lending, borrowing and disposal of assets, debt guarantee, and organizational restructuring with value exceeding a certain threshold as well as items subject to approval by the board of directors under the Companies Act of Japan (including determination of basic management policy and basic policies for establishing internal control systems, appointment and dismissal of Executive Officers, and appointment and removal of Representative Executive Officer). Determination of items other than the above is delegated to the President and Chief Executive Officer.

[Principle 4-9] Criteria for Independence of Outside Directors
For the criteria for independence of Outside Directors, please refer to Article 15. Criteria for Independence of Outside Directors in the Guidelines.

[Supplementary Principle 4-11-1] Views on Appropriate Balance between Knowledge, Experience and Skills of the Board of Directors as a Whole, on Diversity and Appropriate Size of the Board of Directors
The Articles of Incorporation provides that the Company shall have not more than ten directors. For other matters on views on appropriate balance between knowledge, experience and skills of the Board of Directors as a whole, as well as on diversity and appropriate size of the Board of Directors, please refer to Article 12. Size of the Board, Article 13. Composition of the Board, and Article 14. Qualifications of Directors in the Guidelines.

[Supplementary Principle 4-11-2] Concurrent Positions Assumed by Directors
For principal concurrent positions assumed by Directors, please refer to Reference Document for the General Meeting of Shareholders on pages 4 to 15 in Notice of the 82nd Ordinary General Meeting of Shareholders on our website: https://www.hitachi-metals.co.jp/e/ir/ir-stock.html.

[Supplementary Principle 4-11-3] Analysis and Evaluation of Effectiveness of the Board of Directors
The Company conducted a questionnaire survey and an individual interview with the Directors on effectiveness of the Board of Directors as a whole for fiscal 2018 (from April 1, 2018 to March 31, 2019). The major categories of the questionnaire survey consist of composition, decision-making process and contribution, operation and support systems, and others.
At the Board of Directors meeting held in May 2019, the effectiveness of the Board of Directors was discussed and evaluated based on each Director's evaluations and opinions obtained from the survey and interviews.
As a result, the Board of Directors has verified that effectiveness of the Board of Directors as a whole is ensured as agendas for the Board of Directors meetings are appropriately selected, business strategies and management issues are actively discussed, and important agendas are fully discussed in advance.
On the other hand, the Company has recognized room for further improvement in discussion on the following matters:
1) Timely follow-up of the progress on measures of strategy implementation and solutions to management issues,

2) Further expansion of opportunities to obtain information (on businesses and personnel) necessary for Directors to fulfill their roles, and
3) Enhancement of the governance system for the whole Group companies and business sites.
We will use the above findings for operation of the Board of Directors to further enhance its effectiveness in the future.

The Company also conducted a questionnaire survey and an individual interview with the members of the Audit Committee on effectiveness of the Audit Committee for fiscal 2018.
At the Audit Committee meeting held in May 2019, the effectiveness of the Audit Committee was discussed and evaluated based on each Committee member's evaluations and opinions obtained from the survey and interviews. As a result, the Audit Committee has verified that the effectiveness of the Audit Committee as a whole is ensured, and reported the following current status and issues at the Board of Directors meeting. We will use the findings for operation of the Audit Committee to further enhance its effectiveness in the future.

Current Status: 1) The tripartite audit function comprising the Audit Committee, the Accounting Auditor, and the Internal Audit division has reached a satisfactory level in terms, for example, of frequency, contents, information, and mutual evaluation.
2) The Audit Committee members actively provide comments and suggestions on management issues.
3) The Audit Committee conducts a pre-review of materials for the Board of Directors meetings, resulting in effective discussions.

Issues: The Audit Committee needs to further strengthen the monitoring function of the findings and recommendations identified at the Audit Committee.

[Supplementary Principle 4-14-2] Policy on Training of Directors
According to Article 23. Education of Directors and Executive Officers in the Guidelines, the Company provides Directors and Executive Officers with an orientation when they assume office as well as on other opportunities, when necessary, for them to acquire the knowledge necessary for discharging their duties as Directors and Executive Officers of the Company.

[Principle 5-1] Policy on Constructive Dialogue with Shareholders
According to Article 5. Information Disclosure and Dialogue in the Guidelines, the Company discloses information to its shareholders and other stakeholders and has dialogue with them based on the IR Policy. For details of the IR Policy, please refer to Appendices of the Guidelines.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%

[Status of Major Shareholders] [Updated]

Name	Number of Shares Owned (Shares)	Shareholding Percentage (%)
Hitachi, Ltd.	226,233,416	52.91
The Master Trust Bank of Japan, Ltd. (Trust account)	14,362,500	3.36
Japan Trustee Services Bank, Ltd. (Trust account)	11,011,900	2.58
Japan Trustee Services Bank, Ltd. (Trust account 9)	7,610,600	1.78
JPMorgan Chase Bank 385635	5,640,500	1.32
State Street Bank and Trust Company 505103	4,788,423	1.12
Goldman Sachs & Co., Regular Account	4,189,503	0.98
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,179,800	0.98
Japan Trustee Services Bank, Ltd. (Trust account 7)	3,879,200	0.91
BNYM AS AGT/CLTS 10 PERCENT	3,481,793	0.81

Controlling Shareholder (except for Parent Company)	—
Parent Company (Listed Stock Market)	Hitachi, Ltd. (Shares are listed on Tokyo Stock Exchange and Nagoya Stock Exchange) Securities Code: 6501

Supplementary Explanations [Updated]

Shareholding percentages in the table above are calculated excluding treasury stock (1,334,441 shares as of March 31, 2019).

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Iron & Steel
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year [Updated]	¥1 trillion or more
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 50 to less than 100

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

In regard to transactions regarding the sale of products and the procurement of materials, etc., the Company has established rules that provide the internal procedures relating to decisions, etc. in transaction conditions with the aim of ensuring appropriateness of operations related to not only transactions with the parent company but also to trading in general. Also, in case of the need of transactions, etc. between the Company and its parent company that may be accompanied by the risk of a material conflict of interest between the parent company and minority shareholders, the matter shall be determined after review and careful deliberation by the Board of Directors.

5. Special Circumstances Which May Have Material Impact on Corporate Governance [Updated]

The Company, as a member of the Hitachi Group, centered around Hitachi, Ltd., the parent company, aims to maintain close cooperation with Hitachi, Ltd. through R&D collaboration while remaining independent in its business operations and transactions with Hitachi, Ltd. and by using the Company's management resources effectively, the Company seeks to provide high-quality products and services.
With regard to personal relationship with Hitachi, Ltd., one Director of Hitachi, Ltd. concurrently serves as Director of the Company. The Company may encounter circumstances where, through the participation in statements of opinion and resolutions at the Company's Board of Directors, Hitachi, Ltd. could influence the determination of management policies, etc. of the Company. However, three Outside Directors, who have been designated as Independent Directors in accordance with the regulations of the stock exchange on which the Company is listed, assumed office, and a more diverse range of opinions can be reflected when carrying out deliberations at the Board of Directors; therefore, it is recognized that the Company is in a position where independent management judgments can be made. Executive Officers who execute business of the Company have not concurrently served as Director and Executive Officer of Hitachi, Ltd.
With regard to the business relationship with Hitachi, Ltd., the Company does have loan agreements, etc. with Hitachi, Ltd. under the Hitachi Group Pooling Scheme, but the business activities of the Company are not heavily dependent on transactions with Hitachi, Ltd. The Company adopted the policy that regulates transactions with Hitachi, Ltd. to be fairly carried out, based on market prices.

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 Nominating Committee, etc.

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson (excluding the case where the person concurrently serves as President)
Number of Directors [Updated]	9

[Matters Related to Outside Directors]

Number of Outside Directors	3
Number of Independent Directors Designated from among Outside Directors	3

Outside Directors' Relationship with the Company (1) [Updated]

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Makoto Uenoyama	From another company								△			
Toshiko Oka	From another company											
Koichi Fukuo	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. Executing person (a person who executes business; hereinafter the same) of the Company or its subsidiary
b. Non-executive director or executing person of the parent company of the Company
c. Executing person of a sister company of the Company
d. Party whose major client or supplier is the Company or an executing person thereof
e. Major client or supplier of the Company or an executing person 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 executing person of the said major shareholder if the shareholder is a corporation)
h. Executing person 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. Executing person of a corporation, with which the Company has mutually appointed outside directors (the director himself/herself only)
j Executing person of a corporation or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2) [Updated]

Name	Committee to which the Director Belongs			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Makoto Uenoyama	○	○	○	○	The Company has a business relationship related to the sale/purchase of products with Panasonic Corporation, at which Mr. Uenoyama was Managing Executive Officer (retired from the position in March 2013) and Corporate Adviser (retired from the position in March 2015), but the amount of transactions between the Company and Panasonic Corporation for fiscal 2018 was significantly lower than 1% of the consolidated revenues of the Company and Panasonic Corporation, respectively. Therefore, the Company determines that Mr. Uenoyama's past positions do not affect his independence as candidate for Outside Director.	The Company determined that Mr. Makoto Uenoyama will contribute to the management of the Company as well as the strengthening of the decision-making and monitoring functions of the Board of Directors and enhancing their effectiveness, by reflecting his abundant experience and in-depth knowledge in finance and accounting areas obtained through his experience in the finance and accounting operations of Panasonic Corporation over the years as well as the experience as Director in charge of accounting and finance, from a more objective standpoint as Outside Director; therefore, the Company appointed him as a candidate for Outside Director. Furthermore, the Company determines that Mr. Uenoyama satisfies both the Independence Criteria for Outside Directors in the Company's Corporate Governance Guidelines and the requirements for Independent Directors established by the Tokyo Stock Exchange, Inc. and that there is no risk of conflicts of interest with ordinary shareholders; therefore, the Company has designated him as an Independent Director.

Name	Committee to which the Director Belongs			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Toshiko Oka	○	○	○	○	—	The Company determined that Ms. Toshiko Oka will contribute to the management of the Company as well as the strengthening of the decision-making and monitoring functions of the Board of Directors and enhancing their effectiveness, by reflecting her abundant experience and in-depth knowledge in corporate management and accounting and finance areas obtained through her consulting experience in M&A and the creation of management strategies over the years, as well as her experience as a corporate manager of a consulting firm and as an outside director of several companies, from a more objective standpoint as Outside Director; therefore, the Company appointed her as a candidate for Outside Director. Furthermore, the Company determines that Ms. Oka satisfies both the Independence Criteria for Outside Directors in the Company's Corporate Governance Guidelines and the requirements for Independent Directors established by the Tokyo Stock Exchange, Inc. and that there is no risk of conflicts of interest with ordinary shareholders; therefore, the Company has designated her as an Independent Director.

Name	Committee to which the Director Belongs			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Koichi Fukuo	○	○	○	○	Mr. Fukuo was Senior Managing Officer and Director of Honda Motor Co., Ltd. (retired from the position in June 2016) and President and Representative Director of Honda R&D Co., Ltd. (retired from the position in March 2016). The Company has a business relationship with Honda Motor Co., Ltd. and Honda R&D Co., Ltd. related to the sale of products, but the amount of transactions between the Company and Honda Motor Co., Ltd. and Honda R&D Co., Ltd. for fiscal 2018 was significantly lower than 1% of the consolidated revenues of the Company, Honda Motor Co., Ltd., and Honda R&D Co., Ltd., respectively. Therefore, the Company determines that Mr. Fukuo's past positions do not affect his independence as candidate for Outside Director.	The Company determined that Mr. Koichi Fukuo will contribute to the management of the Company as well as the strengthening of the decision-making and monitoring functions of the Board of Directors and enhancing their effectiveness, by reflecting his abundant experience and in-depth knowledge in the automobile industry, to which our products are mainly supplied, obtained as the head of quality and certification of Honda Motor Co., Ltd. and as a corporate manager of the company and its group companies, from a more objective standpoint as Outside Director; therefore, the Company appointed him as a candidate for Outside Director. Furthermore, the Company determines that Mr. Fukuo satisfies both the Independence Criteria for Outside Directors in the Company's Corporate Governance Guidelines and the requirements for Independent Directors established by the Tokyo Stock Exchange, Inc. and that there is no risk of conflicts of interest with ordinary shareholders; therefore, the Company has designated him as an Independent Director.

[Committees]

Committee's Composition and Chairperson's Attributes [Updated]

	Total Committee Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
Nominating Committee	4	0	1	3	Internal director
Compensation Committee	4	0	1	3	Internal director
Audit Committee	5	2	2	3	Internal director

[Executive Officers]

Number of Executive Officers	14

Status of Concurrent Position [Updated]

Name	Representative Authority	Concurrent Position Held by Director			Concurrent Position as Employee
			Nominating Committee Member	Compensation Committee Member	
Koji Sato	Yes	Yes	No	Yes	No
Hiroaki Nishioka	Yes	No	No	No	No
Naohiko Tamiya	No	No	No	No	No
Kazuya Murakami	No	No	No	No	No
Hiroshi Watanabe	No	No	No	No	No
Ryouji Akada	No	No	No	No	No
Norio Uemura	No	No	No	No	No
Shigekazu Suwabe	No	No	No	No	No
Toru Taniguchi	No	No	No	No	No
Masato Hasegawa	No	No	No	No	No
Tomoyuki Hatano	No	No	No	No	No
Kenji Hirano	No	No	No	No	No
Hisaki Masuda	No	No	No	No	No
Toru Yamamoto	No	No	No	No	No

[Auditing Structure]

Appointment of Directors and/or Employees to Support Duties of the Audit Committee [Updated]	Appointed

Matters Related to the Independence of Such Directors and/or Employees from Executive Officers [Updated]

To assist with the duties of the Audit Committee, the Board of Directors Office has a person in charge of the Audit Committee who does not concurrently serve in any position at any other business operating division.
The Audit Committee may, when deemed necessary, have the Internal Audit division under the responsibility of Executive Officers assist with the execution of duties of the Audit Committee.
Appointment , dismissal and disciplinary action regarding the person in charge of the Audit Committee are carried out by Executive Officers with the consent either of the Audit Committee or Audit Committee members appointed by the Audit Committee (hereinafter in this article collectively referred to as “the Audit Committee, etc.”), whereas personnel assessment and appraisal regarding the said person are performed by Executive Officers taking into account the opinion of the Audit Committee, etc.
Appointment, dismissal, disciplinary action and personnel assessment and appraisal regarding the head of the Internal Audit division are performed by Executive Officers. The reasons for any of these actions shall be explained in advance to the Audit Committee, etc.
It is noted that when the Director who is appointed to provide support for the Audit Committee in the execution of its duties, a person in charge of the Audit Committee, and the Internal Audit division assist with the duties of the Audit Committee, they are not subject to orders and instructions of Executive Officers to provide such assistance.

Cooperation among Audit Committee, Accounting Auditor and Internal Audit Division [Updated]

The Audit Committee (1) receives explanations about audit implementation plans from the Accounting Auditor and make a discussion on and adjustments to the detail as needed, (2) receives reports on audit results and engages in an exchange of opinions with the Accounting Auditor, and (3) receives reports from the Accounting Auditor in cases where, as for the performance of duties by Executive Officers, they find any significant evidence of wrongful act or violation of related laws and regulations, or the Articles of Incorporation in the course of performing their duties. The Audit Committee also receives reports on audit implementation plans and periodic reports from the Internal Audit division. In addition, to promote coordination with audits performed by the Audit Committee, the Audit Committee may instruct the Internal Audit division to (1) conduct a special audit for any division that the Audit Committee deems necessary and (2) set key audit items for audits performed by the Internal Audit division. Furthermore, the Internal Auditing Office is also in charge of assessment of internal control and reports the status to the Audit Committee. Moreover, besides the Internal Audit division, the corporate divisions, etc. in charge of finance, compliance, risks, and other areas also play certain roles in internal control and report the status of performance of their duties to the Audit Committee.
The Company regards "promotion of tripartite audit function" as a paramount theme for the audit and supervision functions. The Audit Committee, the Accounting Auditor, and the Internal Audit division mutually share information on issues detected by each of them, and the Company promotes a "mutual check and balance system and mutual evaluation," taking a step further from a one-way evaluation from the Company to the Accounting Auditor based on the evaluation standards for Accounting Auditors. Notably, the Company considers the function of detecting risks by the Accounting Auditor as an external agency is particularly important in the entire risk detecting process of the Group. To strengthen the said function, the mutual evaluation is implemented between the Accounting Auditor and the Company's finance division or the Internal Audit division or the Audit Committee, respectively. Specifically, based on the evaluation standards for accounting auditors defined by the Audit Committee, the Audit Committee performs a comprehensive evaluation considering the following major factors evaluated by the Company: the Accounting Auditor's communications with the Audit Committee, the senior management, the Internal Audit division and others; audit quality control system; audit plans; audit team; audit reports and quarterly review reports; and consistency between audit plans and audit hours as a basis of determining the amount of auditing compensation. The Accounting Auditor, on the other hand, evaluates basic operations of the finance division, the Internal Audit division, and the Audit Committee of the Company, handling of audit requirements, cooperation, risk recognition, activity status, resources and other factors, and reports the results to the relevant counterparties. The Company utilizes the above feedback to strengthen the Company's functions. In addition, the Company has started the mutual evaluation system between the finance divisions of the Company's facilities or subsidiaries and the Accounting Auditor.

[Independent Directors]

Number of Independent Directors	3

Matters Relating to Independent Directors

The Nominating Committee of the Company judges an Outside Director to be independent if he or she does not fall under any of the following items:

1. a person who has received or who serves or has served within the last one year as an executing person (that is, an executive director, executive officer or employee; hereinafter the same) of a corporation that has received from the Company a payment of 2% or more of the entity's consolidated annual revenues for products or services in the most recent fiscal year;
2. a person who has paid the Company 2% or more of its consolidated annual revenues for products or services in the most recent fiscal year or who serves or has served within the last one year as an executing person of the corporation;
3. an attorney, a certified public accountant, a certified tax accountant or a consultant who has received from the Company an annual payment of ¥10 million or more of monetary or other property benefits other than compensation for Directors and Executive Officers within the last one year, or a person who is or has been within the last one year a member, a partner, an associate or an employee of a law firm, an auditing firm, a

tax accountant corporation, a consulting firm or other professional advisory firm that has received from the Company a payment of 2% or more of the firm's consolidated annual revenues in the most recent fiscal year;
4. a person who serves or has served within the last one year as an officer of a not-for-profit organization that has received from the Company discretionary charitable contributions of monetary or other property benefits of ¥10 million or more, or 2% or more of that organization's annual gross revenues or ordinary income, whichever amount is higher, during the most recent fiscal year;
5. a person who serves or has served within the last one year as an executing person or a non-executive director of the parent company of the Company;
6. a person who serves or has served within the last one year as an executing person of a sister company of the Company;
7. a person who is a spouse or a relative within the second degree of kinship of a person (excluding a person who has or had no important position of the following) who falls under the following items:
   (1) who falls under the items of the above 1. through 6.;
   (2) who is, or has been within the last one year, an executing person of a subsidiary of the Company;
   (3) who is an executing person or non-executive director of the parent company of the Company;
   (4) who is an executing person of a sister company of the Company;
   (5) who is, or has been within the last one year, an executing person of the Company; and
8. a person who has a risk of having material conflicts of interests with ordinary shareholders for reasons other than those stated above.

All Outside Directors qualifying as Independent Directors are designated by the Company as Independent Directors.

[Incentives]

Implementation of Measures to Provide Incentives to Directors and/or Executive Officers [Updated]	Performance-linked compensation

Supplementary Explanation [Updated]

(1) The Policy on the Determination of Proportion of Payments as Performance-linked Compensation and the Other Types of Compensation, etc.
Compensation for Directors and Executive Officers of the Company is comprised of a base compensation, which is a fixed compensation, and a term-end bonus, which is a performance-linked compensation. For performance-linked compensation for Executive Officers, the standard amount is set in a way that the percentage of performance-linked compensation to the total amount of compensation falls within a range of the ratios specified below according the ranks of each Executive Officer to strengthen the link between the business performance of the Company, considering the degree of the responsibility of each Executive Officer for business execution. For performance-linked compensation for Directors, the standard amount is set in a way that the percentage of performance-linked compensation to the total amount of compensation falls within a range of ratios specified below in order for the Directors to fully execute the management-supervision function. Directors with concurrent post as Executive Officers are paid a performance-linked compensation as Executive Officer, but are not paid a term-end bonus (performance-linked compensation) as Director.

Rank	Fixed compensation	Standard amount of performance-linked compensation
President and Chief Executive Officer	60%	40%
Senior Vice President and Executive Officer, and Vice President and Executive Officer	67%-68%	32%-33%
Executive Officer	70%	30%
Director	86%-89%	11%-14%

(2) Indicators for Performance-linked Compensation and Reasons for the Selection of the Indicators
The indicators for performance-linked compensation for fiscal 2018 are “revenues,” “income before income taxes,” and “cash flows from operating activities” on a consolidated basis as the Company has focused on growth and profitability in the Fiscal 2018 Medium-term Management Plan.
The indicators for performance-linked compensation for fiscal 2019 are “revenues,” “adjusted operating income,” “return on invested capital (ROIC),” and “cash conversion cycle” on a consolidated basis as we focus on growth, profitability, and management efficiency in the Fiscal 2021 Medium-term Management Plan.

(3) Method, etc. for Determination of the Amount of Performance-linked Compensation
The amount of a term-end bonus, which is a performance-linked compensation, to be paid to each Director and Executive Officer is calculated using the formula specified below based on the standard amount of performance-linked compensation set by rank. The Compensation Committee then discuss the results of calculation and finalize them.

Amount of term-end bonus to be paid to each Director and Executive Officer = Standard amount of performance-linked compensation × ((Corporate performance factor*1 × Weight assigned for corporate performance factor) + (In-charge business factor*2 × Weight assigned for in-charge business factor) + (Individual target factor*2 × Weight assigned for individual target factor))

*1 The “corporate performance factor” is the sum of the degrees of achievement of corporate performance related indicators multiplied by the weight assigned for each indicator (0.3 for revenues, 0.5 for income before income taxes, and 0.2 for cash flows from operating activities), where the degree of achievement of each corporate performance-related indictor is predetermined by the Company with a range from 0 to 2 so that the target for each indictor related to corporate performance is set as 1. The actual “corporate performance factor” for fiscal 2018 was 0.47.

*2 Each of the “in-charge business factor” and “individual target factor” is the sum of the degrees of achievement of the targets set for each Director and Executive Officer multiplied by the weight assigned for each target, where the degree of achievement of each target is predetermined by the Company with a range from 0 to 2 so that the target for each Director and Executive Officer is set as 1.

Recipients of Share Options	—

Supplementary Explanation

—

[Compensation for Directors and Executive Officers]

Disclosure of Individual Directors’ Compensation	No individual disclosure
Disclosure of Individual Executive Officers’ Compensation	No individual disclosure

Supplementary Explanation [Updated]

Total amount of compensation, etc. by each category of position, total amount of compensation, etc. by type and number of recipients disclosed in the annual securities report for the 82nd business term (from April 1, 2018 to March 31, 2019) are as follows.

Category of Position	Base Compensation	Term-end Bonus	Total Amount of Compensation, etc.	Number of Recipients
Directors (excluding Outside Directors)	¥67 million	¥10 million	¥77 million	6
Executive Officers	¥375 million	¥134 million	¥509 million	13
Outside Directors	¥45 million	¥8 million	¥53 million	3

(Note) Directors with concurrent post as Executive Officers are compensated as Executive Officers but not as Directors.

Policy for Determining Compensation Amounts or Calculation Methods Thereof [Updated]	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

The Policy on the Determination of Compensation, etc., for each Director and Executive Officer set forth by the Compensation Committee is as follows:

1. Directors and Executive Officers assuming the management of the Company are compensated for executing management that enhances the Company's corporate value and benefits stakeholders such as shareholders by determining management policies from a long-term perspective, and formulating and executing medium-term management plans and annual business budgets.
2. In order to motivate Directors and Executive Officers to exercise their respective management capabilities, know-how and skills to achieve satisfactory results, the compensation system shall reflect the Company's short-term and medium- to long-term business performance and appropriate compensations shall be paid for outstanding achievements.
3. Compensation paid by the Company consists of a base compensation and a term-end bonus.
   (1) Base compensation: Determined individually as consideration for the degree of responsibility for Company management as Director and/or Executive Officer and for the performance of duties utilizing their extensive experience, knowledge, insight, specialized management skills, etc., acquired from past experience. In order to secure appropriate human resources for the positions of Director and Executive Officer, compensation levels should be comparable to those of other companies.
   (2) Term-end bonus Linked to the business performance of the Company.

4. In order to share interests with shareholders through the holding of treasury stock and thereby promote sustainable growth and enhanced corporate value of the Company over the medium to long term, Directors and Executive Officers shall, as a general rule, contribute part of their compensation to the officers' shareholding association and acquire treasury stock until such stock reach a certain number. The acquired stock shall be held continuously during the term of office of Directors and/or Executive Officers and, as a general rule, until one year after the retirement from their posts.

[Supporting System for Outside Directors]

Although there is no dedicated supporting system for Outside Directors, the Company has established the Board of Directors Office to assist with the execution of duties of the Board of Directors, Nominating Committee, Audit Committee and Compensation Committee. The Board of Directors Office shall have persons in charge of the

Board of Directors and Committees to support them. When holding meetings of the Board of Directors, Nominating Committee, Audit Committee and Compensation Committee, as a general rule, the Board of Directors Office shall distribute meeting materials beforehand and provides explanations. In addition, through activities such as establishing opportunities for Outside Directors to have status briefings onsite at offices in Japan and overseas, the Company provides assistance to Outside Directors' information collection.

[Status of Persons Retired from Representative Director and President]

Information on persons holding advisory positions (sodanyaku, komon, etc.) after retiring as Representative Director and President, etc.

