

A-c

The HORIBA Group CSR Policy and Lead Issues

Group CSR Policy – **Promoting CSR activities through our operations –**

With our commitment to energy, human health, the environment, and safety, we will pursue corporate initiatives to contribute to the goal of “a life of content for all.”

Lead issues **HORIBA PREMIUM: Create First Class Value for MLMAP**

Realize HORIBA PREMIUM from the perspective of CSR

- 1 Sign the United Nations Global Compact
- 2 Set CSR-related KPIs (Key Performance Indicators)

Corporate Governance and Internal Controls

Corporate Governance

At HORIBA, Ltd., the Board of Auditors, which is comprised of three auditors (including two outside auditors), supervises and monitors the business operations conducted by the Board of Directors. HORIBA's corporate governance system consists of the Board of Directors, whose roles include decision-making, supervision and monitoring of business management, together with the Board of Executive Directors, the Operations Committee, the Management Committee and the Corporate Officer (Executive Officer)

System, which assist the Representative Director and President. We have also established an internal auditing division that exists independently of other divisions and is under the direct control of the Representative Director and President. The auditing division provides advice and guidance to ensure that business operations throughout all HORIBA group companies are conducted legally and fairly in accordance with laws, statutes, and company regulations.

Internal Controls

In order to maintain proper internal controls, we have adopted the basic policies on the development of internal control systems as a means of ensuring that the tasks of directors and employees are executed appropriately and efficiently in compliance with the relevant laws and statutes. Based on such policies, we have developed our legal compliance and risk management systems.

Basic Policies on the Development of Internal Control Systems (1)

Basic Policies on the Development of Internal Control Systems

1. Systems for ensuring compliance of director and employee business operations with laws and statutes

① We shall stipulate the obligations of directors and employees to comply with laws and statutes when conducting business operations in accordance with the HORIBA Corporate Philosophy and our Code of Ethics to create a corporate culture that facilitates legal compliance, and to prevent violations of laws and statutes.

Directors and employees who discover violations of laws and statutes committed by other directors and employees shall report such violations in accordance with the Compliance Management Provisions, and the Compliance Chief Management Officer shall verify reported violations and take appropriate measures to maintain and enhance the governance system, including reporting the violations to relevant company organizations as necessary.

② We shall ensure all directors and employees thoroughly understand our Code of Ethics and Compliance Management Provisions, which form the basis of our compliance system, in order to promote the development, maintenance and improvement of our internal control system. We shall also provide training

for directors and employees as necessary.

③ A division established independently of the executive divisions shall conduct internal audits in order to detect and prevent violations of laws and statutes, and to issue instructions for improving business operation processes.

④ In addition to the company system outlined in ① above regarding the reporting of facts relating to compliance, including violations of laws and statutes, we have already created a reporting system that allows employees to report directly to external lawyers and other groups based on our Compliance Management Provisions. We shall continue to ensure that this system is properly maintained.

⑤ Auditors shall be required to state their opinions on issues related to the implementation of company systems for compliance with laws and statutes, and shall be required to formulate measures to make necessary improvements.

⑥ In order to improve the system for supervision and monitoring by directors and auditors, we have appointed external board members and external auditors with the knowledge and experience required for the proper management of business operations. We shall continue the practice of appointing appropriate external members.

2. Systems for the preservation and management of information concerning the execution of duties by directors

Information concerning the execution of duties by directors, including information related to the execution of duties by employees who conduct business operations under the direction and supervision of directors, shall be preserved and managed properly and securely in accordance with rules pertaining to documents, such as our Document Management Provisions and Document Preservation Standards, in such a way as to allow access to the information when necessary.

3. Rules and other systems on the management of risk of loss

We shall establish risk management rules for the development and operation of a risk management system to manage risk of loss.

We shall also provide directors and employees with education and training in risk management as required.

Basic Policies on the Development of Internal Control Systems (2)

4. Systems for ensuring the efficient execution of duties by directors

In order to ensure the efficient execution of duties by directors, the Board of Directors shall, as a general rule, meet once a month, with special meetings of the Board to be held as necessary.

Directors and executive officers shall take appropriate measures, including delegating responsibilities among themselves, to ensure the efficient execution of duties in accordance with decisions made by the Board of Directors.

5. Systems for ensuring good management practice within the corporate group (our company and subsidiaries)

① Group companies shall set out rules based on HORIBA's corporate philosophy, which is designed to ensure proper management of business operations in all HORIBA group companies. Group companies shall also manage and monitor the business operations of subsidiaries as appropriate, via reporting and approval systems implemented by HORIBA in accordance with the management rules of related companies. Directors and employees who identify serious compliance issues such as violations of laws and statutes by group companies shall report this information in accordance with our Compliance Management Provisions.

② Subsidiaries that identify compliance issues such as violations of laws and regulations in relation to the business management instructions of HORIBA shall report this information to the division responsible for either auditing or compliance. This division shall immediately report the issue to the auditors and to the relevant internal officers as appropriate. Auditors shall be required to state their opinions and formulate measures to make any necessary improvements. The relevant division and internal officers that have received such a report shall take appropriate measures in accordance with the Compliance Management Provisions, risk management rules and other relevant regulations.

6. Employees who have been requested to assist auditors to perform their duties and the independence of such employees from the directors

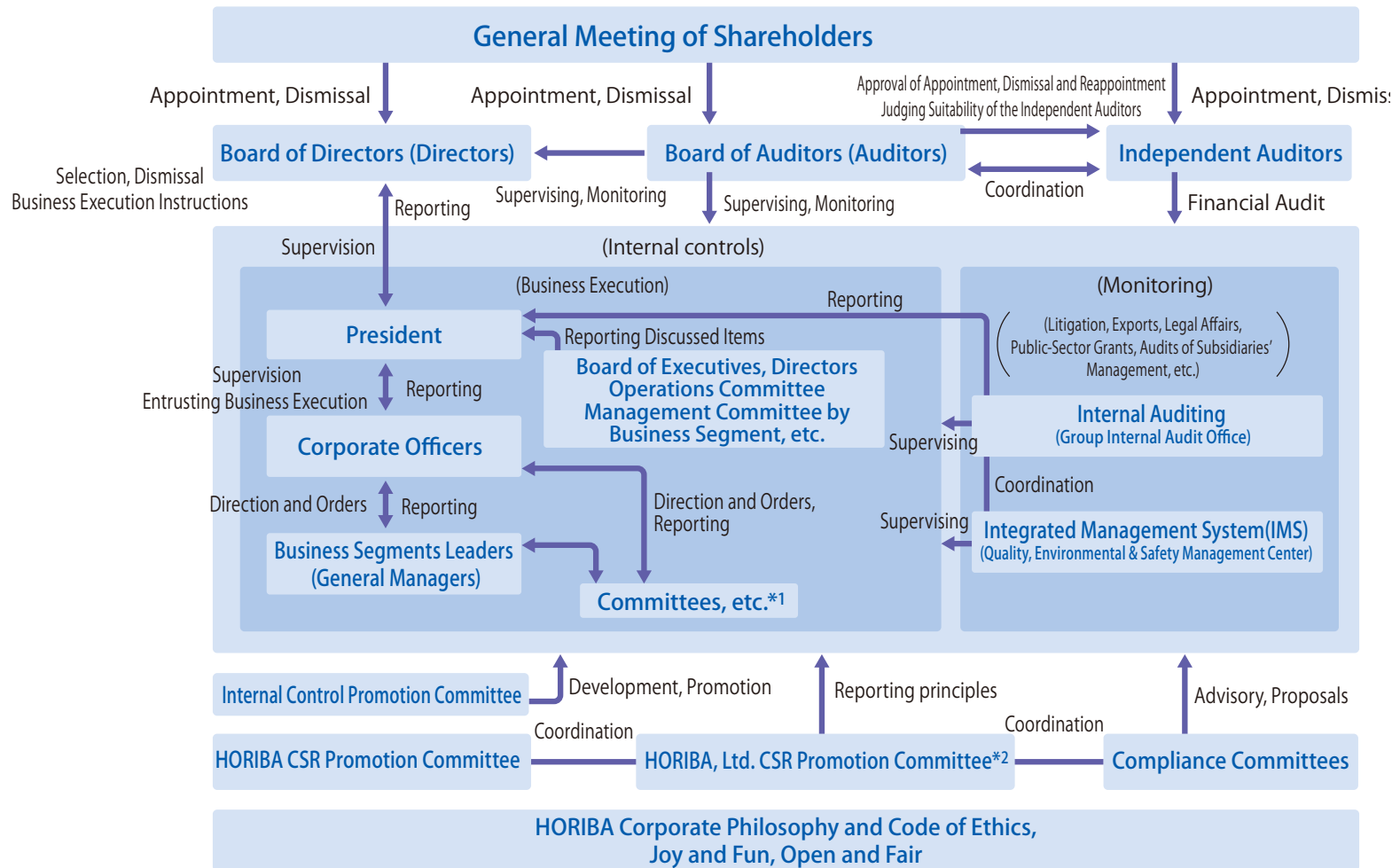
Auditors shall be allowed to request the appointment of audit assistants, chosen from among company employees, to assist them in the performance of their auditing duties. Auditor consent shall be required for all appointments, dismissals, transfers, performance evaluations and wage variations of audit assistants.

7. Systems for enabling directors and employees to report to auditors, systems regarding other matters related to reporting to auditors, and systems for ensuring the effective implementation of audits by auditor

- ① Directors and employees who identify serious issues that may impact upon company business operations or performance shall report this information to auditors. In addition to such voluntary reporting, auditors shall be allowed to request reports from directors and employees when required.
- ② We shall maintain the proper operation of reporting systems based on Compliance Management Provisions for internal reporting in order to ensure that compliance issues such as violations of laws and statutes are properly reported to auditors.
- ③ Every effort shall be made to ensure coordination between auditors and external experts, including lawyers and certified public accountants, and auditing divisions and other internal organizations.

A-c Corporate Governance Structure Chart

Corporate Governance Structure Chart



*1: Committees, etc. refer to committees and conferences that are established and registered based on the "Regulations concerning conferences and committees," such as the Promotion Committee for Management of Business with Public Subsidies and the Safety and Health Committee.

*2: The CSR Promotion Committee decides on the CSR Policy and priority measures and organizes CSR-related specific activities. In addition, it discusses and approves issues and measures concerning the promotion of risk management.

The CSR Promotion System

The CSR Promotion System

The concept behind HORIBA's CSR initiative is to fulfill our CSR through our business operations. Moreover, our stakeholders now expect more from us. We contribute to society in order to fulfill the role expected of us as a corporate citizen. It is important that HORIBA's significant awareness of, and initiatives to support CSR become well known by our stakeholders through our actions.

The HORIBA Group formed the HORIBA CSR

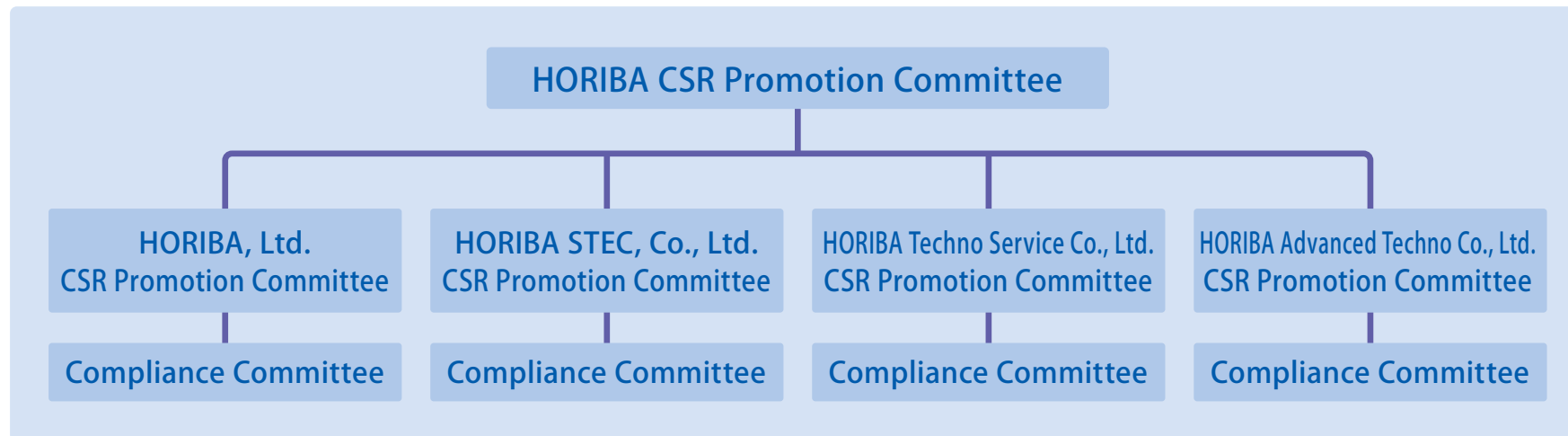
Promotion Committee in April 2005; it is currently engaged in CSR initiatives with the full-fledged support of the Group companies.

This committee meets every six months, bringing together the directors in charge of CSR at HORIBA STEC, Co., Ltd.; HORIBA Advanced Techno Co., Ltd.; and HORIBA Techno Service Co, Ltd. under the chairmanship of Kozo Ishida Dr. Eng., Executive Vice President of HORIBA, Ltd. They determine the CSR policies and priority challenges for all Group companies. The members of this committee deliberate the details and approve issues in this

committee, and seek to reflect the results of the meeting in their workplaces through their respective CSR Promotion Committees.

The member companies convene their committees every three months and prepare reports on the results of detailed surveys of specific initiatives targeting issues determined by the HORIBA CSR Promotion Committee. Reports are also prepared for social initiatives such as those focused on education, the environment, and local community.

● HORIBA CSR Promotion System



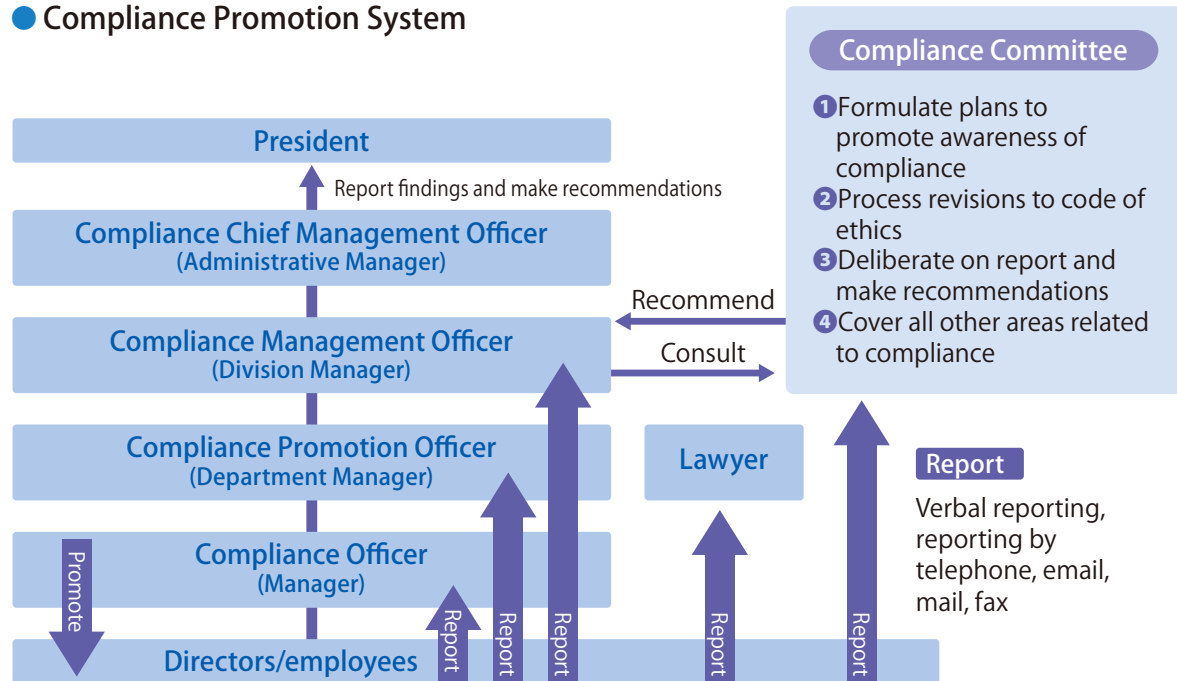
A-c Compliance Promotion System

Compliance Promotion System

The Compliance Committee, which was established under the CSR Promotion Committee, formulates plans to promote awareness of compliance issues, deliberates on the content of internal reports, and makes recommendations.

We established the HORIBA Corporate Philosophy, our Compliance Management Provisions, and our Code of Ethics to enhance our compliance framework and to prevent illegal acts. To facilitate early detection and correction of illegal acts, we also established an internal reporting system that includes a lawyer consultation service as well as an internal e-mail reporting system. Through this system, we will continue to raise employee awareness and enforce observance of laws and regulations. In addition, we will hold seminars on compliance for employees in management positions and request participants to provide guidance to their staff members.

● Compliance Promotion System



Risk Management

Risk Management

Managing risk is a major challenge for every company, as risk factors can impede goal achievement within an organization. When an incident or accident occurs that impacts a company's operations and causes the company to fall behind its objectives, the cost and the labor required to deal with it can be enormous, particularly if the company is slow to respond. In such cases, the critical factor in a successful crisis management approach is a well-focused initial response based on sound information.

At HORIBA, we adopted our Group Risk Management Regulations in August 2007 to strengthen our risk management system. We created major classifications of risks to operations, risks to development and manufacturing, risks to sales, and risks to financial affairs. We stipulated a management system for addressing these risks and a responsibility system that will manage crisis situations whenever they occur.

