

KURIMOTO REPORT 2017

Business and CSR Report



Manufacturing the future

KURIMOTO



Kurimoto – Manufacturing the future

Since our establishment in 1909,
Kurimoto's first priority has been customer satisfaction.

We have contributed to improvement of social infrastructure,
and to expansion of critical infrastructure and industrial equipment.

We continue to refine our technology accumulated over the last 100 years.

With our original technology and by providing products and services,
we would like to continue to contribute to protecting the lifelines and people's way of life.

We aim to be a unique company brimming with creativity and the spirit of challenge.

This is Kurimoto's wish.

CONTENTS

- 3 Business of the Kurimoto Group
- 5 Message from the President

Financial Results for Fiscal 2016

- 8 Overview of Business Operations
- 10 Financial Highlights
- 11 Consolidated Financial Statements

Strategy and Business Bases

- 12 Corporate Philosophy
- 13 Three-Year Mid-Term Business Plan
- 14 Compliance / Risk Management
- 16 Corporate Governance
- 18 Board of Directors

CSR Management

● For Customers

- 19 Quality Control

● With Suppliers

- 21 With Suppliers

● With Shareholders/Investors

- 22 With Shareholders/Investors

● With Local Community/Society

- 23 With Local Community/Society

● With Employees

- 24 Fair Personnel Management, Support for Capacity Building
- 25 Work Environment
- 26 Safety and Health

● With the Global Environment

- 28 Environmental Conservation Activities

- 31 TOPICS

Data

- 33 Stock Information
- 34 Corporate Profile / Editorial Policy

Our website is regularly updated with the latest information.

<http://www.kurimoto.co.jp/english/index.htm>



Photo on the cover: Furano, Hokkaido
Photo on P1 and P2: Iwaizumi, Iwate

Business of the Kurimoto Group

What Kurimoto Makes, What Makes Kurimoto.

The Kurimoto Group develops its business in the two main fields of “social infrastructure” and “industrial equipment.”

To create infrastructure that underpins every activity of society in a better way and to deliver products and services that support manufacturing in diverse industries, we have heightened our technical skills and know-how through our experience of more than 100 years.

Through our business operations, we work to supply and secure infrastructure, realize safety and security and improve the quality of end products for customers.

We are thus committed to creation of a wide range of values.

Business Areas of the Kurimoto Group

Social infrastructure



We establish infrastructure to underpin society with our reliable technology.

Industrial Equipment



We provide manufacturing support for a wide range of industries with our original technology.

Values Created Through Our Business

Social infrastructure

Provision and securing of infrastructure

We establish and maintain life-supporting infrastructure including water supply and sewage systems, energy, communications, roads and railroads from both medium- and long-term perspectives.

Creation of comfortable space

We help create clean and comfortable living spaces by providing products such as iron pipes, valves, pipes and construction and air conditioning materials and through construction methods that take advantage of the properties of these products.

Creation of a beautiful landscape

In developing and providing highly functional products, we also pay attention to esthetics in their usage to contribute to creation of beautiful landscapes.

Development of a lifestyle

We promote development of a new lifestyle with our products that are closely related to people's life and its improvement.

Common

Realization of safety and security

While promoting total quality services (combination of high value, high quality and high services), we realize safety and security by being well prepared for the unexpected.

Preparation for earthquakes and disasters

Our products and services aid in preparation for earthquakes and disasters, and include earthquake resistance improvement of infrastructure, emergency shutdown valves, earthquake-resistant emergency water tanks and various other products with earthquake-resistant specifications.

Energy saving and environmental conservation

While promoting environmental management and reducing environmental impact of our own business activities, we develop and design products that contribute to energy saving, reduction of CO₂ emissions and prevention of environmental pollution.

Realization of people's happiness

Through our commitment to manufacturing that truly supports society, we pursue the realization of people's happiness.

Industrial Equipment

Quality improvement of end products

We supply a wide range of equipment that helps improve quality of end products, such as high-precision warm- and hot-forging press machines.

Productivity improvement

We offer high-efficiency and high-reliability manufacturing equipment and related products, total design and engineering based on know-how accumulated over many years and quality services after sales, to improve the productivity of manufacturing lines.

Cost reduction

We promote product development with focus not only on economic efficiency but also on transportability, workability, durability, reliability in operation and ease of maintenance and inspection to bring about overall cost reduction.

Solution of difficult problems

Making maximum use of our technical abilities and responsiveness developed through long experience, we assist customers in solving difficult problems related to industrial processes.

To Stakeholders

Aiming to be a strong company that can respond to changes in the market quickly, we will work to raise the Group to a higher level



Kurimoto, Ltd. President **Moriyoshi Kushida**

Management policy for fiscal 2017 based on the review of the business results in fiscal 2016

Uncertain global situation

I would like to express my heartfelt gratitude for your continued support of the business operations of our Group.

The international situation is certainly becoming more chaotic. Last year, while two surprising events occurred, namely Brexit and Trump's shock victory, media and critics completely failed to predict the results in both cases, which reminded me of the difficulty of assuming people's minds. I believe that these events happened because people chose an "unpredictable reform" rather than a "boring status quo." It may have been actually inevitable that people wanted changes. While such an uncertain situation is likely to continue, we will conduct analysis based on truly important information and try to promptly respond and adapt to changes.

When looking at the situation in Japan

The direction in which Kurimoto should proceed

About 10 years have passed since the global recession was triggered by the failure of Lehman Brothers in 2008, which was described as a once-in-a-century financial crisis. According to data aggregated by the Japan Exchange Group, the sum of the sales, operating income and net income of all listed companies (1st section, 2nd section, Mothers and JASDAQ; excluding financial institutions) for fiscal 2015 had recovered to the level of business results in fiscal 2007 (before the financial crisis). This recovery was achieved with the impact of a persistently weak Japanese yen as a result of the Abenomics policy measures, which were introduced in 2012, to strongly boost the business performance of export-oriented firms in Japan. However, except some export-oriented companies, it can be assumed that the business

circles in Japan have survived by shifting from an orientation to sales increase to improvement of quality to ensure profitability. Kurimoto aims to transform the business model to accumulate profits steadily without excessive focus on sales increase.

While our Group lowered earnings estimates for this term (121st term) at the time of the announcement of results for the third quarter, the eventual results were sales of 101.6 billion yen, operating income of 3.4 billion yen, current earnings of 3.0 billion yen and net income of 4.1 billion yen. Looking back on fiscal 2016, while I adopted the slogans of "Be a strong company that can respond to changes in the business environment quickly" and "Change and earn" after becoming the president in April last year, I acutely feel that my own efforts, as well as the efforts of the company, are still insufficient. In fiscal 2017, while the basic business policy of "Change, and then earn!" is maintained, we will pay more attention to the market environment (competitors, etc.) and promote measures that pursue efficiency. We will also review the business fields in which we have earned profits for many years and all employees of the Kurimoto Group will make concerted efforts to further enhance the added value of our products.



Commitment to CSR and a working style reform

A company cannot exist or act without trust from society. Our Group's Corporate Standards of Conduct specify what we should do for conservation of the global environment and for contributing to society and to the international community, and all employees across the departments keep CSR in mind in their business activities.

First of all, we give top priority to contributing to infrastructural improvement and industrial development through supply of products and services of our Group for society, to fulfill our corporate social responsibility. We will continue to make corporate efforts with recognition that supply of better products and services leads to fulfillment of CSR. In the meantime, we set fiscal 2017 as the first year for a working style reform in our Group. The movement to enable a wide variety of working styles is increasingly becoming a major trend. I believe that it is very important for management to "accept diverse working styles to achieve corporate targets while running an organization in a solid manner."

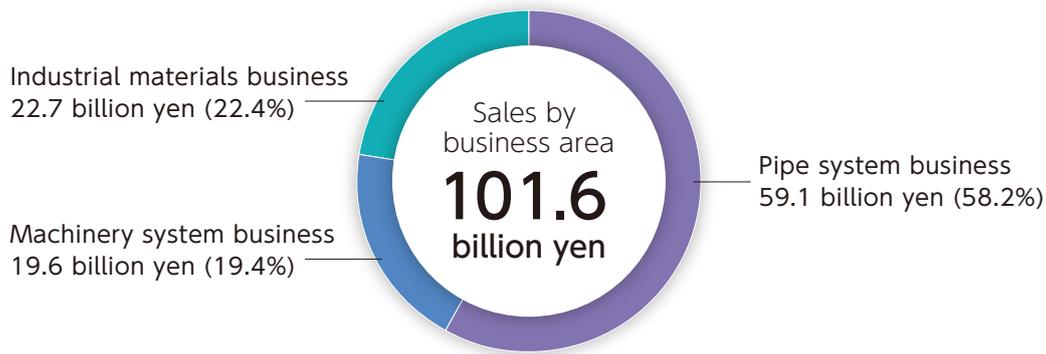
Dividend

We recognize return of our profits to our shareholders as one of the most important initiatives, and set stable and continuous payment of dividends as a basic policy. As a result of comprehensive evaluation of our business results, business environment and other factors for the year ended March 2017, we paid a year-end dividend of 30 yen per share for the year ended March 2017.

The Kurimoto Group marks its 108th year this year since its foundation in 1909. I am extremely grateful for the support and guidance of our stakeholders, which enabled us to maintain business activities for such a long period. I sincerely ask for your continued and enhanced support.



Overview of Business Operations



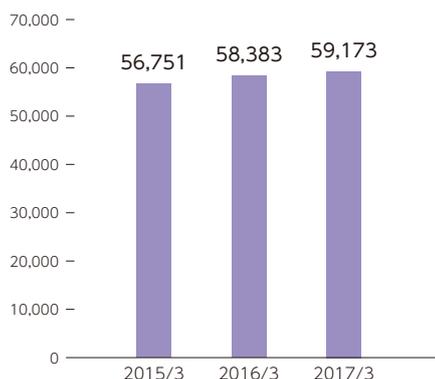
Pipe system business

Sales **59.1 billion yen**

As to sales from the pipe system business, the Ductile Iron Pipe Division decreased shipments of ductile iron pipes, which are its main products, especially shipments of medium and large diameter pipes but increased its sales of other products for water supply and sewage systems. As a result, total sales from this business rose from the previous consolidated fiscal year by 789 million yen to 59,173 million yen. Operating income dropped by 77 million yen from the previous consolidated fiscal year to 2,105 million yen due to the large impact of stubbornly high prices of raw materials and the decline in the sales of medium and large diameter pipes despite the efforts of the Ductile Iron Pipe Division for cost reduction.

■ Sales

(Million yen)



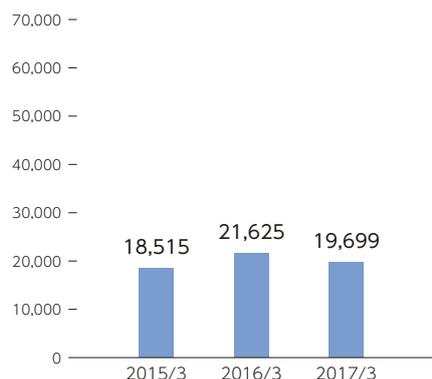
Machinery system business

Sales **19.6 billion yen**

Sales from the machinery system business dropped from the previous consolidated fiscal year by 1,925 million yen to 19,699 million yen due to sluggish growth in shipments of individual machines despite progress in the construction of a plant project in the Plant Engineering and Machinery Division, as well as decreased sales in the Materials and Machinery Division as a reaction to sales from a large plant project in the previous fiscal year. Operating income dropped from the previous consolidated fiscal year by 474 million yen to 545 million yen due to reasons including an impact of decreased revenue in the business as a whole despite improvement in sales of casting parts and other products in the Plant Engineering and Machinery Division.

■ Sales

(Million yen)



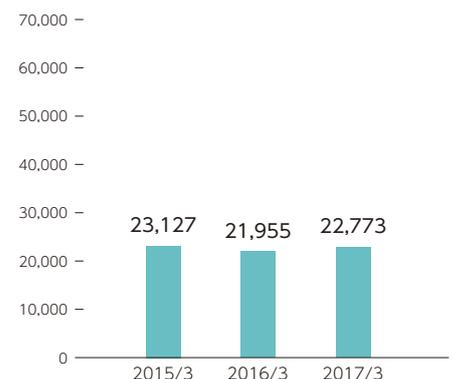
Industrial materials business

Sales **22.7 billion yen**

Sales from the industrial materials business increased from the previous consolidated fiscal year by 818 million yen to 22,773 million yen due to growth in shipments from the Plastic Products Division and other reasons although the Construction Materials Division recorded a decrease in shipments of air conditioning products and muffler products. Operating income increased from the previous consolidated fiscal year by 823 million yen to 981 million yen due to profit growth mainly from sales of civil engineering products in the Construction Materials Division and revenue and profit growth in the Plastic Products Division, as well as commitment to cost reduction mainly in the manufacturing sections.

■ Sales

(Million yen)



(As of April 1, 2017)

■ Pipe system business ■

Ductile Iron Pipe Division



Water and gas pipes underground that support society. Ductile iron pipes play a major role in our living environment, and can be found everywhere, in cities, suburbs and villages.

Product Lineup

Ductile iron pipes (straight pipes, deformed pipes, joint parts), abrasion-resistant pipes

Valve Division



We handle a great number of valves for water purification and sewage treatment plants in the government sector, for power plants, ironworks and plants in the private sector, and overseas.

Product Lineup

Butterfly valves, soft seat gate valves, sleeve valves, emergency shutoff valves for water tanks, various control valves, blast furnace valves, preliminary actuation type (negative pressure wet type) sprinkler valves, water flow indicators

■ Machinery system business ■

Plant Engineering & Machinery Division



Our industrial equipment supports production lines in various industries, and plays a part in bringing products to the world. We also make broad contributions to society by supplying from individual machinery to total engineering.

Product Lineup

Pulverizers, classifiers, granulators, dryers, calciners, mixers/kneaders/dispersers, reactors, solvent recovery equipment, secondary battery material manufacturing devices, various industrial machines, testing machines, plant and system equipment, forging press machines, bending rolls, various peripheral devices for forging press machines, plant engineering works, design / production / procurement / construction / test run and maintenance of various plants

Materials & Machinery Division



Our line of products with unique crushing technologies and materials technology, plays an active role in various types of industries, such as aggregates, iron and steel.

Product Lineup

Crushers, grinder mills, conveyors, abrasion-resistant metal castings, heat-resistant metal castings, wear-resistant pumps, railroad brake disks

■ Industrial materials business ■

Construction Materials Division



We offer a wide variety of products, along with quick delivery, to meet customer expectations.

Product Lineup

Spiral ducts, various flexible ducts, Silent Flex, various noise-reduction products, stainless steel ducts, Super Spiral ducts, winding sheaths, polyethylene sheaths, winding pipes, void slabs, various earthquake-resistant products, through-hole reinforcement steel (Super Harry Z), corrugated fiberboard ducts (Corru-Air Duct), noise-reduction services (measurement, design, production, construction, verification), translucent noise-absorbing screens (VIEWSONE), half precast products (Kaiser Slab, Kaiser Balcony), PCA system staircase

Plastic Products Division



The Polycon FRP series offers a flexible and wide range of applications for efficient use of FRP functions. We aim to have truly reliable manufacturing processes, and we contribute to the installation of social infrastructures on a wide scale.

Product Lineup

Fiberglass-reinforced plastic mortar (FRPM) pipes, Fiberglass-reinforced plastic (FRP) pipes, FRPM panels, FRP cores, FRP pultrusion moldings, various synthetic resin moldings

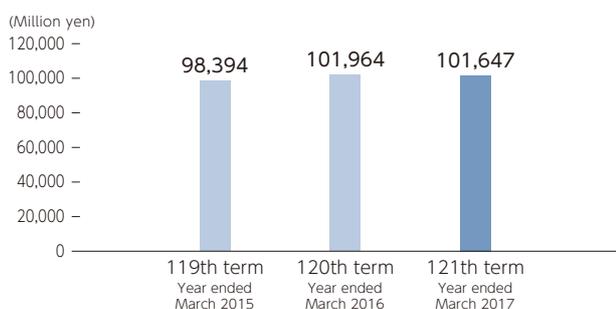
Financial Highlights

In our Group's business performance for this consolidated fiscal year, despite a gain in sales in the pipe system business and the industrial materials business, a decline in sales in the machinery system business resulted in a sales decrease from the previous consolidated fiscal year by 317 million yen to 101,647 million yen.

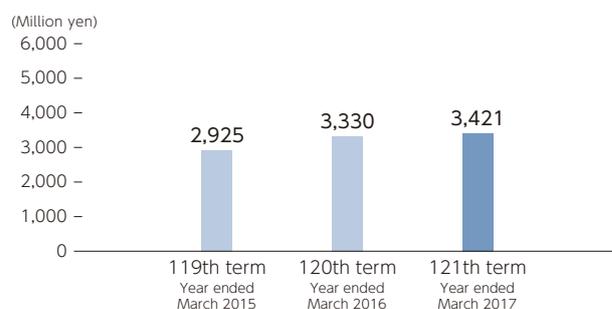
On the profit side, with a profit decrease in the machinery system business and other sections and a profit increase in the industrial materials business, operating income stood at 3,421 million yen (an increase of 90 million yen from the previous consolidated fiscal year) and current earnings were 3,023 million yen (an increase of 133 million yen from the previous consolidated fiscal year). Net income attributable to equity holders of the parent was 4,103 million yen (an increase of 1,909 million yen from the previous consolidated fiscal year) resulting from a reversal of deferred income taxes as a result of application of "Implementation Guidance on Recoverability of Deferred Tax Assets" and other reasons despite impairment loss of fixed assets.

Net income per share rose from 169.81 yen to 326.05 yen. Net assets per share increased from 3,734.30 yen to 4,440.72 yen.

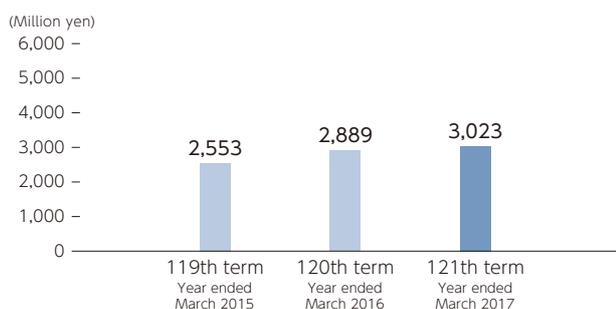
■ Sales



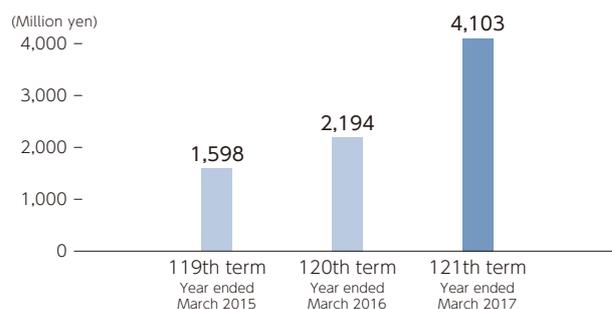
■ Operating income



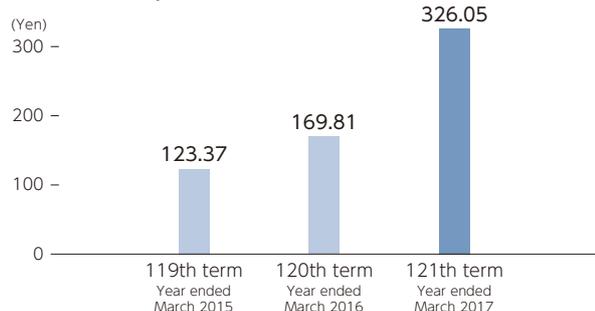
■ Current earnings



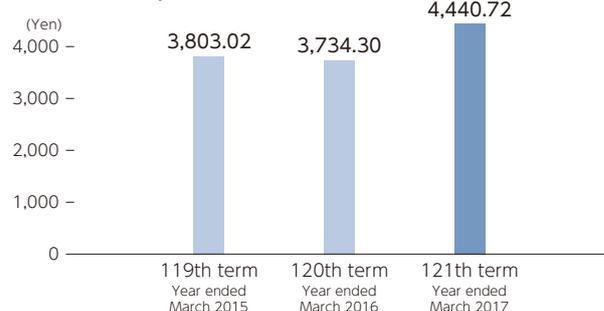
■ Net income



■ Net income per share



■ Net assets per share



※ While a share consolidation (consolidation of 10 common shares into one share) was conducted as of October 1, 2016, the net income per share and the net assets per share were calculated on the assumption that the share consolidation was conducted at the beginning of the 119th term (the year ended March 2015).

Consolidated Financial Statements

■ Assets, liabilities and net assets

Gross assets at the end of this consolidated fiscal year increased by 4,830 million yen, to 129,212 million yen. Current assets increased by 1,832 million yen, to 79,385 million yen, while fixed assets increased by 2,997 million yen, to 49,827 million yen.

Liabilities decreased by 2,548 million yen, to 73,084 million yen. While current liabilities increased by 5,705 million yen, to 64,339 million yen, fixed liabilities declined by 8,254 million yen, to 8,744 million yen.

Net assets grew by 7,378 million yen, to 56,128 million yen.

■ Cash flows

Cash and cash equivalents increased from the end of the previous consolidated fiscal year by 1,221 million yen, to 18,226 million yen. Net cash provided by operating activities was 6,883 million yen and net cash used in investing activities was 2,328 million yen, while net cash used in financing activities was 3,341 million yen.

* For details, please see the earnings digest and securities report.

■ Consolidated Balance Sheets

(Million yen)

Item	This fiscal year		Previous fiscal year	
	As of March 31, 2017		As of March 31, 2016	
(Assets)				
Current assets	79,385		77,552	
Fixed assets	49,827		46,829	
Tangible fixed assets	30,803		33,243	
Intangible fixed assets	680		702	
Investments and other assets	18,343		12,883	
Total assets	129,212		124,382	
(Liabilities)				
Current liabilities	64,339		58,634	
Fixed liabilities	8,744		16,998	
Total liabilities	73,084		75,633	
(Net assets)				
Shareholders' equity	54,173		51,276	
Capital stock	31,186		31,186	
Capital surplus	6,942		6,942	
Retained earnings	17,815		14,241	
Treasury stock	△ 1,771		△ 1,093	
Total accumulated other comprehensive income	1,425		3,021	
Valuation difference on available-for-sale securities	3,192		1,794	
Deferred hedge P/L	1		7	
Remeasurements of defined benefit plans	△ 1,768		△ 4,823	
Non-controlling interests	528		493	
Total net assets	56,128		48,749	
Total liabilities and net assets	129,212		124,382	

■ Consolidated Statements of Income

(Million yen)

Item	This fiscal year		Previous fiscal year	
	From April 1, 2016 to March 31, 2017		From April 1, 2015 to March 31, 2016	
Net sales	101,647		101,964	
Cost of sales	77,640		79,139	
Gross profit	24,006		22,824	
Selling, general and administrative expenses	20,585		19,494	
Operating income	3,421		3,330	
Non-operating income	526		529	
Non-operating expenses	924		970	
Current earnings	3,023		2,889	
Extraordinary income	31		737	
Extraordinary loss	2,046		535	
Income before income taxes and minority interests	1,008		3,091	
Income taxes - current	694		576	
Income taxes - deferred	△ 3,827		278	
Total income taxes	△ 3,132		854	
Net income	4,141		2,236	
Net income attributable to non-controlling interests	38		42	
Net income attributable to equity holders of the parent	4,103		2,194	

■ Consolidated Statements of Cash Flows

(Million yen)

Item	This fiscal year		Previous fiscal year	
	From April 1, 2016 to March 31, 2017		From April 1, 2015 to March 31, 2016	
Net cash provided by (used in) operating activities	6,883		2,675	
Net cash provided by (used in) investing activities	△ 2,328		△ 767	
Net cash provided by (used in) financing activities	△ 3,341		△ 3,610	
Effect of exchange rate changes on cash and cash equivalents	8		△ 17	
Net increase (decrease) in cash and cash equivalents	1,221		△ 1,721	
Cash and cash equivalents at beginning of year	17,005		18,726	
Cash and cash equivalents at end of year	18,226		17,005	

Corporate Philosophy

The Kurimoto Group performs business activities in accordance with the principles specified in its Corporate Philosophy, such as conservation of the global environment and protection of social infrastructure.

Corporate Philosophy

1. We respect and value Earth, its water, air and life, and we will protect social infrastructure.

The Kurimoto Group is committed to environmentally responsible manufacturing. We seek to perform production activities in an environmentally friendly manner and make efforts to save energy and resources and to promote recycling. Mainly through creation of infrastructure that underpins people's life, we continue to make contributions in the business areas that support human society. (Infrastructure comprises vital lifelines including water supply and sewage systems, gas, electricity, communications, roads and railways.)

2. We offer “reassurance” in response to society and to our customer's trust.

The Kurimoto Group has been offering reassurance to society for 100 years, since its foundation. Without our customer's trust, we would not continue to exist. Based on the trust built over many years through concentration on solid business operations without involvement in risk-prone business activities, we offer “total quality services” (combination of high value, high quality and high level services) to further enhance the trust. We aim to maximize the trust we receive through the combination of quality, prices, delivery, maintenance and services so that we can provide reassurance at an even higher level.

3. We listen to our customers, learn from our customers, further develop and innovate technology, and offer original “optimal systems” to our customers.

In cooperation with customers, the Kurimoto Group demonstrates entrepreneurship based on the worksites. Kurimoto's original technology is enhanced and expanded with new technology to pursue manufacturing with commitment to customer satisfaction. We do not simply produce and sell goods but also offer the values appreciated by customers. The original technology we propose is also original to customers, and they can create original value by adopting our original technology.

4. We aim for the happiness of our employees and of mankind, through manufacturing products.

Corporate activities begin with pursuit of the happiness of people. We focus on manufacturing that truly supports human society, and realize improvement of working conditions and welfare of employees while contributing to society. Setting pursuit of people's happiness as a basic goal for business management, we work for business growth and social development.

5. For the implementation of the above, we ensure strict compliance, harmonize inheritance and changes, respect individuality and ingenuity, and work hard to contribute to society and to the development of business.

Inheriting history and tradition, we make efforts to ensure strict compliance in business operations, respond to changes of the times, implement continual improvement and innovation and pursue both development of the business and contribution to society (CSR activities) in a well-balanced manner.

Three-Year Mid-Term Business Plan (2015 to 2017)

Under the three-year mid-term business plan (2015 - 2017), the Kurimoto Group sets a goal to become “a unique company filled with challenging spirit and creativity,” and is making efforts to expand business scale and improve profitability toward this goal.

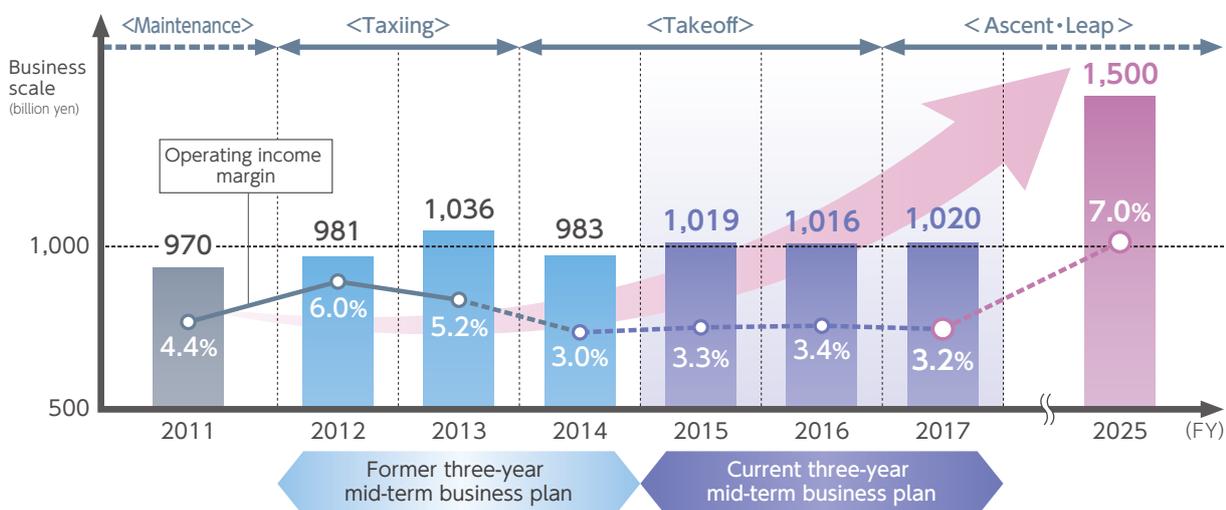
Kurimoto Group Three-year Mid-term Business Plan

In consideration of our business results for fiscal 2016 and changes in the market environment, we have revised earnings estimates for fiscal 2017 to sales of 102.0 billion yen and operating income of 3.3 billion yen. Based on this revision, we will endeavor to achieve the target of ROE of 5% or more on average during the period of the three-year mid-term business plan. The estimates have been revised from the values in the original plan due to reasons including a drastic decline in orders for overseas plant projects in the machinery system business under unclear economic circumstances mainly in the overseas market, as well as uncompleted recovery of earnings, which decreased because of soaring raw material prices and lower productivity, in the pipe system business. With renewed focus on ratio of operating profit to sales and asset turnover ratio, we will be committed to further improvement of productivity and added values to surely achieve targets in the plan.

Quantitative targets

(consolidated)	plan as of May 12, 2016			Revised plan		
	FY2015	FY2016	FY2017	FY2015 (actual results)	FY2016 (actual results)	FY2017
Net sales	101.9 billion yen	102 billion yen	110 billion yen	101.9 billion yen	101.6 billion yen	102 billion yen
Operating income	3.3 billion yen	3 billion yen	4 billion yen	3.3 billion yen	3.4 billion yen	3.3 billion yen
Capital-to-asset ratio	over 38.8%	over 40%	over 42%	38.8%	over 43.0%	over 43.5%
ROE	4.5%	5.0% or more	6.0% or more	4.5%	7.9%	3.8% or more

Significance of the three-year mid-term business plan



Compliance / Risk Management

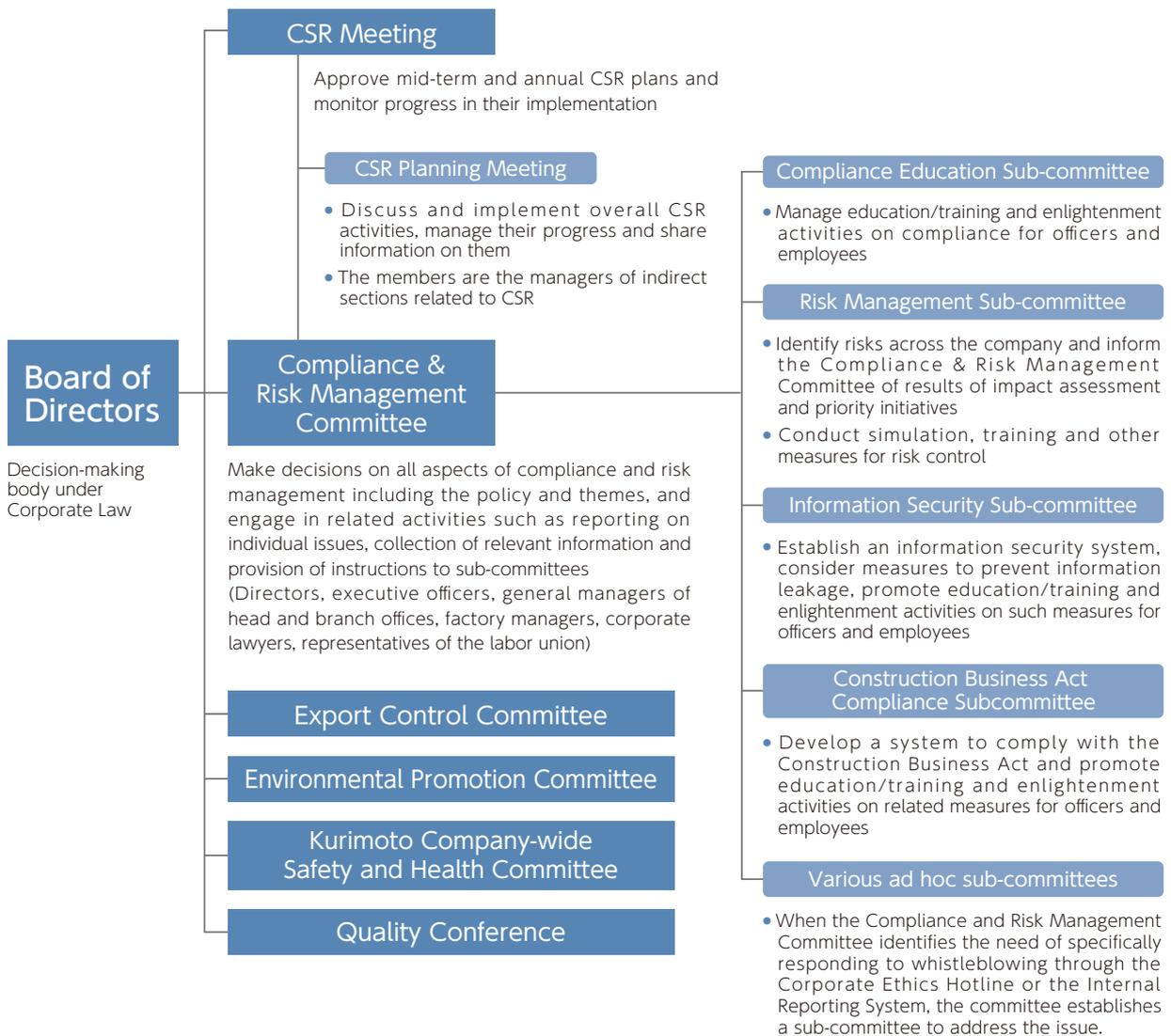
We have set up the Compliance and Risk Management Committee, which is chaired by the President, and promote its activities across the company.

Compliance and Risk Management System

To maintain a system for compliance and risk management that underlies our CSR management, and to promote the activities, we have established the Compliance and Risk Management Committee. Chaired by the President, this committee makes decisions on all aspects of compliance and risk management including the policy and themes, and engages in related activities such as reporting on individual issues, collection of relevant information and provision of

instructions to sub-committees. The committee consists of directors, executive officers, general managers of head and branch offices and factory managers, as well as labor union representatives and corporate lawyers, and holds a meeting every month. Four full-time sub-committees have been formed in the committee, and are in charge of planning and management of specific activities related to issues such as compliance education and risk management.

■ Organization Chart of the Compliance and Risk Management System



Compliance with Laws and Corporate Ethics

Kurimoto establishes the Corporate Standards of Conduct, and promotes business activities in a way to always comply with relevant laws and corporate ethics and win the trust society in a fair fashion.

【Corporate Standards of Conduct (excerpt)】

1. Behavior that gains the trust of society

With awareness that a company is a public entity of society and that trust is the foundation of a company, we seek to comply with relevant laws in any business activities, always act in a fair manner in accordance with corporate ethics and exist as a healthy company that is trusted by society.

2. Thorough dissemination of relevant laws and corporate ethics

We aim to constantly collect and understand information on relevant laws in Japan and other countries necessary for our business activities, and to make our employees thoroughly aware of compliance and ethics.

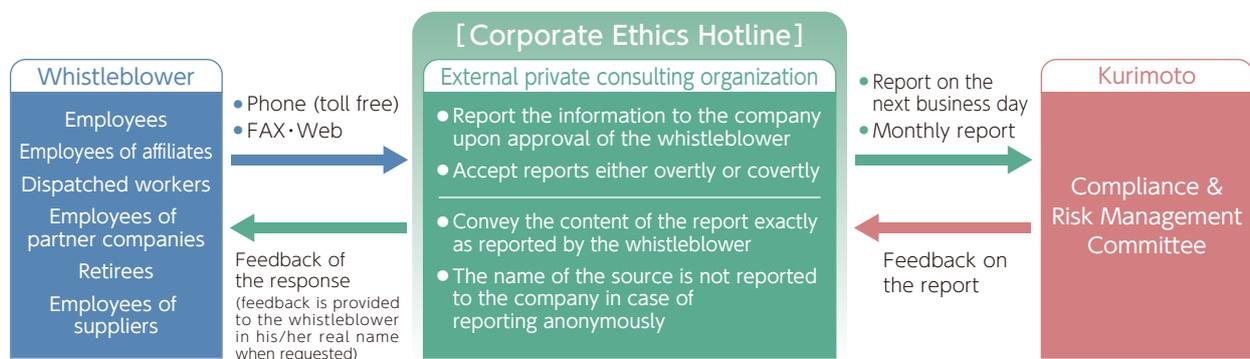
We encourage our employees to report any concerns about violation of laws or corporate ethics in business operations, to their superiors or to relevant sections for consultation, and we will act in a lawful manner based on common sense.

In the event of any violations of laws, we will promptly identify the causes and take corrective measures to prevent recurrence.

Corporate Ethics Hotline

To promote compliance with laws and corporate ethics, we set up a Corporate Ethics Hotline in a neutral private organization outside the company in March 2004. If there is any injustice, misconduct or crime, or suspicion of such, in the company, the information can be reported through the hotline, even anonymously. The phone line is open from 12

noon to 9 p.m. on weekdays and from 9 a.m. to 5 p.m. on Saturdays, Sundays and public holidays. Reporting via fax or website is also available 24 hours, 365 days. The whistleblower will not be subject to any disadvantage for having used the hotline.



Internal Reporting System

We have a system that allows a whistleblower to directly inform the Compliance & Risk Management Committee of any illegal, dishonest or anti-social act, or suspicion of such, via the intranet or in writing. The personal information of

the whistleblower is protected to ensure that he/she is not treated unfairly by the company. We have a mechanism to collect necessary information from the related sections in a prompt manner based on the relevant regulations.

Compliance Day

We have designated February 4 and May 23 as Compliance Days; these are the days on which the Fair Trade Commission filed a criminal complaint against Kurimoto for violation of the antimonopoly law. To prevent recurrence of

such misconduct, we have set up a Compliance Emphasis Week, which includes either of the two dates, to provide training to raise awareness of legal compliance across the company.

Corporate Governance

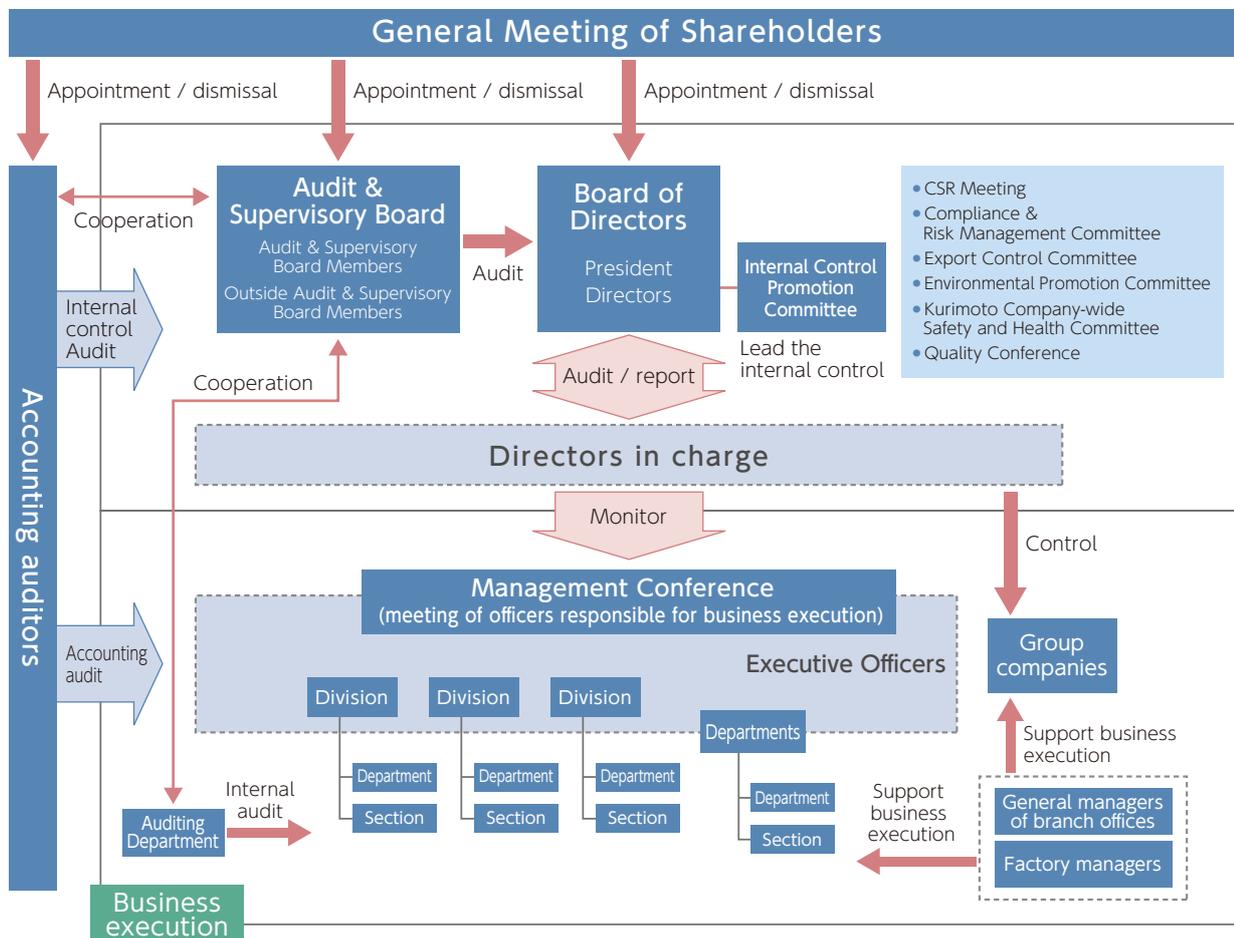
We are enhancing the system to promote corporate governance mainly through the following procedures: the establishment of Management Conference, which complements the Board of Directors; transfer of part of the authority for business execution to executive officers; and the activities of the Audit & Supervisory Board.

Corporate Governance System

We adopt a corporate governance system based on the execution of duties by a Board of Directors composed of eight directors including two outside director as the supreme decision-making and supervisory body. In addition, the Management Conference has been established with the President and other executives as the members to complement the functions of the Board of Directors such as sharing of management information of Kurimoto and other Group companies and progress management, and to facilitate speedy decision making and flexible and efficient business execution. We have also introduced an executive officer system to transfer part of the authority for business execution, which is a function of directors, to executive officers to relatively enhance the management and supervisory function of directors.

We have in place the Audit & Supervisory Board as a corporate auditing organization. The board is currently composed of three audit & supervisory board members including two outside audit & supervisory board members. The audit & supervisory board members attend regular meetings of the Board of Directors, which are held on a monthly basis, extraordinary meetings of the Board of Directors and other important meetings to check the operation of the internal control and business execution, and state views to the Board of Directors when necessary to audit business execution of directors. In addition, the Auditing Department has been founded as an internal auditing section independent from the business execution sections to audit the business processes of the divisions and assess and verify their appropriateness.

Organizational Chart of the Corporate Governance System



Internal Control System

We seek to maintain and update the internal control system by formulating Corporate Standards of Conduct and Basic Policy for Establishment of the Internal Control System as the basic guidelines, and by implementing healthy and transparent management and enhancing internal audits and auditor's audits in accordance with the Regulations of the Board of Directors, Rules for Organization, Basic Rules on Risk Management, Rules on Compliance and Risk Management, Rules on Information Security Management and other regulations. In addition, the Internal Control Promotion Committee has been established as a permanent organization to respond to the internal control reporting system based on the Financial Instruments and Exchange Act, which focuses on ensuring the appropriateness of

financial reporting. This committee is also responsible for leading the internal control in the Kurimoto Group as a whole, and promotes improvement of the internal management system to prevent violation of laws and accounting errors and irregularities in a continuous manner.

As a specific initiative for the establishment of the internal control system, we are committed to enhancing the corporate governance system through the setup of the Compliance & Risk Management Committee chaired by the President and through other initiatives in order to cultivate a compliance-oriented corporate culture in which we not only comply with relevant laws but also act in accordance with social norms.

Corporate Standards of Conduct

The Corporate Standards of conduct provide the basic approach that should be followed in various situations when the Kurimoto Group practices its corporate philosophy. They consist of standards of conduct on business activities, which specify basic policy on research and development, procurement, production, marketing, information activities, compliance with laws and corporate ethics and financial reporting, as well as standards of conduct on the company's relationships with society and individuals, which give guidance on the conservation of the global environment, social contribution activities, overseas business activities and international contribution, response to anti-social forces, improvement of welfare, and respect for individuality and private acts. The Corporate Standards of Conduct are applied to all officers and employees (including full-time workers, contract workers and dispatched workers), and also serve as a basis for the internal control system that regulates the activities of the whole Kurimoto Group.

Basic Policy on Financial Reporting

Considering compliance-oriented business management, we have developed and are operating the necessary internal control system for sustaining and enhancing social credibility in order to ensure reliability and appropriateness in our financial reporting.

1. Proper accounting procedures based on the internal control system, and preparation of reliable financial reports

We are aware that a person's error means the company's error in financial reporting, which is linked with all business activities. With such recognition, we ensure visualization, monitoring and maintenance of records on a wide range of business processes including the upstream business activities (procurement, production, marketing, etc.) while performing proper accounting procedures and preparing reliable financial reports.

2. Efforts to develop and improve the internal control system

To increase the efficiency and effectiveness of business operations, we avoid prejudice and inaccurate assumptions, promote visualization and standardization of business processes, and develop and improve the internal control system to establish more efficient business procedures.

3. Financial reporting activities in compliance with laws and corporate ethics

By establishing an internal control system specified in relevant laws and regulations, we recognize the importance of business processes in accordance with written procedures, manuals, etc., and perform financial reporting activities under a strict control to ensure that they follow laws, standards and codes of conduct.

Information Security Basic Policy

1. Establishment of an information security management system

We set up a task force for information security management in the Compliance & Risk Management Committee to properly manage information assets in an integrated manner.

2. Protection of information assets

We take appropriate information security measures to carefully safeguard information assets against unauthorized access, leakage, alteration, loss, theft, accidents/disasters and obstruction.

3. Assessment of information security

We periodically assess the effectiveness of our information security measures and enhance the measures when necessary.

4. Business continuity management

We adopt emergency measures to respond to any accidents and disasters that interrupt our business continuity and take measures to continue our business operations without delay.

5. Internal audit

We conduct internal audits on a regular basis to verify compliance with the Information Security Basic Policy and relevant laws, rules and agreements.

6. Duties of officers and employees

Our officers and employees comply with the Information Security Basic Policy and relevant laws, rules and agreements. Any person who violates any of these will be subjected to punishment based on relevant laws and working rules.

7. Education and enlightenment

We provide necessary education and enlightenment to our officers and employees so that they deepen their understanding of the Information Security Basic Policy and relevant laws, rules and agreements and comply with them.

Personal Information Protection Policy

1. Acquisition of personal information and the purpose of use

When obtaining personal information, we identify the purpose of use and inform the purpose to the person who provides the information or announce it publicly. This personal information will not be used for any other purpose.

2. Supply of personal information to third parties

The personal information we have obtained will not be supplied to any third parties without prior consent unless otherwise announced in advance.

3. Security management of personal information

We will manage appropriately the personal information we have obtained, to avoid any loss or damage, in accordance with the personal information management rules and other relevant internal rules and standards. We take stringent security measures to prevent leakage to third parties or alteration from outside.

4. Correction or other treatment of personal information

If we receive a request from the information provider for correction or other treatment of personal information, we will process it in accordance with the Personal Information Protection Act.

Board of Directors

(as of July 1, 2017)

Directors

Chairman	Hideaki Fukui	
President	Moriyoshi Kushida	
Senior Managing Director	Motohito Sawai	In charge of finance, internal control, auditing and affiliates
Managing Director	Hirobumi Okada	In charge of the machinery system business, equipment and development projects
Managing Director	Mikio Yaji	In charge of the Pipe System Business and Legal Affairs
Director	Yoshiaki Shingu	In charge of human resources, general affairs, safety and health, quality control and production, General Manager, Osaka Head Office
Director	Kazutaka Kikumoto	In charge of the Industrial & Construction Materials and Technology Development Division
Outside Director	Shigehiro Shibakawa	
Outside Director	Minoru Takahashi	

Audit & Supervisory Board Members

Full-Time Audit & Supervisory Board Member	Minoru Murata	
Audit & Supervisory Board Member	Kazuhiko Hakozaki	(Part-time)
Audit & Supervisory Board Member	Maki Arita	(Part-time)

Executive Officers

Managing Executive Officer	Mitsuo Amagaya	General Manager, Tokyo Office
Executive Officer	Naofumi Saito	General Manager, Plant Engineering & Machinery Division
Executive Officer	Shin Ikuta	Assistant General Manager, Tokyo Office
Executive Officer	Shinya Kojima	General Manager, Materials & Machinery Division
Executive Officer	Takehisa Fukui	General Manager, Composite Project Division
Executive Officer	Hisato Sato	General Manager, Construction Materials Division
Executive Officer	Yukitaka Fujimoto	General Manager, Ductile Iron Pipe Division
Executive Officer	Takayuki Miyazaki	General Manager, Valve Division
Executive Officer	Yasuharu Yoshinaga	Assistant General Manager, Ductile Iron Pipe Division, General Manager, Production Headquarters, General Manager, Kagaya Factory and General Manager, Sakai Factory
Executive Officer	Takao Ueda	General Manager, Plastic Products Division
Executive Officer	Akitoshi Oda	General Manager, Corporate Planning Division

Quality Control

As a company that can contribute to society through manufacturing, we make continuous efforts to improve our quality management level in our business activities to provide various lines of products and services for creating infrastructure.

Initiatives in Manufacturing

The Kurimoto Group makes all employees thoroughly aware of its policy of dedication to manufacturing, which is represented by the corporate message "Kurimoto - Manufacturing the future" as well as by the principle of giving top priority to safety and security, in order to achieve customer satisfaction.

Declaration of Quality Assurance Activities

In accordance with a principle in the Kurimoto Group's Corporate Philosophy, "We offer 'reassurance' in response to society and to our customer's trust," we aim for quality assurance from the perspective of customers and perform activities based on the quality assurance system established to meet the needs of the times as well as social demand.

Kurimoto Group Quality Policy

1. We provide products from the perspective of customers.
2. We provide customers with accurate and comprehensible information.
3. We listen sincerely to the precious opinions of customers.
4. We give top priority to safety.
5. We comply with laws.
6. Each and every employee of the Kurimoto Group makes best efforts to ensure quality.

Quality Management System

- We work to improve mechanisms for quality control based on the quality management system to ensure that customers recognize safety and security of the Kurimoto brand.
- We work to obtain ISO 9001 certification on a Group-wide scale for reliable operation and maintenance of the quality management system.

ISO 9001 Certification Registrations in the Kurimoto Group

(as of April 1, 2017)

Registered organization	Date of registration	Registration No.	Main product lines
Kurimoto, Ltd. Ductile Iron Pipe Division	January 20, 1995	JQA-0766	Ductile iron pipes
Kurimoto, Ltd. Sumiyoshi Factory • Plant Engineering & Machinery Division • Valve Division • Materials & Machinery Division	May 17, 1996	JQA-1281	Powdering, kneading, drying and crushing systems, forging and bending roll systems, valves for industrial and public uses, various heat-resistant/wear-resistant metal castings
Kurimoto, Ltd. Plant Engineering & Machinery Division (plant-related)	March 13, 2015	JQA-QMA15184	Design, procurement, construction, commissioning, maintenance, and supply of parts for resource plants, power plants, energy plants and other similar plants
Kurimoto, Ltd. Construction Materials Division	September 30, 1996	JQA-1394	Light-weight spiral steel pipes, noise control equipment, reinforcing steel products
Kurimoto, Ltd. Plastic Products Division	May 28, 1999	JQA-QM3393	Fiber-reinforced plastic mortar pipes, various fiber-reinforced plastic moldings
Japan Castering Co., Ltd. Sasebo Factory	March 25, 2003	JQ1258E	Molded parts
Motoyama Eng. Works, Ltd.	May 15, 1994	UKAS No.3449752	Control valves, safety valves, industrial equipment
KS-Tech Co., Ltd.	July 30, 2010	UKAS No.06546	Roll forging machines, cutting machines, forging machines, bending rolls
Yashima Chemical Engineering Co., Ltd.	December 19, 2016	ISAQ1119	Design and manufacturing of tanks and heat exchangers

Quality Improvement Activities with Participation of All Employees

Quality assurance system

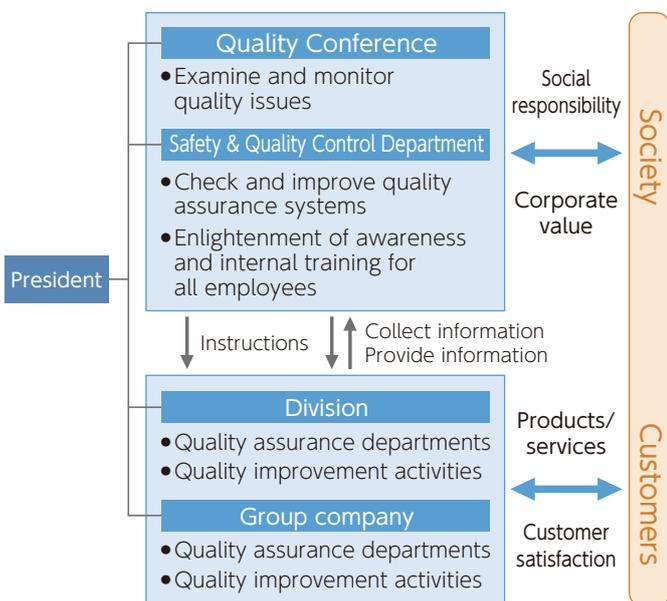
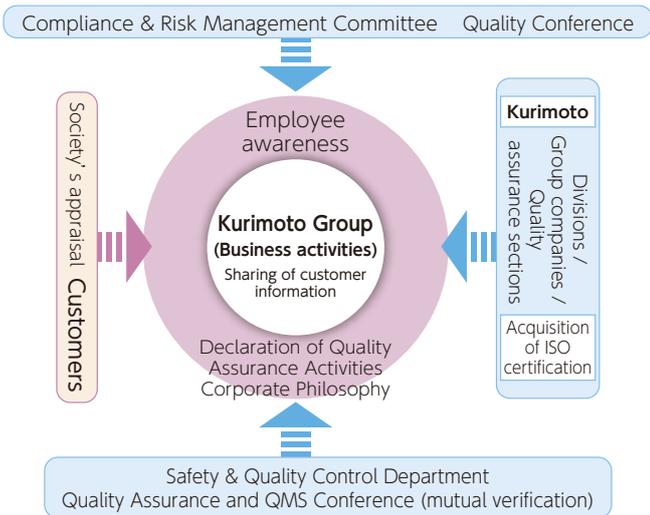
To respond to quality requirements based on existing and potential customer needs, the Kurimoto Group endeavors to enhance customer satisfaction by sincerely listening to valuable inputs from customers.

- At the Quality Conference, individual divisions are monitored from the managerial perspective, with respect to quality assurance that responds to trust from society and customers, and instructions for correction are rendered as necessary.
- The Safety & Quality Control Department checks and improves quality assurance systems in individual divisions, while collecting quality-related information and providing internal training based on the collected information.

We will further enhance our technical skills, which have been cultivated since our establishment, and improve our quality assurance system and activities to continuously contribute to society with our proprietary technologies, products and services.

〈 Business Review System That Meets the Needs of the Times and Society 〉

As a company that meets the needs of the times and society

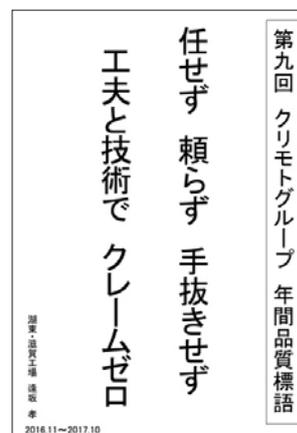


* Quality Conference mainly comprised of directors and executive officers.

Quality Improvement Emphasis Month

The Kurimoto Group has designated November as Quality Improvement Emphasis Month to promote various quality improvement activities with participation of all employees.

- Top management sends a "quality-related message" to all employees.
- Quality slogans for the Kurimoto Group are invited and posters are displayed to raise the awareness of participation.
- Daily operations are reviewed to intensively verify that customers receive accurate information on the products and services we provide for them.
- All employees participate in efforts to enhance and promote proposals for improvement.



Slogan (displayed from November 2016 to October 2017)



Poster (displayed in November 2016)

Activities to Make Proposals for Improvement

Many proposals for improvement are submitted every year, leading to an enhanced sense of participation among employees, to improvement of the workplace and to higher productivity.

	Number of employees	Annual number of proposals
Total	1,502	18,470



Poster (displayed in November 2016)

With Suppliers

The Kurimoto Group places high value on relationships of trust with suppliers, and focuses on customer satisfaction and environmental conservation in its procurement activities.

Basic Approach

The Kurimoto Group's business activities rely on cooperation and support of many companies and people including the suppliers that provide raw materials and parts necessary for production. With deep recognition of this fact, our Group places a high value on relationships of trust with suppliers and develops procurement activities in a way to work and flourish together.

We are fully conscious of quality and cost reduction, and also consider environmental issues such as prevention of pollution, resource saving and energy saving, in our procurement activities.

Corporate Standards of Conduct [Procurement]

1. Policy of "customer satisfaction comes first," and procurement in consideration of environmental conservation

In our procurement activities, we are always conscious of the principle in the Corporate Philosophy that we offer "total quality services" (combination of high value, high quality and high level services) to enhance trust, as well as the idea that environmental conservation is a social mission for companies.

2. Fair, equitable and transparent procurement activities

We promote fair, equitable and transparent procurement activities in a rational manner in terms of quality, price, delivery period, safety and environmental conservation.

3. Mutual prosperity based on trust and improvement efforts

In our procurement activities, we aim to realize mutual prosperity by placing high value on relationships of trust with suppliers and seeking long-term growth and maintenance and strengthening of competitiveness through high quality, thorough cost reduction and other efforts.

4. Compliance with laws

We promote procurement activities in compliance with all relevant laws, including the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act) and the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontractor Payment Act), as well as with their intent.

Basic Procurement Policy

Philosophy	To purchase materials that satisfy our demand in terms of quality, cost and delivery time, we make efforts to build good relationships with suppliers and to pursue mutual prosperity through mutual trust and cooperation.
Fairness and equity	We make decisions on adoption of materials based on fair and equitable assessment of quality, delivery time, prices and services.
Open door	We open the door wide for suppliers in Japan and overseas and work to seek new suppliers on a continuous basis.
Green procurement	We make efforts to procure environmentally-friendly parts and products.

Compliance with the Subcontractor Payment Act

To ensure dissemination of, and compliance with, Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontractor Payment Act), the Kurimoto Group has prepared a compliance manual on transactions with subcontractors. A briefing session to study the Subcontractor Payment Act is held at each worksite during the Compliance Emphasis Week, and seminars by external lecturers are also organized, to enhance understanding of the manual.

Response to Anti-social Forces

Anti-social forces pose a threat to the order and safety of civil society and obstruct economic activities, and the activities of

these forces are becoming increasingly intellectual and sophisticated.

The Kurimoto Group declares in the Corporate Standards of Conduct that it is aware of social responsibility in responding to anti-social forces and will take the initiative to strictly forbid submission to, or collusion with, such forces and maintain a resolute attitude to eliminate them.

We will cooperate closely with relevant administrative bodies to develop an organization to respond to anti-social forces. It is necessary to consider this issue not as a passive risk, but as a serious issue concerning compliance, and to establish procedures to solve it on an organizational scale. We will also develop systems for responding to anti-social forces and ensure related contractual provisions, so that persons in charge can respond to such forces with confidence.

With Shareholders/Investors

We are committed to timely and appropriate information disclosure in order to gain stable long-term trust and support from shareholders and investors.

Transparent Business Management

Kurimoto believes that timely and appropriate disclosure of information to shareholders and investors leads to their long-term and stable trust and support. We transmit information on business activities and make efforts to maintain good relationships with society in order to promote the growth of the company and to contribute to society.

Communication with Shareholders and Investors

We visit institutional investors and security analysts in an effort to transmit information on our business activities. IR materials such as earnings briefings, securities reports and annual reports are available on our website so that the information is provided in a timely and appropriate manner. Annual reports and interim reports are also delivered to shareholders.

We consider that general meetings of shareholders offer significant opportunities to our management personnel to have communication with shareholders. In the annual meetings, the President himself explains our management policy and corporate activities to shareholders in an easy-to-understand way.

Data on Shareholders

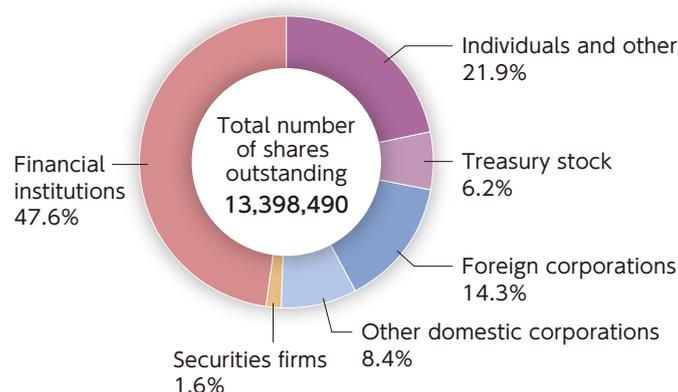
The total number of shares outstanding as of the end of March 2017 is 13,398,490. The breakdown of the shareholders is presented below.

※According to a resolution at the annual meeting of shareholders held on June 29, 2016, consolidation of common shares issued by Kurimoto as of October 1, 2016 was conducted to consolidate 10 shares into one share. As a result, the total number of shares outstanding was reduced by 120,586,418 shares to 13,398,490 shares.

■ Composition of Shareholders and Their Shareholding Ratio

Category	Ratio (%)
Individuals and other	21.9
Treasury stock	6.2
Foreign corporations	14.3
Other domestic corporations	8.4
Securities firms	1.6
Financial institutions	47.6

(as of the end of March 2017)



With Local Community/Society

The Kurimoto Group conducts community-based contribution activities in many parts of the world in order to fulfill in various ways the principle in the Corporate Philosophy "We respect and value Earth, its water, air and life, and we will protect social infrastructure."

Co-existence with Local Communities

Participation in the Yamato River and Ishi River Cleanup Campaign

Employees and their family members, as well as retirees, from the Kurimoto Group participate in the Yamato River and Ishi River Cleanup Campaign, which is the largest joint cleanup event in Osaka Prefecture, every year. While only two people participated in the first campaign (in 1999), the number of participants increased as we continued this initiative, and 138 people joined this year's event.

We worked with local residents and successfully removed garbage of various sizes again this year. We will continue to be a part of the campaign and make our best effort to help improve the water quality in Yamato River.



Participation in the Hirose River 10,000 People Project - Hirose River Cleanup Campaign

The Tohoku Office participates in the Hirose River 10,000 People Project - Hirose River Cleanup Campaign as part of its social contribution activities. Developed under an executive committee set up by citizens, companies, administrative bodies, etc., this campaign aims to conserve the natural environment of Hirose River, a symbol of Sendai, which is called "Mori no Miyako (Forest City)," and maintain the river as a place that many citizens can enjoy.

We selected an area with much garbage on the right bank around the Ohashi Bridge again this time and picked up plastic bottles, boxed lunch waste, driftwood and other trash. We will continuously participate in the cleanup campaign in order to contribute to the local community.



Sale of hand-made bread and cookies at Head Office and factories in Osaka

Many people with disabilities work at welfare facilities in Osaka Prefecture. They, however, receive very low wages, and to improve this situation, the prefectural government has formulated a plan to raise wages. In this context, Kurimoto's Head Office and factories in Osaka Prefecture support the activities of such welfare facilities to sell bread and cookies once a month as part of our CSR efforts. The bread and cookies are so popular that they are often completely sold out at some of the worksites.



Fair Personnel Management, Support for Capacity Building

Based on the concept that people are the most important assets for companies, the Kurimoto Group seeks to maximize the contribution of each employee to its business management and takes measures that respect their diversity and individuality.

Basic HR Policy

For the Kurimoto Group to achieve sustainable growth, we believe that it is important to maximize the abilities and motivation of human resources, "people" who grow and upgrade their own value. In accordance with the basic policy on human resources shown on the right, various personnel systems and programs are operated to help all employees feel proud and motivated to work and to achieve self-fulfillment through their work.

- 1. Recruitment of "people" who fit the management strategy**
We work to actively recruit human resources with the skills and experience needed for the realization of our business and management strategy on a timely basis.
- 2. Development of "people" who reform the management culture**
We work to vitalize our people and organizations through various personnel programs that motivate employees and help them demonstrate their best performance, and to develop a lively corporate culture with focus on "reform, challenge and creation."
- 3. Cultivation of "people" who reform their mindsets and behaviors**
We work to cultivate human resources and encourage them to work autonomously so that they can develop themselves to contribute to their organizations.

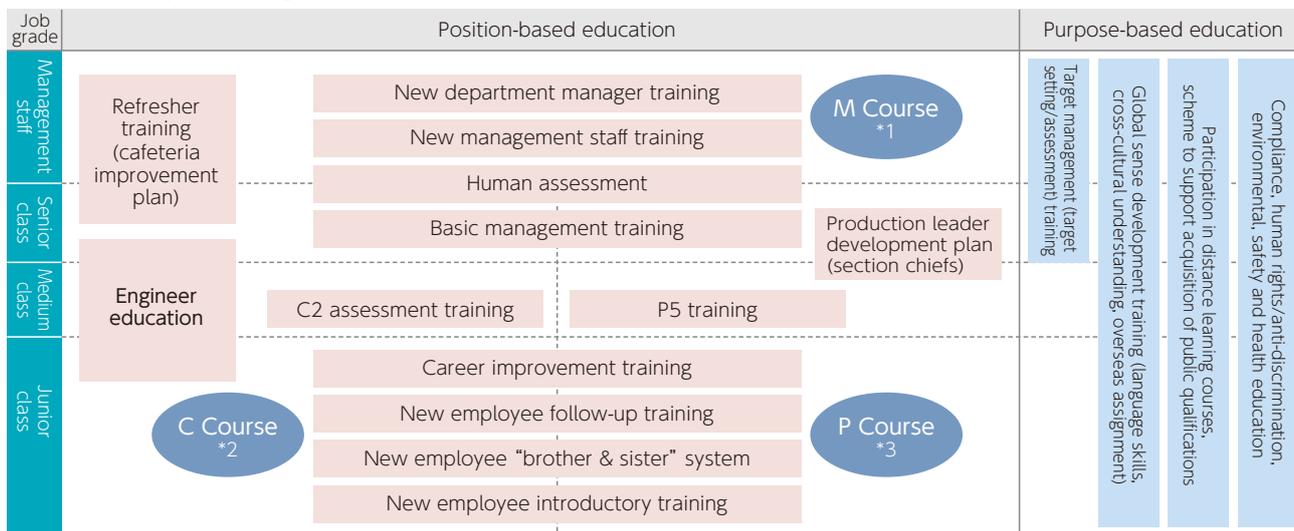
Support for Capacity Building toward Self-fulfillment

The basic image of human resources that Kurimoto seeks is that of those who are always aware of problems and who proactively take the initiative to solve challenges in their workplace. We have established basic policy on education, and assist employees in building capacity so that they can realize self-fulfillment through development of their career in terms of professional skills and positions. The training courses provided for them are tailored to their respective work approach and expected roles.

Basic Education Policy

- We will produce value-added products through capacity building of employees in order to seek improvement and expansion of business performance and to make social contribution.
- We assist employees in capacity building for self-fulfillment and aim to help them foster a rich humanity that is able to make social contribution both as business persons and as members of society.

Education System Diagram



*1: M Course (management course) *2: C Course (creative course) *3: P Course (professional course)

HR rotation system (C Course, medium class)

We have operated an HR rotation system mainly for medium class employees in the C Course (clerical and technical positions) since April 2015. The HR rotation system has three objectives, namely (1) Identification of the right jobs for the right persons and development of human resources, (2) Vitalization of organizations and (3) