

Basic Policy on Corporate Governance of Hamamatsu Photonics K.K.

Based on the management philosophy described below, we established this Basic Policy based on a resolution of the Board of Directors with the aim of realizing the best possible corporate governance in order to enable the Group to grow sustainably, increase the long-term enterprise value, and thereby enable our shareholders to hold our shares in a safe and long-term manner.

Hamamatsu Photonics Group's Management Philosophy

We pursue the unknown where no one has yet explored. By leveraging photonics technology to establish new industries and reach for the world's highest levels of manufacturing excellence, we build enterprise value and contribute to the development of science and technology.

Light is a fundamental technology that supports various industries, and further advances in optical technology are required on a global scale to achieve technological innovation today and to improve the performance and accuracy of electronic equipment. However, only a small fraction of the nature of light has been elucidated. We explore fields not yet explained. Based on the knowledge generated by that inquiry, we enhance its our enterprise value by discovering practical applications with which to create new industries and expand our business operations.

At the same time, we have a duty to generate stable earnings base and continuous growth on which a long-term development of technology depends. To respond flexibly and quickly to the expansion of the photonics industry and to changes in the business environment, we have formed a framework for the proactive investment in R&D and equipment for continuously stable and high earnings, based on our medium-to-long-term vision.

In addition, we believe that people, technology and knowledge are the foundation of sound management. We improve ourselves everyday through our work, discovering the things that only we can do. In so doing, we conduct technology development which is backed up by knowledge, needs, and competitive technologies for building the photonics industry. We believe it is vital that we, guided by a mind of "Wa" *, foster a corporate culture that can combine our individual talents to form a whole that is greater than the sum of its parts. At the heart of this, effort is a bottom-up operational approach that is focused on the workplace.

* "Wa" means collaborative spirit and integration of diversified talents.

Chapter 1 General Provision

(Basic Approach to Corporate Governance)

Article 1 We shall realize sustainable growth and increase enterprise value over the medium-to-long-term by realizing effective corporate governance, ensuring transparency and soundness of corporate decision-making, and prompt and appropriate decision-making, while maintaining a good corporate culture that contributes to the enhancement of the Group's enterprise value.

Chapter 2 Ensuring the Rights and Equality of Shareholders

(General Meeting of Shareholders)

Article 2 The General Meeting of Shareholders is the highest decision-making body of a company composed of shareholders with voting rights. Recognizing that the General Meeting of Shareholders is a forum for constructive dialogue with shareholders, we endeavor to deepen their understanding of us and operate in a legal and appropriate manner.

- 2 To ensure that shareholders have sufficient time to consider the agenda of the General Meeting of Shareholders and to be able to exercise their voting rights appropriately, we shall send a notice of the Annual General Meeting of Shareholders not less than three weeks prior to the date of the General Meeting of Shareholders and disclose such notice on our website.
- 3 We ensure the convenience of institutional investors in exercising their voting rights through the use of the electronic voting platform and the preparation of English convocation notices.

(Ensuring Equality of Shareholders)

Article 3 We treat all shareholders equally according to their shares and disclose information in a timely and appropriate manner so that there is no information gap among shareholders.

(Basic Policy on Strategic Shareholdings)

Article 4 We hold strategic shareholdings within the minimum extent if we deem it necessary based on a timely and appropriate assessment of business benefits and risks, such as maintaining medium-to long-term relationships.

(Basic Policy on Exercise of Voting Rights Pertaining to Strategic Shareholdings)

Article 5 We use the exercise of voting rights for strategic shareholdings as the basis for selecting which to contribute to the enhancement of the enterprise value.

Chapter 3 Consideration of the Interests of Stakeholders

(Code of Ethics and Conflicts of Interest)

- Article 6 We establish separate standards of ethics in order to foster a corporate culture in which each Director, Executive Officer and employee constantly works with responsibility, duties and awareness, pursues unknown territory through the absorption of new knowledge and the accurate communication of information, respects human rights, complies with relevant laws, international rules and the spirit thereof, as well as acts truly as a member of society.
- 2 Directors and Executive Officers must promptly obtain the approval of the Board of Directors if any conflict of interest issues (including potential) arise with respect to them. They shall report the results of approved matters to the Board of Directors.

(Relationships with Stakeholders)

- Article 7 The Board of Directors and the Board of Executive Officers recognize the responsibility for the Group's employees, customers, business partners, creditors, local communities and various other stakeholders, as well as our shareholders, and considers their interests in order to enhance the Group's long-term enterprise value.
- 2 We establish contact points to communicate concerns about organizational or personal violations of law or misconduct. In addition, we establish disciplines concerning the prohibition of confidentiality and disadvantageous treatment of information providers.

Chapter 4 Ensuring appropriate information disclosure and transparency

(Information Disclosure Policy)

Article 8 We strive to disclose accurate and useful information as a foundation for constructive dialogue with stakeholders.