Name	Title/ Position	Description of Duties	Working Form/Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office
—	—	—	—	—	—

Total Number of Persons Holding Advisory Positions (sodanyaku, komon, etc.) after retiring as Representative Director and President, etc.	0

Other Matters

Although the Company has established a system that may appoint a Counselors (sodanyaku) by resolution of the Board of Directors, the Company currently has no Counselors (sodanyaku).

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Compensation Decisions (Overview of Current Corporate Governance System) [Updated]

(Status of Supervisory System)
The Company adopts the statutory organizational structure of a company with Nominating Committee, etc. This is because we concluded that this structure would contribute to the bold and speedy execution of measures relating to the Group-wide management, such as business restructuring and strategic investments, and also that the transparency, soundness and efficiency of management would be effectively improved through strengthening the decision-making and supervisory functions by Outside Directors, who are well versed in social norms and have a broader perspective, abundant experience and in-depth knowledge, in each of the Nominating Committee, the Audit Committee and the Compensation Committee, and the Board of Directors. Under this system, nine Directors (of which one Director is female and three are Outside Directors) have been appointed, and the Company has established the Board of Directors, Nominating Committee, Audit Committee and Compensation Committee pursuant to the provisions of the Companies Act of Japan. Furthermore, the Company has established the Board of Directors Office to assist with the execution of duties by the Board of Directors and each Committee. The Board of Directors Office has persons in charge of the Board of Directors and each Committee. The purpose, authority, names of constituent members and other details of each organ are as follows.

(1) The Board of Directors is an organ with purposes to make decisions on the Company's business execution and supervise the execution of duties by Directors and Executive Officers, and is authorized to decide matters provided in the Articles of Incorporation of the Company and the Board of Directors Rules as well as in laws and regulations. In fiscal 2018, the Board of Directors held a total of 14 meetings, and Directors, who had been in service during the fiscal year, attended all the meetings held during terms of their office, received reports from Executive Officers and each Committee about the status of their execution of duties and made decisions on matters that cannot be delegated to Executive Officers pursuant to the provisions of laws and regulations and the Articles of Incorporation as well as on important matters provided in the Board of Directors Rules, and so forth. As of the filing date of this document, the Board of Directors consists of the following nine Directors (of which three are Outside Directors):
Chairperson of the Board Shinichiro Omori (Chairperson) Director Katsuro Sasaka

Deputy Chairperson of the Board	Akitoshi Hiraki		Director	Koji Sato
Director	Makoto Uenoyama	(Outside Director)	Director	Toyoaki Nakamura
Director	Toshiko Oka	(Outside Director)	Director	Kenichi Nishiie
Director	Koichi Fukuo	(Outside Director)		

(2) The purpose of the Nominating Committee is to make decisions on matters relating to items concerning election and dismissal of Directors to be submitted at a General Meeting of Shareholders. The Committee is authorized to decide such matters as well as to designate persons to be entitled to convene a Board of Directors meeting and persons to report about the status of the Committee's execution of duties to the Board of Directors from among its Committee members, and others. In fiscal 2018, the Nominating Committee held a total of seven meetings, and Directors, who had been in service during the fiscal year, attended all the meetings held during terms of their office, determined candidates for Directors and reviewed the executive officer system, and discussed the succession plan for corporate managers, and so forth.
As of the filing date of this document, the Nominating Committee consists of the following four Directors (of which three are Outside Directors):

Director	Shinichiro Omori	(Chairperson)
Director	Makoto Uenoyama	(Outside Director)
Director	Toshiko Oka	(Outside Director)
Director	Koichi Fukuo	(Outside Director)

For policies and procedures of the Nominating Committee in determining candidates for Directors, please refer to "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information," "1. Basic Views," "[Disclosure Based on the Principles of Japan's Corporate Governance Code]," "[Principle 3-1] Full Disclosure" (iv) above in this document.

(3) The purposes of the Audit Committee are to audit the execution of duties by Directors and Executive Offices and resolve issues such as matters relating to items concerning appointment, dismissal and non-reappointment of the Accounting Auditor to be submitted at a General Meeting of Shareholders, in order for the Company's business to be operated lawfully and properly. The Committee is authorized to resolve such issues as well as to determine policies for determination to dismiss or not to re-appoint the Accounting Auditor; nominate persons to be entitled to convene a Board of Directors meeting from among its Committee members; and others. Moreover, under the Article 405 of the Companies Act of Japan, the Audit Committee is also authorized to appoint Committee members to be entitled to request reports about the business and matters relating execution of duties of the Company or its subsidiaries, and to investigate the status of their business operations and assets. For the status of the Audit Committee's activities and others, please refer to "(Status of the Audit Committee as an Audit Organization)" later in this document.
As of the filing date of this document, the Audit Committee consists of the following five Directors (of which three are Outside Directors).

Director	Kenichi Nishiie	(Chairperson)
Director	Makoto Uenoyama	(Deputy Chairperson/Outside Director)
Director	Toshiko Oka	(Outside Director)
Director	Koichi Fukuo	(Outside Director)
Director	Shinichiro Omori	

(4) The purpose of the Compensation Committee is to determine the compensation and its details for each Director and Executive Officer. The Committee is authorized to decide such matters as well as to determine policy on the determination of compensation, etc., for each Director and Executive Officer; designate persons to be entitled to convene a Board of Directors meeting and persons to report about the status of the Committee's execution of duties to the Board of Directors from among its Committee members; and others. In fiscal 2018, the Compensation Committee held a total of three meetings, and Directors, who had been in service during the fiscal year, attended all the meetings held during terms of their office to determine policy on the determination of compensation, etc., for each Director and Executive Officer, and the compensation and the details of their individual compensation based on that policy.
As of the filing date of this document, the Compensation Committee consists of the following four Directors (of which three are Outside Directors).

Director	Koji Sato	(Chairperson)
Director	Makoto Uenoyama	(Outside Director)
Director	Toshiko Oka	(Outside Director)

Director Koichi Fukuo (Outside Director)
For policies and procedures of the Compensation Committee in determining compensation for Directors and Executive Officers, please refer to “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information,” “1. Basic Views,” “[Disclosure Based on the Principles of Japan’s Corporate Governance Code],” “[Principle 3-1] Full Disclosure” (iii) above in this document.

(Status of Business Execution System)
Regarding business execution, the Board of Directors delegates a great deal of decision-making authority concerning business execution to Executive Officers (14 officers, all male) to achieve prompt decision-making. The Company has established the Executive Committee to ensure that the President and Chief Executive Officer makes decisions on and executes business operations in compliance with laws and regulations and the Articles of Incorporation, as well as more efficiently based on considerations from multiple angles. The Committee deliberates on certain important management matters that impact the Company or the Group, and makes decisions regarding these matters. The Executive Committee consists of the President and Chief Executive Officer, Executive Officers in charge of Corporate Administration, Executive Officers in charge of Sales, and General Managers of the business divisions. The President and Chief Executive Officer, serving as chairperson of the Committee, appoints other participants as needed. Also, as of April 1, 2019, the Company shifted its corporate structure from an internal company system to a business division system with the aim to further strengthen synergies between its businesses that share the same markets, customer needs and element technologies as well as to enhance cross-sectional functions and strengthen its strategic functions and governance.

(Status of the Internal Audit Organization)
The Company has the Internal Auditing Office (with 10 dedicated staff members) that is in charge of internal audits. The Internal Auditing Office formulates annual audit policies and audit implementation plans for internal audits on the Group. Based on these policies and plans, the office conducts on-site audits on the status of execution of the Company’s offices and subsidiaries in Japan and overseas and business management over the course of three years in principle and also collaborates with the Audit Committee and the Accounting Auditor to promote tripartite cooperation in tripartite audit function. In addition to these audits, a special audit may be conducted upon special request, etc. of the President and Chief Executive Officer. The Internal Auditing Office also reports to the President and Chief Executive Officer and the Audit Committee its audit implementation plans in advance, and report the audit results mostly once in a month. In addition, the Internal Auditing Office hold an audit report meeting mostly once in a month to the person in charge of business at the respective business division and each department of the corporate division, and instructs those departments to implement improvements.
If necessary, it also carries out on-site audits in collaboration with divisions in charge of the environment, safety, and systems within the Company.