The HORIBA CSR Promotion Committee

undertakes the responsibility of discussing and approving the tasks required to promote risk management and risk countermeasures. We maintain a system for implementing precise, responsible actions whenever we face a challenge. Moreover, we provide periodic awareness campaigns and training programs so that all employees of the HORIBA Group—from top management to the responsible personnel—remain fully aware of their specific responsibilities.

A-c Legal Training

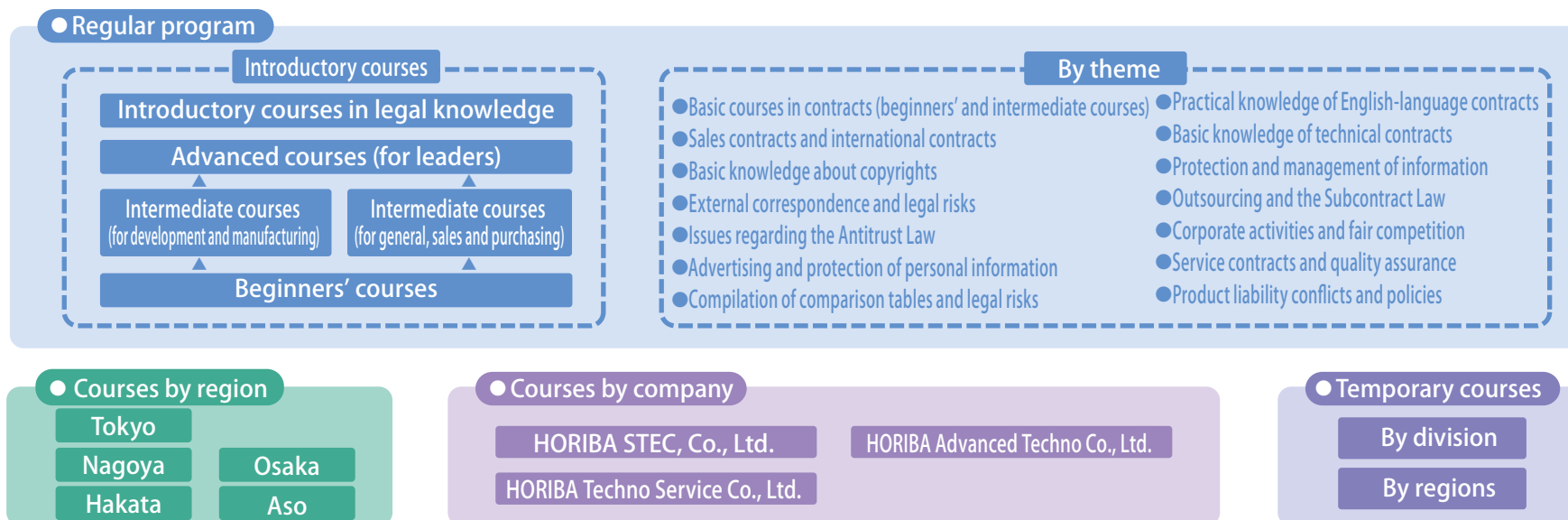
Legal Training

Many business operations are closely linked to laws, and it is important that each employee nurture an awareness of the law in order to prevent any legal problem from arising. We must discipline ourselves through our own initiative by acquiring adequate legal knowledge of the rules of market competition, and applying this knowledge wisely and strategically.

We provide legal training to assist employee acquisition of an awareness of the law and the necessary legal knowledge required for their level of business operations.

We offer several training courses to cultivate legal awareness and provide the general legal knowledge required by the employees of our domestic Group companies for day-to-day

operations. The regular program comprises introductory courses, which are held continuously, as well as courses on specific themes. In addition to these courses we also offer temporary courses that are given on request from various divisions and regions, and courses for specific companies that are held by the Group companies.



KEYWORDS

CSR Policy | Lead Issues | Corporate Governance | Internal Controls | Compliance | Risk Management | Legal Training | Global Compact

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HORIBA, Ltd. signed the United Nations Global Compact

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Mr. Atsushi Horiba, President & CEO of HORIBA, Ltd., signed the Letter of Commitment of the United Nations Global Compact (UNGC) and submitted it to the United Nations through the office of Global Compact Japan Network. On April 28th, HORIBA, Ltd. was registered as a participant in the UNGC.

The UNGC is a strategic policy initiative for businesses with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

We are determined to take a proactive approach to these issues in order to continue a sustainable growth as a global corporation.



The Ten Principles of the United Nations Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.