2 In accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations, as well as applicable Financial Instruments and Exchange Rules, the Board of Directors shall disclose matters concerning finance and business timely and appropriately in a fair, detailed and easy-to-understand manner.

Chapter 5 Responsibilities of the Board of Directors, etc.

(Roles of the Board of Directors)

Article 9 The Board of Directors is entrusted by shareholders and has responsibility to realize efficient and effective corporate governance, make the Group grow sustainably, and maximize long-term enterprise value for all shareholders who seek to enhance their own interests by maximizing long-term enterprise value.

2 In order to fulfill the responsibilities set forth in the preceding paragraph, the Board of Directors shall exercise supervisory functioning over whole management to ensure fairness and transparency in management, and shall make the best decisions for the Group through the appointment, evaluation and remuneration of the President (Chief Executive Officer) and other members of the management team, the evaluation of the significant risks facing the Group and the formulation of countermeasures, and decisions on the execution of the Group's critical business operations.

(Roles of Outside Directors)

Article 10 In addition to the supervision of the Board of Directors, the Representative Directors, the Board of Executive Officers and Executive Officers, one of the main roles of Outside Directors is to express opinions on business execution, including management strategies. To this end, our Outside Directors must have an understanding and interest in light and understand our management philosophy and corporate culture.

(Chairman of the Board)

Article 11 Our Chairman of the Board of Directors endeavors to enhance the quality of the Board of Directors' discussions and to enable the Board of Directors to operate effectively and efficiently. In order to fulfill this responsibility, the Chairman of the Board of Directors should ensure sufficient time for all agenda items (particularly on strategic agendas) and ensure that each Director and Executive Officer receives appropriate information in a timely manner.

(Composition of the Board of Directors)

Article 12 Our Board of Directors shall consist of not less than three and not more than twenty Directors, not less than two of whom shall be Outside Directors in principle.

(Board Membership)

Article 13 Our Directors must share the medium-to-long-term vision of our Group and have a high sense of ethics, along with superior personality, insight, abilities and extensive experience.

2 When selecting candidates for Director, we consider the diversity of gender and the composition of the Board of Directors, and comprehensively consider past performance, achievements, insight, personality, etc., and base on being a person who contributes to the enhancement of enterprise value from a medium-to-long-term perspective.

(Roles of the Board of Executive Officers)

Article 14 We introduce the Executive Officer System and delegate substantial authority over business execution from the Board of Directors to the Board of Executive Officers, thereby separating business execution from supervision and operating our business based on swift and flexible decision-making.

(Roles and Responsibilities of Executive Officers)

Article 15 The election of Executive Officers and their areas of responsibility shall be decided by the Board of Directors. Executive Officers shall execute our business under the supervision of the Board of Directors.

2 Executive Officers shall fulfill their duties under the supervision of the Board of Directors and Representative Directors, be aware that they will play a role in the management of the Company together with the Directors. And they shall be obliged to fulfill their duties as Executive Officers sincerely and faithfully by refining themselves continuously to serve as a model to other employees, and thereby endeavor to develop the Company's business.

(Roles and Responsibilities of Audit & Supervisory Board Members)

Article 16 Audit & Supervisory Board Members and Audit & Supervisory Board shall make appropriate judgments from an independent and objective standpoint based on their fiduciary responsibilities to shareholders in fulfilling their roles and responsibilities, such as auditing the execution of duties by Directors and Executive Officers, appointing and dismissing External Accounting Auditors, and exercising authority related to audit remuneration.

(Composition, Qualifications, and Nomination Procedures of Audit & Supervisory Board Members)

Article 17 The number of Audit & Supervisory Board Members shall not exceed five, and they must possess a high sense of ethics along with superior personality, insight, ability, and abundant experience. At least one of Audit & Supervisory Board Members must have adequate knowledge of finance and accounting.

2 At least half of Audit & Supervisory Board Members must be outside members.

3 Candidates for new Audit & Supervisory Board Members (including Substitute Audit & Supervisory Board Members) shall be decided by the Board of Directors with the consent of the Audit & Supervisory Board in accordance with this Article.

(Performance Evaluation)

Article 18 The Board of Directors shall consistently formulate three-year plans and annual plans in line with them through a rolling planning approach focused on the workplace based on the accumulation of knowledge of markets and technologies. The Board of Directors shall respond to the realization of this goal.

(Succession Plan)

Article 19 From a medium-to-long-term perspective, the Board of Directors shall endeavor to constantly ascertain the actions, experience and achievements of personnel who will be future successors.

2 When the President (Chief Executive Officer) resigns, the Board of Directors shall decide a candidate to succeed the President (Chief Executive Officer) pursuant to the preceding paragraph.

(Responsibilities of Directors and Executive Officers)

Article 20 Directors and Executive Officers shall collect sufficient information to perform their duties and actively express their opinions and make thorough discussions.