(Status of the Audit Committee as an Audit Organization)
The Audit Committee is in charge of auditing business execution by Directors or Executive Officers in accordance with laws and regulations or the Articles of Incorporation, the appropriateness of management’s judgments, the adequacy of internal control systems, and accounting audit. The execution of duties by the Audit Committee is assisted by a person in charge of the Audit Committee at the Board of Directors Office. To ensure independence from Executive Officers, the person in charge of the Audit Committee does not concurrently serve in any position at any other business operating division. The Audit Committee formulates annual auditing policies and audit implementation plans, and performs audits based on said policies and plans by hearing reports on important items and having Audit Committee members visit each facility, etc., and each subsidiary to conduct audits as regular audits. In addition, the Audit Committee conducts special audits if it finds possibility of violations of laws and regulations or the Articles of Incorporation by the Directors or the Executive Officers.
In fiscal 2018, the Audit Committee held a total of 15 meetings, and all the Committee members attended all the meetings. Main agendas for the Audit Committee meetings were as shown below. The Audit Committee engaged in essential discussions and actively provided suggestions and comments on issues.
(i) Reporting and discussions on the Accounting Auditor’s audit plans, the results of its quarterly review, and its audit results
(ii) The Internal Audit division’s audit policies and plans, reporting on the results of respective internal audits, and reporting and discussions on the status of follow-up on the management and operational challenges identified over the course of internal audit

(iii) Policies and plans for promoting internal control over financial reporting; reporting on the results of evaluation on the effectiveness of internal control (four times); and discussion towards improving the effectiveness on internal control and business management
(iv) Reporting on challenges that business execution divisions currently face and the status of their efforts to address such challenges, and discussions towards improving the corporate governance

Also, the Audit Committee conducts a pre-review of materials concerning the important agendas for the Board of Directors meetings to ensure effective discussions.
Further, all the Audit Committee members engage in an exchange of opinions with the Representative Executive Officer twice a year to align their recognitions about the challenges, etc. that the Company currently faces.
Full-time Audit Committee members engage primarily in the following activities:

(i) Audit the business report, verify the financial statements, etc., hearing from the Accounting Auditor on procedures and views about important issues, and report to the Audit Committee on findings concerning the business report and views on the Accounting Auditor's auditing
(ii) Conduct on-site audits of the Group's facilities and subsidiaries based on the audit implementation plans stated above; report the issues detected through such on-site audits to the Internal Audit division and the Accounting Auditor; and report challenges in the context of corporate governance to the Board of Directors.

Through a wide range of activities mentioned above, the full-time Audit Committee members have been committed to strengthening the Company's internal control and improving the quality of business execution.
Of the Audit Committee members, Mr. Kenichi Nishiie has experience working in the audit division of the Company and the finance division of the Company's subsidiary in the past; Mr. Makoto Uenoyama has served as director in charge of accounting and finance at Panasonic Corporation; and Ms. Toshiko Oka has abundant experience and in-depth knowledge obtained through her experience as a corporate manager of a consulting firm. Based on such facts, each member above has a substantial expertise in finance and accounting.

(Status of the Accounting Auditor)
Certified public accountants who conducted accounting audits for the Company in fiscal 2018 were Mr. Takashi Ouchida, Engagement partner, and Mr. Seiji Kuzunuki, Engagement partner, from Ernst & Young ShinNihon LLC. The consecutive number of years they have audited has not exceeded seven years. Under the direction of said certified public accountants, as necessary, certified public accountants, certified public accountant assistants, and other personnel from Ernst & Young ShinNihon LLC assisted with the execution of accounting audit duties. Seven certified public accountants and 25 other personnel assisted with the Company's accounting audit duties.

(Status of Limited Liability Agreement)
Under the provisions of Article 427, Paragraph 1 of the Companies Act and the provisions of Article 24 of the Articles of Incorporation, the Company has concluded agreements with Mr. Shinichiro Omori, Mr. Akitoshi Hiraki, Mr. Makoto Uenoyama, Ms. Toshiko Oka, Mr. Koichi Fukuo, Mr. Katsuro Sasaka, Mr. Toyoaki Nakamura, and Mr. Kenichi Nishiie to limit their liabilities for damages as stipulated in Article 423, paragraph 1 of the Companies Act. The maximum amount of liabilities for damages under the Agreement is ¥12 million or the amount stipulated by law, whichever is higher.

3. Reasons for Adoption of Current Corporate Governance System [Updated]

(Reason for Adoption of the Organizational Structure of a Company with Nominating Committee, etc.)
The system of a Company with Nominating Committee, etc. contributes to the bold and speedy execution of measures relating to the company-wide management, such as business reorganization and strategic investment. In addition, this organizational structure was adopted based on the judgement that the transparency, soundness and the efficiency of management would be effectively improved by strengthening the decision-making function and supervisory function by having Outside Directors, who are well versed in social norms and have a broader perspective, abundant experience and in-depth knowledge, in each of the Nominating Committee, Audit Committee and Compensation Committee, and in the Board of Directors.

(Functions and Roles of Outside Directors)
Three out of nine Directors of the Company, Mr. Makoto Uenoyama, Ms. Toshiko Oka, and Mr. Koichi Fukuo are Outside Directors.
The Outside Directors carry out activities as constituent members of the Board of Directors and as members of each of the Nominating Committee, Audit Committee, and Compensation Committee. The Outside Directors are considered to be well versed in social norms and to have abundant experience and in-depth knowledge. They are

also considered to be able to contribute to the strengthening of the decision-making function and supervisory function as well as the improvement of efficiency in the Company's management through applying their broader perspective.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meetings of Shareholders and Smooth Exercise of Voting Rights [Updated]

	Supplementary Explanations
Scheduling General Meeting of Shareholders Avoiding the Peak Day	In principle, General Meeting of Shareholders shall not be held on the peak day of general meetings of shareholders. Ordinary General Meeting of Shareholders for fiscal 2018 was held on June 25, 2019.
Allowing Electronic Exercise of Voting Rights	Shareholders will be able to exercise their voting rights on the dedicated website established by Tokyo Securities Transfer Agent Co., Ltd., a shareholder registry administrator, using electronic method from the time the convocation notice for the General Meeting of Shareholders is sent until before the day of the General Meeting of Shareholders.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company utilizes the electronic voting platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English (Translated Fully or Partially)	The Company publishes English translations of the convocation notice for the General Meeting of Shareholders on its website.
Other	The Company publishes convocation notice for the General Meeting of Shareholders, etc. on its website.

2. IR Activities [Updated]

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	As disclosure policy, the Company establishes the IR Policy is established in the Guidelines.	
Regular Investor Briefings for Analysts and Institutional Investors	In addition to holding a financial results briefing at the close of each quarter, at the medium-term management plan briefings and IR Day (in which briefings are provided by business), the Company provides briefings on management policy, the vision, and the progress of the medium-term management plan, as well as a Q&A.	Yes
Regular Investor Briefings for Overseas Investors	Each year, the Company holds overseas meetings with foreign investors, providing briefings on management policy, the vision, and the progress of the medium-term management plan, as well as a Q&A.	Yes

Posting of IR Materials on Website	The “Investors” section of the Company’s website includes consolidated financial reports, shareholder notifications, annual securities reports, quarterly securities reports, integrated reports, and notices of the convocations and resolutions of general meetings of shareholders. Furthermore, in addition to the presentation materials for financial results briefings, presentation materials for the medium-term management plan briefing and IR Day, in which the Company presents its individual business strategies, are also published on the section. The Company has created an independent “Corporate Governance” page that explains its corporate governance system using diagrams.	
Establishment of Department and/or Manager in Charge of IR	The Corporate Communications Department acts as the department responsible for IR. IR activities are conducted with the General Manager of the Corporate Communications Department as the person responsible for communicating IR activities and the Corporate Communications Department in charge of coordinating operations.	

3. Measures to Ensure Due Respect for Stakeholders [Updated]

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The Company has established the "Hitachi Metals Group Codes of Conduct, to serve as specific standards to guide the Directors, Executive Officers, and employees on what is the appropriate conduct. This code of conduct includes details related to respecting the positions of stakeholders such as shareholders, customers, and other business partners, and its main points are "Toward a Sustainable Society," "Sincere and Fair Business Activities," "Respect for Human Rights," "Building a Work Environment That Brings Out Employee Strengths," and "Information Management and Communication," etc.
Implementation of Environmental Conservation Initiatives, CSR Activities, etc.	The Company regards environmental management as one of the major management issues, and is promoting environmental management across the entire Group based on "Basic Policy on Environmental Protection for Hitachi Metals Group Companies." The Company is building environmental management systems by business field, and is striving to expand products that contribute to the reduction of environmental burden (environment-conscious products) through the strengthening of environmental compliance and the implementation of life cycles. In CSR activities, the Company has prepared and distributed guidebooks, etc., to all officers and employees of the Group, and is also carrying out training activities concerning compliance every year. In relation to contributing to society, the Company is carrying out activities pursuant with the policy of sustainable contribution, including those in the areas of sports, education, contribution to local society, donations, and volunteering and disaster support, at a scale that is suitable for the size of the Group. In addition, the Company discloses information on the Group's environmental conservation activities and CSR activities in the "Integrated Reports" and the "CSR Detailed Activity Reports."
Formulation of Policies for Information Provision to Stakeholders	The Company has established the IR Policy as a policy for the disclosure of information to its stakeholders, etc. With regard to the policy, please refer to the Appendices to the Guidelines. Furthermore, the "Hitachi Metals Group Codes of Conduct" contains provisions regarding how to respond responsibly to stakeholders through various communication activities, including dialogue, while providing fair and highly transparent information disclosure to maintain and develop a trusting relationship with various stakeholders involved in the Hitachi Metals Group. Moreover, the Company strives to disclose the details not only of operating results but also of individual businesses and the medium-term management plan, by carrying out disclosure on the stock exchange on which the Company is listed and also on the Company's website.

