P010-E657

SHIMADZU
Excellence in Science

Shimadzu Integrated Report 2020

Year Ending March 2020

Contributing to Society through Science and Technology

Editorial Policy

The Shimadzu Integrated Report 2020 is a summary of corporate strategies, business activities, and financial and non-financial information provided to help shareholders and investors better understand the measures we are implementing to increase the Shimadzu Group's medium- and long-term corporate value. The report is revised each year, not only to provide a dialogue with shareholders, investors, and other stakeholders but also to respond as far as possible to their valuable opinions and requests.

Financial Information	Non-Financial Information
Web **Information for investors** https://www.shimadzu.com/ir/index.html	Web **Sustainability** https://www.shimadzu.com/sustainability/index.html

Please refer to the our company website listed above for the latest information.

Shimadzu Integrated Report 2020

Financial Information	Non-Financial Information
Earnings reports and financial position presentation documents	
Fact Book	Reports related to corporate governance
Marketable securities reports	

Publishing Dates Published in July 2020

Reporting Periods From April 1, 2019 to March 31, 2020
(Also includes certain important information for periods other than indicated to the left.)

Reporting Organizations Shimadzu Corporation and Shimadzu Group companies

Disclosure Policy This report is provided in an effort to disclose information in a timely manner, in accordance with the Disclosure Policy specified by Shimadzu.
For more details, refer to the website.
https://www.shimadzu.com/sustainability/approach/stake_holder/disclosure.html

Notes about Future Prospects
The business plans, strategies, and forecasts stated in this report are based on currently available information and are subject to risks and uncertainties. Please note that actual results may differ substantially from projected results, due to changes in economic conditions, market trends, or other factors.

Recognition from Outside Shimadzu

Shimadzu is included in the JPX-Nikkei Index 400, which was started by the Japan Exchange Group (JPX), Tokyo Stock Exchange, and Nikkei in 2014 for the purpose of selecting companies that satisfy the various conditions required by global investment standards.

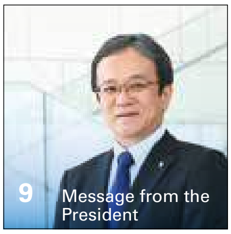
Shimadzu is included in the S&P/JPX Carbon Efficient Index, which is an indicator for selecting companies with low carbon emission levels per net sales and that disclose sufficient information about carbon emission quantities. The index is also used for evaluation by the Government Pension Investment Fund (GPIF).

Shimadzu is included in the MSCI Japan ESG Select Leaders Index, which selects brands in respective industry categories with a high ESG score based on overall environmental, social, and governance (ESG) risks. The index is also used as an index for evaluation by the Government Pension Investment Fund (GPIF).

Shimadzu is included in the MSCI Japan Empowering Women Index (WIN), which selects companies in respective industry categories that promote the role of women and have a high gender diversity score. The index is also used as an index for evaluation by the Government Pension Investment Fund (GPIF).

For the fourth consecutive year, Shimadzu Corporation has been recognized jointly by the Japanese Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as a "White 500" company, which recognizes large corporations with outstanding health and productivity management practices.

Contents



Shimadzu is included in the Diversity Management Selection 100 list, which is a list of companies selected by the Japanese Ministry of Economy, Trade and Industry to publicize advanced measures by companies that use diversity to achieve better management results.

Shimadzu has been selected as a Nadeshiko brand in recognition of being a company that actively promotes the role of women in the workplace. Nadeshiko brands are selected from respective industries by the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange from the approximately 3,600 companies listed on the exchange, based on their practices that actively promote the roles of women, including providing a work environment where women are free to continue working.

Shimadzu has been certified by the Eco-First Program established by the Ministry of Environment as a Eco-First Company, in recognition of Shimadzu's environmental conservation measures.

Shimadzu Participation in Key Initiative

In September 2019, Shimadzu became a signatory to the United Nations Global Compact (UNGC) proposed by the United Nations and became a member of Global Compact Network Japan, the local UNGC network in Japan. The UNGC is a voluntary initiative for achieving growth for a sustainable society by all businesses and organizations showing imaginative leadership and taking responsibility for their actions as a good member of society.

Shimadzu endorses the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is a participant in the TCFD Consortium. Based on the TCFD recommendations, we will disclose information about both the risks and opportunities caused by climate change, from the perspectives of strategies, risk management, governance, and other factors.

In November 2019, the Shimadzu Group's CO_2 emissions reduction target levels were certified by the Science Based Targets (SBT) initiative as having a valid scientific basis.

The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/evaluation.html#06

Current Initiative Participation by Shimadzu

Shimadzu's Values

Corporate Philosophy

Contributing to Society through Science and Technology

Management Principle

Realizing Our Wishes for the Well-being of Mankind and the Earth

CSR Charter

Create a Brighter Future
—Solve societal challenges while working towards harmony between the earth, society, and people.—

Based on Shimadzu's corporate philosophy "Contributing to Society through Science and Technology" and management principle "Realizing Our Wishes for the Well-being of Mankind and the Earth," Shimadzu is committed to supplying products and services that meet the requirements and solve the progressively more diversified and complex challenges of society and to achieving harmony with the global society, by utilizing the extensive wealth of technologies and expertise cultivated over many years of conducting business.

To earn the trust of customers, shareholders, business partners, employees, local communities, and other stakeholders and achieve sustainable growth and development for Shimadzu businesses and society, Shimadzu will engage in company activities and fulfill social responsibilities based on two principles—solve the challenges of society through business operations and engage in activities as a responsible member of society.

Corporate Governance	To achieve sustainable growth and increase the corporate value in the medium- and long-term, we shall establish and improve corporate management systems that ensure management transparency and fairness, and that enable quick and bold decision-making and implementation of measures.
Practicing Corporate Social Responsibility	Shimadzu shall practice the following: 1. contribute to society, 2. ensure actions are fair and transparent, 3. respect human rights, 4. protect the global environment, and 5. maintain and build relationships with stakeholders (customers, shareholders, business partners, employees, and local communities).
Accountability	Shimadzu shall disclose information about company activities in a timely, appropriate, and fair manner and cultivate a deeper mutual understanding through dialogue with stakeholders.

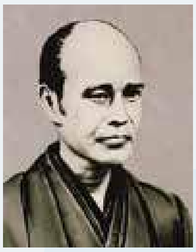
Striving to "Become a Company that Builds the Foundation for a Prosperous, Safe, and Secure Society and is Needed by Society"

Throughout the over 145 years since Shimadzu was founded in 1875, the challenges of society have become progressively more diversified and complex but Shimadzu has remained steadfastly dedicated to solving those challenges, building the foundations for a prosperous, safe, and secure society, and achieving a society needed by stakeholders, based on our corporate philosophy and management principle.

Contributing to Society through Science and Technology

Advancements Based on Creating Shared Value

Shimadzu has continued to grow and develop by constantly using advanced technologies to satisfy challenges and needs indicated by customers and solve the challenges in society underlying those needs.


Genzo Shimadzu Sr.


Genzo Shimadzu Jr.

1882

Widespread Use and Advancement in Physics and Chemistry Instruments

Supplied state-of-the-art educational equipment

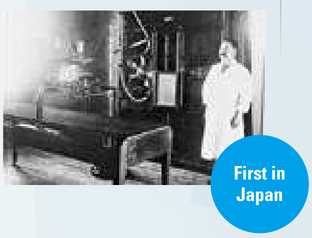
Business expanded to the point that Shimadzu's product catalog published in 1882 (entitled "Science Equipment Catalog List") listed 110 physics and other products.

1909

Advancement and Widespread Use of Medical Devices

Completed medical X-ray device

In 1909, Shimadzu completed the first medical X-ray device made in Japan. Two years later, Shimadzu manufactured a large X-ray system powered by an AC power supply. Such systems, delivered to the Otsu Red Cross Hospital, for example, made Shimadzu the leader in medical X-ray systems in Japan.

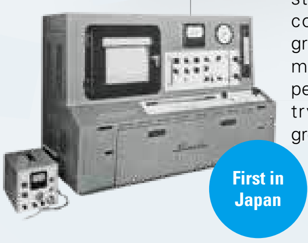


1957

Advancement of the Petrochemical Industry

Successfully commercialized a general-purpose gas chromatograph

In 1956, Shimadzu completed Japan's first gas chromatograph. The next year, a successfully commercialized system was delivered to Japanese petroleum companies. That system was exhibited at the Chemical Society of Japan, where it attracted strong interest and contributed to the growth and advancement of the Japanese petrochemical industry during its early growth period.



1961

Reduction of Radiation Exposure

Developed world's first remote-controlled X-ray fluoroscopy system

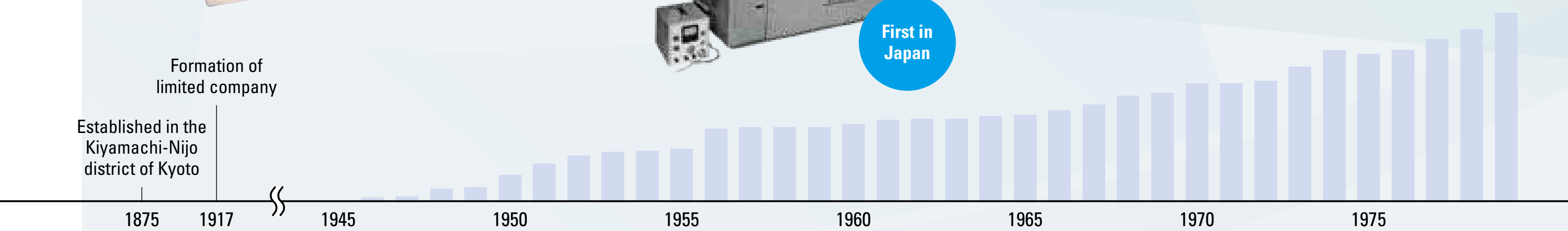
Operating the system from a separate room reduced the radiation exposure to physicians and technologists.

1978

Safety and Efficacy of Pharmaceuticals

Completed a modular liquid chromatograph (LC) system

By using a new pumping method that was not previously available in Japan, the system offered dramatically higher analytical accuracy and easier operability. The modular configuration enabled the system to satisfy a wide variety of needs. It contributed to full-scale research and development activities at pharmaceutical companies that needed to ensure the safety and efficacy of pharmaceutical products.



Net Sales

Note: Values are indicated on an unconsolidated basis until FY 1999 and on a consolidated basis from FY 2000.

The following web page includes information about the topics listed below.
https://www.shimadzu.com/about/history.html

History

2010

Development of Testing Instruments for Clinical Samples

Developed Japan's first triple quadrupole high-performance liquid chromatograph mass spectrometer

As a leading manufacturer of high-performance liquid chromatograph mass spectrometers, Shimadzu is expanding the scope of clinical applications, such as for neonatal mass screening or pharmacokinetic monitoring.

2013

Search for Disease Biomarkers

Developed an imaging mass microscope that combines an optical microscope with a mass spectrometer

Shimadzu developed a hybrid imaging mass microscope that combines an optical microscope with a mass spectrometer in one integrated model. It merges high-accuracy and high-resolution mass spectrometer images with optical images.

2014

Early Detection of Breast Cancer

Developed a dedicated breast PET system

The Elmammo, Japan's first dedicated breast PET system, offers about two times the resolution and about ten times the sensitivity of whole body PET systems and is capable of visualizing cancers as small as about 5 mm.

2018

High-Accuracy Qualitative-Quantitative Analysis of Complex Compounds

Developed quadrupole time-of-flight (Q-TOF) high-performance liquid chromatograph mass spectrometer

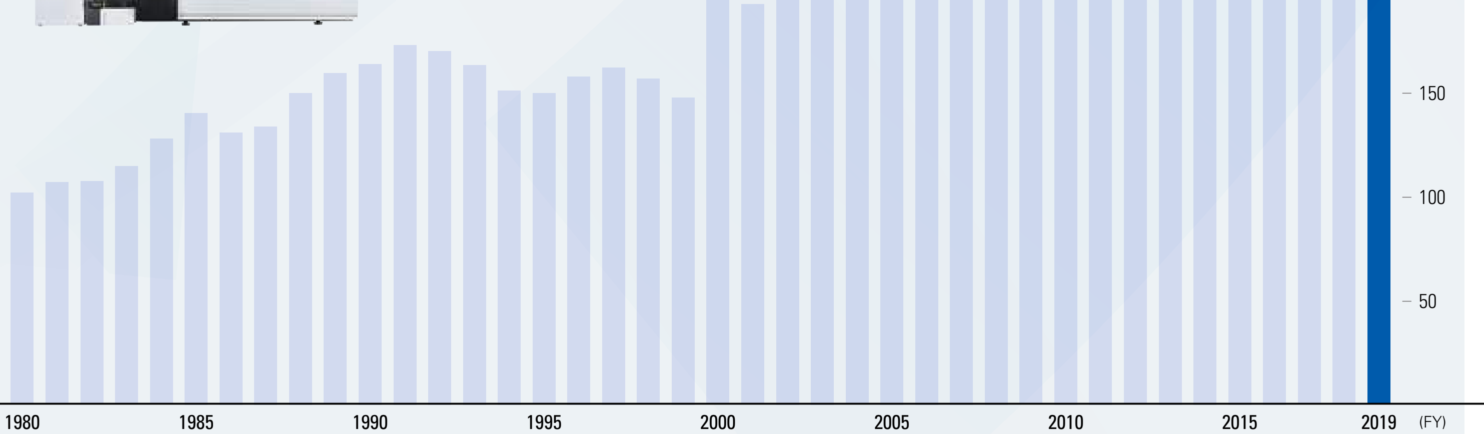
The LCMS-9030 is Japan's first Q-TOF high-performance liquid chromatograph mass spectrometer. Offering high accuracy, sensitivity, and resolution, it enables highly reliable accurate mass measurements using simple operability.

2019

Convenient Structural Analysis of Biological Molecules

Developed a digital MALDI ion-trap mass spectrometer with an A3-size footprint

Using unique technology developed by Shimadzu, it is the world's smallest model with functionality for detailed structural analysis.



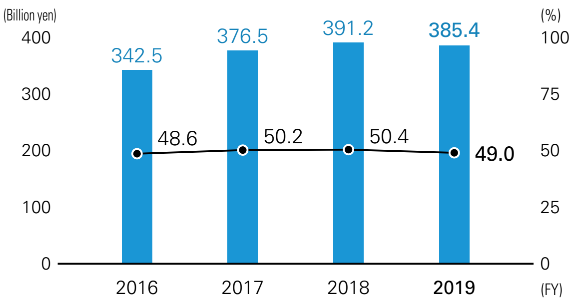
Contributing to Society through Science and Technology

Financial and Non-Financial Highlights

Financial Information

Net Sales/Overseas Sales Ratio

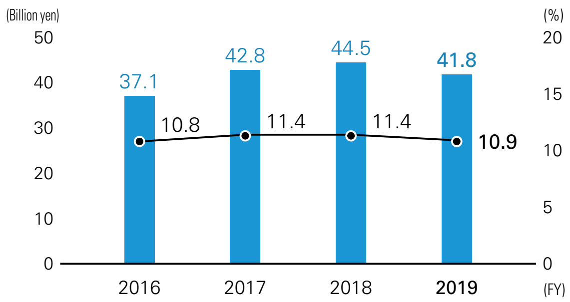
■ Net sales ● Overseas sales ratio



Due to the COVID-19 pandemic, net sales decreased by 1.5% (year on year) to 385.4 billion yen, the first decrease in seven years. The COVID-19 pandemic resulted in significantly lower sales in China, but record-breaking sales were achieved in Japan, the Americas, Europe, and other Asian countries.

Operating Income/Operating Margin

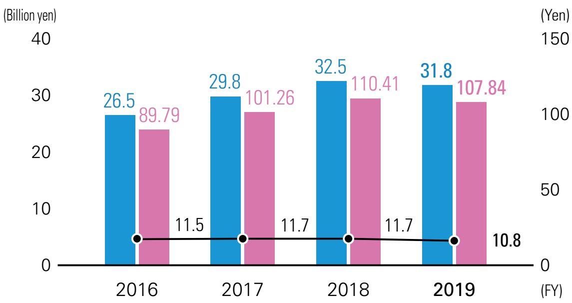
■ Operating income ● Operating margin



Operating income decreased by 5.9% (year on year) to 41.8 billion yen. Income decreased for the first time in seven years, due to a strong yen value that had a negative impact of about 1.6 billion yen, decreased sales, and lower profitability due to changes in segment composition. The operating margin decreased by 0.5 points as well.

Profit Attributable to Owners of Parent/ Profit per Share/ROE

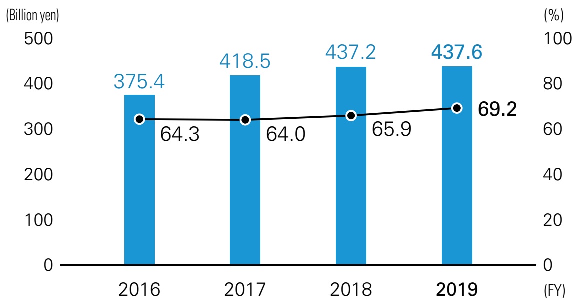
■ Profit attributable to owners of parent ■ Profit per share ● ROE (%)



Due to the lower operating income and other factors, the "profit attributable to owners of parent" value decreased by 2.3% (year on year) to 31.8 billion yen and profit per share decreased by 2.57 yen (year on year) to 107.84 yen. Though the 10% or higher ROE target specified in the medium-term management plan was achieved, the performance downturn resulted in a year-on-year 0.9-point decrease.

Total Assets/Equity Ratio

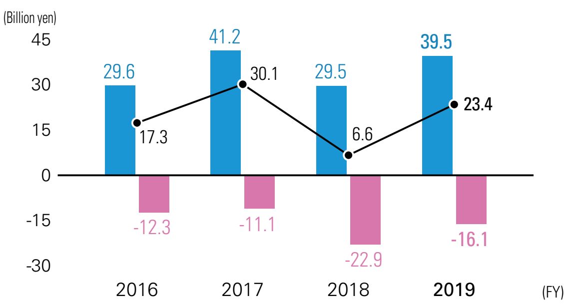
■ Total assets ● Equity ratio



Total assets increased by 0.4 billion yen, versus the end of the previous year, to 437.6 billion yen. Net assets increased by 14.8 billion yen to 302.7 billion yen, versus the end of the previous year, due to increased retained earnings and other factors. As a result, the equity ratio increased by 3.3 points, versus the end of the previous year, from 65.9% to 69.2%.

Operating Cash Flow/Investment Cash Flow/ Free Cash Flow

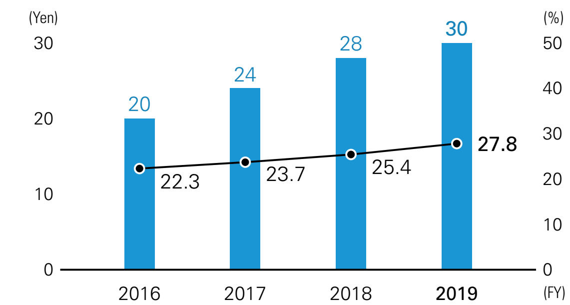
■ Operating cash flow ■ Investment cash flow ● Free cash flow



Operating cash flow increased by 10.1 billion yen, due to increased and decreased trade receivables and other factors. Also, investment cash flow decreased by 6.8 billion yen, due to a decrease in expenditures for purchasing property, plant and equipment. As a result, free cash flow increased by 16.9 billion yen to 23.4 billion yen.

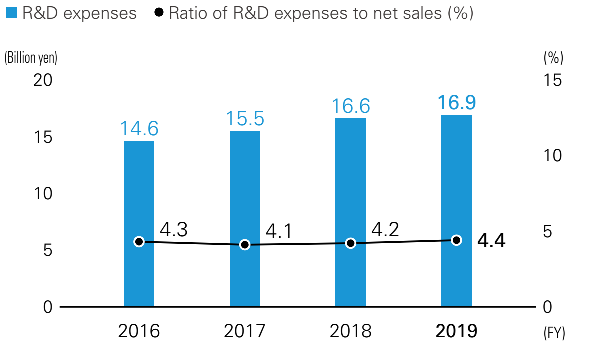
Dividend/Total Shareholder Return

■ Dividend ● Total shareholder return



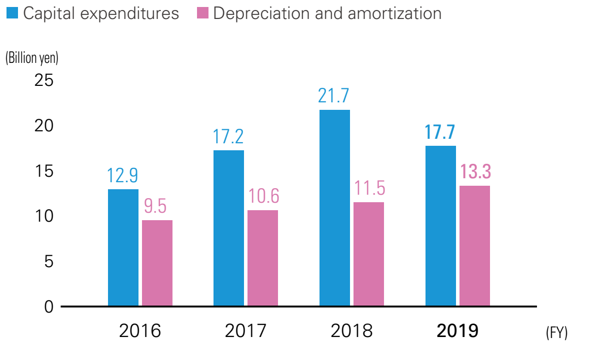
The annual dividend increased by 2 yen (year on year) to 30 yen per share, which is a combination of the 15 yen interim dividend and the 15 yen year-end dividend. We intend to keep dividends stable while also comprehensively taking into account earnings performance and cash flows when determining shareholder returns.

R&D Expenses (Testing and Research Expenses + Industrial Application Research Expenses)/ Ratio of R&D Expenses to Net Sales



R&D expenses increased by 0.3 billion yen (year on year), resulting in a total of 49.0 billion yen in R&D expenses during the previous medium-term management plan (FY 2017 to 2019). We intend to continue actively investing in R&D activities, with about 53.0 billion yen of expenditures planned during the new medium-term management plan that started this year (FY 2020 to 2022).

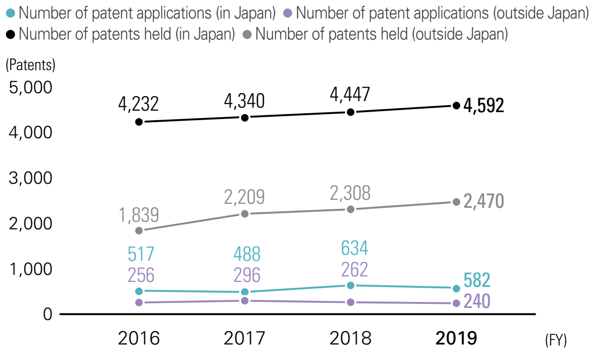
Capital Expenditures/ Depreciation and Amortization



Capital expenditures decreased by 4.0 billion yen (year on year) to 17.7 billion yen, resulting in total capital expenditures of 56.6 billion yen during the previous medium-term management plan (FY 2017 to 2019). With about 54.0 billion yen of expenditures planned during the new medium-term management plan that started this year (FY 2020 to 2022), we intend to continue actively expanding and improving the business base, mostly outside Japan.

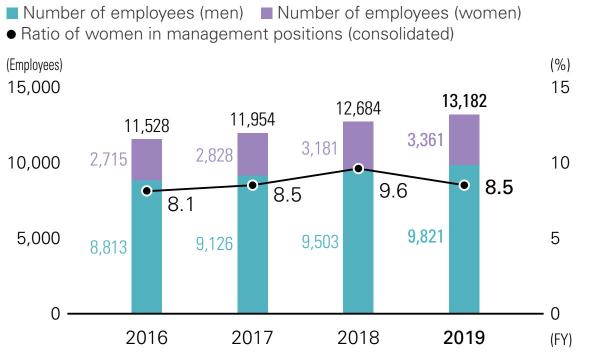
Non-Financial Information

Number of Patent Applications/ Number of Patents Held



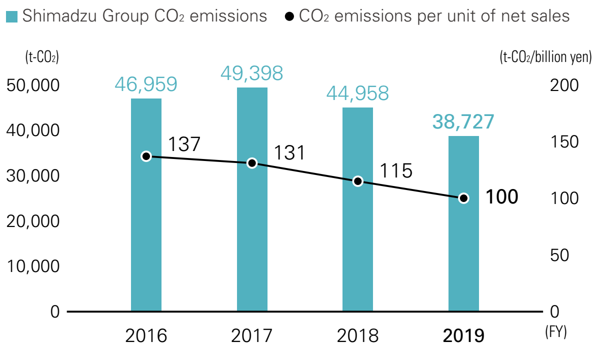
Given our basic policy of creating new value based on intellectual property generated from research and development, we regularly submit patent applications. As a result, the number of patents held has been increasing annually, with a current total of about 7,062 patents held, and patent acquisition increasing outside Japan as well.

Number of Employees (Men and Women)/ Ratio of Women in Management Positions



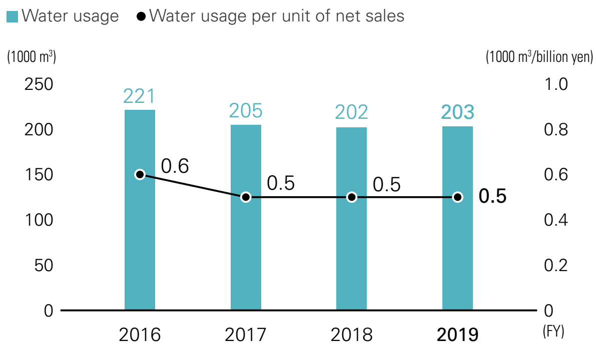
To promote the use of women employees, we actively hire women as full employees and are committed to providing a workplace environment where women employees can fully exercise their abilities. Consequently, we continue to implement a plan to increase the number of women in management positions at the Head Office to 5% by FY 2020.

Shimadzu Group (Worldwide) CO_2 Emissions from Energy



In FY 2019, we reduced the world-wide CO_2 emissions of the Shimadzu Group by 14% (year on year) to 38,727 t-CO_2. We even improved emission intensity by 13% to 100 t-CO_2 per billion yen. As ongoing efforts to achieve a carbon-free society, we continue to implement initiatives to reduce energy usage, switch to power sources with lower CO_2 emission levels, introduce the use of renewable energies, and so on.

Water Usage/Ratio of Water Usage per Net Sales



Shimadzu Group water usage during FY 2019 was 203,000 m^3, which is roughly the same as in the previous year. We will continue efforts to reduce water usage, such as watering green areas with rainwater and installing water-efficient fixtures.

Message from the President

We intend to create new value in society by using unique and advanced science and technologies to solve a wide variety of challenges under a new normal living in post-COVID-19 societies.

Teruhisa Ueda
Representative Director, President & CEO

There is increasingly strong demand for solutions to the various challenges threatening the sustainability of society on a global scale, such as important global issues like climate change, COVID-19 and other infectious diseases, environmental problems like microplastics, ensuring the safety of water and public health, maintaining public infrastructure, and aging demographics.

Throughout the over 145 years since Shimadzu was founded in 1875, we have remained committed to creating a better society, by identifying core characteristics of challenges in society and confronting those challenges head-on from a perspective of science and technology based on Shimadzu's corporate philosophy "Contributing to Society through Science and Technology" and management principle "Realizing Our Wishes for the Well-being of Mankind and the Earth."

Basic Philosophy

Corporate Philosophy

Contributing to Society through Science and Technology

Management Principle

Realizing Our Wishes for the Well-being of Mankind and the Earth

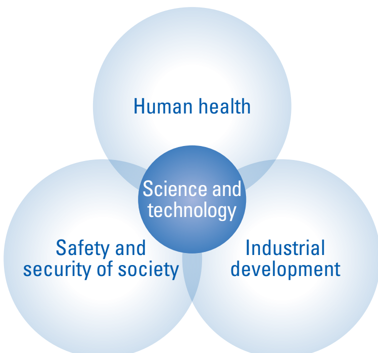
CSR Charter

Create a Brighter Future
—Solve societal challenges while working towards harmony between the earth, society, and people.—

To Achieve Growth during the Post-COVID-19 Era, Offering Solutions Based on Science and Technology for the Increasingly Diverse and Complex Challenges in Society

Companies are now increasingly expected to fulfill diverse roles and responsibilities, such as achieving the United Nations' sustainable development goals (SDGs) and complying with the Paris Agreement on climate change and disclosing the associated information. We will continue working with partners around the world to offer solutions based on science and technology for the increasingly diverse and complex challenges in a society, under business conditions with a mixture of risks and opportunities, while also constantly questioning our significance in global society.

Business Areas



Setting Long-Term CSV and CSR Goals for Achieving a Safe and Secure Society

The CSR Charter is a declaration of Shimadzu's commitment to solving actual customers' challenges and potential challenges of society by promoting business activities that are consistent with both solving the challenges of society through business (i.e. CSV, which is strategic CSR) and with engaging in activities as a responsible member of society (fundamental CSR). In this way, Shimadzu will contribute to laying the foundation for a safe, secure, and convenient society.

Achieving Sustainable Growth for Society and Increasing Medium- and Long-Term Corporate Value by Aligning Business Practices with Sustainable Development Goals (SDGs)

The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/common_value/sdgs.html

Measures for Achieving SDGs through Business Activities

Targets for Contributing to SDGs through Shimadzu Businesses

Message from the President

Review of the Previous Medium-Term Management Plan

Solving Challenges of Society and Becoming a Company Even More Needed by Stakeholders

Though we failed to increase both sales and income for a seventh consecutive year, because of the COVID-19 pandemic that began at the end of January 2020, during the previous medium-term management plan, we actively invested in growth fields, mainly in healthcare and environmental/energy fields, improved profitability by strengthening aftermarket businesses, and implemented organizational foundation reforms, such as working practice reforms and diversity management measures.

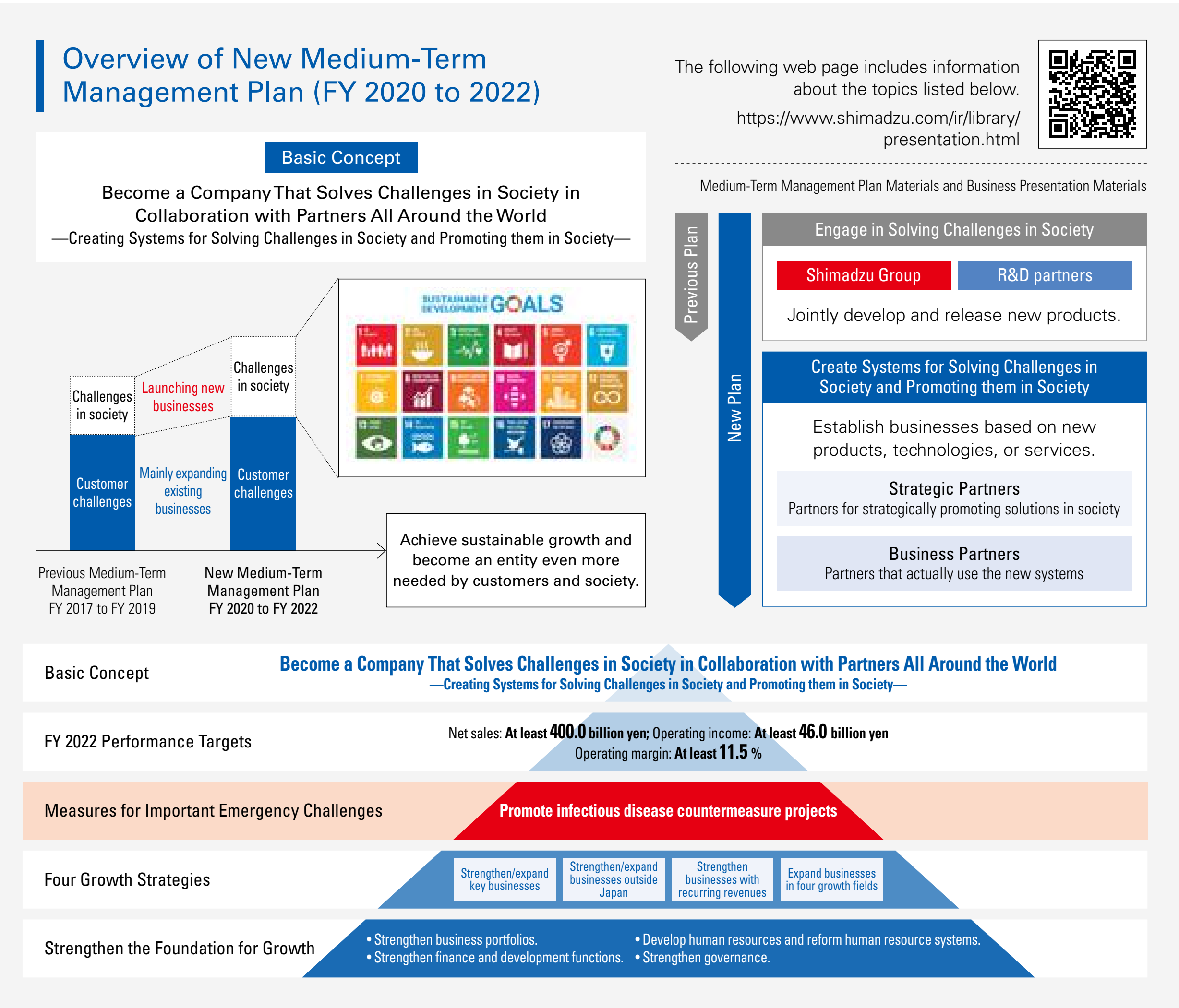
In addition, we identified both strategic and fundamental CSR topics based on the 17 SDGs and 169 targets and selected the topics that had the highest importance for Shimadzu and stakeholders and that were also likely to increase corporate value.

We will continue to expand/improve ESG management measures, while also implementing measures corresponding to the medium-term management plan.

Overview of the New Medium-Term Management Plan

Becoming a Company that Creates and Promotes Solutions for Challenges in Society in Collaboration with Partners All Around the World

Though the new medium-term management plan started off in the midst of terrible business conditions precipitated by the COVID-19 pandemic, we launched



"Promoting Infectious Disease Countermeasure Projects" as urgent and important measures for the global challenge of addressing the COVID-19 pandemic.

Based on four growth strategies, the new medium-term management plan is intended to contribute to creating a new global society in the post-COVID-19 era, in collaboration with R&D partners thus far and also strategic partners and business partners for promoting solutions in society. Executing the plan will result in creating and promoting solutions based on Shimadzu products and services for challenges in society and will achieve sustained growth and increase corporate value.

Measures for Important Emergency Challenges

Promoting Infectious Disease Countermeasure Projects

Given that fighting the COVID-19 pandemic and other infectious diseases is a critical challenge for society, we will strengthen measures to offer solutions for analyzing viral, bacterial, and other pathogens by developing new products, in addition to offering our current line of instruments and reagents.

We will contribute to society by actively collaborating

Overview of Promoting Infectious Disease Countermeasure Projects

The Shimadzu Group is implementing two basic types of infectious disease countermeasures. One type is for addressing the COVID-19 pandemic, which is currently a major challenge in society. The other type is for infectious diseases in general. The figure below shows an overview of such measures. They involve using new science and technologies to offer solutions for testing, diagnosis, data management and networking, and support for developing vaccines or therapeutic drugs for infectious diseases.

The following web page includes information about the topics listed below.
https://www.shimadzu.com/covid-19/

Shimadzu's Response to the COVID-19 Pandemic

Virus Testing | **Pathological Diagnosis** | **Testing Accuracy Control and Infection Prevention** | **Therapeutic Drug Development Support**

COVID-19 Countermeasures

Novel Coronavirus Detection Kit

Enables PCR test in only 70 minutes using simple pretreatment.

A review of the reagent kit is posted on the National Institute of Infectious Diseases website.

Infectious Disease Countermeasures

Simultaneous Multi-Pathogen Genetic Detection System

Simultaneously detects multiple genes involved in viruses and bacteria that can cause infectious diseases.

Product line of about 20 types of kits for detecting respiratory infectious diseases.

Mobile X-Ray System (Pneumonia Examination)

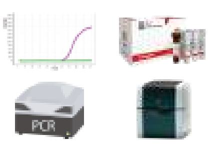
Patients can be examined for pneumonia from their bedside in a patient room or ICU.

New Measures

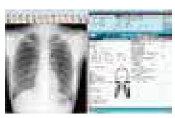
- Improve image resolution.
- Strengthen network systems.
- Develop virus elimination systems based on optical or other technologies.

Network of Infectious Disease Countermeasures

Virus testing | Pathogen testing



Data Management Network



Mobile X-ray system

Microorganism identification MS

System for Measuring Blood Concentration of Candidate Therapeutic Drugs for the COVID-19 Virus

Using a stable isotope reagent (standard substance), an LCMS system can be used to monitor the concentration of candidate novel coronavirus therapeutic drugs measured in the bloodstream.

New Therapeutic Drug Development Support System

Promotes joint development with outside entities globally.

- Analysis of metabolic changes associated with viral infections, for example

Message from the President

with academic institutions, hospitals, healthcare institutions, and others to "create systems for fighting infectious diseases," rather than only offering physical products. Collaborations will be focused on two perspectives. One is to prevent the spread of the COVID-19 virus, which is currently a serious problem for society. The other perspective is to address overall infectious diseases, which is a new future risk.

Shimadzu Countermeasures for the COVID-19 Pandemic

The novel coronavirus infections that were first confirmed in November 2019 in Wuhan city of Hubei province in China spread rapidly to other countries and regions of the world. As the number of suspected victims quickly increased throughout the world, it created an urgent need for healthcare facilities to rapidly test and diagnose patients from the perspective of preventing the spread of infection and properly treating the infected patients. Therefore, the Shimadzu Group has been involved in deploying a variety of measures aimed at preventing the spread of the new virus.

Novel Coronavirus Detection Kit for Speeding up PCR Testing

Due to the need to shorten the time involved in PCR tests used to determine whether or not a person is infected with COVID-19, the Shimadzu Group developed and released a novel coronavirus detection kit that eliminates the need for RNA purification.

Promoting the widespread use of the reagent kit contributes to preventing the spread of the COVID-19 virus by reducing the burden on testing personnel, so that more people can be tested.

Using Mobile X-Ray Systems to Examine Lungs for Pneumonia

Due to the COVID-19 pandemic, demand increased sharply for mobile X-ray systems that can be moved to patient rooms or ICU rooms (intensive care units) for diagnosing pneumonia. The mobile systems enable X-ray radiography from the patient bedside, which can increase the efficiency of pneumonia examinations. Furthermore, because X-ray images can be displayed within about two seconds after they are captured, it helps physicians make diagnoses more quickly as well.

We intend to contribute to society from two perspectives, preventing the spread of the COVID-19 virus and addressing overall infectious diseases.

Four Growth Strategies

The new medium-term management plan specifies continuing strategic investments based on four growth strategies and expanding business by strengthening various solutions for key businesses.

Growth Strategy 1 Strengthen/Expand Key Businesses

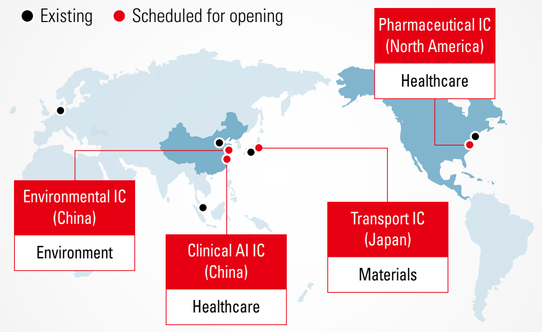
Utilize all Shimadzu resources to expand/improve product lines and increase market share in Europe and the United States, especially for liquid chromatograph and mass spectrometer system products of the Analytical & Measuring Instruments segment. Therefore, strive to satisfy needs for reducing labor requirements and needs for non-contact solutions to address the shrinking labor force and to prevent infectious diseases. Also use AI and robotic technologies to automate processes and expand/improve the use of databases.

Nexera Series Ultra High Performance Liquid Chromatograph (left) and LCMS-9030 Mass Spectrometer (right)

Growth Strategy 2 Strengthen/Expand Businesses outside Japan

To achieve business growth outside Japan, strengthen the organizational functions of specific locations based on the characteristics of the corresponding region and expand businesses by working with partners in respective regions around the world to offer solutions for challenges in corresponding regions. In particular, expand businesses outside Japan by making carefully selected investments at the appropriate timing, mainly in North America and China.

Shimadzu Group Innovation Center (IC) Locations



Growth Strategy 3 Strengthen Businesses with Recurring Revenues

Partner with each company outside Japan that joined the Shimadzu Group during the previous medium-term management plan to ensure we achieve steady growth of our aftermarket businesses, mainly for reagents and consumables. "Creating systems for solving challenges in society" is essentially a business model for creating situations where Shimadzu products and services will be repeatedly used. Strengthen the profit base by using data and application software to adopt new sales methods, such as subscription or pay-as-you-go billing methods.

Stable Isotope Reagent for Remdesivir from Group Company Alsachim SAS in France

Growth Strategy 4 Expand Businesses in Four Growth Fields

Create new markets and strive to expand Shimadzu products and services by cooperating with business partners and strategic partners to solve challenges in society. Accelerate the creation of new markets in the four growth fields of healthcare, environmental/energy, materials, and infrastructure using previous case studies of creating markets for functionally enhanced foods at the Innovation Center in North America and research institutions in Japan. Also promote the commercialization of businesses in growth fields by not only utilizing the Healthcare R&D Center established through investments during the previous medium-term management plan, but also by establishing a startup incubation center for fostering new businesses.

Message from the President

Shimadzu Capitalization Policy

Achieving the Optimal Capital Structure and Strengthening Investment in Future Growth

Our basic capitalization policy is to strive to achieve the optimal capitalization structure for our needs, in terms of financial health, capital efficiency, while also optimizing the balance between investment in growth for the company's future and providing a return to shareholders and employees. One of the key quantitative management targets in the new medium-term management plan is maintaining an ROE of 10% or more.

Investment in growth means investment for expanding market share in growth fields, entering new markets, cultivating/acquiring new technologies, investment in capital equipment for further strengthening technical capabilities that serve as a source of competitiveness, or engaging in M&A and other investments intended to expand/improve our business portfolio. In the new medium-term management plan, investment in growth also involves periods beyond the time frame of the next plan, which means that it can take some time to produce results. Nevertheless, we are confident these measures will eventually increase corporate value.

We are targeting a total shareholder return of 30%. Our basic concept for paying dividends is to ensure a stable and sustainable return on profits, while also allowing for investment in future growth, contribution to society, and providing a return to stakeholders.

We believe that the best method for returning profits to shareholders is maintaining stable dividends by increasing dividends in a stable and sustainable manner without being affected by the results of specific years.

Shimadzu Model for Creating Value

Achieving a Sustainable Society and Growth by Creating Shared Value through Solving Challenges in Society

We collaborate with various stakeholders throughout the world to solve challenges of customers that become apparent and also to actively solve the increasingly complex and diversified challenges in society (and latent customer challenges) using science, technology, and an expansion of networks within and outside Shimadzu. As a result, we intend to continuously create value and become an entity even more needed by customers and society.

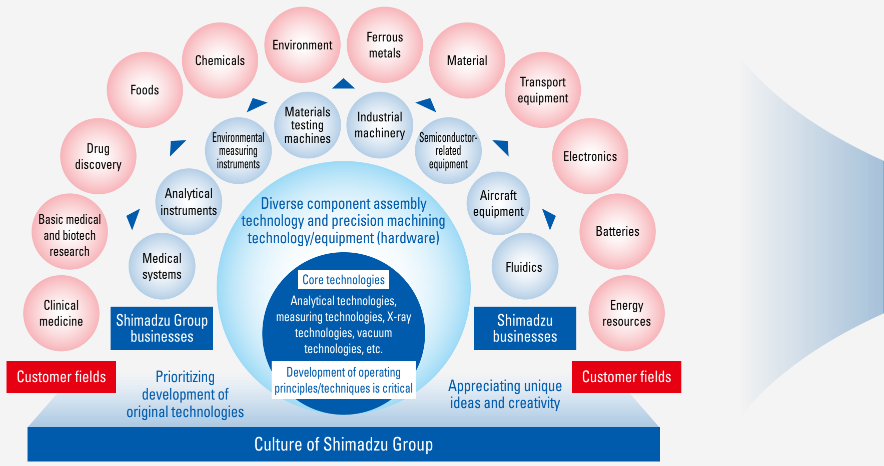
We remain committed to achieving sustainable growth and progress for society and increasing medium- and long-term corporate value for Shimadzu by continuing to emphasize our corporate philosophy, management principle, and CSR Charter, which are the basis of Shimadzu management practices, by ensuring healthy and transparent management practices based on a long-term view, and by utilizing science and technology to address challenges in society head-on.

Reasons Shimadzu has Remained in Business for Over 145 Years

(1) Despite changing times, Shimadzu remains steadfastly committed to actions based on the corporate philosophy "Contributing to Society through Science and Technology."

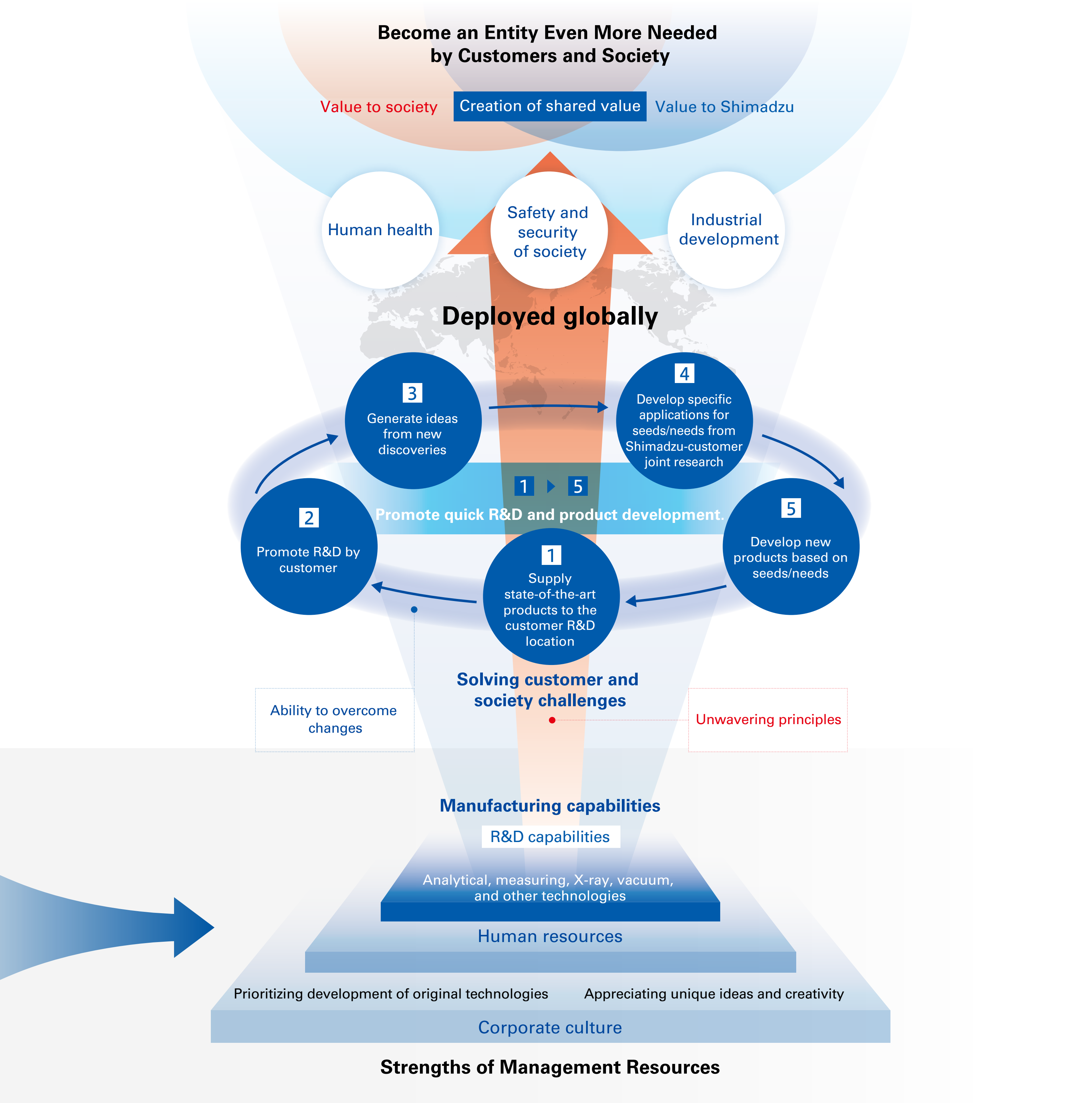
(2) Shimadzu's approach is to earnestly respond to the requirements of customers in a variety of fields, even for niche markets.

(3) Shimadzu always maintains strong R&D capabilities that contribute to the advancement, growth, and development of industry.



The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/common_value/value_creation_model.html
Model for Creating Value

Model for Creating Value



Environmental Report

Shimadzu is engaged in various business activities intended to achieve progress and growth for a sustainable society by solving environmental challenges.

Rapid global economic growth and progress are causing increasingly serious consequences in the global environment, such as extraordinarily large storms, heavy rains, and other climate changes around the world and pollution from waste and chemical substances.

Therefore, as part of our commitment to global society and to information disclosure, the Shimadzu Group became a signatory to the United Nations Global Compact, which is a set of principles recommended by the United Nations for environmental conservation, endorsed disclosing information about the impact of businesses on climate change, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD), and obtained certification by the Science Based Targets (SBT) initiative that our target levels for reducing CO_2 emissions generated from business activities have a scientific basis.

Environmental Report

Policy for Environmental Management

The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/environmental/management.html

Risks and Opportunities, Basic Policy, Medium- and Long-Term CO_2 Emission Reduction Goals for the Shimadzu Group, Measures for Addressing Climate Change—Endorsement of TCFD Recommendation, and Key Accomplishments during FY 2019

Basic Policy

As an "eco solution provider," Shimadzu strives to solve environmental problems and increase corporate value.

Given the various increasingly serious environmental problems, such as climate change, resource depletion, and ecosystem destruction, transitioning to a carbon-free and recycling-oriented society will be essential in order to achieve progress and growth toward a sustainable society. Therefore, Shimadzu considers transitioning to a carbon-free and recycling-oriented society as an important management issue.

Accordingly, we will use an ISO 14001 environmental management system to implement the following four activities. We also recognize the importance of disclosing financial information related to climate change (Task Force on Climate-related Financial Disclosures) and will actively disseminate such information.

1 Improve the Environmental Friendliness of All Products

Constantly improve the energy efficiency and reduce the size of all products to minimize their environmental impact over the course of the entire product life cycle.

—Striving to Minimize Shimadzu's Global Environmental Impact—
Eco-Products Plus

Electricity
25%

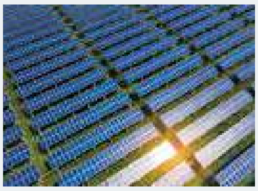
Nexera Series Ultra High Performance Liquid Chromatograph

Weight
72%

TMP-B300 Turbomolecular Pump

2 Offer Solutions for the Environmental Measurement and Alternative Energy Fields

Contribute to building a sustainable society by supplying instruments for environmental testing of water, air, soil, and so on, and products and technologies that solve challenges involved in developing new materials and alternative energies for reducing global environmental impact.



Contribution to Carbon-Free Society with Solar, Hydrogen, Wind, and Other Alternative Power Generation

3 Further Reduce the Environmental Impact of Overall Business Processes

Strive to reduce our environmental impact by specifying medium- and long-term CO_2 emission reduction targets for the Shimadzu Group and further developing closer partnerships with suppliers to actively increase the use of solar or other renewable energies, reduce the use of hazardous chemical substances, and so on.

Renewable Energy Use

Chemical Substances Management

4 Engage in Activities that Help Shimadzu Contribute to Environmental Conservation

Partner with community groups or educational institutions, for example, to deploy a wide range of activities, such as planting forests to protect biodiversity or holding classes at schools to educate students about the environment.

Environmental Education in Schools

Conservation of Ecosystem from Forest Maintenance Activities

1 Improve the Environmental Friendliness of All Products

Development of Certified Environmentally Friendly Products

The Shimadzu Group is committed to improving the environmental friendliness of products in an effort to minimize our impact on the global environment.
In particular, products that achieve especially high environmental performance are offered to customers as certified Eco-Products Plus products. To be certified, Eco-Products Plus products must satisfy one of three criteria. They must (1) consume at least 25% less energy, (2) be at least 25% smaller, and/or (3) consume at least 25% less of consumables, such as gases or solvents, than previous models. So far, 125 models have been certified. During FY 2019, these models reduced CO_2 emissions generated at customer operations by 44,688 tons. That is more than all the CO_2 emissions by the entire Shimadzu Group.

—Striving to Minimize Shimadzu's Global Environmental Impact—

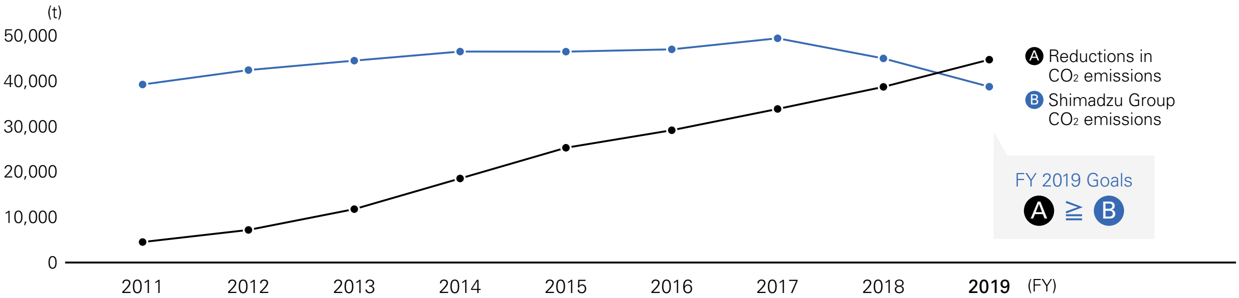
Eco-Products Plus

1	At least **25**% lower energy consumption
2	At least **25**% smaller size (in terms of weight, volume, and/or footprint)
3	Reduction in use of gases, solvents, or other consumables — At least **25**%

Certification criteria: Eco-Products Plus products must satisfy one of the criteria compared to the previous Shimadzu model.

Number of Eco-Products Plus Products Developed (total)	Contribution Volume of Reduction in CO_2 Emissions
125 models	44,688 t-CO_2

Shimadzu Group CO_2 Emissions and Contribution to Reduction in CO_2 Emissions



Electricity
44%⬇

EDX-7000/8000
Energy Dispersive X-Ray Fluorescence Spectrometer

Electricity
26%⬇

GCMS-TQ8050 NX
Triple Quadrupole Liquid Chromatograph Mass Spectrometer

Volume
80%⬇

IRSpirit
FTIR Spectrophotometer

Electricity
46%⬇

AP Series
Analytical Balance

Consumables
33%⬇

ICPMS-2030
ICP Mass Spectrometer

Consumables
30%⬇

TNP-4200
Online Total Nitrogen and Phosphorus Analyzer

The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/environmental/ecoproplus.html

Eco-Products Plus Certified Environmentally Friendly Products
—Designed to Reduce Global Environmental Impact—

Reducing the Environmental Impact of All New Products

All new products at Shimadzu are developed to have a smaller environmental impact over their entire product life cycle than previous models. In October 2019, Shimadzu added "new products must be more environmentally friendly than previous models" as a new product-review criterion for new product development. It involves an overall assessment of whether the product is more energy efficient, smaller, lighter, and/or results in less CO_2 emissions over its entire life cycle, including consideration for improvements to product performance.

In addition, we created product design guidelines and specified criteria to be considered, such as longer product life, less packaging materials, product commonality, and ease of disassembly for disposal, so that personnel involved in development and design are constantly aware of environmental factors and incorporate them in designs.

Criteria in Environmental Design Guidelines

Type of Environmental Consideration		Review Criteria
Contribution to a low-carbon society	Energy efficiency	Energy efficiency of product, system, installation environment, etc.
Contribution to recycling-oriented society	Reducing	Smaller/lighter product
		Longer product life
		Fewer replacement parts used
		Less consumables used (gases, solvents, etc.)
		Lighter-weight packaging
	Reusing	Parts interchangeability
	Recycling	Ease of disassembly
		Information disclosure in compliance with regulations in respective countries
		Fewer hazardous chemicals

Contributing to Reduced CO_2 Emissions by Customers
Nexera-i and Prominence-i i-Series Integrated High-Performance Liquid Chromatographs

These integrated high-performance liquid chromatograph systems provide a completely new operating environment that helps achieve a computer-free laboratory, where instruments can be controlled via a smartphone or other device.

Due to improved automatic shutdown functionality, the systems consume more than 95% less power in the standby mode than Shimadzu's previous models. They also consume significantly less power than previous models, due to faster analysis speeds that shorten the analysis cycle time per sample to between 1/10 and 1/20 of the previous level, which results in a 25% electricity savings.

Though previous models already offered excellent energy efficiency, replacing them with an i-Series model contributed to an approximately 2,300-ton reduction in CO_2 emissions during FY 2019.

2 Offer Solutions for the Environmental Measurement and Alternative Energy Fields

Challenges in Society

Increased CO_2 emissions from rapid global economic and societal growth and development have resulted in many problems, such as extraordinarily large storms and heavy rains caused by climate change and problems with environmental pollution in rivers, oceans, and soils from large quantities of waste and hazardous substances. CO_2 emissions have also been identified as impacting ecosystems and human health.

Measures by Shimadzu Corporation

The Shimadzu Group offers products and services that provide support for complying with water, atmospheric, and other environmental regulations or for identifying environmental pollution from microplastics.

Related SDGs

The following web page includes information about the topics listed below.
https://www.shimadzu.com/environment/product/air/001.html

Contributing to Environmental Conservation in China

Support for Smooth Compliance with Environmental Regulations

Environmental regulations in China have become significantly stricter in the last several years. Manufacturing plants and other facilities are required to install effluent water and emission gas measuring equipment and send measurement data to the regional government online. Shimadzu online environmental analyzers serve a significant role in that process. To comply with regulations for key effluent pollution sources, online total nitrogen and phosphorus analyzers are used to manage the water quality of effluents, rivers, lakes, and so on. Roughly 2,000 of those analyzers are Shimadzu products, which is equivalent to about a 40% market share.

In anticipation of water quality regulations for enclosed seas, we released models that can measure samples containing seawater, which was difficult to do using conventional methods, and models for compliance with mandatory air concentration monitoring requirements at factory boundaries. In Korea, authorities decided to transition from using the conventional time-consuming COD measurement method for analyzing water quality to the TOC measurement method, which enables continuous monitoring. Given similar trends occurring in neighboring countries as well, demand for TOC analyzers is expected to expand.

By offering various online measuring instruments for monitoring effluent water and gas emissions, Shimadzu provides support for further regulatory compliance by customers and for environmental measures.

VOC-3000F (NMHC FB)
Factory Boundary Volatile Organic Compound (VOC) Analyzer

TOCN-4200
Online TOC-TN Analyzer

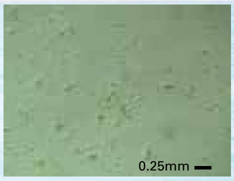
The following web page includes information about the topics listed below.
https://www.shimadzu.com/an/industries/environment/microplastics/index.html

Microplastics

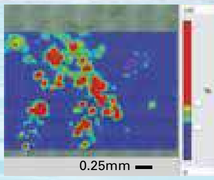
Contributing to Determining the Actual Status of Microplastic Problems

To identify environmental pollution problems from microplastics in oceans, rivers, and other environments, various investigative and research organizations throughout the world are involved in assessing the actual status of microplastics (such as particle count, distribution density, size, composition, and adhered substances) being discharged into the environment or ingested into biological organisms. When investigating microplastics, different analytical/measuring methods are used depending on what is being investigated, such as the base material itself or hazardous substances adhered to the particles. Shimadzu offers systems and application software for analyzing/measuring most of those substances.

Dr. Alan Jamieson of Newcastle University worked with the Shimadzu Group to discover that deep-sea organisms in the deepest areas of the ocean were ingesting plastics and successfully identify those materials. Dr. Tomoya Kataoka of Department of Civil Engineering, Tokyo University of Science used Shimadzu analysis systems to identify the source of microplastics in a river and investigate their distribution status.



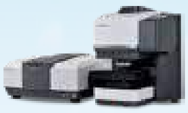
Microplastics Collected with Filter Paper

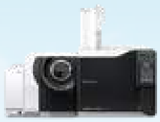


Example of Infrared Microscope Analysis of Microplastics

Main Shimadzu Systems Used for Analyzing Microplastics

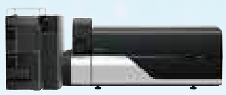
- Microplastics
  - Parameter Analyzed
    - Confirm components, count, and size
      - Analyze components
      - Measure count and sizes
    - Check for comingled or adhered substances


FTIR Spectrophotometer + Infrared Microscope


Thermal Decomposition GC-MS


Dynamic Particle Image Analysis System


X-Ray Fluorescence Spectrometer


Liquid Chromatograph Mass Spectrometer


Gas Chromatograph Mass Spectrometer

The following web page includes information about the topics listed below.
https://www.shimadzu.com/an/industry/new_energy/index.html

Alternative Energies—Biomass, Solar Cells, Photocatalysts/Artificial Photosynthesis, etc.

Support for Quality Control of Renewable Energies and Development of Environmentally Friendly Materials

For wood biomass power generation, measuring the moisture content in wood chips used as fuel is extremely important, because it is closely related to the amount of heat generated, ignitability, and combustibility. Therefore, the moisture content of wood chips must be carefully measured at the point they are delivered.

Whereas that complicated measurement process previously required several hours to complete, a Shimadzu MOC63u electronic moisture analyzer can finish the process in only tens of minutes. The moisture analyzer can also send measurement data directly to a computer, which saves the time otherwise required for entering data and ensures data can be acquired quickly and accurately, helping to create a more efficient working environment.

Cellulose nanofibers (CNFs) have gained attention as a sustainable plant-based carbon-neutral material that is very environmentally compatible.

Such CNFs need to be evaluated based on fiber length, fiber thickness, dispersion, and other parameters. Nano-3D mapping functionality of a scanning probe microscope (SPM) can be used to visualize the dispersion within a composite material by overlaying an elastic modulus image on an image of the 3D morphology of the CNF composite material.

3 Further Reduce the Environmental Impact of Overall Business Processes

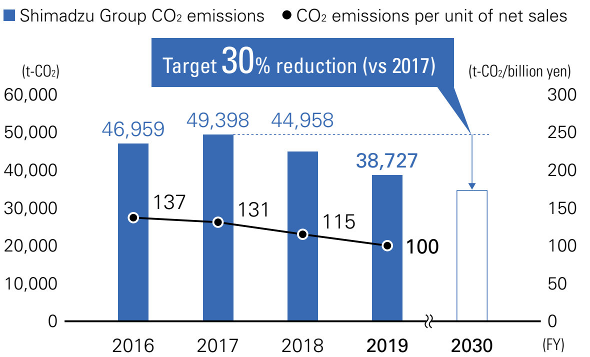
Reducing CO_2 Emissions

Using Renewable Energies and Reducing Energy Use

In FY 2019, we reduced the world-wide CO_2 emissions of the Shimadzu Group by 14% year on year to 38,727 t-CO_2. We even improved emission intensity by 13% to 100 t-CO_2 per billion yen.

We are implementing initiatives based on results from energy efficiency assessments conducted at plants in Japan, mainly for buildings with especially high energy usage. We installed smart meters to visualize 44% of our electricity usage at Shimadzu sites within Japan, so that we can identify issues and implement improvements. In FY 2019, all Group companies in Germany switched to agreements with power companies with renewable energy sources. As part of ongoing efforts to achieve a carbon-free society, we continue to implement initiatives to reduce energy usage, switch to power sources with lower CO_2 emission levels, introduce the use of renewable energies, and so on.

Shimadzu Group (Worldwide) CO_2 Emissions from Energy



The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/environmental/warming.html

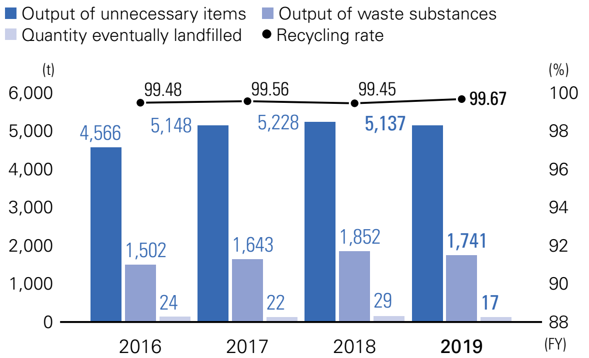
Preventing Global Warming

Recycling Resources

Promoting Appropriate Waste Processing and Recycling

Output of waste and other substances in FY 2019 decreased by 1.7% year on year. Meanwhile, we continue to maintain a recycling rate over 99% by prioritizing reusing resources. We appoint and train "Eco Leaders" and "Industrial Waste Leaders" at each Shimadzu location to promote initiatives for establishing a recycling-oriented society that uses the Earth's limited resources efficiently. Furthermore, we monitor suppliers, including regular site inspections of waste management vendors, and have established and implemented company regulations intended to ensure compliance with laws and regulations.

Waste Output and Recycling Rates
(Manufacturing, Research, and Major Manufacturing Subsidiary Locations in Japan)



The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/environmental/waste.html

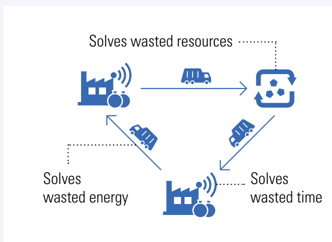
Waste Management

TOPIC Introduction of IoT-Based Automatic Plastic Waste Collection System

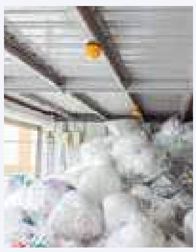
A system to automatically collect plastic waste generated from plants was introduced in January 2020 to increase recycling rates and reduce CO_2 emissions. Currently, the systems have been introduced at five locations within and outside Shimadzu in cooperation with suppliers, including at Sanjo Works and Seta Works, which have high plastic waste output levels.

Using IoT technology means waste management companies can determine the quantity of waste stored at each site in real time without having to travel to the site. Consequently, they can collect waste from multiple sites at more appropriate times to increase loading efficiency, reduce travel distances, and help increase supplier recycling rates. In the future, we intend to further contribute to environmental conservation by expanding the introduction of the systems within the Shimadzu Group and achieving widespread use in society.

This initiative is a Kyoto Prefecture demonstration project, in which Shimadzu was a participant and which received the ICT Regional Revitalization Award 2019 from the Japanese Ministry of Internal Affairs and Communications.



Shows waste quantities in real time
Collection efficiency improved by collecting from multiple sites



Sensors Installed (on ceiling) at Waste Collection Areas

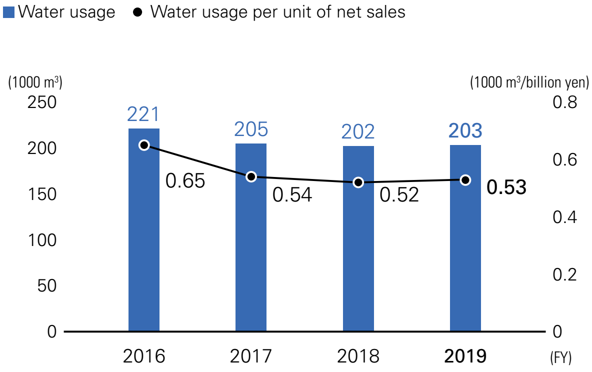
Water Management

Reducing Water Usage and Managing Effluent Water Appropriately

We are committed to reducing water usage, such as watering green areas with rainwater and installing water-efficient fixtures.

In addition to performing process steps that involve chemical substances in accordance with regulations and procedures, we also prevent releasing potential water pollutants during those processes and only release the chemicals outside the facility after they have been properly neutralized or otherwise treated. We control plant effluents to our own voluntary standards that are stricter than those required by current laws and regulations. We continuously monitor the total organic content (TOC) in effluent waters from Sanjo Works, Seta Works, and Hadano Works, Shimadzu's main production locations. The ability of TOC analyzers to detect and quickly measure organic pollutants makes them ideal for quickly monitoring water from upstream effluent points. We will continue to deploy our experience from using TOC analyzers broadly throughout society to achieve widespread use and support customer environmental measures.

Water Usage
(Manufacturing, Research, and Major Manufacturing Subsidiary Locations in Japan)



The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/environmental/chemical.html#water

Water Management

4 Engage in Activities that Help Shimadzu Contribute to Environmental Conservation

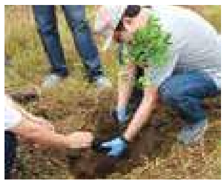
The Shimadzu Group is involved in environmental conservation activities throughout the world.

Shimadzu has supported activities of the Kyoto Model Forest Association since 2008 by continuing ongoing Shimadzu Corporation Forest cultivation activities (in Nantan City, Kyoto Prefecture). Employees, their families, and new recruits participate in thinning the trees or other forest maintenance activities, under the direction of local representatives or the relevant groups involved.

Employees from Shimadzu's Group company in Germany contribute to the community by planting trees in a forested area within Duisburg City. Similarly, employees in China are planting trees to protect water and soil in Huang He and Yangtze watershed areas and restore vegetation. In addition, employees in the Philippines have been involved in an environmental conservation event in Cavite City by participating in tree-planting and cleanup activities.

We also actively support other environmental activities outside the company. A more unique example is the development of environmental education materials by the Eco-Club (a team of women from Shimadzu that engages in environmental projects). The club teaches lessons about the environment at elementary schools or is dispatched to give lectures at environmental seminars.

In their 22nd (2019) annual survey of manufacturers about environmental management, the Nikkei Inc. ranked Shimadzu 20th of 360 in terms of achieving improvements in both environmental measures and management efficiency.



The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/environmental/support.html

External Support

The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/environmental/biodiversity.html

Conservation of Biodiversity

Certified as Eco-First Company by the Minister of the Environment

Eco-First Program

Under this program, companies declare a commitment to Japan's Minister of the Environment that they will proactively implement concrete environmental measures for addressing climate change and building a recycling-oriented society and then the Minister of the Environment certifies that "the companies are actually engaged in progressive, original, and industry-leading business practices in environmental fields." The purpose of the program is to promote the implementation of environmental measures in respective industries.

As of October 2020, 50 companies in a variety of industries have been certified.

On October 21, 2020, Shimadzu Corporation was the first company in the precision equipment industry to be certified by the Minister of the Environment as an "Eco-First company", in recognition of Shimadzu's wide variety of advanced environmental conservation measures.

Shimadzu is engaged in a wide variety of initiatives intended to solve environmental challenges by establishing a carbon-free society and recycling-oriented society. We are strengthening efforts to minimize our environmental impact, such as by reducing CO_2 emissions and increasing waste recycling rates at all Shimadzu operations. For many years, we have been developing and supplying analytical and measuring instruments used to support global environmental conservation and have also focused efforts on supporting the development of new technologies in environmental and new energy fields. We are also committed to biodiversity conservation, such as by being involved in maintaining forests in various regions and cultivating endangered rare plant species.

Therefore, Shimadzu has declared an Eco-First Commitment as a promise to fulfill the following five criteria as an environmentally advanced company and implement activities accordingly.

1. Implements measures for addressing climate change
2. Implements measures for establishing a recycling-oriented society
3. Develops and supplies products and services that promote global environmental conservation
4. Engages in biodiversity conservation activities
5. Actively engages in environmental conservation activities involving each employee

Of Shimadzu's various activities, the specific policy to improve the environmental friendliness for all new products was highly evaluated during the certification process as showing progressiveness, originality and spillover effects. Specifically, in an effort to reduce the company's environmental impact, the policy involves certifying products that reduce power consumption, size or consumables usage by at least 25 %, compared to previous models, as "Eco-Products Plus" products. We have engaged in global environmental conservation through our products by adding the criterion, "new products must reduce more environment impact than existing models" to the new product review process for products developed after October 2019.

Certification Ceremony (October 21, 2020)
Minister of the Environment Shinjiro Koizumi (left) with President Ueda (right)

Example of Certified Eco-Products Plus Product

Nexera Series - Ultra High Performance Liquid Chromatograph with 25 % Lower Power Consumption than Previous Models (released March 2019)

The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/environmental/ecofirst.html

Certified as Eco-First Company

Eco-First Commitment

—Global Environmental Conservation Measures as an Environmentally Advanced Company—

October 21, 2020

To Shinjiro Koizumi
Minister of the Environment

Teruhisa Ueda
President & CEO
Shimadzu Corporation

Shimadzu Corporation contributes to achieving harmony between the earth, society, and people and realizing a sustainable society based on our corporate philosophy "Contributing to Society through Science and Technology" and our management principle "Realizing Our Wishes for the Well-being of Mankind and the Earth."

1 We will implement measures for addressing climate change.

- Medium/long-term target reduction in CO_2 emissions: 30 % by FY2030 (vs FY2017)
- Actively introduce solar panels and other renewable energy equipment.
- Strengthen energy efficiency measures, such as by installing smart meters to enable the visualization of electric power usage.
- Offer products with superior energy efficiency to reduce CO_2 emissions from product operation by customers. Also strive to reduce the environmental impact of the entire supply chain.

2 We will implement measures for establishing a recycling-oriented society.

- Maintain a 99 % or higher waste recycling rate at all production sites, research laboratories, and other facilities in Japan.
- Strengthen environmental monitoring capabilities at operations in Japan, such as monitoring effluent water.

3 We will develop and supply products and services that promote global environmental conservation.

- Reduce Shimadzu's environmental impact by implementing life-cycle assessment (LCA) practices for all new products and achieve to spread of more environmentally-friendly products.
- Contribute to the environmental conservation of air, water, and soil by developing and supplying analytical and measuring instruments used to qualitatively and quantitatively analyze environmental pollutants.
- Provide support for a wide range of activities, from R&D activities for solving challenges in environmental and new energy fields to environmental conservation activities in local societies.

4 We will engage in biodiversity conservation activities.

- Help conserve biodiversity by engaging in forest maintenance activities in cooperation with community organizations or other groups.
- Implement activities to teach environmental conservation by holding on-site classes at schools or other locations.

5 We will actively engage in environmental conservation activities involving each employee.

- Actively engage in a variety of environmental activities within various business practices, with each employee engaged as a member of Shimadzu, an environmentally contributing company.
- Strive to increase environmental awareness by providing environmental education for all employees.

Shimadzu Corporation will periodically check the progress of the above measures, report the status to the Ministry of the Environment, and publish updates in the Shimadzu Integrated Report, website, and/or elsewhere.

SHIMADZU
Excellence in Science

Measures for Addressing Climate Change

Endorsement of TCFD Recommendations and Acquisition of SBT Certification

The Shimadzu Group considers environmental problems as one of our most important management challenges. To address the problem of climate change in particular, we are engaged in reducing CO_2 emissions generated from our business activities throughout the entire value chain and offer products and solutions that contribute to creating innovations in environmental and energy fields. In May 2019, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and have remained committed to disclosing relevant information.

Governance

As the highest deliberative body for environmental problems, the Environmental Committee, chaired by the President and attended by management-level personnel, meets twice a year to identify societal trends, determine Shimadzu's current status, and discuss measures for solving the issues raised. Important matters relevant to Shimadzu Group environmental management are decided by the Executive Committee or Board of Directors.

Strategy for Addressing Climate Change

The Shimadzu Group has set a target of reducing medium/long-term CO_2 emissions generated from business activities by 30% (vs 2017) by FY 2030, and has been implementing a variety of measures for achieving that target. In January 2020, we obtained certification from the Science Based Targets (SBT) initiative, an international environmental group, that our reduction target is scientifically based.

Risks and Opportunities Based on Climate-Related Scenarios

The Shimadzu Group has analyzed future risks and opportunities based on two scenarios for global warming. One scenario assumes a transition to a carbon-free society that limits the temperature increase by the end of the current century to within 2°C. The other scenario assumes the temperature increase reaches 4°C.

(1) Offering Solutions Based on Products and Technologies (Opportunities)

With the transition to renewable energies accelerating as the world moves toward building a carbon-free society, that transition will require technical innovations in a variety of fields. It is also expected to stimulate R&D and production activity at a wide variety of companies and public institutions involved in energy fields, such as low-cost solar power equipment with high conversion efficiency that offers excellent environmental performance, terrestrial and marine wind power equipment that is easy to maintain and withstands operation in harsh natural environments for long periods, biomass power equipment that involves low operating costs and is simple to manage, and high-quality biofuel and hydrogen fuel production plant equipment.

Risks Based on Climate-Change Scenarios

Temperature Increase	Category	Main Risks	Period Generated	Key Measures
2°C Scenario	Government policies, laws, and regulations	Business costs increase due to carbon and energy consumption taxes	Short to long-term	Introduce renewable energy and thorough energy efficiency measures for business activities.
4°C Scenario	Acute and chronic	Business continuity risks from storms, heavy rains, and other abnormal weather disaster events	Short to long-term	Create and reliably implement BCP to ensure business continuity during disasters and assist customers affected by disasters.

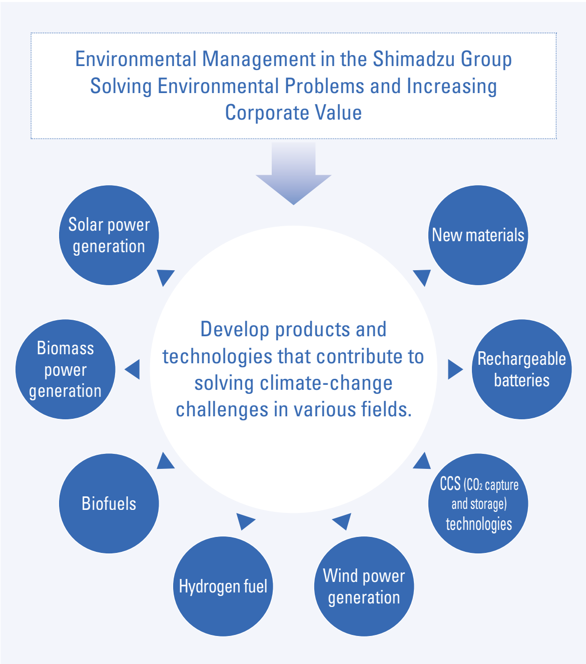
Opportunities Based on Climate-Change Scenarios

Category	Main Opportunities	Key Measures
Markets and Services	Increasing anticipation of technical innovations in various fields, such as renewable energies, new materials, mobility (automotive and aircraft, etc.), and batteries, and expanding needs for environmentally friendly products	Plan, research, and develop analytical and measuring instruments and other products and services that contribute to technical breakthroughs in respective fields and improve the environmental friendliness of all products.

Automotive, aircraft, and other mobility fields will also need technical breakthroughs, in terms of electrifying the motive power source, developing ultra-light and ultra-strong materials, developing higher capacity and safer lithium-ion or solid-state batteries, and so on. Meanwhile, in petroleum and coal industries, market expansion is expected to slow, due to demands from society for reducing CO_2 emissions, but needs for developing carbon dioxide capture and storage (CCS) technologies are expected to increase.

The Shimadzu Group intends to contribute to a sustainable society and achieve business growth by focusing efforts on developing and supplying products, services, and technologies for solving environmental challenges, while also predicting and reassessing scenarios of how society will proceed in responding to future climate change.

Contribution to Various Fields by Shimadzu Group Products and Technologies



(2) Measures for a Carbon-Free Society (Risks and Opportunities)

As we transition to a carbon-free society, there will be needs for more thorough energy efficiency improvement measures and use of renewable energies. The Shimadzu Group is therefore implementing measures to reduce CO_2 emissions generated from business activities throughout our entire value chain.

We have specified medium- and long-term targets and plans for reducing CO_2 emissions from Shimadzu Group business activities, and have been implementing more thorough energy efficiency initiatives and introducing the use of renewable energies. For example, we conduct energy efficiency assessments for buildings and other facilities that consume large amounts of electricity, in an effort to identify and eliminate wasteful energy usage. These efforts have been steadily achieving results. We are also committed to increasing the percentage of renewable energies used, such as by installing solar power equipment and purchasing electricity generated exclusively from renewable energies.

The Shimadzu Group is also taking measures to reduce the power consumption of our products, reduce the use of gases, solvents, and other consumables, and minimize the use of raw materials by making the products smaller.

(3) Measures for Abnormal Weather (Risks)

We are implementing measures to prepare for large storms, heavy rains, and other abnormal weather events that have been occurring with increasing frequency in various regions throughout the world. To prepare for disasters or predicted damage, we have initiated a business continuity plan (BCP) that is steadily being implemented. It includes measures for immediately establishing a disaster response task force, confirming and ensuring the safety of personnel, assessing and minimizing damage, and restoring operations as quickly as possible. The Shimadzu Group is also establishing capabilities for confirming the safety of employees, assessing damage to buildings, equipment, or information infrastructure, and diversifying risk, such as by taking out insurance policies.

We have also put in place a support system to help customers that use Shimadzu Group's analytical and measuring instruments or medical systems to resume their business activities quickly and smoothly in the event of a disaster.

Indicators and Targets

- We intend to reduce CO_2 emissions due to Shimadzu Group business activities 30% by 2030 (vs 2017).
- We intend to reduce CO_2 emissions throughout the entire value chain, including emissions by customers and suppliers, and will implement measures to reduce the environmental impact of all products throughout their entire life cycle.

Social Report

By continuing corporate activities that meet the expectations and demands of our stakeholders, we are achieving sustainable development and growth for both Shimadzu and society.

Social Report

Dialogues with Stakeholders

For more details, refer to the website.
https://www.shimadzu.com/sustainability/approach/stake_holder/engagement.html

Stakeholder Engagement

Basic Policy

To achieve Shimadzu's basic management philosophy, the Shimadzu Group must operate the company based on a long-term perspective in terms of both solving challenges of society through our business activities and engaging in activities consistent with being a responsible member of society. Managing the Shimadzu Group in that way is only possible if we first gain the trust of Shimadzu's various stakeholders, including customers, shareholders, suppliers, employees, and local communities.

To build a relationship of trust with stakeholders, the Shimadzu Group will actively engage in smooth, two-way communication with them regarding all aspects of our corporate activities. Doing so is not only our corporate responsibility, but is also essential in terms of enhancing corporate value.

Specific Measures for Shimadzu Group Stakeholders

Stakeholder	Involvement	Specific Measures
Customers	We have offered products and services that solve challenges of customers and society.	For more details, refer to "Customer Satisfaction" on page 33. For more details, refer to the website. https://www.shimadzu.com/sustainability/approach/efforts/satisfaction/
Shareholders	To promote better understanding of management policies and increase corporate value, we have disclosed appropriate information whenever applicable and engaged in dialogue with shareholders.	For more details, refer to the website. https://www.shimadzu.com/ir/index.html
Suppliers	To implement corporate social responsibility throughout the entire supply chain, we have cooperated with suppliers to ensure human rights are respected and environmental impacts are minimized.	For more details, refer to "Supply Chain Management" on page 37. For more details, refer to the website. https://www.shimadzu.com/sustainability/approach/social/supply_chain/
Employees	We have respected employee diversity, trained human resources, and strived to provide a safe and comfortable working environment.	For more details, refer to "Utilizing Human Resources" on page 34. For more details, refer to the website. https://www.shimadzu.com/sustainability/approach/efforts/talent/
Local communities	We are also actively involved in solving societal problems in communities where a Shimadzu office or Group company is located, or in societal challenges related to business activities.	For more details, refer to "Harmony with Local Communities" on page 38. For more details, refer to the website. https://www.shimadzu.com/sustainability/approach/social/local/

Important Growth Fields

Healthcare

Challenges in Society

The aging demographics in society are creating a host of various challenges, such as expanding medical costs, nursing care problems, and an increasing number of people with dementia. Consequently, awareness about health is increasing and interest is expanding, from early detection of disease to prevention and health improvement.

Measures by Shimadzu Corporation

The Shimadzu Group is both a pioneer in diagnostic X-ray imaging and a leading company in mass spectrometry. We remain committed to taking on the daily challenge of developing new solutions in a broad range of healthcare fields, from prevention and diagnosis to treatment and prognosis management, by collaborating with researchers working at the forefront of advanced healthcare research and development to achieve major changes in future healthcare.

Related SDGs

3 GOOD HEALTH AND WELL-BEING

Increase in New Cancer Patients

(Unit: 10,000 people)

	2018	2030	% Growth
World*1	1,807	2,411	133%
Japan*2	97	116	120%

Source: *1 WHO Global Cancer Observatory
*2 National Cancer Center Japan—Cancer Information Service

Increase in Dementia Patients

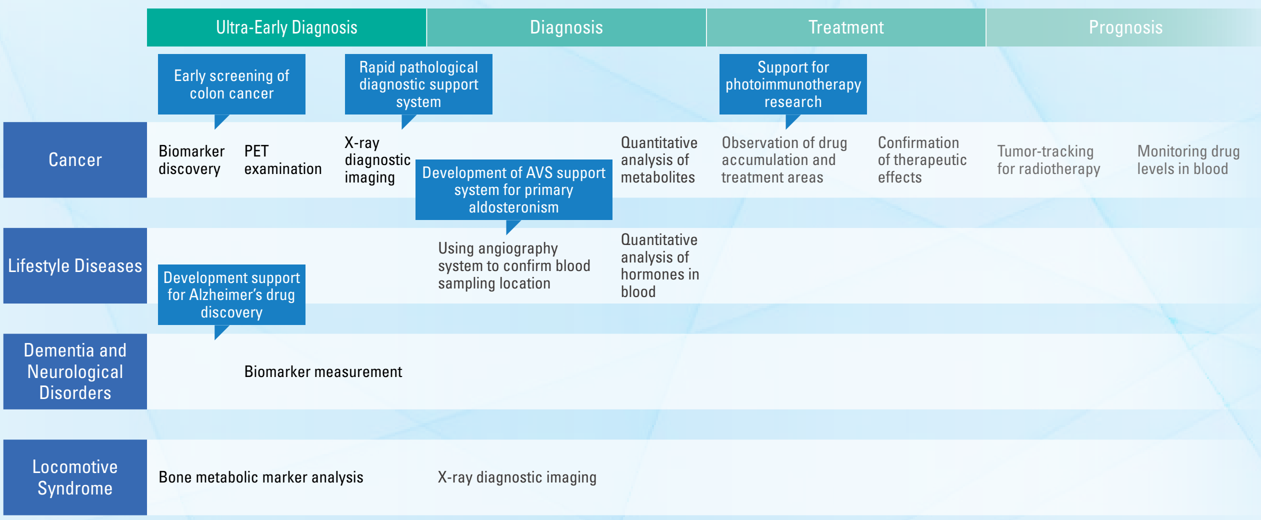
(Unit: 10,000 people)

	2015	2030	% Growth
World*1	4,678	7,469	160%
Japan*2	517	744	144%

Source: *1 World Alzheimer Report 2015
*2 Document prepared by the Japanese Cabinet Office based on 2014 grants-in-aid for special scientific research from the Ministry of Health, Labour and Welfare

The following web page includes information about the topics listed below.
https://www.shimadzu.com/advanced-healthcare/

Shimadzu Advanced Healthcare R&D



Measure 01 Promoting Health

The Shimadzu Group helps improve health by analyzing the functionally beneficial components in food. In August 2019, Shimadzu signed a joint research agreement with the National Agriculture and Food Research Organization (NARO) and established the NARO Shimadzu Kyoto Laboratory for Food Innovation within Shimadzu's Healthcare R&D Center for the purpose of analyzing the functionally beneficial components in foods.

The laboratory is intended to develop new methods that can quickly, easily, and accurately analyze components with functional benefits (such as food fiber, polyphenols, and carotenoids) in about 20 types of green teas, vegetables, fruits, and other foods or agricultural products developed by NARO in various regions of Japan. The laboratory will also build a component database to search for new functionally beneficial components.

The Shimadzu Group intends to plan and standardize solutions based on the results achieved by the laboratory and deploy them throughout the world in an effort to develop agricultural products with higher added value and also contribute to health and longevity in society.

NARO Shimadzu Kyoto Laboratory for Food Innovation established within the Healthcare R&D Center

Measure 02 Dementia

The Shimadzu Group has been researching biomarkers for Alzheimer's disease in blood. In 2014, we used mass spectrometry to detect 22 types of peptides associated with amyloids in the blood. In 2018, we collaborated with the National Center for Geriatrics and Gerontology (NCGG) to establish a new blood analysis method* that can screen for Alzheimer's disease in a few drops of blood (equivalent to about 0.6 ml of blood plasma).

Currently, we are working with Shimadzu Group company Shimadzu Techno-Research to jointly deploy an amyloid MS contract analysis service* in Japan for providing biomarker values based on the percentage of beta-amyloid in blood, as measured with a mass spectrometer, to institutions and researchers involved in drug discovery R&D. We plan to start this contract analysis service in the US and Europe from 2020.

In June 2020, we joined a research group, mainly formed by NCGG, to start a multi-facility industry-academia collaboration for developing a blood test-based system of identifying dementia biomarkers, named the blood-based amyloid, tau and other neuropathological biomarkers project (BATON project). Our intention is to develop and commercialize a system that can diagnose dementia, predict the risk of dementia in people without dementia, and so on from a blood test. The BATON project, which is expected to contribute to therapeutic drug development, dementia diagnosis, and preventive medicine, received funding from the Japan Agency for Medical Research and Development. It is operated by a joint research organization in partnership with the Tokyo Metropolitan Geriatric Medical Center, the National Institutes for Quantum and Radiological Science and Technology, Kindai University, Nagoya University, and Toray Industries.

The Shimadzu Group is committed to contributing to the project by providing new technologies in fields waiting for completion of therapeutic drugs and preventive methods.

* Intended for research purposes. Not approved, certified, or otherwise authorized for use as a medical device based on Japan's Pharmaceutical and Medical Device Act or as an in vitro diagnostic drug. Therefore, it cannot be used for medical diagnostic purposes or associated processes.

Blood Sampling

0.6 ml blood sample (about one-tenth of a teaspoonful)

Mass Spectrometer

AXIMA Performance Mass Spectrometer for Detecting Amyloid Plaques

Measure 03 Cancer

Photoimmunotherapy has been attracting attention as a new cancer treatment that can selectively target and destroy cancer cells by irradiating the cancer with light (near-infrared light) in patients administered a drug that binds to cancer cells. The method was developed by Dr. Hisataka Kobayashi, a Senior Investigator working at the National Cancer Institute (NCI) in the United States, a department in the U.S. National Institutes of Health.

The Shimadzu Group intends to contribute to improving the accuracy and effectiveness of the treatment by using Shimadzu's medical technologies, namely near-infrared fluorescence imaging technology and mass spectrometry technology, to visualize and record the area being treated.

In 2020, we started joint research with the National Cancer Center Japan to develop new clinical applications with the aim of establishing the photoimmunotherapy method for use in satisfying clinical needs and promoting the method's widespread use.

Photoimmunotherapy System Using Near-Infrared Fluorescence Imaging (Prototype)

Customer Satisfaction

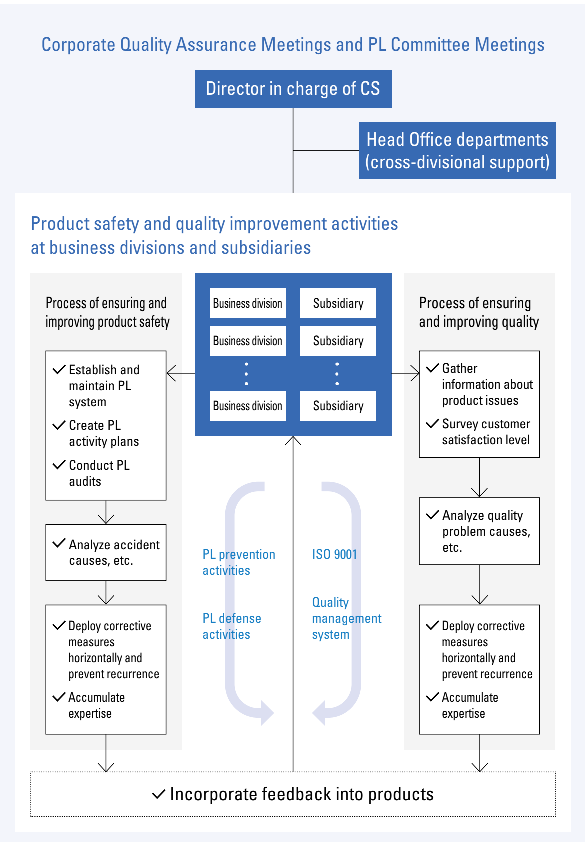
The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/efforts/satisfaction/

Basic Policies, Principles, and Measures (Basic Quality Assurance Policy and Customer Satisfaction, Taking Responsibility for Manufactured Products and Basic Policy for Product Safety, Ensuring Product Safety and Disclosing Information to Customers, Improving Quality throughout all Stages from Development and Design to Manufacturing, Quality Management System, and Improving Knowledge about Quality Control Activities)

Measures for Maintaining and Improving Product Quality and Safety

We have established a Basic Policy for Product Safety that specifies Shimadzu's approach to ensuring product safety, which is the most basic and important factor for achieving customer satisfaction. We also regularly improve safety, disclose appropriate information, and respond promptly to resolve any accidents that might occur.

For the purpose of coordinating such activities at business divisions and subsidiaries and maintaining/improving quality and safety throughout the entire Shimadzu Group, the director in charge of CS chairs corporate quality assurance meetings and meetings of the PL Committee, which is involved in product liability (PL) issues, where product safety and quality issues are discussed in more depth. In addition, we implement strategic measures intended to share information about unique activities and expertise of individual business divisions and subsidiaries and deploy the information horizontally throughout the entire Shimadzu Group.



Quality Management System (QMS)

Shimadzu Corporation's Sanjo Works has obtained ISO 9001 certification, the international standard for quality management systems (QMS), for each division since 1994. They have also obtained ISO 13485 certification required for medical devices and JIS Q 9100 certification required for the aircraft equipment industry.

QMSs are also introduced at relevant subsidiaries in Japan and other countries. As of March 2020, 13 subsidiaries have obtained certification in Japan and 17 subsidiaries outside Japan.

These QMSs are used to assess the effectiveness of measures and processes for ensuring product quality and safety based on the Basic Quality Assurance Policy established by the Shimadzu Group. Then the PDCA cycle is repeated to achieve further improvements.

In this way, we are increasing customer satisfaction through constant improvements at each stage of the product life cycle.

Quality Center for Pursuing the Highest Quality

The Quality Center, with capabilities for six functions, including materials analysis, physical property analysis, and EMC measurement*, is located at the Head Office/Sanjo Works site to serve as the center of quality for the overall Shimadzu Group. For EMC measurements, the center can perform tests as a testing facility with international ISO/IEC 17025 certification that is compliant with standards specified in respective countries and regions. Furthermore, the center is registered by TUV Rheinland Japan (TRJ) as an accredited international third-party testing laboratory.

* EMC measurements evaluate both whether electromagnetic waves emitted from instruments affect surrounding devices and whether instruments are resistant to malfunction from exposure to electromagnetic waves from surrounding areas.

Anechoic Chamber at the Quality Center

Increasing Customer Satisfaction

We are improving customer satisfaction (CS) by establishing systems and capabilities that ensure we can respond to changes in market and customer requirements at each stage of the product life cycle. For example, to improve the quality of Shimadzu Group products, systems, and services from the customer's perspective, customer satisfaction surveys are periodically conducted to obtain feedback from customers.

Social Report

Utilizing Human Resources

The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/efforts/talent/index.html

Basic Policies, Principles, and Shimadzu Measures (Human Resource Development, Occupational Health and Safety, Health Management, and Working Practice Reforms)

Combining diverse types of knowledge and senses of value provides a source of the new science and technology. We therefore believe that providing a workplace environment where employees are free to fully utilize their strengths is a necessity for continuing to be a company that is admired by society. That means the capabilities of human resources are essential for increasing our corporate value.

Accordingly, we are engaged in implementing working practice reforms intended to generate new ideas and ensure health management, thereby further increasing both organizational and individual productivity and promoting a goal-oriented approach to achieving sustained growth of Shimadzu.

Training Global Human Resources

When developing human resources, we believe it is important to develop specific employee characteristics and capabilities, such as a desire to take on challenges, exceptional expertise, innovativeness, ability to work cooperatively with partners, self-discipline, and teamwork.

In particular, it is especially important to train global human resources that are able to work cooperatively with partners throughout the world. Consequently, we conduct a variety of training programs, such as training at a location outside Japan to develop global human resources and Shimadzu Global Manager Training for developing business leaders at Group companies outside Japan.

Training System for Developing Global Human Resources

Training Name	Applicable Personnel	Purpose and Description	People Trained (total)
Management Training	Executive management candidate managers	Based on case studies and lectures by executive managers, this training instills business literacy and decision-making skills required by executive managers and also develops a management vision to be pursued, based on a consideration of challenges at Shimadzu.	98
Local Training outside Japan	Young employees interested in global business and that have worked at the company for about five years	The training is intended to improve skills for communicating in a different cultural environment and provide experience identifying local issues, gaining the involvement of local personnel, and taking a leadership role in solving issues. The program consists of medium- to long-term training of personnel for supporting global business within the Shimadzu Group by providing up to two years of experience working in a business environment outside Japan.	61
SHIMADZU GLOBAL MANAGER TRAINING	Newly promoted managers of Shimadzu Group companies outside Japan	The purpose is to develop business leaders able to drive business in markets outside Japan, by cultivating deeper understanding and loyalty of Shimadzu and instilling leadership and management skills.	113
Global Management Training for Subordinates	Mid-level employees scheduled to be assigned outside Japan or supervising managers or other personnel with manager-level non-Japanese subordinates	To ensure managers stationed outside Japan are able to achieve maximum results working in a team with subordinates that have a different background, this training is intended to improve skills for managing subordinates regardless of differences in nationality in a globally applicable manner by learning skills for communicating verbally while maintaining a stance of being understanding and respectful of different cultures.	89
Intercultural Communication Training	Young or mid-level employees scheduled to be assigned outside Japan	This training is provided before Japanese employees are reassigned outside Japan. By teaching a perspective of managing our differences in values using an intercultural understanding index, it is intended to teach how to avoid unnecessary stress and problems working in that location, while also communicating accurately and reliably.	Over 100

Utilizing Human Resources

Promoting Diversity

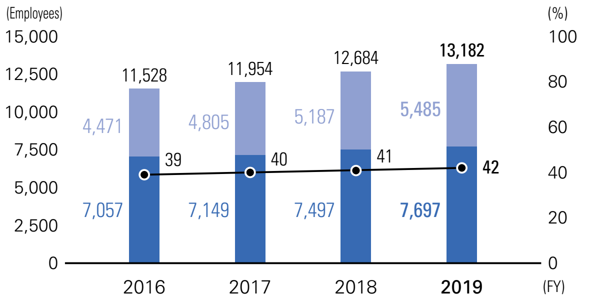
To achieve Shimadzu's corporate philosophy "Contributing to Society through Science and Technology," we have specified that diversity be a part of conduct guidelines, management plans, and other policies that serve as the basis for business activities. We will continue to create new science and technology and solve challenges in society through specific measures to empower women in the workplace and utilize global human resources, for example.

The Shimadzu Group promotes diversity for the following reasons.

- Combining diverse types of knowledge and senses of value provides a source of new science and technology required by Shimadzu.
- Providing a workplace environment where employees are free to fully utilize their strengths, regardless of differences in gender, nationality, age, gender identity/orientation (SOGI/LGBTQ), disabilities, or other limitations on work practices, leads us to continue to be a company that attracts talented human resources and that is admired by society.
- Each employee feeling like they are a valued member of their workplace provides the foundation for employee trust in the company and sharing corporate value.

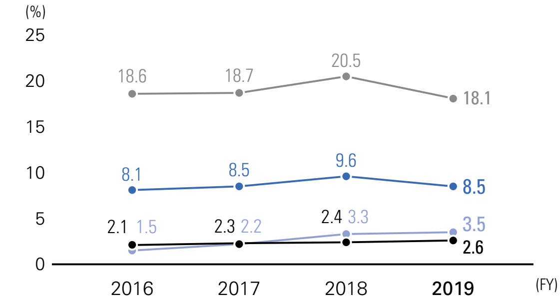
Number of Employees/Overseas Employee Ratio
(Head Office and Group Companies in and outside Japan)

■ Head Office and Group companies in Japan ■ Group companies outside Japan
● Overseas employee ratio



Ratio of Women in Management Positions
(Head Office target is 5% by FY 2020)
(Head Office and Group Companies in and outside Japan)

● Consolidated ● Head Office ● Group companies in Japan
● Group companies outside Japan



Selected as a "Diversity Management Selection 100" Company

In 2019 Shimadzu Corporation was selected by the Japanese Ministry of Economy, Trade and Industry as a Diversity Management Selection 100 company utilizing the capabilities of diverse human resources to increase medium- and long-term corporate value.

Selected as a Nadeshiko Brand

Each year, the Japanese Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange select "Nadeshiko" brands in respective industries from the approximately 3,600 companies listed on the exchange. Nadeshiko brands are selected based on practices that actively promote the roles of women, including providing a work environment where women are free to continue working. Shimadzu has been selected as a Nadeshiko brand for four consecutive years.

The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/efforts/talent/index.html

Basic Policies, Principles, and Shimadzu Measures (Human Resource Development, Occupational Health and Safety, Health Management, and Working Practice Reforms)

Work-style Reforms

Work-style reforms are being implemented to improve work efficiency and increase the personal skill level of employees. For example, we designated Mondays, Wednesdays, and Fridays as "no-overtime" days in Japan. The purpose is to promote generating new ideas by ensuring employees are healthy, communicate with a variety of people, and improve their skills. Furthermore, due to the COVID-19 pandemic, we have been actively using work-from-home and teleworking practices, for example, and even reassessing how we perform our jobs.

Examples of Work-style Reforms

Diversity in Working Practices	We have introduced systems for using paid vacation days in hourly increments, for working from home, and for staggering employee work schedules.
Improving Work Efficiency	We are using AI, IoT, and RPA (robotic process automation) technologies to actively improve work efficiency, promote paperless operations, and so on.
Improving Personal Skills	The menu of language, business, distance learning, and various other classes offered as employee benefits has been expanded/improved and free E-learning content is also offered.

2019 Work-style Reform Data

Average Monthly Overtime Hours	Executive management 29.4 hours actual vs. 30 hours target Labor union members 6.8 hours actual vs. 5 hours target
Vacation Days Usage Rate	Executive management 50.1% actual vs. 45% target Labor union members 78.8% actual vs. 85% target
People that Used Vacation Days in 1-Hour Increments	Results Total 6,698
People that Worked from Home	Results Total 799
Days for Leaving Work on Time: "Refresh Day"	Mondays: "Skills Improvement Day" Wednesdays: "Healthcare Day" Fridays: "Communication Day"

Health Management

To ensure the company is able to create new products and technologies needed by the world, it is important that each employee takes an interest in their personal health to make sure they are both mentally and physically healthy. Therefore, a health management environment has been prepared and healthcare technologies, products, and services created by Shimadzu are offered to employees.

Introducing Health Web Service

A "KenCoM" health web service was introduced to increase mindfulness about health and instill healthy habits in each employee. With the KenCoM service, users can record step-counts and weight, participate in health events, view health exam results and medication histories, and more. As of the end of March 2020, 78% of employees have registered for the system.

KenCoM

Shimadzu Health Management

Subsidizing Breast Cancer Examination Expenses with Elmammo Avant Class Dedicated Breast PET System

In cooperation with Medical Corporation Chionkai, we established a system for subsidizing the cost of obtaining a breast cancer examination using a Shimadzu Elmammo Avant Class dedicated breast PET system. The subsidy system was established to promote the early detection and early treatment of breast cancer by increasing the ratio of women receiving breast exams. Female employees or spouses of male employees aged 40 or older were eligible for the examination.

Dedicated Breast PET System

Recognized as "White 500" Company with Superior Health Management

Shimadzu Corporation was recognized jointly by the Japanese Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as a 2020 "White 500" company, which recognizes large corporations with outstanding health and productivity management practices. Shimadzu has been selected all four years since the program started.

2020 健康経営優良法人 Health and productivity ホワイト500

Supply Chain Management

The following web page includes information about the topics listed below.

https://www.shimadzu.com/sustainability/approach/social/supply_chain/index.html

Basic Policies, Principles, and Measures (Eliminating Human Rights Violations from the Entire Supply Chain, Measures and Policies for Conflict Minerals, Analyzing Procured Parts, Materials, and Other Items for Substances Banned by RoHS, Compliance with the Modern Slavery Act of 2015, and Informational Presentations for Suppliers)

Promoting Procurement Based on CSR

To promote procurement based on CSR, the Shimadzu Group only procures raw materials and other supplies from suppliers with a respect for social responsibility (such as respecting human rights and reducing environmental impact). To ensure we fulfill our social responsibility throughout the entire supply chain, we request suppliers to comply with the following.

1. Comply with all applicable laws, regulations, and social norms from an international perspective.
2. Respect human rights and mutually accept diversity.
3. Provide a workplace environment where employees can work without worry. Endeavor to maintain and manage employee health.
4. Endeavor to protect the global environment and achieve a sustainable society.
5. Engage in fair and transparent transactions. Do not abuse positions of authority or associate with anti-social elements.
6. Disclose and transmit correct information with integrity, in a fair and timely manner. Store confidential information from Shimadzu or other companies securely, do not use it for unintended purposes, and make sure it is not leaked.
7. Supply safe, secure, and trustworthy products and services.
8. Contribute to the progress of society through business activities.

Measures for CSR Procurement

To ensure compliance with restrictions on the chemical substances contained in products and other various international laws and regulations, we are actively engaged in green procurement practices that prioritize procuring raw materials with a minimal environmental impact. In addition to the three main measures of obtaining non-inclusion guarantees from suppliers, auditing suppliers for RoHS compliance, and analyzing chemical components in sampled procured items, we also conduct annual informational presentations to promote a deeper understanding of conflict minerals, slavery laws in various countries, SDGs, and other issues. We also monitor green procurement rates each month, even for office supplies, and have been participating in the supply chain subcommittee of the Global Compact Network Japan since September 2019. Furthermore, for member companies of the Shimadzu Cooperative Association, we also conduct environmental seminars and promote supplier environmental activities, such as jointly collecting waste plastic or diagnosing energy savings.

Domestic Suppliers Monitored	746 of 794 (94% implementation rate) Breakdown: 250 of 250 outsource suppliers (100% implementation rate) 496 or 544 purchasing suppliers (91% implementation rate) Note: The denominator is the number of applicable companies.
Percentage of Non-Inclusion Guarantees Obtained	100% (for 95,600 items) Note: For items subject to RoHS ban of six substances

Analyzing Procured Parts, Materials, and Other Items for Substances Banned by RoHS

Randomly sampled RoHS-compliant parts, assemblies, and secondary materials procured from suppliers are analyzed in Shimadzu's RoHS laboratory to confirm the content of substances banned by the RoHS directive. The RoHS laboratory also accepts non-Shimadzu visitors to share Shimadzu's analytical expertise.

Samples Analyzed	10,000 for six RoHS-banned substances and 3,000 for four additional banned substances Note: Total as of FY 2019-end. 95,600 applicable items (subject to RoHS ban of six substances) are regularly sampled by the system.

Measures and Policies for Conflict Minerals

In accordance with the Shimadzu Group Policy Regarding Conflict Minerals specified for conflict minerals*, if any part or raw material used in Shimadzu products is discovered to contain a conflict mineral, Shimadzu will immediately meet with the supplier to discuss appropriate actions, such as immediately discontinuing the use of such part or raw material. That does not mean Shimadzu will never accept any conflict mineral produced in the Democratic Republic of Congo (DRC) or its surrounding countries, but rather that Shimadzu will only accept those that are procured in accordance with appropriate laws that prevent the funding of armed groups in those regions (certified as DRC conflict-free).

We are implementing measures to promote understanding of conflict minerals and avoid their use throughout the entire supply chain, such as by managing transactions in accordance with the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance and investigating smelters using the Conflict Minerals Reporting Template (CMRT) to ensure they are managing conflict minerals in accordance with the Responsible Minerals Initiative (RMI).

* The term "conflict mineral" refers to four types of minerals (gold, tin, tantalum, and tungsten) mined in the Democratic Republic of the Congo and nine surrounding countries, which are known to serve as a funding source for armed groups.

Informational Presentations for Suppliers

It is essential that we form partnerships with suppliers, who are central to our supply chain, to ensure human rights are respected in procurement activities and promote reducing our environmental impact. To nurture a deeper understanding of our measures, each year we conduct informational presentations for suppliers in two locations, Kyoto and Tokyo, which are attended by over 500 suppliers each year.

Respect for Human Rights

The following web page includes information about the topics listed below.
Respect for Human Rights
https://www.shimadzu.com/sustainability/approach/social/human_rights.html

Statement on the UK Modern Slavery Act
https://www.shimadzu.com/sites/shimadzu.com/files/about/procurement/xtqe/yju9hb9res3rrcsi.pdf

Respect for Human Rights—Basic Policies and Principles, and Statement on the UK Modern Slavery Act

Measures for Respecting Human Rights

The Shimadzu Group has included respecting the rights of individuals and not discriminating based on race, gender, language, nationality, religion, physical disabilities, beliefs, or other reasons among the principles of conduct in the Corporate Code of Ethics. Meanwhile, we established a Conduct Guidelines Related to Respecting the Human Rights and Diversity of Employees and have been promoting the creation of workplaces that respect the human rights of all employees and show mutual appreciation of diversity, such as differences in personality and individuality. Human rights is also included as an important theme of Shimadzu's CSR Charter, which specifies a basic policy of complying with international norms, laws, and regulations, such as respecting the rights of individuals, eliminating child labor and forced labor, and banning discrimination.

A Corporate Ethics and Code of Conduct Handbook was created, an internal education program based on e-learning has been provided, a harassment help desk is available, and so on, based on that policy. In addition, we implement measures to promote awareness about respecting human rights, such as distributing a booklet about respecting human rights to new managers and conducting harassment training for managers and for personnel working at contact points for reporting harassment. We also periodically survey suppliers in and outside Japan to check for any human rights violations in their business practices.

Harmony with Local Communities

The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/social/local/index.html

Basic Policies, Principles, and Measures

Creating New Value Jointly with Local Communities

Kyoto Prefecture

In March 2019, we entered a broad cooperation agreement with Kyoto Prefecture to develop an "Innovation City." Based on the agreement, we will contribute to promoting regional growth, implementing SDGs, and developing companies and people currently in the process of expanding from Kyoto to the world.

Broad Cooperation Agreement Signing Ceremony (March 2019)
Kyoto Prefecture Governor Nishiwaki (right) with Shimadzu President Ueda

Yamaguchi Prefecture

We signed a letter of intent with three parties, Yamaguchi Prefecture, Yamaguchi City, and Yamaguchi University, to cooperate in developing technology for promoting health. With cooperation from medical institutions and citizen monitors within the prefecture and in combination with knowledge from Yamaguchi University, we are involved in verifying that the risk of dementia can be reduced or prevented by exercise, diet, or other factors.

Letter of Intent Signing Ceremony (December 2018)
(From the left) Yamaguchi University President Oka, Shimadzu President Ueda, Yamaguchi Prefecture Governor Muraoka, and Yamaguchi City Mayor Watanabe

Miyazaki Prefecture

At the Food Research Organization jointly established with Miyazaki Prefecture in 2015, we installed a Shimadzu Nexera UC supercritical fluid chromatograph system and are involved in developing a method for simultaneously analyzing over 500 kinds of residual pesticide components, analyzing components with functional properties in food that are beneficial to health, and so on.

Nexera UC System Used at the Food Research Organization

Governance Report

To achieve sustained growth, increase medium- and long-term corporate value, and ensure effectiveness, we are engaged in building a system of governance.

Governance Report

Policy on Corporate Governance

For more details, refer to the website.
https://www.shimadzu.com/ir/governance/policy.html

Corporate Governance Policy

Basic Policy

The Shimadzu Group will establish and enhance systems for corporate governance as a core basis for our business management practices used to earn the trust of our stakeholders, achieve sustained growth for the Shimadzu Group, increase the corporate value in the medium and long term, ensure management transparency and fairness, and promote management dynamism by increasing the speed and boldness of decision-making and by implementing measures.

Corporate Governance Policy

Corporate Governance Policy

1. Appropriate Cooperation with Stakeholders
2. Securing the Rights and Equal Treatment of Shareholders
3. Ensuring Appropriate Information Disclosure and Transparency
4. Dialogue with Shareholders
5. Responsibilities of the Board of Directors, etc.

▶ For more information about the Corporate Governance Policy, refer to the website indicated above.

The Corporate Governance Policy was established in December 2015 as a declaration of our stance regarding implementing the corporate governance codes in practice in concrete terms.

In addition to complying with corporate governance codes, we are also strengthening corporate governance by periodically reviewing the policy to expand and improve the measures that serve as core management practices.

Compliance with Corporate Governance Codes

To achieve sustained growth for the Shimadzu Group and increase the corporate value in the medium and long term, we intend to instill the spirit of the corporate governance codes within our corporate management practices.

Cross-Shareholdings

Policy on Cross-Shareholding

We believe having cooperative relationships with a variety of companies is necessary for achieving sustained growth. We will therefore determine our shareholdings based on a comprehensive consideration of factors such as our business strategies, strengthening relationships with suppliers, and maintaining relationships with local communities. Each year, the Board of Directors verify the appropriateness of holdings, by confirming whether the overall scale of cross-shareholdings is appropriate and then verifying whether the holdings of individual stocks are appropriate for the given objectives for holding the respective stocks and whether the benefits and risks from holding the stocks are commensurate with the corresponding cost of capital.

As a result of reviewing our cross-shareholdings, some stocks were sold in FY 2019, because we judged that holding the shares was not necessarily sufficiently meaningful.

Shareholder Voting Criteria

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

Corporate Governance

Corporate Governance System

More than one-third (three) of the eight members of the Board of Directors are outside directors, which increases management transparency and objectivity. Inside directors, familiar with business operations and circumstances within the company, and outside directors, who have extensive experience, knowledge, abilities, and insights, discuss issues from various perspectives, so that decisions can be appropriately made and monitored regarding strategies and policies for increasing medium- and long-term corporate value. The diverse composition of outside directors includes a lawyer, global business executive, and woman executive with extensive global marketing knowledge.

A system of corporate auditors is used to audit the legality and appropriateness of management operations, with two internal and two outside Audit & Supervisory Board members. The Audit & Supervisory Board and its members attend Board of Directors meetings, where they proactively execute auditing functions, such as by expressing their opinions or exchanging views with directors or administrative corporate executive officers.

The President, administrative corporate executive officers, and the Executive Committee are designated as the institutions for appropriately and quickly executing administrative processes based on decisions made by the Board of Directors.

Reasons for Appointing Outside Directors and Audit & Supervisory Board Members and Description of Main Activities

Outside Director and Audit & Supervisory Board Member	Category	Independent Director and Audit & Supervisory Board Member	Name	Reasons for Appointment and Description of Main Activities	Attendance during FY 2019
Outside Directors	Reappointed	—	Minoru Sawaguchi	Appointed due to his extensive experience related to corporate law and corporate governance and his significant ability to offer insights and oversee business management. At Board of Directors meetings and Appointment and Compensation Committee meetings, he has actively offered his opinions and suggestions and has been instrumental in increasing the transparency and fairness of director appointment/removal and compensation decisions.	• Attended 12 of 13 Board of Directors meetings
	Reappointed	Independent director	Hiroko Wada	Appointed due to diverse management experience, such as from being a corporate director of a multinational company and a chief executive officer of a Japanese subsidiary of a foreign company, and broad knowledge about global marketing. At Board of Directors meetings and Appointment and Compensation Committee meetings, she has actively offered her opinions and suggestions from a perspective of marketing and promoting women's initiatives.	• Attended 13 of 13 Board of Directors meetings
	Newly appointed	Independent director	Nobuo Hanai	Appointed due to his extensive management experience and broad knowledge acquired through many years as a researcher and manager involved in research and development of pharmaceuticals and corporate management at a leading pharmaceutical company in Japan.	—
Outside Audit & Supervisory Board Members	Retained	Independent Audit & Supervisory Board member	Masahiro Nishio	Appointed due to his extensive accounting experience and insight acquired through many years as a certified public accountant and accounting auditor for publicly listed companies, and also due to his experience as an outside corporate auditor for other companies. He has been fulfilling his role and responsibilities as an Audit & Supervisory Board member by actively offering his opinions from an accounting perspective and frequently exchanging views with internal control departments at Board of Directors and other committee meetings.	• Attended 13 of 13 Board of Directors meetings • Attended 17 of 17 Audit & Supervisory Board meetings
	Newly appointed	Independent Audit & Supervisory Board member	Tsuyoshi Nishimoto	Appointed due to his highly specialized knowledge and extensive experience as a lawyer in corporate law in general and particularly in fields such as foreign law, company acquisition, system development, and crisis management.	—

Notes: 1 Shimadzu did not notify the Tokyo Stock Exchange when Director Sawaguchi was appointed as an independent director, but he satisfies all requirements for independent directors specified by the stock exchange and the independent standards specified by Shimadzu, so we are confident there are no problems with his independence.

2 The above information represents the status of outside directors and Audit & Supervisory Board members after the Annual Shareholders' Meeting in June 2020. However, the reasons for appointing the outside directors and Audit & Supervisory Board members that resigned during the June 2020 meeting and a description of their main activities are provided below.

Outside Director and Audit & Supervisory Board Member	Name	Reasons for Appointment and Description of Main Activities	Attendance during FY 2019
Outside Director	Taketsugu Fujiwara	Appointed due to extensive management experience and broad knowledge acquired through many years of managing a global company. At Board of Directors meetings and Appointment and Compensation Committee meetings, he actively offered his opinions and suggestions regarding the CEO succession plan, CEO compensation, and other issues from a management perspective.	• Attended 13 of 13 Board of Directors meetings
Outside Audit & Supervisory Board Member	Takashi Iida	Appointed due to extensive specialized knowledge and experience from practicing law for many years, from managing a law office, and from serving as an outside director or outside corporate auditor for various companies. He fulfilled his role and responsibilities as an Audit & Supervisory Board member by actively offering his opinions regarding risk management, compliance, and other issues at Board of Directors Meetings and other committee meetings.	• Attended 13 of 13 Board of Directors meetings • Attended 17 of 17 Audit & Supervisory Board meetings

For more details, refer to the website.
https://www.shimadzu.com/ir/governance/organization.html

Establishment, Membership, and Activities of Appointment and Compensation Committee

Appointment and Compensation Committee

Shimadzu established the Appointment and Compensation Committee as an optional advisory body to the Board of Directors for the purpose of strengthening the independence, objectivity, and accountability of the Board of Directors. Through the activities indicated below, the committee strengthens governance by increasing the transparency and objectivity of processes involved in appointing and compensating directors and Audit & Supervisory Board members.

The committee met six times during the year since June 2019.

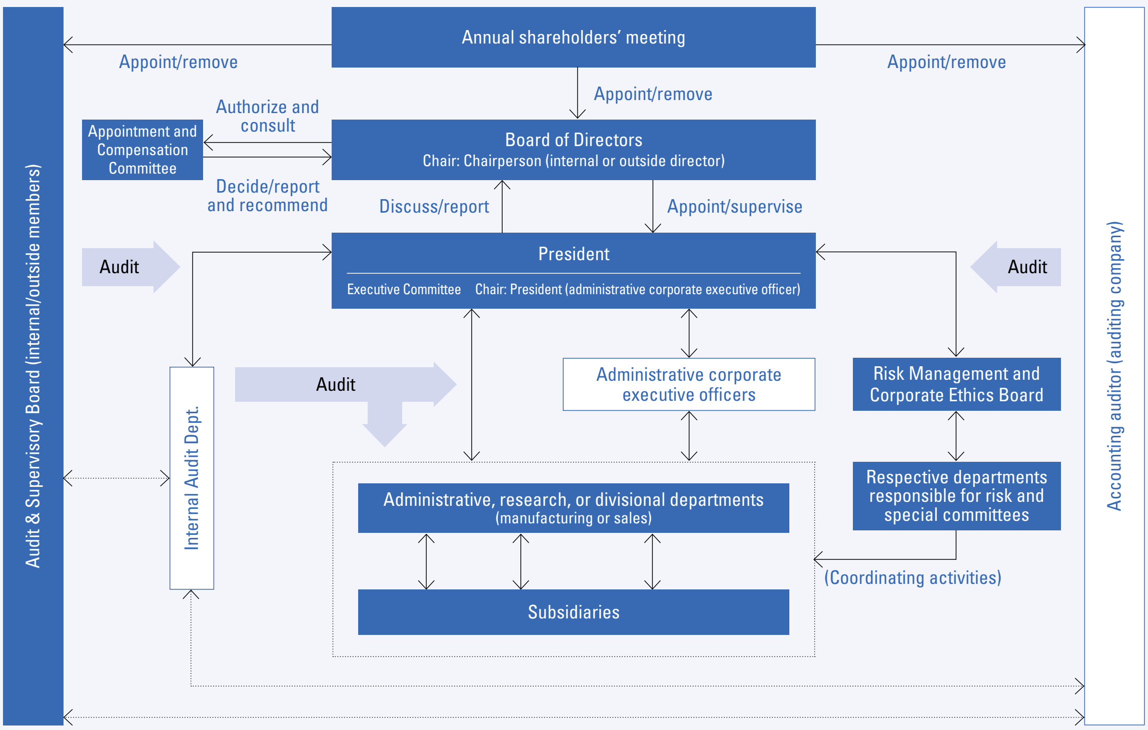
Composition of Appointment and Compensation Committee

Name	Appointment and Compensation Committee
Outside Directors	3
Internal Directors	2
Members	5
Chairperson	Internal director

Main Activities of the Appointment and Compensation Committee during the Last 12 Months

Appointment Activities	• Deliberated transfers of directors and Audit & Supervisory Board members • Deliberated candidates for outside directors and Audit & Supervisory Board members • Confirmed the progress of identifying candidates for the next president and CEO
Compensation Activities	• Decided individual compensation amounts, such as short-term performance-linked compensation • Deliberated and recommended policies for deciding compensation and other amounts for directors and Audit & Supervisory Board members or calculation methods • Deliberated and offered recommendations regarding continuity of the medium/long-term performance-linked stock compensation system • Deliberated issues regarding director and Audit & Supervisory Board member compensation system

Corporate Governance System



Corporate Governance

Policy on Method for Deciding Director and Audit & Supervisory Board Member Compensation

Shimadzu has specified director and Audit & Supervisory Board member compensation regulations that govern the procedure for deciding compensation amounts, the compensation system, and other related issues regarding compensating directors, Audit & Supervisory Board members, and executive officers with specific duties. Furthermore, the Policy on Method for Deciding Director and Audit & Supervisory Board Member Compensation is decided by deliberation by the Board of Directors based on the deliberation and recommendations of the Appointment and Compensation Committee. In April 2020, the above policy was reviewed, so that compensation amounts for directors and executive officers with specific duties were decided by the Appointment and Compensation Committee, authorized by the decision made by the Board of Directors and with outside directors comprising a majority of the committee, and reported to the Board of Directors. Compensation amounts for Audit & Supervisory Board members are decided through discussion with the Audit & Supervisory Board members.

Director and Audit & Supervisory Board Member Compensation System

Compensation for directors (excluding outside directors) and executive officers with specific duties (collectively referred to as "Director or Officer" below) comprises a fixed base compensation amount plus a variable amount linked to variations in short-term performance and stock compensation linked to variations in medium/long-term performance, while also taking into consideration the management duties of the Director or Officer with respect to expanding our business results during each fiscal year and increasing medium- and long-term corporate value.

Director and Audit & Supervisory Board Member Compensation System and Method for Deciding Compensation

Classification	Compensation System and Decision Method
Directors (Excluding Outside Directors) Executive Officers with Specific Duties	1. Fixed Compensation From the perspective of deciding compensation based on objective information, while also providing a level that is sufficient to enable recruiting talented human resources, compensation is decided based on the candidate's current position and intended role, using the compensation offered by similar companies (group of benchmark companies of a similar size and in a similar type of business), to be determined by a survey performed by an outside specialist company, as an important reference level.
	2. Short-Term Performance-Linked Compensation Compensation is decided based on overall consideration of the year-on-year growth rate of consolidated net sales and operating income, an evaluation of the performance of the specific department the executive officer with specific duties is in charge of, and a personal evaluation.
	3. Medium/Long-Term Performance-Linked Stock Compensation For directors, for example, the number of shares provided is decided based on the degree to which performance targets specified for the final year of the medium-term management plan were achieved. Compensation can vary within the 50 to 200% range, given the target achievement degree is determined based on target values for consolidated net sales and operating income as performance indicators.
Outside Directors and Audit & Supervisory Board Members	Fixed compensation only Considers their role in supervising and auditing the execution of duties in the overall Shimadzu Group.

Director and Audit & Supervisory Board Member Compensation Status (FY 2019)

Classification	Number of Applicable Directors and Audit & Supervisory Board Members	Fixed Compensation (million yen)	Compensation Linked to Performance (million yen)		Total (million yen)
			Compensation Linked to Short-Term Performance	Stock Compensation Linked to Medium/ Long-Term Performance* Recorded as Expense	
Directors (Internal)	6	220	99	1	321
Audit & Supervisory Board Members (Internal)	3	54	—	—	54
Outside Directors and Audit & Supervisory Board Members	5	56	—	—	56
Total	14	331	99	1	432

Note: The system for stock compensation linked to medium/long-term performance is intended to provide a quantity of stock based on the extent to which the performance targets for the final year of the medium-term management plan were achieved. However, implementing the system requires recording that stock compensation as an expense each year. Furthermore, for the final year of the plan, it requires recording an expense amount that is the remainder after subtracting the first and second-year expense amounts from the total compensation amount calculated based on the extent to which the performance targets were achieved. Given that performance targets for the final year of the 2017 to 2019 medium-term management plan were not achieved and after subtracting the expenses that were recorded for the first and second years, calculated when performance was projected to reach target values, the expense recorded for the current fiscal year is small in value.

For more details, refer to the website.
https://www.shimadzu.com/ir/governance/code.html

Compliance with Governance Codes

Evaluating the Effectiveness of the Board of Directors

Shimadzu analyzes and evaluates the effectiveness of the Board of Directors for the purpose of making continuous organizational or operational improvements and to ensure it functions properly.

The fifth such evaluation involved conducting a survey in FY 2020 about the Board of Directors' effectiveness. An analysis and evaluation of the survey results were then deliberated at a Board of Directors meeting. An overview of that process is provided in the Corporate Governance Report.

Results from Evaluating the Effectiveness of the Board of Directors

Criteria for Evaluating Effectiveness	FY 2019 (Applicable Year: FY 2018)	FY 2020 (Applicable Year: FY 2019)
Composition of the Board of Directors	Evaluation results for the current Board of Directors' size and composition were positively high, similar to the previous year. A new director that is knowledgeable about technology research and development will be added with anticipation this year.	Evaluation results for the current size and composition were positively high, similar to the previous year.
Operation of Board of Directors Meetings	The frequency and length of each meeting were considered appropriate and an atmosphere and environment that allowed all members to freely express their views were maintained, which were positive evaluation results similar to the previous year. On the other hand, we will continue to implement improvements in terms of providing time for discussions by operating the meetings more efficiently and achieving deeper discussions by improving the content of documents submitted and method of reporting.	A positive evaluation result was received again this year in terms of meeting frequency, length of individual meetings, and ensuring an atmosphere/ environment where all members can freely express their views. The evaluation also indicated an improvement in ensuring adequate discussion time. On the other hand, to promote deeper discussions, we will make additional improvements to how reports are presented and the content of materials submitted.
Roles and Responsibility of the Board of Directors	We received positive evaluation results for spending significant discussion time at Board of Directors meetings following up on important issues from the medium-term management plan. On the other hand, we will engage in deeper discussions about important management issues, such as about business strategies and our business portfolio.	We received a positive evaluation regarding the high number of meetings and hours the Board of Directors spent actively discussing preparation of the medium-term management plan. On the other hand, we will implement measures to ensure more extensive discussions about important management issues regarding medium/long-term business strategies and business portfolios.
Support for and Cooperation with Directors and Audit & Supervisory Board Members	Necessary information was exchanged and shared appropriately among outside directors, and between outside directors and Audit & Supervisory Board members.	The evaluation was generally positive regarding improvements achieved in methods for explaining the proposals to be discussed to outside directors and Audit & Supervisory Board members in advance. Nevertheless, we will implement measures to further improve/increase opportunities to exchange information between outside directors and outside Audit & Supervisory Board members and measures to provide all necessary information to outside directors and Audit & Supervisory Board members more appropriately.
Self-Assessment by Directors	All directors adequately understood the basic philosophy of the company, endeavored to achieve that philosophy, and had spent adequate time and effort fulfilling their roles and responsibilities as directors, which is a better result than the previous year.	All directors adequately understood the basic philosophy of the company, endeavored to achieve that philosophy, and had spent adequate time and effort fulfilling their roles and responsibilities as directors, which is a better result than the previous year.
Status of Measures to Address Issues Identified in the Effectiveness Evaluation Results Last Year	Evaluation results indicated improvements in the operating efficiency of Board of Directors meetings and explaining issues in advance, but additional improvements will be made for providing appropriate feedback about the content of discussions at Board of Directors meetings to administrative corporate executive officers.	Positive evaluations were received regarding improvements achieved with respect to feedback about the content of discussions at Board of Directors meetings to administrative corporate executive officers, having discussed competitive strategies as an important management issue, and so on.

Compliance

The following web page includes information about the topics listed below.
https://www.shimadzu.com/ir/governance/social/compliance.html

Shimadzu Corporate Ethics/Compliance and Corporate Ethics

Basic Policy

The Shimadzu Group is committed to obtaining applicable permits and licenses and complying with applicable laws and regulations, such as security trade controls, anti-bribery laws, and competition laws, established by governments in respective regions and countries for Shimadzu's various businesses deployed around the world. In addition to compliance with laws and regulations, Shimadzu is also committed to behavior consistent with international norms. We have established a Corporate Code of Ethics that specifies guidelines for ethics that should be shared and complied with by directors and employees, in accordance with Shimadzu's corporate philosophy, management principle, and CSR charter, and we practice a policy of prioritizing compliance above all else.

Promoting Compliance

The Shimadzu Group has created a Corporate Ethics and Code of Conduct Handbook that summarizes the essential elements of the Corporate Code of Ethics in an easy-to-understand form and prevents compliance problems through group training, e-learning, and other teaching activities to teach and instill the content of the handbook. We also ensure the implementation of corporate compliance within the Shimadzu Group by monitoring compliance with laws, regulations, and other requirements whenever appropriate through the activities of the Export Controls Committee and the Official Approval Committee, or internal audits. We have also established a system for reporting any problems, with contact points established within and outside the company for consultation and notification regarding compliance issues.

Provision of a Corporate Ethics Consultation and Notification Contact Points

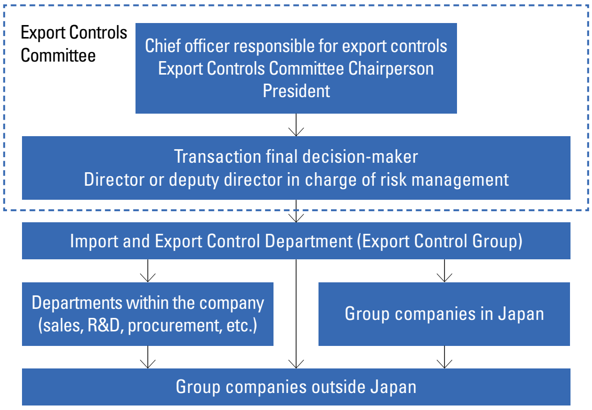
To prevent corporate ethics problems, or identify and address them as early as possible, all Shimadzu Group employees, temporary personnel, and contractor personnel working within the company have been informed that contact points are established within and outside the company for consultation and notification regarding corporate ethics issues. In addition to preparing measures for investigating, remedying, and preventing recurrence, as necessary, rules are also established to protect personnel that contact the contact points for consultation or notification, such as rules that prohibit treating them unfavorably. In FY 2019, there were forty cases of the contact points being contacted for consultation or notification.

Security Trade Controls

The Shimadzu Group has established a security trade control policy and implements appropriate import/export controls from a perspective of maintaining international peace and security.

Export Control System

Internal export control regulations (compliance program, abbreviated "CP") were established, with the President as the chief officer responsible for export controls, to ensure the Security Trade Control Policy is implemented. Based on these regulations, we conduct strict applicability reviews, transaction reviews, and so on, in compliance with the Japanese Foreign Exchange and Foreign Trade Act and other applicable laws and regulations. Furthermore, the Export Controls Committee conducts periodic audits to confirm exports are being controlled appropriately in accordance with the CP.



Preventing Bribery and Anti-Competitive Practices

The CSR charter and corresponding policies for activities specify conducting activities in an open and fair manner and forbid offering bribes to public officials or offering inappropriate entertainment or gifts to suppliers or others in the private sector in order to prevent receiving or giving of bribes. We also forbid obtaining profit through improper means, are committed to competing fairly, and engaging only in fair transactions.

Ensuring Transparency of Relationships with Medical and Other Institutions

To be a company that can obtain the trust of society, we have increased the transparency of relationships with medical institutions and others whose cooperation is essential for developing, manufacturing, importing, and selling medical systems by publishing a Guideline for Transparency of Relationships with Medical and Other Institutions and disclosing all funds provided to medical institutions or other relevant parties.

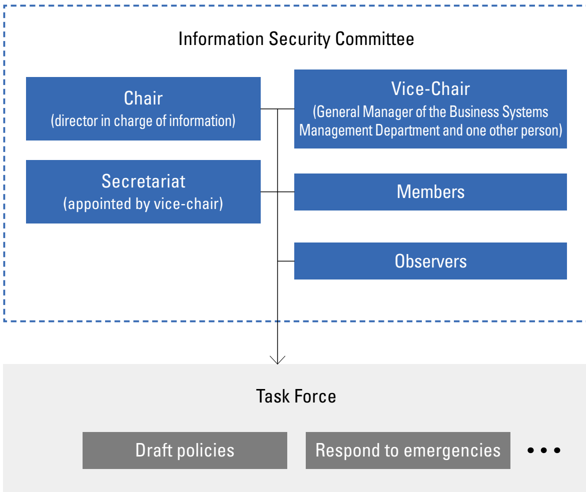
Information Security

The following web page includes information about the topics listed below.
https://www.shimadzu.com/sustainability/approach/social/information_security/index.html

Basic Policies and Measures

Systems for Improving Information Security

The Shimadzu Group periodically conducts Information Security Committee meetings chaired by the director in charge of information security and has established systems for deploying committee decisions throughout Shimadzu Corporation and Group companies. At the meetings, the committee discusses the direction and content of measures, creates relevant regulations that incorporate human, organizational, and technical countermeasures, and makes decisions regarding introducing new information management methods and tools. To minimize the damage from any accidents, we established a communication tree system for sharing information with subsidiaries in and outside Japan and specified a protocol for responding to accidents. Global security meetings are periodically held with Group companies outside Japan.



Risk Management

The following web page includes information about the topics listed below.
https://www.shimadzu.com/ir/governance/risk_management.html

Shimadzu Risk Management, Assessment Methods for Risk Management, and Risk Management Activities

The following web page includes information about the topics listed below.
https://www.shimadzu.com/ir/strategy/risk.html

Business Risks

Risk Management System

The president is the chief officer responsible for risk management. Below the president, a Risk Management and Corporate Ethics Board meets twice a year as a deliberative body to confirm and decide policies regarding company-level risks that require prioritized measures (priority risks) and compliance risks. Those activities are coordinated by the director in charge of risk management and are deployed in a top-down manner to other respective departments and Group companies, primarily by departments specifically responsible for the respective risks or special committees in charge of company-wide risk management issues.

Business Continuity Plan (BCP)

The Shimadzu Group has established a business continuity plan to fulfill our responsibility to supply products to our customers by ensuring the safety of personnel, minimizing damage, and recovering quickly.

To coordinate business continuity activities in an emergency, a head office task force will be established for coordinating company-level activities and, below that task force, five divisional task forces will be established to coordinate activities within each division. As the head of respective task forces, the president directs the business continuity and recovery activities of the head office task force and respective divisional general managers direct the activities of the divisional task forces.

Priority Risk

1	Violations of the Pharmaceutical and Medical Device Act	• Due to the deployment of businesses in the healthcare field, a new organization will be established within the company to prevent lost opportunities resulting from risks of legal/regulatory violations or delays in submitting paperwork.
2	BCP Response	• Given the global spread of the COVID-19 pandemic, we will implement reforms that enable us to successfully work from home or telework, such as from the perspective of systems, security, infrastructure, and adoption of digital technologies.

Profiles of Directors and Audit & Supervisory Board Members

(As of June 25, 2020)

Directors

Akira Nakamoto

Representative Director, Chairman of the Board

Chair of the Board of Directors
Outside Director of
Furukawa Electric Co., Ltd.

Apr. 1969	Joined Shimadzu Corporation
Jun. 2001	Director, Member of the Board
Jun. 2005	Managing Director
Jun. 2007	Senior Managing Director
Jun. 2009	President and Director
Jun. 2013	CEO
Jun. 2015	Chairman and Representative Director (current)
Jun. 2015	Chairman of the Board (current)

Teruhisa Ueda

Representative Director, President

CEO

Apr. 1982	Joined Shimadzu Corporation
Jun. 2007	Corporate Officer
Jun. 2007	Deputy General Manager, Analytical & Measuring Instruments Division
Jun. 2011	Director, Member of the Board
Jun. 2011	General Manager, Analytical & Measuring Instruments Division
Jun. 2013	Managing Executive Officer
Jun. 2014	Senior Managing Executive Officer
Jun. 2015	President and Representative Director (current)
Jun. 2015	CEO (current)

Yasuo Miura

Director, Senior Corporate Executive Officer

In charge of CFO and accounting and marketing
General Manager, Tokyo Office

Apr. 1980	Joined Shimadzu Corporation
Apr. 2005	General Manager, Corporate Strategy Planning Department
Jun. 2007	Corporate Officer
Jun. 2009	President, Shimadzu Europa GmbH (Germany)
Jun. 2013	Director, Member of the Board (current)
Jun. 2013	Managing Executive Officer
Jun. 2013	In charge of finance (currently finance/accounting)
Jun. 2013	In charge of marketing (current)
Jun. 2015	General Manager, Tokyo Office (current)
Jun. 2017	Senior Managing Executive Officer
Apr. 2019	Senior Corporate Executive Officer (current)
Apr. 2020	CFO (current)

Mitsuo Kitaoka

Director, Senior Managing Executive Officer

CTO

Apr. 1982	Joined Shimadzu Corporation
Jan. 2007	General Manager, Research & Development Department, Analytical & Measuring Instruments Division
Jun. 2011	Deputy General Manager of Analytical & Measuring Instruments Division and concurrently General Manager of Research & Development Department, Analytical & Measuring Instruments Division
Jun. 2015	Corporate Officer
Jun. 2015	General Manager, Technology Research Laboratory
Jun. 2017	Managing Executive Officer
Jun. 2017	In charge of R&D
Jun. 2019	Director, Member of the Board (current)
Apr. 2020	Senior Managing Executive Officer (current)
Apr. 2020	CTO (current)

Audit & Supervisory Board Members

Hiroyuki Fujii

Senior Audit & Supervisory Board Member

Outside Corporate Auditor of
Dai Nippon Toryo Co., Ltd.

Apr. 1981	Joined Shimadzu Corporation
Apr. 2005	General Manager, Human Resources Department
Jun. 2007	Corporate Officer
Jun. 2009	Director
Jun. 2013	Senior Audit & Supervisory Board Member (current)

Makoto Koyazaki

Audit & Supervisory Board Member

Jan. 1991	Joined Shimadzu Corporation
Apr. 2011	General Manager, Business Planning Department, Shimadzu International Trading (Shanghai) Co., Ltd. (currently Shimadzu (China) Co., Ltd.)
Jun. 2012	General Manager, Corporate Strategy Planning Department
Apr. 2016	President and CEO, Shimadzu GLC Ltd.
Apr. 2019	Senior Manager, Audit & Supervisory Board Members' Office
Jun. 2019	Audit & Supervisory Board Member (current)

Yasunori Yamamoto

Director,
Managing Executive Officer

In charge of corporate strategy planning and corporate communications

Apr. 1983 Joined Shimadzu Corporation
Oct. 2003 Coordination Manager, Testing Machines Business Unit, Analytical & Measuring Instruments Division
Jun. 2013 President, Shimadzu Europa GmbH (Germany)
Jun. 2014 Corporate Officer
Jun. 2017 Managing Executive Officer (current)
Jun. 2017 In charge of manufacturing, information system, and CS management
Jun. 2017 Deputy director in charge of technology research
Apr. 2020 In charge of corporate strategy planning and corporate communications (current)
Jun. 2020 Director, Member of the Board (current)

Minoru Sawaguchi

Outside Director

Partner of Mori,
Hamada & Matsumoto Law Offices

Apr. 1993 Registered as attorney-at-law
Apr. 1993 Joined Mori Sogo Law Office (currently Mori Hamada & Matsumoto) (current)
Jun. 2013 Director, Shimadzu Corporation (current)

Hiroko Wada

Outside Director

Representative of Office WaDa
Outside Director of
Coca-Cola Bottlers Japan Holdings Inc.
Outside Director,
Audit & Supervisory Committee Member
of Unicharm Corporation

Apr. 1977 Joined Procter & Gamble Sunhome Co., Ltd. (currently Procter & Gamble Japan)
Jan. 1998 Vice President, Procter & Gamble U.S., responsible for corporate new venture Asia
Mar. 2001 President, Dyson Limited
Apr. 2004 President and CEO, Toys "R" Us, Japan
Nov. 2004 Established Office WaDa (current)
May 2009 Outside Director, Aderans Holdings Company (currently Aderans Company Limited)
Apr. 2016 Advisor, Nutraceutical Business, Otsuka Pharmaceutical Co., Ltd.
Jun. 2016 Director, Shimadzu Corporation (current)

Nobuo Hanai

Outside Director

Apr. 1976 Joined Kyowa Hakko Kogyo Co., Ltd. (currently Kyowa Kirin Co., Ltd.)
Oct. 2008 Executive Officer, Kyowa Hakko Kirin Co., Ltd.
Apr. 2009 Managing Executive Officer, Kyowa Hakko Kirin Co., Ltd.
Jun. 2009 Director of the Board, Managing Executive Officer, Kyowa Hakko Kirin Co., Ltd.
Mar. 2010 Director of the Board, Senior Managing Executive Officer, Kyowa Hakko Kirin Co., Ltd.
Mar. 2012 Executive Director of the Board, President and Chief Executive Officer, Kyowa Hakko Kirin Co., Ltd.
Mar. 2018 Executive Director of the Board, Chairman and Chief Executive Officer, Kyowa Hakko Kirin Co., Ltd.
Mar. 2019 Director of the Board, Chairman, Kyowa Hakko Kirin Co., Ltd.
Jun. 2020 Director, Shimadzu Corporation (current)

Masahiro Nishio

Outside Audit &
Supervisory Board Member

Director, Nishio Certified Public Accountant Firm
External Audit & Supervisory Board Member of Mandom Corporation
Outside Auditor of Samco Inc.

Nov. 1974 Joined Daiwa Accounting Office (current KPMG AZSA LLC)
Mar. 1978 Became a chartered accountant
Jan. 2015 Established Nishio Certified Public Accountant Firm (current)
Jun. 2015 Audit & Supervisory Board Member, Shimadzu Corporation (current)

Tsuyoshi Nishimoto

Outside Audit &
Supervisory Board Member

Partner of Hibiya Park Law Offices
Statutory Auditor of Enigmo Inc.
Statutory Auditor of Broadleaf Co., Ltd.

Oct. 2000 Registered as attorney-at-law
Dec. 2002 Joined Hibiya Park Law Offices (current)
Jun. 2020 Audit & Supervisory Board Member, Shimadzu Corporation (current)

Messages from Outside Directors

To achieve sustained growth for the Shimadzu Group and increase the corporate value in the medium and long term, we have used the establishment of the Corporate Governance Codes as an opportunity to implement a wide variety of governance reforms. We asked the three Outside Directors currently working with Shimadzu to provide their frank comments about future issues they may have noticed as business conditions have changed for the Board of Directors or hopes they have for Shimadzu.

Minoru Sawaguchi

Outside Director,
Member of the Board

Corporate Governance of Shimadzu Corporation

My evaluation of Shimadzu's corporate governance remains unchanged.

Rather than making drastic changes within a short time, my impression is that Shimadzu is continuing to make steady incremental changes to reliably achieve corporate governance changes in the long term. Unlike regular business operations, corporate governance is provided to support business, so I can understand the decision to choose steady progress while monitoring effectiveness, rather than simply focusing on speed.

Even very recently, the authority of the Appointment and Compensation Committee established in 2018 was strengthened based on a trial period of a little over one year.

As exemplified by trends in sustainability, I feel the corporate governance requirements of publicly listed companies are changing. I suspect that the COVID-19 pandemic this year will result in even more changes.

Therefore, I think the approach of continuously reassessing corporate governance requirements is an even more valid policy under the current circumstances. Given Shimadzu's long history, I hope Shimadzu will continue to reassess requirements in order to continuously increase and sustain corporate value.

Hiroko Wada

Outside Director,
Member of the Board

Becoming a True Global Business

Shimadzu Corporation achieves their corporate philosophy and management principle by using science to protect mankind and the global environment. The globalization of Shimadzu businesses is a natural strategy consistent with the corporate philosophy. However, globalization is only possible if the company prioritizes offering products and services that satisfy the needs of major markets outside Japan, rather than being fixated only on Japanese markets. So, what should Shimadzu do to capitalize on this enormous opportunity? Simply relying on the same approaches that resulted in current achievements will not be enough. Shimadzu needs to also focus on globalizing all the management resources available in order to progress to the next level. I want all Shimadzu employees, both those that have experienced success and those that have not, to break out of their personal shell to become a new type of Shimadzu employee that continues to achieve personal growth. They should exchange views with others outside their normal national or organizational boundaries, so that their accomplishments are based on satisfying more global needs. I look forward to helping the company create a new Shimadzu.

Nobuo Hanai

Outside Director,
Member of the Board

Pursuing Solutions for Challenges in Society, Especially when Business Conditions are Difficult to Predict

I have been serving as an Outside Director for Shimadzu Corporation since being appointed in 2020. I intend to help Shimadzu achieve sustained growth based on solving challenges in society, by using my experience from many years of being involved in R&D and global business deployment at a pharmaceutical company to actively exchange views at Shimadzu Board of Directors Meetings and other venues.

Given my experience as a manager implementing management practices based on CSV, I think it is wonderful that Shimadzu has specified a CSR charter in addition to a corporate philosophy and management principle. The addition of the COVID-19 pandemic just as Shimadzu was making progress toward rapid globalization has made it much more difficult to predict future business conditions. The pandemic has also created new challenges in society. Deciding how to utilize the wonderful science and technology owned by Shimadzu for solving challenges in society will be important for determining future growth. Given that Outside Directors offer more diverse perspectives, I intend to serve that role and responsibility.

In addition to globalizing the company, corporate governance needs to be strengthened as well. As an independent Director, I intend to also serve a constructive role for ensuring governance from an unbiased perspective.

Business Overview and Results

By continuing corporate activities that meet the expectations and demands of our stakeholders, we are achieving sustainable development and growth for both Shimadzu and society.

Business Overview and Results

Business Portfolio

We will implement business portfolio reforms, such as to improve the profitability of businesses, reassess individual businesses and business categories in terms of future growth, and create new businesses based on synergies between separate divisions.

Previous Medium-Term Management Plan

Analytical & Measuring Instruments Business	Key Businesses
Medical Systems Business	Businesses for Profitability Reforms
Industrial Machinery Business	Businesses for Profitability Reforms
Aircraft Equipment Business	Businesses for Rebuilding

Growth

Profitability

New Medium-Term Management Plan

		Strategy Points
Analytical & Measuring Instruments Business	Key Businesses	• Key models (liquid chromatographs, mass spectrometers, etc.): Expand/improve product lines, including pretreatment systems. • Models designated for strengthening/profitability improvement (testing machines, environmental measuring instruments, etc.): Strengthen sales expansion outside Japan. • Columns/reagents: Expand/improve consumables business and strengthen maintenance services.
Industrial Machinery Business	Businesses for Strengthening	• Expand global turbomolecular pump market share, expand industrial furnaces, and strengthen service business. • Strengthen hydraulic equipment supply capabilities in Japan and China and expand market share in China, North America, and Europe.
Medical Systems Business	Businesses for Rebuilding	• Expand added value by strengthening software functionality, such as with image processing and AI technologies. • Expansion in North America: Increase penetration of hospital networks and strengthen direct sales/service capabilities.
Aircraft Equipment Business	Businesses for Reorganization	• Discern appropriate business positioning and accelerate business reorganization.

Growth

Reallocation of Resources

Analytical & Measuring Instruments Business

The following web page includes information about the topics listed below.
https://www.shimadzu.com/an/index.html

Analytical & Measuring Instruments

We contribute to solving challenges in society by using analytical and measuring technologies for cutting-edge research applications in life science fields, such as novel coronavirus detection and testing technologies, predicting beta-amyloid plaques in the brain using a mass spectrometer, for analyzing water quality, air pollution, and so on, in environmental samples, and for supporting manufacturing in food, pharmaceutical, and other industries.

Shuzo Maruyama
General Manager, Analytical & Measuring Instruments Division

Business Environment

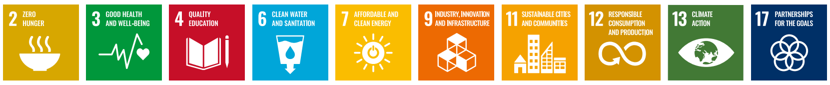
Due to the COVID-19 pandemic, society is changing on a global scale. In addition to direct changes, such as progress developing therapeutic drugs and infectious disease testing, and progress developing virus countermeasures such as disinfection, infection preventive devices, and therapeutic devices, teleworking practices are being widely adopted. Consequently, there has been increased activity in corresponding industries, but in the somewhat non-essential automotive and associated steel, chemical, and other industries, investment budgets have been shrinking or are being delayed, which is predicted to have a negative impact on our analytical and measuring instrument businesses.

Challenges in Society

- Ensure more advanced healthcare and food safety.
- Transition to more environmentally friendly products.
- Provide solutions that contribute to achieving a carbon-free society.
- Achieve safer, lighter-weight, and more fuel-efficient aircraft and automobiles.
- Expand the practical use of renewable energies and other technologies.

Value Provided

Related SDGs



Healthcare Field

- We contribute to maintaining people's health by developing technologies for virus testing, such as the novel coronavirus testing kit, technologies for early diagnosis of diseases such as dementia, cancer, and lifestyle diseases, and by developing a health management system for healthcare stages extending from medical intervention to prognosis management and nursing care.
- We contribute to new drug development and productivity improvement by providing technologies to pharmaceutical companies not only for advanced separation analysis, mass spectrometry, and cellular analysis technologies, but also AI/IoT-based data analysis technologies.
- In the food field, we help ensure the safety and security of food by testing for residual pesticides and water quality, evaluating the presence of regulated substances contained in packaging, and ensuring regulatory compliance.

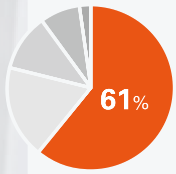
Environment and Energy Fields

- We contribute to conservation of the global environment by supplying instruments for measuring microplastics and various environmental pollutants.
- By making Shimadzu products more energy efficient, making consumables last longer, and so on, we contribute to reducing energy usage by customers.
- We contribute to achieving a carbon-free society by supplying systems and application software that are useful for developing clean energy technologies.

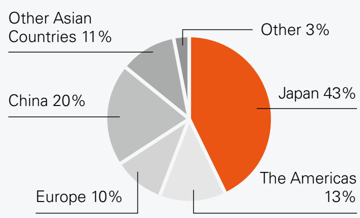
Materials Field

- In the transport equipment field, where there are increasing needs for inspection, analysis, and evaluation testing, we contribute to developing new materials that improve fuel efficiency and safety, by offering an extensive variety of solutions based on a wide range of analytical and measuring technologies for satisfying the needs in the field.

Ratio of Net Sales by Business Segment



Ratio of Net Sales by Region



FY 2019 Results

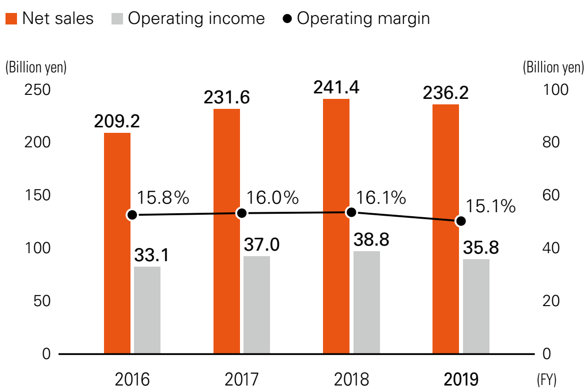
Business Environment

Despite worsening business conditions from the global economic downturn resulting from US-China trade frictions and a decrease in investments after the consumption tax rate was increased in Japan, there continued to be demand for satisfying automation and efficiency improvement needs in the pharmaceuticals field, for compliance with stricter food safety and security regulations, and for increasingly sophisticated analysis used in new material development. Though economic conditions have become even worse after the global spread of the COVID-19 virus in early 2020, corresponding changes in social behavior patterns and the business environment have also created new business opportunities.

Key Measures and Results

- We released new successor models to our strong line of modular liquid chromatograph models and we expanded our mass spectrometer product line with compact MALDI and direct ionization MS systems.
- Based on the "Analytical Intelligence" concept, we strengthened functionality for data analysis based on using AI technology and strengthened functionality for supporting customer efforts to automate and improve the efficiency of operations, such as by using IoT technology to remotely manage instrument operating status.
- We established a Shimadzu measuring instrument open laboratory at Keio University in November and the Omics Innovation Research Laboratories at Osaka University in December. To promote collaboration with advanced academic and research organizations at the Healthcare R&D Center, we established the COTO LABO Consortium in May, intended for next-generation development work, and established the NARO Shimadzu Kyoto Laboratory for Food Innovation in August, in partnership with the National Agriculture and Food Research Organization (NARO).
- We expanded our open innovation functions by offering solutions for environmental monitoring and contract analysis fields, where demand has been expanding, opening the China Innovation Center in October, and expanding the Guangzhou Analysis Center in November.
- Expanding/improving the consumables product line and strengthening the service business base increased the aftermarket business sales ratio to 32% (a 2-point increase from the previous year).

Net Sales/Operating Income/Operating Margin



Key Measures for FY 2020

We intend to expand business by acquiring advanced technologies through partnerships within and outside the Shimadzu Group and creating new truly unique and number-one products and businesses for solving challenges in society in a timely manner. Specifically, by implementing the following three growth strategies, we intend to build systems that are useful for solving challenges in society based on Shimadzu Group products and services in collaboration with strategic partners and business partners.

- **Increasing Market Share in Europe and the United States, Mainly for Key Business Categories**

The pharmaceuticals markets and contract development and testing markets in Europe and the United States are the largest markets in the world for liquid chromatograph and mass spectrometer products, which are key models for the Shimadzu Group. Therefore, in those markets we are promoting sales of the new Nexera series liquid chromatograph systems, Nexera-UC series supercritical fluid chromatograph systems, and LCMS-8060NX mass spectrometer systems just released in June 2020. We are also expanding market share and contributing to the development of new drugs by engaging in joint development with users and developing analytical instruments for solving challenges of advanced users in those markets.

Analytical & Measuring Instruments Business

● Expanding Business in the Healthcare (Clinical Testing) Field

We will use prediction of beta-amyloid plaque levels in the brain to strengthen partnerships with clinical testing companies and academic institutions in Europe and the United States and develop practical applications.
At Alsachim, our Group company in France, we will expand/improve our product line of various clinical testing kits, such as kits for testing the concentration of immunosuppressants in the blood, and we will offer measuring systems that support automation. These measures will not only achieve business expansion, including expanding the aftermarket business (testing reagents and other consumables), but also will contribute to establishing a healthy society.

● Contributing to Society and Expanding Business through Infectious Disease Countermeasures

Conquering the COVID-19 pandemic has become a global challenge. For the Shimadzu Group, our efforts to solve that challenge have been based on the major themes of developing and supplying quick and accurate tests for infectious diseases in general and providing support for corresponding therapeutic drug development.

More specifically, we will contribute to society by automating, speeding up, and expanding the applicability of infectious virus testing systems and by developing support systems for facilitating research and development of therapeutic drugs.

TOPIC Launching Novel Coronavirus PCR Testing Business

The Shimadzu Group has started a new PCR testing business in an effort to help expand and improve novel coronavirus testing in Kyoto prefecture. Using novel coronavirus detection kits produced by Shimadzu to pretreat specimens (nasopharyngeal swab and saliva samples) acquired by other testing and healthcare institutions, in preparation for PCR testing, the business is prepared to rapidly test up to 300 cases per day.

In addition, the business is working in cooperation with Oike Clinic to start a PCR testing service intended to provide proof of negative test results for overseas business travelers, demand for which is expected to increase in the near future.

PCR Testing

Life Science and Pharmaceutical

- By investigating the metabolites, active ingredients, and other components contained in blood or urine, these instruments can be used for applications such as cancer or dementia screening or for verifying the efficacy of drugs.
- These instruments can accurately measure the content of active ingredients and impurities in samples and can be used for quality control in a wide range of fields, such as in pharmaceutical, biochemical, food, and environmental fields.

LCMS-8060NX
Liquid Chromatograph Mass Spectrometer

GCMS-TQ8050 NX
Gas Chromatograph Mass Spectrometer

MALDI-8020
Time-of-Flight Mass Spectrometer

Nexera Series
Ultra High Performance Liquid Chromatograph

Foods and Chemicals

- These instruments help ensure food safety by accurately measuring trace amounts of components contained in samples. They are used in a wide range of fields, including food, environmental, chemical, electronic/semiconductor, and pharmaceutical fields.

GCMS-TQ8050 NX
Gas Chromatograph Mass Spectrometer

ICPMS-2030
ICP Mass Spectrometer

IRSpirit
FTIR Spectrophotometer

Materials

- These instruments are used to test the strength of a wide variety of items, such as rubber, plastic, or metal materials, or objects such as food, mobile phones, or automotive parts.

AGX-V Series
Precision Universal Testing Machine

KRATOS ULTRA2
Imaging Photoelectron Spectrometer

inspeXio
SMX-225CT FPD HR Plus
Nondestructive Inspection Machine

Environment/Energy

- These analyzers can measure nitrogen and phosphorus concentrations in effluents discharged into rivers or other environments. They can be used to continuously monitor waste water via the cloud, which helps ensure compliance with total water pollutant load regulations.

TNP-4200
Online Total Nitrogen and Total Phosphorus Analyzer

TOC-L Series
Total Organic Carbon Analyzers

EDX-7000
Energy Dispersive X-Ray Fluorescence Spectrometer

Medical Systems Business

The following web page includes information about the topics listed below.
https://www.shimadzu.com/med/index.html

Diagnostic Imaging Systems

We contribute to early detection and early treatment of cancer and other diseases at medical facilities around the world by offering easy-to-use medical systems that reduce the stress on patients based on the use of our state-of-the-art image processing technology.

Kunimasa Ito
General Manager, Medical Systems Division

Business Environment

In developed economies, society demands medical care that mitigates the risks of injury and illness associated with aging populations, while minimizing the burden on patients. Even many developing countries are facing challenges with population aging, with health levels expected to approach the level of developed economies by 2035. Consequently, they are demanding more sophisticated healthcare technologies and diagnostic imaging systems.

Challenges in Society

- Achieve longer healthy life expectancies, so people can be healthy in their daily life.
- Provide more advanced examination technologies that can detect physical disorders as early as possible and identify the causes of diseases in more detail.

Value Provided

Related SDGs

Diagnosis

- We offer multipurpose X-ray fluoroscopy systems for diagnosing osteoporosis, a tomosynthesis application for follow-up examinations after artificial joint surgery, and a dedicated breast PET system for breast cancer (malignant neoplasm) examinations that involve no compression pain.
- For psychiatric disorders, we offer supplemental support for differential diagnosis of depression using near-infrared light.

Treatment

- We offer angiography systems equipped with a video imaging application for supporting cutting-edge minimally invasive procedures. We also offer near-infrared camera systems for supporting surgical techniques used in breast surgery, plastic surgery, gastrointestinal, and dermatology departments.
- To support efficient radiation therapy, we offer a tumor-tracking system that, used in combination with a radiation therapy system, can significantly reduce the radiation dose to normal tissue by efficiently radiating only cancer tissue.

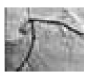
Other

- To promote clinical applications for analytical technology, we are improving the practicality of techniques that can be used in the future to predict a wide variety of diseases from a single drop of blood.
- We provide support for improving the efficiency of healthcare administration, such as by offering returning patient reception systems and treatment fee payment systems to hospitals and electronic medical records systems to clinics.

- Equipped with advanced image processing technology, these easy-to-use medical systems reduce the stress on patients.

Angiography System

SCORE PRO Advance



Improving the visibility of medical devices and reducing the radiation dose

SCORE RSM

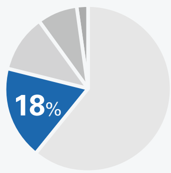
Imaging with low radiation dose levels that is minimally affected by movement

FY 2019 Results

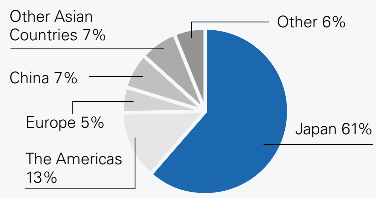
Business Environment

In North America, the market for X-ray systems continues to grow, but the market for radiography systems is shrinking due to diminishing effects from previous measures to promote switching to digital models.
In China, market competition is intensifying due to incentives for domestic products.

Ratio of Net Sales by Business Segment



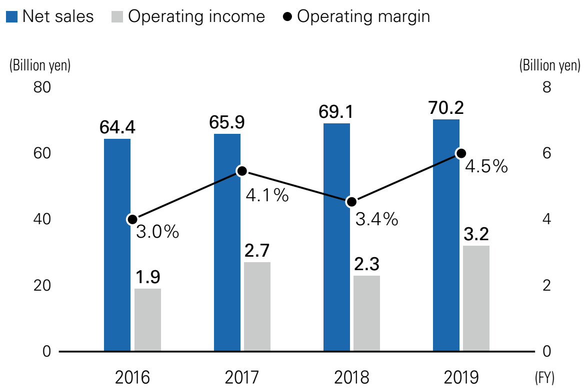
Ratio of Net Sales by Region



Key Measures and Results

- In Japan, sales of diagnostic X-ray systems increased and the aftermarket business expanded.
- For diagnostic X-ray systems, we globally focused efforts on building the brand in the minimally invasive procedure field, with strong sales of angiography systems for cardiovascular interventional procedures.
- In North America, we released a new fluoroscopy system targeted for the U.S. market and focused efforts on expanding sales.
- Due to the COVID-19 pandemic in the fourth quarter, orders for mobile X-ray systems used to diagnose pneumonia increased sharply in Japan and China. We made increasing production our first priority for supporting the diagnosis of infected patients.
- By diligently strengthening the aftermarket business, which resulted in service contracts increasing along with increased product deliveries, the aftermarket business sales ratio remained at 30% (same as the previous year).

Sales Trend



Key Measures for FY 2020

• Increasing Production of Mobile X-Ray Systems

As the COVID-19 pandemic continues to spread throughout the world and orders for mobile X-ray systems increase, we will continue to increase production so we can deliver the systems to facilities that require them as soon as possible.

• Strengthening Measures in North America

In an effort to penetrate the network of hospitals across the entire United States, we acquired and merged operations with Core Medical Imaging Inc. to strengthen our direct sales and service capabilities to customers. In terms of products, we will focus efforts on expanding sales of new products that can be operated according to clinical needs in the U.S. market and provide high-quality digital images using low radiation dose levels.

• Strengthening Measures in China

In response to incentives for domestic products, we will increase our line of Shimadzu Group products manufactured in China. For products imported from Japan, we will focus sales promotion efforts on new products with unique features, such as dedicated breast PET systems and software used in combination with fluoroscopy systems for measuring osteoporosis.

• Expanding Businesses with Recurring Revenues

We will expand the aftermarket business by expanding applicable direct service areas and products, by adding IoT-based failure prediction functionality, and by deploying the Customer Support Center in China. We will also engage in new forms of sales, such as new billing methods that generate recurring revenues for application software.

Diagnostic X-Ray Systems

Mobile X-Ray System

Fluoroscopy System

General Radiography System

Solutions for Supporting Healthcare and Improving Healthcare Administrative Efficiency

- This system can detect even small breast cancers, with patients examined lying face down.
- We offer returning patient reception systems, electronic medical record systems, and other products.

Dedicated Breast PET System

Returning Patient Reception System

Industrial Machinery Business

We contribute to industrial development by supplying high-quality and high-performance key components, such as turbomolecular pumps and equipment and parts equipped with sophisticated hydraulic technology.

The following web page includes information about the topics listed below.
https://www.shimadzu.com/industry/index.html

Vacuum Equipment/Industrial Machinery

The following web page includes information about the topics listed below.
https://www.shimadzu.com/hydraulic/index.html

Hydraulic Equipment

Akira Watanabe
General Manager, Industrial Machinery Division and Fluidics Systems Division

Business Environment

As the demand for semiconductors continues to increase in response to increasingly widespread adoption of IoT and 5G high-speed communication technologies underlying the trend toward more extensive use of information in society, the market for turbomolecular pumps used in semiconductor manufacturing equipment is expected to expand as well. On the other hand, the temporary drop in demand for logistics equipment and construction machinery will also affect demand for hydraulic equipment. In response, we will release products with innovative technologies and develop new fields.

Challenges in Society

- Develop sustainable and resilient infrastructure.
- Implement global measures to achieve a carbon-free society.

Value Provided

Related SDGs

- We promote sustainable infrastructure development by supplying key products and manufacturing equipment that contribute to the manufacturing industry. These include turbomolecular pumps used as key components in semiconductor manufacturing equipment, gear pumps used as hydraulic power sources in forklifts and construction/agricultural machinery, and industrial furnaces for ceramics, which are expected to expand in response to growing demand for semiconductor substrate materials and electric vehicle circuitry heat sink materials.
- We contribute to the expansion of renewable energies by supplying glass winders for winding glass fiber used to reinforce wind turbine blades.

Industrial Machinery

- Turbomolecular pumps are vacuum pumps used to create the ultra high vacuum environment essential for manufacturing semiconductors and panels.

Turbomolecular Pump

- This furnace is used to harden metals, ceramics, or other materials to increase their strength or ensure a given shape by heat-treating them in a vacuum or pressurized environment.

Industrial Furnace

FY 2019 Results

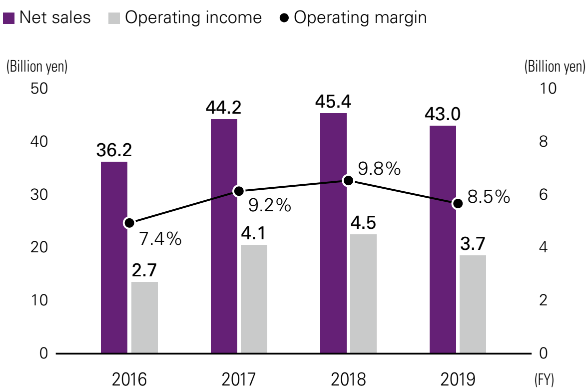
Business Environment

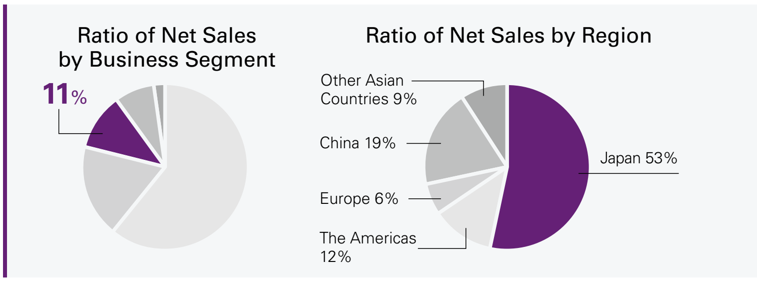
Sales of turbomolecular pumps, the division's strongest product line, regained strength in the second half, but it was not enough to compensate for the slowdown in capital equipment investment for semiconductors and touch panel screens during the first half, resulting in lower demand for the year overall. For industrial furnaces, increased demand for ceramic applications made up for the decreased demand for carbide tooling used in machining equipment. Hydraulic equipment demand temporarily slowed for forklifts and construction machinery in Japan due to typhoon damage last fall, and then demand decreased in response to factory shutdowns by customers as the COVID-19 pandemic spread after early this year.

Key Measures and Results

- Turbomolecular pump sales decreased significantly in the first half, but market share increased in the second half as the semiconductor market recovered. We also laid the groundwork for significantly increasing market share in the future by introducing multiple unique new products for next-generation semiconductor manufacturing equipment.
- For industrial furnaces, sales for ceramic applications increased, and measures for quality improvement and maintenance businesses were strengthened.

Sales Trend





- We expanded our market share for hydraulic equipment.
- By focusing efforts on expanding the aftermarket business, establishing the two turbomolecular pump locations in China contributing to results, and consolidating operations with subsidiaries in Europe, we increased the aftermarket business sales ratio to 21% (a 2-point increase from last year).

Key Measures for FY 2020

● Expanding the Turbomolecular Pump Business Again

By introducing new products with superior technology compared to competitor products, we will expand our market share of major semiconductor manufacturing equipment manufacturers in Japan, Europe, and the United States. We will also continue focusing efforts on expanding the aftermarket business globally.

● Strengthening Measures for New Businesses

In the food field, we will establish a precedent for using vacuum technology in food processing equipment. In the infrastructure inspection field, we will establish new inroads in markets for alternating current magnetic field-type wire rope defect inspection equipment. For hydraulic equipment, we will install an IoT-based system for communicating maintenance information inside the vehicle into an actual vehicle.

● Expanding Market Share for Hydraulic Equipment

In the United States, Europe, and China, which are major markets for hydraulic equipment, we will focus efforts on increasing market share by offering low-noise and high-efficiency models.

- This system winds up glass fibers used to make wind turbine impellers, automotive materials, and other products.

Glass Winder

Hydraulic Equipment

- This hydraulic power source is used for a wide range of applications, such as forklifts and other industrial vehicles, construction machinery, special-purpose vehicles, and agricultural equipment.

Hydraulic Gear Pump

Power Package

Forklift

Business Overview and Results

Aircraft Equipment Business

The following web page includes information about the topics listed below.
https://www.shimadzu.com/aircraft/index.html

Aircraft Equipment/Testing and Inspection Systems/Marine Devices/Magnetometers

We contribute to ensuring a society with safe and comfortable mobility by offering components, parts, and systems that integrate advanced technologies with sophisticated precision machining technologies.

Hiroshi Fujino
General Manager, Aircraft Equipment Division

Business Environment

The global COVID-19 pandemic has changed the way people live their lives.
In the aircraft industry, the previous strong sales fueled by expanding global markets have turned a corner and are now expected to undergo market changes that will be difficult to predict for some time to come. Nevertheless, there will be even greater demand for safely and securely transporting people and goods globally. Therefore, we believe there will be increasing needs for Shimadzu Group's advanced manufacturing technologies and advanced technologies for ensuring security.

Challenges in Society

- Ensure safety, address environmental conservation, and improve comfort in the mobility field that is essential for globalization.

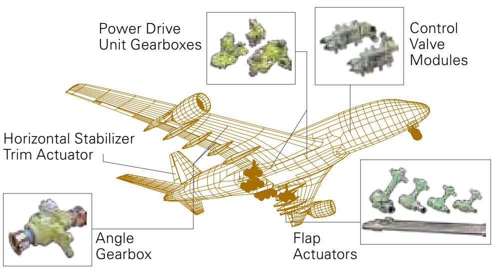
Value Provided

Related SDGs: 9, 11, 12, 17

- Technologies for developing smaller, lighter, and electrically powered flight control systems contribute to reducing the environmental impact of aircraft.
- Cockpit display technology contributes to improving the safety and reliability of flying.
- Air management technology used for air conditioning contributes to providing a more comfortable cabin atmosphere.
- Core analysis and measuring technologies are used throughout the value chain to develop, manufacture, operate, and service aircraft, where they contribute to improving the safety and reliability of aircraft.

Ensuring Safe Aircraft Flight and a Comfortable Passenger Environment

- The flight control system controls the lift, attitude, and other aspects of aircraft during flight. The Shimadzu Group manufactures flap control sub-systems that ensure takeoffs and landings are performed safely. Its high-quality mechanical technology and highly reliable electronic control technology help ensure flight safety.



FY 2019 Results

Business Environment

Demand in the defense field remained stable, whereas the commercial aircraft market continued growing at a steady rate until late FY 2019, mainly for small and medium-sized aircraft. The impact from the COVID-19 pandemic was very limited in FY 2019.

Key Measures and Results

- **Defense Business**

  Sales of components for the new transport aircraft and other products increased.

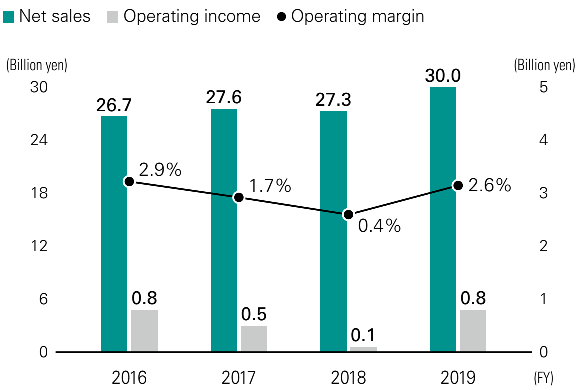
- **Commercial Aircraft Equipment Business**

  Sales of commercial aircraft equipment and service parts to airline companies increased.

- **Promoting New Business**

  We started selling an ultrasonic optical fatigue testing system (MIV-500) for the testing and inspection business and an underwater optical wireless communication modem (MC100) for the marine devices business.

Sales Trend

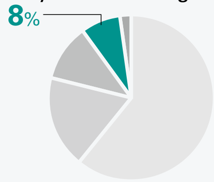


Key Measures for FY 2020

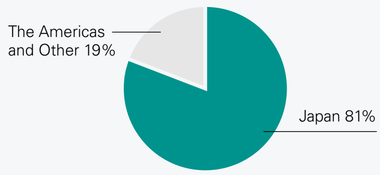
- **Commercial Aircraft Equipment Business**

  For both the defense and commercial aircraft equipment businesses, we intend to select and focus on specific products and development projects, prioritize investing resources in fields where we are competitive, and establish the profitability necessary for being successful even in difficult circumstances.

Ratio of Net Sales by Business Segment



Ratio of Net Sales by Region



- **Promoting New Business**

Deploying a Testing and Inspection Business

We released the inspection systems for improving efficiency and reducing labor requirements in manufacturing and service operations in the aircraft industry, which combine measuring and image processing technologies. We will now deploy them in the mobility field and also offer system management services for inspection data.

MIV-500 Ultrasonic Optical Fatigue Testing System

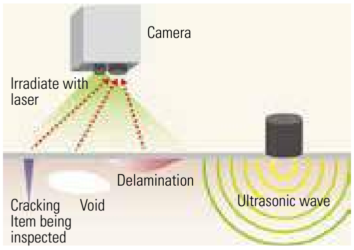


Illustration of Ultrasonic Inspection Technology

Deploying Marine Equipment

We released an underwater optical wireless communication modem (MC100) intended for inspecting unmanned submersible devices (underwater drones) used to scan ocean floors, and to maintain or manage pipelines. We intend to improve high-speed communication technology and contribute to marine and other public infrastructure.

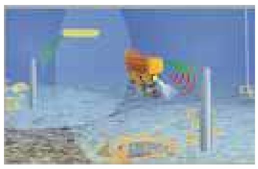


Illustration of MC100 Underwater Optical Wireless Communication Modem

Shimadzu's Science and Technology and their Utilization

Ever since Shimadzu was founded, the Shimadzu Group has been supplying innovative products and services useful to customers. Therefore, research and development serves as a critical lifeline of the Group that requires we continue engaging in ambitious research and development work intended to acquire advanced technologies.

There are as many different challenges and needs in society as there are regions and countries in the world and they continue to become more diverse. The Shimadzu Group contributes broadly to solving the challenges of customers by identifying those challenges and needs and breaking them down into specific research challenges.

However, to create new technologies and innovations, it is essential that we work with partners in the respective regions where the challenges or needs occur. Consequently, we are engaged in joint development or innovation creation projects with a variety of partners around the world.

Such collaborations are based at innovation centers established in various regions throughout the world. Conducting joint research with advanced customers at the respective regional locations in North America, Europe, China, other Asian countries, and Japan, has allowed us to produce results more quickly. By sharing those results with the other locations around the world, we offer corresponding value to more people.

Examples of Collaborating at Innovation Centers

- We are working with the University College London (UCL), University of London to jointly measure the brain activity of children with autism and help autistic children establish social skills.

Innovation Center (Germany)

Europe

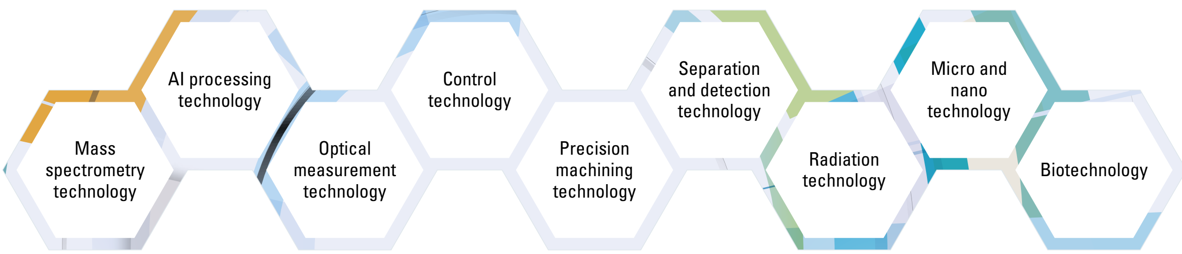
- We developed techniques for analyzing mineral oil contamination in food with the Graz University of Technology in Austria.

https://www.shimadzu.com/about/momentum/sic/vol08.html

Using Core Technologies to Expand Collaborations in Growth Fields

Ever since the Shimadzu Group was originally founded, it has valued unique ideas and creativity and engaged in original research and technology development, based on the corporate philosophy "Contributing to Society through Science and Technology." There are nine core technologies that serve as the foundation for that approach. Utilizing these core technologies, we intend to continue expanding partnerships in healthcare, environmental measurement, energy, and other growth fields.

Core technologies



The following web page includes information about the topics listed below.
https://www.shimadzu.com/research_and_development/index.html

R&D

Establishing Innovation Centers and Strengthening Partnerships with Research Institutions, Academic Institutions, and Companies

https://www.ssi.shimadzu.com/about/shimadzu-academic-program.html

China

Shimadzu China Mass Spectrometry Center

- Environmental analysis with the Research Center for Eco-Environmental Sciences, Chinese Academy of Sciences and cellular analysis with Tsinghua University

Japan

- An open innovation hub to create new business in the life sciences and environmental fields. Its role is to coordinate with the global innovation centers to develop analytical application technologies and provide solutions to customers through joint research.

Global Application Development Center, Head Office in Kyoto

Shimadzu Tokyo Innovation Plaza (opening scheduled for 2021)

Asia

- Promote joint research with the Agency for Science, Technology and Research and local universities/customers in clinical fields, food safety and environment.

Innovation Centre (Singapore)

Americas

Innovation Center (U.S.)

- Jointly developed the Nexera UC Prep semi-preparative supercritical fluid chromatograph system in partnership with a pharmaceutical organization in the U.S., based on the needs of R&D users.

https://www.shimadzu.com/news/5grl8xpx1xo9886c.html

Nexera UC Prep (U.S.)

- Jointly researched a new cancer immunotherapy method using mass spectrometry technology in partnership with the Providence Cancer Institute in the U.S.

https://www.ssi.shimadzu.com/news/2020/Shimadzu-and-Providence-Cancer-Institute-Partner-to-Advance-Cancer-Immunotherapy-Research.html

World's First Portable Optical Lattice Clock, Accurate to within One Second per Ten Billion Years, Successfully Developed

Working as part of a joint research group with RIKEN, the University of Tokyo, the Geospatial Information Authority of Japan, and the Osaka Institute of Technology, Shimadzu helped successfully develop the world's first portable optical lattice clock.

Positioning the high-performance portable optical lattice clock on the 450-meter-high observatory level and the ground level of the Tokyo Skytree confirmed that time progressed faster at the observatory level than at the ground level.

In the future, work will continue toward researching and developing practical applications for the clock.

Portable Optical Lattice Clock

Development of High-Output Blue Semiconductor Laser

Shimadzu has developed a bright blue semiconductor laser capable of 600-watt output levels for use as a light source in next-generation metal processing applications.

By further increasing its brightness, Shimadzu intends to commercialize the blue semiconductor laser by 2021.

Blue Semiconductor Laser

Key Financial and Non-Financial Data over the Past Eleven Years

Financial Data

	FY 2009	FY 2010	FY 2011	FY 2012
Fiscal Year				
Net sales	238,255	252,707	266,255	264,048
Gross profit	87,050	95,520	100,875	96,030
Selling, general and administrative expenses	76,756	79,222	81,509	83,913
R&D expenses	9,018	8,407	8,883	9,659
Operating income	10,294	16,297	19,365	12,116
Capital investment	8,608	8,463	8,911	9,147
Depreciation and amortization	8,301	7,924	7,969	7,909
Profit attributable to owners of parent	6,130	10,046	9,083	7,578
Cash Flows				
Cash flows from operating activities	13,756	24,992	8,805	12,028
Cash flows from investing activities	(7,675)	(8,281)	(7,899)	(7,899)
Free cash flows (from operating and investing activities)	6,080	16,710	906	4,128
Cash flows from financing activities	(1,754)	(9,044)	(4,878)	(2,401)
Year-End Values				
Total assets	284,104	284,843	290,840	300,259
Cash and cash equivalents	28,242	34,221	29,756	33,842
Outstanding interest-bearing debt	36,847	30,729	29,075	30,509
Shareholders' capital	158,601	166,401	173,105	178,174
Per-Share Information				
Profit	20.77	34.05	30.79	25.69
Net assets	518.27	530.25	546.97	587.53
Dividends	7.00	8.00	8.00	9.00
Payout ratio (%)	33.7	23.5	26.0	35.0
Key Financial Performance Indicators				
Gross margin	36.5	37.8	37.9	36.4
Operating margin	4.3	6.4	7.3	4.6
ROE (Return on equity)	4.1	6.5	5.7	4.5
ROA (Return on assets)	2.2	3.5	3.2	2.6
Shareholders' capital ratio	55.8	58.4	59.5	59.3
Price-earnings ratio (×)	36.1	21.7	24.3	26.1
Overseas sales ratio	38.4	39.7	40.8	43.0

Non-Financial Data

	FY 2009	FY 2010	FY 2011	FY 2012
Number of employees	9,624	9,819	10,132	10,395
Number of employees outside Japan	3,101	3,328	3,608	3,842
Number of patents held	3,751	3,996	4,343	4,848
CO_2 emissions* (t-CO_2)	21,029	34,877	39,213	42,390

* Data up to FY 2009 only includes emissions from Shimadzu Corporation manufacturing and laboratory sites.

(million yen)

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
307,532	314,702	342,236	342,479	376,530	391,213	385,443
117,959	127,028	140,385	136,409	149,833	157,169	152,430
93,940	99,838	104,683	99,319	107,011	112,688	110,584
10,643	9,786	9,437	9,296	9,676	10,138	10,632
24,018	27,189	35,701	37,089	42,822	44,480	41,845
16,163	13,571	12,098	12,876	17,187	21,711	17,676
8,050	7,951	9,425	9,546	10,591	11,506	13,256
9,724	18,445	23,899	26,473	29,838	32,523	31,766
(5,870)	40,245	32,348	29,608	41,215	29,454	39,509
390	(15,678)	(13,101)	(12,304)	(11,072)	(22,897)	(16,062)
(5,480)	24,566	19,246	17,303	30,142	6,557	23,447
15,363	(33,197)	(11,689)	(7,294)	(7,902)	(10,819)	(26,185)
340,715	339,832	349,798	375,354	418,548	437,190	437,618
43,929	38,422	43,508	52,762	75,090	70,842	66,683
53,860	24,668	19,150	18,611	18,636	17,537	2,112
180,449	195,912	214,734	235,342	258,464	282,962	305,395

(yen)

32.97	62.55	81.05	89.79	101.26	110.41	107.84
616.50	711.38	745.13	818.56	908.76	977.35	1,027.87
9.00	13.00	18.00	20.00	24.00	28.00	30.00
27.3	20.8	22.2	22.3	23.7	25.4	27.8

(%)

38.4	40.4	41.0	39.8	39.8	40.2	39.5
7.8	8.6	10.4	10.8	11.4	11.4	10.9
5.5	9.4	11.1	11.5	11.7	11.7	10.8
3.0	5.4	6.9	7.3	7.5	7.6	7.3
53.0	57.6	61.4	62.7	61.8	64.7	69.8
27.8	21.4	21.8	19.7	29.5	29.0	26.4
46.5	49.8	50.9	48.6	50.2	50.4	49.0

FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
10,612	10,879	11,094	11,528	11,954	12,684	13,182
3,913	4,059	4,201	4,471	4,805	5,187	5,485
5,304	5,484	5,657	6,071	6,549	6,755	7,062
44,472	46,473	46,453	46,959	49,398	44,958	38,727

Financial Statements

Consolidated Balance Sheets

(million yen)

	FY 2018	FY 2019
Assets		
Current assets		
Cash and time deposits	73,641	70,868
Trade notes and accounts receivable	126,358	119,903
Merchandise and products	42,825	46,928
Work in process	20,347	20,643
Raw materials and supplies	20,296	20,301
Other	9,107	8,806
Allowance for doubtful receivables	(1,671)	(1,811)
Total current assets	290,906	285,640
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	46,798	46,485
Machinery, equipment and vehicles, net	7,826	7,103
Land	19,010	18,795
Leased assets, net	3,183	2,935
Construction in progress	2,338	6,313
Other, net	13,724	16,142
Total property, plant and equipment	92,880	97,775
Intangible fixed assets	10,830	11,441
Investments and other assets		
Investment securities	13,562	12,008
Long-term receivables	174	149
Assets related to retirement benefits	10,480	12,147
Deferred tax assets	12,400	13,341
Other	6,296	5,466
Allowance for doubtful receivables	(341)	(352)
Total investments and other assets	42,573	42,761
Total noncurrent assets	146,284	151,977
Total assets	437,190	437,618

(million yen)

	FY 2018	FY 2019
Liabilities		
Current liabilities		
Trade notes and accounts payable	66,610	60,189
Short-term loans	2,290	2,081
Bonds redeemable within one year	15,000	—
Lease obligations	1,160	1,995
Accounts payable	15,487	13,945
Income taxes payable	3,740	4,844
Allowance for employees' bonuses	9,095	9,429
Allowance for directors' bonuses	281	268
Liability for stock benefits	—	162
Provision for loss on defense equipment	44	20
Other	19,566	22,535
Total current liabilities	133,278	115,474
Long-term liabilities		
Long-term debt	247	30
Lease obligations	2,328	3,522
Liability for directors' retirement benefits	137	144
Liability for retirement benefits	11,938	14,433
Liability for stock benefits	155	—
Other	1,163	1,237
Total long-term liabilities	15,971	19,368
Total liabilities	149,249	134,842
Net assets		
Shareholders' capital		
Common stock	26,648	26,648
Additional paid-in capital	34,927	34,910
Retained earnings	222,801	245,254
Treasury stock	(1,415)	(1,419)
Total shareholders' capital	282,962	305,395
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	5,508	4,758
Foreign currency translation adjustments	(1,660)	(5,831)
Cumulative adjustments to retirement benefits	1,083	(1,546)
Accumulated other comprehensive income	4,932	(2,620)
Non-controlling interests	47	—
Total net assets	287,941	302,775
Total liabilities and net assets	437,190	437,618

Consolidated Statements of Income

(million yen)

	FY 2018	FY 2019
Net sales	391,213	385,443
Cost of sales	234,044	233,013
Gross profit	157,169	152,430
Selling, general and administrative expenses	112,688	110,584
Operating income	44,480	41,845
Other income		
Interest income	245	284
Dividend income	277	1,088
Insurance payments received	602	379
Foreign exchange profit	62	—
Subsidy received	367	826
Other	846	637
Total other income	2,403	3,217
Other expenses		
Interest expenses	119	91
Foreign exchange loss	—	1,157
Other	1,302	1,145
Total other expenses	1,421	2,393
Ordinary income	45,462	42,669
Extraordinary income		
Gain on sale of property, plant and equipment	56	546
Gain on sale of investment securities	177	96
Total extraordinary income	234	642
Extraordinary losses		
Loss on disposal of property, plant and equipment	423	135
Loss on write-down of investment securities	198	62
Loss on sale of investment securities	225	—
Impairment loss	195	—
Total extraordinary losses	1,043	198
Income before income taxes	44,652	43,113
Income taxes	10,991	10,374
Income taxes adjustments	1,074	975
Total income taxes and income taxes adjustments	12,066	11,350
Profit	32,586	31,762
Profit (loss) attributable to non-controlling interests	62	(3)
Profit attributable to owners of parent	32,523	31,766

Consolidated Statements of Comprehensive Income

(million yen)

	FY 2018	FY 2019
Profit	32,586	31,762
Other comprehensive income		
Unrealized gain/loss on available-for-sale securities	(1,931)	(750)
Foreign currency translation adjustments	290	(4,100)
Retirement benefit adjustments	(2,703)	(2,630)
Total other comprehensive income	(4,344)	(7,481)
Comprehensive income	28,241	24,281
(Breakdown)		
Comprehensive income attribute to owners of parent	28,212	24,285
Comprehensive income attributable to non-controlling interests	28	(4)

Consolidated Statements of Cash Flows

(million yen)

	FY 2018	FY 2019
Cash flows from operating activities		
Income before income taxes	44,652	43,113
Depreciation and amortization	11,506	13,256
Impairment loss	195	—
Increase (decrease) in allowance for doubtful receivables	226	183
Increase (decrease) in allowance for employees' bonuses	349	351
Increase (decrease) in allowance for directors' bonuses	25	(10)
Increase (decrease) in liability for retirement benefits	(1,411)	(1,588)
Interest and dividends income	(523)	(1,373)
Interest expenses	119	91
Foreign exchange (gain) loss, net	(10)	7
Net (gain) loss on sale and valuation of investment securities	247	(33)
Net (gain) loss on sale and disposal of property, plant and equipment	367	(410)
(Increase) decrease in trade receivables	(6,470)	4,382
(Increase) decrease in inventories	(2,589)	(5,482)
Increase (decrease) in trade payables	(600)	(5,808)
Other	(2,221)	870
Subtotal	43,861	47,548
Interest and dividends received	522	1,374
Interest paid	(124)	(103)
Income taxes paid	(14,806)	(9,310)
Net cash provided by operating activities	29,454	39,509
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,784)	(15,868)
Proceeds from sale of property, plant and equipment	1,023	1,183
Purchase of investment securities	(986)	(148)
Proceeds from sale of investment securities	749	310
Increase in long-term receivables	(59)	(52)
Decrease in long-term receivables	46	66
Purchase of subsidiary	(1,985)	(54)
Other	(900)	(1,498)
Net cash provided by (used in) investing activities	(22,897)	(16,062)
Cash flows from financing activities		
Borrowing of short-term loans	88	231
Repayment of short-term loans	(570)	(333)
Borrowing of long-term debt	—	18
Repayment of long-term debt	(750)	(329)
Redemption of bonds	—	(15,000)
Cash dividends paid	(7,662)	(8,840)
Dividends payments to non-controlling interests	(20)	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(2)
Purchase of subsidiary resulting in no change in scope of consolidation	(621)	(48)
Repayment of guarantee deposits received	(19)	(21)
Payment of lease obligations	(1,258)	(1,855)
(Increase) decrease in treasury stock	(4)	(3)
Net cash provided by (used in) financing activities	(10,819)	(26,185)
Foreign currency translation adjustments on cash and cash equivalents	(236)	(1,940)
Net increase (decrease) in cash and cash equivalents	(4,499)	(4,679)
Cash and cash equivalents, beginning of period	75,090	70,842
Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	251	520
Cash and cash equivalents, end of period	70,842	66,683

Corporate Profile

(as of March 31, 2020)

The following web page includes information about the topics listed below.
https://www.shimadzu.com/about/profile.html

Corporate Profile

Corporate Outline

Name	Shimadzu Corporation
Founded	March 1875
Formation of Limited Company	September 1917
Address of Head Office	1 Nishinokyo Kuwabara-cho, Nakagyo-ku, Kyoto 604-8511, Japan Phone: +81-75-823-1111
Capital	26,648,899,574 yen
Number of Employees	3,456 (non-consolidated) 13,182 (consolidated)
Number of Consolidated Subsidiaries	23 (in Japan) 53 (outside Japan)

Major Business Offices

Head Office	1 Nishinokyo Kuwabara-cho, Nakagyo-ku, Kyoto
Offices	Tokyo and Kansai (Osaka)
Branches	Sapporo, Tohoku (Sendai), Tsukuba, Kitakanto (Saitama City), Yokohama, Shizuoka, Nagoya, Kyoto, Kobe, Hiroshima, Shikoku (Takamatsu City), and Kyushu (Fukuoka)
Plants	Sanjo and Murasakino (Kyoto City), Atsugi (Atsugi City), Hadano (Hadano City), and Seta (Otsu City)
Research Laboratories	Technology Research Laboratory (Seika-cho, Soraku-gun, Kyoto) Koichi Tanaka Mass Spectrometry Research Laboratory (Kyoto)

Stock Information

(As of March 31, 2020)

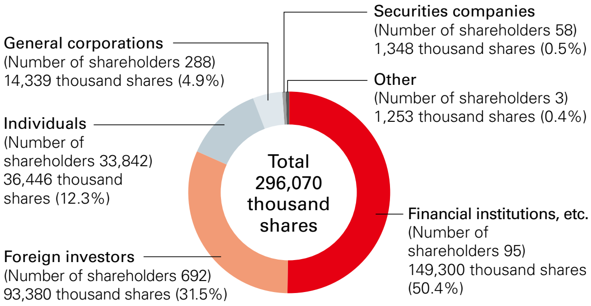
The following web page includes information about the topics listed below.
https://www.shimadzu.com/ir/stock/

Stock Information

Status of Stocks

Total Number of Common Stock Authorized	800,000,000
Total Number of Common Stock Issued	296,070,227
Number of Shareholders	34,978
Stock Listing	Tokyo Stock Exchange
TSE Code	7701
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Accounting Auditor	Deloitte Touche Tohmatsu LLC

Ratio of Shares by Shareholder Type

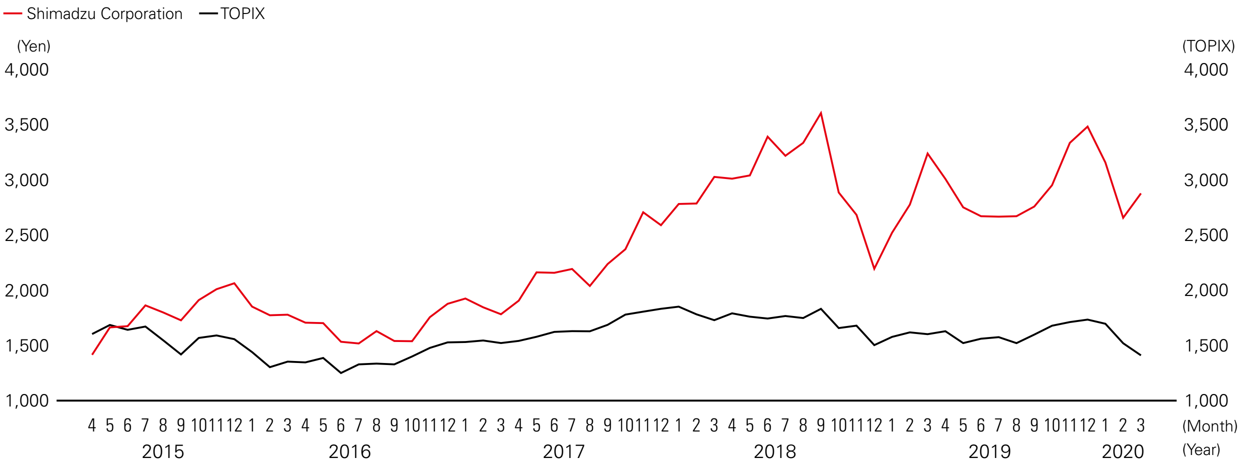


Major Shareholders (Ten Largest)

Shareholder Name	Number of Shares Owned (Thousands of Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,332	8.25
Meiji Yasuda Life Insurance Company	20,742	7.04
Japan Trustee Services Bank, Ltd. (Trust Account)	15,674	5.32
STATE STREET BANK AND TRUST COMPANY 505223	9,034	3.06
MUFG Bank, Ltd.	7,672	2.60
Taiyo Life Insurance Company	7,411	2.51
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6,287	2.13
National Mutual Insurance Federation of Agricultural Cooperatives	6,101	2.07
Japan Trustee Services Bank, Ltd. (Trust Account 9)	5,123	1.74
The Bank of Kyoto, Ltd.	4,922	1.67

* The indicated shareholding ratio was calculated excluding treasury stock (1,250,524 shares).

Stock Price (Tokyo Stock Exchange)



The following web page includes information about the topics listed below.
https://www.shimadzu.com/links/location.html

Location

Information about Group Companies

Main Locations outside Japan

[Manufacturing and R&D Organizations]

- Application development
- Manufacturing
- Research and development
- ★ Innovation centers

[Sales and Service Organizations]

- Main sales subsidiaries
- Sales and services

Shimadzu Corporation

https://www.shimadzu.com/