2 Directors and Executive Officers devote sufficient time to the benefit of the Group and perform their duties as Directors and Executive Officers, demonstrating their expected abilities.

- 3 In assuming office, our Directors and Executive Officers must understand the relevant laws and regulations, our articles of incorporation, board rules and other internal regulations and fully understand their responsibilities.

(Study and Workshop of Directors, Executive Officers and Audit & Supervisory Board Members)

Article 21 Our newly appointed Directors (excluding Outside Directors) and newly appointed Executive Officers participate in training programs by Directors in charge of legal affairs and compliance or external attorneys after assuming office, and receive explanations from the President (Chief Executive Officer) or Executive Directors appointed by the President on the Group's management strategy, financial condition and other important matters. Outside Directors shall also be provided with opportunities for study and workshop as necessary.

- 2 Directors, Executive Officers and Audit & Supervisory Board Members must improve themselves by actively gathering information on the Group's financial condition, compliance, corporate governance and other matters in order to fulfill their roles.
- 3 We encourage each Director, Executive Officer and Audit & Supervisory Board Member to conduct various types of training and provide opportunities, mediation, and support for the costs thereof. In addition, the Company shall endeavor to share medium-to-long-term directions with Outside Directors and Outside Audit & Supervisory Board Members by explaining the Company's history, business outline and management philosophy, etc.

(Establishment of agendas for Board of Directors Meetings)

Article 22 Board of Directors meeting shall be held monthly to receive reports on the content of the Board of Executive Officers' resolutions, and to propose and discuss key matters related to the Group's management strategies, risks and internal controls to be discussed by each Director and Executive Officer.

- 2 Materials on the agenda and agenda of our Board of Directors meetings shall be distributed to each Directors including Outside Directors, Executive Officers and Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members well in advance of the Board of Directors meeting (except in the case of highly confidential matters) so that full discussion will be held at each Board of Directors meeting.

(Access to Internal Information by Outside Directors and Audit & Supervisory Board Members)

Article 23 Outside Directors and Audit & Supervisory Board Members may, whenever necessary or appropriate, request explanations or reports from our Directors, Executive Officers and employees or request the submission of internal materials, and such Directors, Executive Officers and employees shall promptly and appropriately respond.

- 2 We clearly define the contact points between Outside Directors and us for information so that Outside Directors can properly perform their duties.
- 3 We will establish an Audit & Supervisory Board Secretariat with appropriate personnel and budgets when requested by Audit & Supervisory Board Members in order to enable Audit & Supervisory Board and each Audit & Supervisory Board Member to properly perform their duties.

(Analysis and Evaluation)

Article 24 We analyze the effectiveness of the Board of Directors based on self-evaluations and evaluations of each Director as appropriate.

(Remuneration of Directors)

Article 25 The remuneration of Directors shall be appropriate, fair and balanced in order to contribute to the long-term interests of shareholders and to enhance the motivation of the Directors, in accordance with our management philosophy, which seeks medium-to-long-term results, such as medium-to-long-term development and research initiatives.

2 Based on the preceding paragraph, Directors' remuneration shall be based on fixed remuneration and shall be decided by the Board of Directors. Such remuneration will not be significantly influenced by short-term earnings but will be changed as necessary based on the performance of each Director to maximize the enterprise value of the Group over the medium-to-long-term.

3 In addition to fixed remuneration provided in the preceding paragraph, we introduce restricted stock remuneration for Directors (excluding Outside Directors) as part of the remuneration in order to provide them an incentive to sustainably increase the Company's corporate value and to further promote shared value between shareholders and them.

4 We disclose the amount of remuneration paid to Directors in an appropriate manner based on laws and regulations.

Chapter 6 Dialog with Shareholders

(Dialog with Shareholders)

Article 26 We establish a system for promoting constructive dialogue with shareholders in order to enable many shareholders to understand our management policies from a medium-to-long-term perspective and the development potential of our optical technologies.

2 We appoint a Director or an Executive Officer to oversee constructive dialogue with our shareholders and from time to time discuss our corporate governance and critical management policies with major shareholders whose investment policies are consistent with the interests of the Company over the medium-to-long-term. In conducting such dialogue, the Director or an Executive Officer shall pay sufficient attention to ensure that there are no substantial information disparities among shareholders and to prevent the disclosure of insider information.

3 The Director appointed under the preceding paragraph shall report opinions obtained through constructive dialogue with shareholders to the Representative Directors and other management teams as appropriate.

Chapter 7 Other

(Revision or Abolition)

Article 27 The Basic Policy may be amended or abolished by resolution of the Board of Directors.

2 When the Basic Policy is amended or abolished, the details thereof shall be disclosed in a timely and appropriate manner.

Established: April 1, 2016

Amended: December 16, 2016

Amended: December 20, 2019

Amended: December 18, 2020