Other	The Company sees the creation of a structure and environment that all human resources can broaden their potential and play active roles is vital in order to create an innovative corporate culture, and therefore promotes diversity management. The Company has appointed one female Outside Director, and regularly receives for advice on diversity. In particular, the Company is making efforts to promote the participation and advancement of women in the workplace, based on the following policies. 1) Creating targets for the hiring ratio of women among newly hired graduate (technical positions 10%, administrative positions 40%) 2) Improving support for retention (career support, awareness-raising for in management-level positions, etc.) 3) Planned assignments of female employees to the management-level positions

IV. Matters Related to Internal Control System

1. Basic Views on Internal Control System and Progress of System Development [Updated]

The Company resolved its basic policy on the internal control system pursuant to the Companies Act at a meeting of the Board of Directors, and is now implementing this system. The specific details of this basic policy are as follows.

1. Requirements Stipulated in Ordinance of the Ministry of Justice for the Execution of Duties by the Audit Committee of the Company
   (1) Matters Concerning Directors and Employees to Assist with the Duties of the Company's Audit Committee
      1) The Audit Committee shall appoint full-time Audit Committee members as needed.
      2) The Board of Directors shall have a Director who does not hold the concurrent position as an Executive Officer to assist with the duties of the Audit Committee as needed.
      3) To assist with the duties of the Audit Committee, the Board of Directors Office shall have a person in charge of the Audit Committee.
      4) The Audit Committee may, when necessary for performing audits, have the Internal Audit division under the responsibility of Executive Officers assist with the execution of duties of the Audit Committee.

   (2) Matters to Ensure the Independence of Directors and Employees Referred to in the Above Item (1) from Executive Officers, as well as the Effectiveness of Instructions of the Company's Audit Committee Given to the Said Directors and Employees
      1) The person in charge of the Audit Committee at the Board of Directors Office shall not concurrently serve in any position at any other business operating division.
      Appointment, dismissal and disciplinary action regarding the person in charge of the Audit Committee are carried out by the Executive Officers with the consent either of the Audit Committee or an Audit Committee member appointed by the Audit Committee (in the following, "Appointed Audit Committee Member"). Personnel assessment and appraisal of the person in charge of the Audit Committee are performed by the Executive Officers taking into account the opinion of either the Audit Committee or an Appointed Audit Committee Member.
      2) Appointment, dismissal, disciplinary action and personnel assessment and appraisal regarding the head of the Internal Audit division are performed by the Executive Officers. The reasons for any of these actions shall be explained in advance either to the Audit Committee or to an Appointed Audit Committee Member.
      3) Persons who assist with the duties of the Audit Committee shall not be subject to orders and instructions of the Executive Officers when providing such assistance.

   (3) Systems for Reporting to the Company's Audit Committee and Systems to Ensure Prohibition of Disadvantageous Treatments of a Person Who Made Such Reports
      1) Executive Officers shall submit the following documents to the Audit Committee:
      Executive Committee meeting materials, documents for approval by the Executive Officers, medium-term management plan and budget deliberation materials, monthly and quarterly financial statements, and the operational audit reports from the Internal Audit division
      2) The Company's Internal Audit division shall conduct audits on the business operations of the Company and its subsidiaries (including foreign entities; the same shall apply hereinafter), and report the audit results to the Audit Committee or the Appointed Audit Committee Members.
      3) If Executive Officers detect any fact likely to cause substantial detriment to the Company, they shall immediately report such fact to the Audit Committee members.
      4) Any reports by the Company's Executive Officers and employees as well as its subsidiaries' Directors, Auditors and employees to the Audit Committee shall be made by reporting to the Appointed Audit Committee Members.
      5) The Company shall establish a system that enables persons engaged in operations for the Company or its subsidiaries to report facts related to illegal or improper acts that violate the laws and regulations, etc. in the course of operations of the Company or its subsidiaries (hereafter, "illegal or improper acts") through a specified channel (hereafter, "Compliance Hotline"), when discovered. Upon receiving a report on an illegal or improper act, the person in charge of the Compliance Hotline shall promptly report the facts to the Appointed Audit Committee Members. A system shall also be established to

enable the reporting of discovered illegal or improper acts directly to the Audit Committee. The Company shall ensure that anyone who has reported an illegal or improper act will not receive disadvantageous treatments as a result of the report.

(4) Matters Concerning the Policy on Prepayment or Reimbursement Procedures and Other Treatments of Expenses or Debt that Are Incurred in the Course of Executing the Duties of the Company's Audit Committee Members

The Board of Directors Office shall be responsible for the payment of expenses and other administrative operations arising in relation to the execution of duties by the Audit Committee members, and shall process the payments of those expenses and debt promptly, except when these are explicitly found to be unnecessary for the execution of the committee member's duties.

(5) Other Systems to Ensure the Effective Execution of Audits by the Company's Audit Committee

1) When the head of the Internal Audit division formulates the audit plan for the next fiscal year, Appointed Audit Committee Members may state their opinions on the contents of such audit plan. The head of the Internal Audit division should report the formulated audit plan to the Audit Committee.
2) The Audit Committee or Appointed Audit Committee Members shall engage in an exchange of opinions with the accounting auditor, Executive Officers, head of the Internal Audit division and persons in charge of business operating divisions.

2. Systems to Ensure the Compliance of the Execution of Duties by the Company's Executive Officers with Laws and Regulations and the Articles of Incorporation

1) The Company shall establish and communicate a code of conduct in order to assure compliance with laws and regulations and the Articles of Incorporation and adherence to social norms in the course of business activities of the Company and its subsidiaries.
2) The Company's Executive Officers shall organize the Executive Committee, which deliberates and/or receives reports on management matters considered to have a material impact on the Company or the corporate group consisting of the Company and its subsidiaries (the "Hitachi Metals Group").
3) The Company shall establish a Compliance Hotline. When a report of an illegal or improper act is received, the division in charge of the Compliance Hotline shall investigate the facts in the report, and when deemed necessary, request the Company's Executive Officers to examine appropriate corrective measures, and take the necessary steps to prevent future recurrence.
4) The Hitachi Metals Group has a policy of taking a firm stance against antisocial forces that pose a threat to the order and safety of civil society, and cut off all ties with them. In order to ensure the effectiveness of this policy, the Hitachi Metals Group shall establish a responsible division, create systems for managing relevant information, preventing relevant transactions and implementing other measures with respect to antisocial forces, and work closely with external specialized agencies such as the police department.

3. Other Systems Established at the Company to Ensure Appropriate Operations by the Company and the Corporate Group Consisting of the Company, the Parent Company and Subsidiaries of the Company

(1) Systems for the Retention and Management of Information Related to the Execution of Duties by the Company's Executive Officers

1) Executive Committee meeting documents, documents for approval and any other documents related to the execution of duties by Executive Officers shall be retained and managed at the respective business operating divisions in accordance with internal rules on document retention and management.
2) Appointed Audit Committee Members may inspect, transcribe or copy the documents related to the execution of duties by Executive Officers that are retained and managed at the respective business operating divisions.

(2) Rules and Other Systems for Managing the Risk of Loss of the Company and its Subsidiaries

1) With respect to risks of loss related to compliance, antisocial forces, finance, procurement, environment, disasters, quality, information management, export control, etc., the Company's Executive Officers shall direct respective business operating divisions, and as needed, establish internal rules and guidelines, etc., prepare and distribute manuals, provide training, and perform operational audits in order to avoid, prevent, and manage risks of loss to the Company. The Company shall provide these internal rules, etc. to its subsidiaries, and cause them to establish their own internal rules, etc. equivalent to those of the Company according to the scale of operations, etc.

2) The Company's Executive Officers shall establish an organization that receives reports on and promptly handles the risk of loss realized in the Company and its subsidiaries.
3) In order to handle the risk of loss arising in the Company and its subsidiaries, the Company's Executive Officers shall direct to the relevant business operating divisions as needed, and promptly appoint persons in charge of handling such risks.
4) The Company's Executive Officers shall immediately report to the Audit Committee if any risk of loss is realized in the Company and its subsidiaries.

(3) Systems to Ensure the Efficient Execution of Duties of Executive Officers of the Company and Directors of its Subsidiaries

In addition to Item 2. 2), the following systems are established.

1) The Company shall stipulate basic policies for consolidated group management to maximize the group corporate value of the Hitachi Metals Group.
2) The Company's Board of Directors shall, in order to strengthen the Company's market competitiveness and to enhance corporate value by way of strategic and systematic operation of the Company's business activities, determine medium-term management plans and budgets, and manage business results of the Company. In order to ensure the effectiveness of such management efforts, Executive Officers shall establish systems for budget and business results management. The Company shall mutually share with its subsidiaries the information in formulating consolidated medium-term management plans and consolidated budgets in an effort to optimize strategies not only at individual level but also at group-wide level and manage consolidated performance.
3) The Company's Executive Officers shall establish internal rules that clearly define the authorities and responsibilities of persons in charge of each business operating division and control the procedures for decision-making and the execution of duties.
4) The Company shall ensure consistent execution and verification of documented business operation processes with respect to all information to be incorporated in financial reporting with its parent company and subsidiaries.
5) The Company shall establish a division in charge of the management of subsidiaries to communicate business policies and measures, collect information and support subsidiaries' business operations.

(4) Systems to Ensure Compliance of Employees of the Company as well as Directors and Employees of its Subsidiaries in Executing Their Duties with Laws and Regulations and the Articles of Incorporation

In addition to Items 2. 1), 3) and 4), the following systems are established.

1) The Company shall designate the chief compliance officer in charge of overseeing the division in charge of compliance and establishing compliance systems.
2) The Company's Executive Officers shall establish the Internal Audit division to conduct audits of business operations of the Company and its subsidiaries. In addition, the Company shall cooperate with the Internal Audit division of its parent company when the division conducts audits on the business operations of the Company and its subsidiaries to ensure appropriate operations of the corporate group consisting of the parent company and its subsidiaries. The Company shall review the results of these audits and make improvements to its business operations.

(5) Systems for Reporting Matters Relating to the Execution of Duties by Directors of Subsidiaries to the Company

In addition to Items 2. 2) and 3. (3) 5), the following systems are established.

The Company shall dispatch its Directors and Auditors to its subsidiaries as needed. Such Directors and Auditors shall report on the status of execution of their duties to the Company's Executive Officers or the Appointed Audit Committee Members if requested from them.

(6) Other Systems to Ensure Appropriate Operations of the Company as well as the Corporate Group Consisting of the Company, its Parent Company and Subsidiaries

1) It is a policy of the Company in its business operations and transactions to remain independent of the parent company. In case of transactions between the Company and its parent company or implementing policies and measures that may arise risk of a material conflict of interest between the parent company and shareholders other than the parent company, the matter shall be determined subject to review by the Board of Directors without fail.
2) It is a policy of the Company to carry out fair transactions with the parent company and subsidiaries based on market prices.
3) The Company shall cause its subsidiaries to establish systems according to their scale of operations, etc. based on the systems of the Company, in order to ensure the appropriateness of their operations.

With respect to risk management, each Executive Officer identifies and analyzes business risks including changes in political, economic and social situations, currency fluctuations, rapid technological innovations, as well as changes in customer needs, examines measures against such risks, and reviews these measures whenever necessary through discussions at the Board of Directors, the Audit Committee, the Executive Committee and other meeting bodies. In addition, the Company avoids, prevents and manages the risks by each site of the group companies developing systems to share information of materialized risks relating to compliance, antisocial forces, finance, procurement, the environment, disasters, quality, information security, export control, legal affairs, etc. with respective business divisions in charge, as well as each corporate administrative division preparing internal rules, guidelines, etc., conducting education and enlightenment activities, preliminary checks, audits on business operations, etc. and cooperating with the relevant internal company business divisions. Furthermore, the Company formulates a Business Continuity Plan (BCP) as well as conducts Business Continuity Management (BCM) to regularly and continuously improve the BCP according to changes to its business structure and associated risks. In fiscal 2018, for identifying and improving the issues associated with the application of the on-going BCP, the Company was dedicated to preparing for large-scale BCP training in collaboration with the business sites of the Group in Japan, and conducted the training in April 2019. The Company has constantly conducted training to respond to its safety confirmation system for cases of disaster.

2. Basic Approach and Development Status Regarding Elimination of Antisocial Forces [Updated]

The Company's policy is to take a resolute stance against antisocial forces that pose a threat to the order and safety of civil society, and cut off all ties with them. The following systems have been put in place to ensure the efficacy of this policy.

(1) The compliance department will address risks involving antisocial forces, and an offer and a person in charge will be appointed for each Company's office. These people will collect and provide risk-related information, and explain response procedures for risk scenarios.

(2) To ensure close liaison with the Tokyo Metropolitan Police Department and other police departments with jurisdiction, Tokubouren, and other external agencies, the Company will keep up visits and other links to build up information on antisocial forces. If there is the possibility of harm from such forces, the Company will promptly notify these agencies, consult with them, and act in partnership with them.

(3) To eliminate antisocial transactions, the Company will work to enact rules on the prevention of such transactions, establish a system for the compliance department in all divisions to vet new trading partners, and introduce clauses for the elimination of gang activity from contracts and transaction terms. The compliance department will conduct internal audits to confirm the state of compliance.

(4) To raise awareness among employees on how to handle antisocial forces, the Company distributes guidebooks, etc., declaring, "We absolutely refuse all contacts and demands from antisocial forces and groups," and strives to make all employees aware of the declaration.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted

Supplementary Explanation

The Company has established basic policies for parties who exercise control over decisions on the financial and operating policies of the Company as follows.
"The Company positions itself as a development-driven corporation continually advancing and pioneering basic and new technologies, and in doing so, creates new products and businesses and continues to provide new values to the society. This is the basis of the business activities of the Company. In order to promote these activities, the Company, as a member of the Hitachi Group, centered around Hitachi, Ltd., the parent company, aims to maintain close cooperation with Hitachi, Ltd. through R&D collaboration while remaining independent in its business operations and transactions with Hitachi, Ltd. and by using the Company's management resources effectively, the Company seeks to provide high-quality products and services. Furthermore, as an exchange-listed corporation, the Company constantly recognizes the expectations and evaluations by the shareholders, investors and the stock markets, and strives to disclose information in a timely and appropriate manner. Moreover, the Company understands the importance of maintaining rational and vigilant management by establishing management plans that contribute to realization of sustained growth and strengthening corporate governance. Through these measures, the Company will work to enhance the corporate value and maximize the value provided not only to the parent company but for all shareholders."

2. Other Matters Concerning Corporate Governance System [Updated]

Overview of Timely Disclosure System

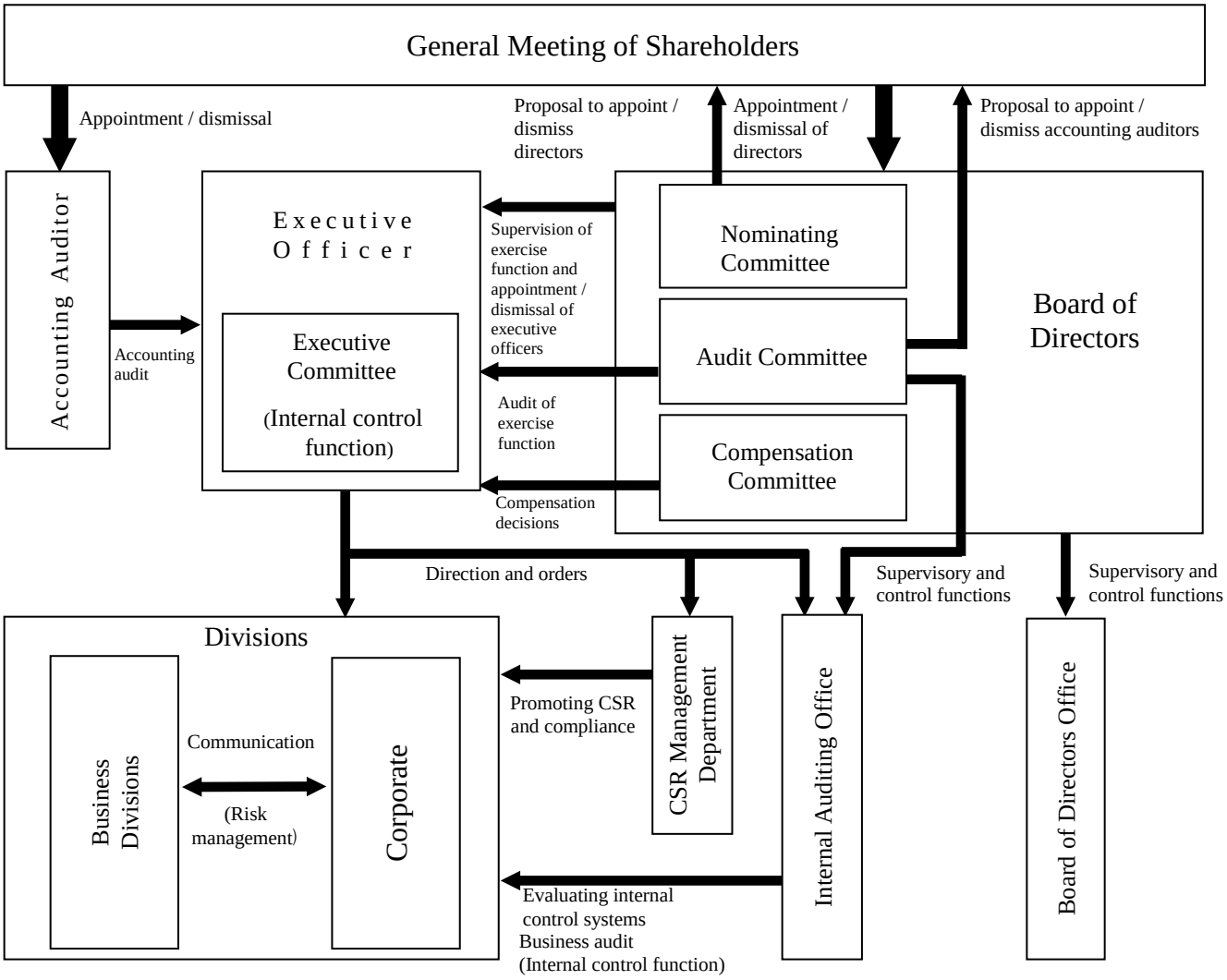
1. Policy on Disclosure of Corporate Information
   The Company has set forth a code of conduct for (1) actively conducting information disclosure and striving to obtain trust as a highly transparent "open company" and (2) actively disclosing information concerning society such as the Company's management philosophy, management policies and business activities, to people related to the Company including the shareholders, customers, and business partners.
   Pursuant with this code, the Company shall comply with the rules established by various laws and regulations such as the Financial Instruments and Exchange Act and the regulations of the stock exchange on which the Company is listed through internal systems set forth in the following items, and disclose corporate information in a timely and appropriate manner.

2. Status of Internal System for Timely Disclosure of Corporate Information
   In the Company, activities to provide timely disclosure of corporate information shall be carried out according to the following internal system, with the Corporate Communications Department playing the central role.
   (1) The department in charge of the information shall be determined based on the type of matter requiring timely disclosure in accordance with internal rules. If a matter requiring disclosure is expected to arise, the department in charge shall give notification of the matter to the Finance Division, the Legal Affairs Department and the Corporate Communications Department. If such a matter actually arises, then the department in charge shall confirm the matter and give notification of the details to the Finance Division, the Legal Affairs Department and the Corporate Communications Department. If a matter requiring disclosure concerns a group company, notification of the information shall similarly be given to such division and departments via the department in charge.
   (2) If the matter is a decision resolved by the Company, the matter requiring timely disclosure shall, in principle, be submitted at a meeting of the Executive Committee. The department submitting the agenda items to the Executive Committee shall give prior notification of these details to the Finance Division, the Legal Affairs Department and the Corporate Communications Department.
   (3) The Finance Division, the Legal Affairs Department and the Corporate Communications Department shall review the information pertaining to the notification given and pass judgment on whether or not disclosure is required in light of the regulations of the stock exchange on which the Company is listed.

(4) If, as a result of the judgment, the information is judged to qualify as a disclosure item, the Corporate Communications Department, in cooperation with the department in charge, etc., will obtain approval from the General Manager of Corporate Management Planning Division and relevant Executive Officers and disclose the information as soon as possible.

(5) If the matter concerns financial information from the annual or quarterly settlement of financial results, the Finance Division, which is in charge of the settlement of accounts shall prepare the information, and then, after receiving approval from the President and Chief Executive Officer and reporting to the Board of Directors, the Corporate Communications Department shall disclose the information. Note that the Company is putting in place an internal control system for financial information according to a standard framework (COSO Framework) pursuant with the Financial Instruments and Exchange Act and strives to further improve trust in the Company's financial information.

In addition, wishing to further enhance corporate governance through providing timely and high quality information disclosure, the Company is actively working to not only provide timely disclosure but also provide disclosure of the details regarding individual businesses and the medium-term management plans.


General Meeting of Shareholders
Appointment / dismissal
Proposal to appoint / dismiss directors
Appointment / dismissal of directors
Proposal to appoint / dismiss accounting auditors
Accounting Auditor
Accounting audit
Executive Officer
Executive Committee
(Internal control function)
Supervision of exercise function and appointment / dismissal of executive officers
Audit of exercise function
Compensation decisions
Nominating Committee
Audit Committee
Compensation Committee
Board of Directors
Direction and orders
Supervisory and control functions
Supervisory and control functions
Divisions
Business Divisions
Communication
(Risk management)
Corporate
Promoting CSR and compliance
CSR Management Department
Internal Auditing Office
Board of Directors Office
Evaluating internal control systems
Business audit
(Internal control function)

▪ Reasons for appointment as Executive Officer

Name	Reasons for appointment
Koji Sato	Because Mr. Koji Sato has a track record in solving management issues, as reflected by his experience as the head of Specialty Steel business and Technology, Research & Development Division of the Company, and so forth, and he has abundant experience and in-depth knowledge suitable for the general management of business execution, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Hiroaki Nishioka	Because Mr. Hiroaki Nishioka has abundant experience and in-depth knowledge of operations through serving as the General Manager of the accounting division in Hitachi, Ltd. and being the head of the Finance Division in the Company, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Naohiko Tamiya	Because Mr. Naohiko Tamiya has abundant experience and in-depth knowledge of operations through his engagement in duties relating to human resources, training, and global personnel management in Hitachi, Ltd. and its group companies, and being the head of the Human Resources & General Administration Division in the Company, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Kazuya Murakami	Because Mr. Kazuya Murakami has abundant experience and in-depth knowledge of operations through being the head of the Wires, Cables and Related Products business in the Company, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Hiroshi Watanabe	Because Mr. Hiroshi Watanabe has abundant experience and in-depth knowledge of operations through serving as the General Manager of the Procurement Division and Specialty Steel Division, and being the head of the Functional Components and Equipment business in the Company, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Ryouji Akada	Because Mr. Ryouji Akada has abundant experience and in-depth knowledge of operations through having the experience of being the head of the Magnetic Materials and Applications business in the Company, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Norio Uemura	Because Mr. Norio Uemura has abundant experience and in-depth knowledge of operations through having the experience of being President of a domestic subsidiary of the Company and President of its Chinese subsidiary, etc., the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Shigekazu Suwabe	Because Mr. Shigekazu Suwabe has abundant experience and in-depth knowledge of operations through having the experience of being the head of the Magnetic Materials and Applications business and the Information Systems Division, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Toru Taniguchi	Because Mr. Toru Taniguchi has abundant experience and in-depth knowledge of operations through having the experience of being President of a European subsidiary of the Company and General Manager of the Functional Components and Equipment Division, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.

Name	Reasons for appointment
Masato Hasegawa	Because Mr. Masato Hasegawa has abundant experience and in-depth knowledge of operations through having the experience of serving as the head of a base of the Specialty Steel business, and being the head of the Wires, Cables and Related Products business, the Functional Components and Equipment business, and the Corporate Quality Assurance Division in the Company, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Tomoyuki Hatano	Because Mr. Tomoyuki Hatano has abundant experience and in-depth knowledge of operations through serving as the President of a U.S. Subsidiary of the Company and possessing long-standing experience in the Sales and Sales Planning Divisions, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Kenji Hirano	Because Mr. Kenji Hirano has abundant experience and in-depth knowledge of operations through serving as the President of a subsidiary in the Company's Specialty Steel business, and the head of a base of the Company's Specialty Steel business, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Hisaki Masuda	Because Mr. Hisaki Masuda has abundant experience and in-depth knowledge of operations through serving as the General Manager of Administration Division in the Company and having experience of global supply chain management as the head of the Procurement Department, the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.
Toru Yamamoto	Because Mr. Toru Yamamoto has abundant experience and in-depth knowledge of operations through having long-standing experience in the Sales and Sales Planning Divisions in the Company, serving as the President of a Chinese subsidiary and the President of a domestic subsidiary, etc., the Company expects he will suitably and efficiently carry out the duties assigned to him by the Board of Directors. Therefore, the Company elected him as an Executive Officer.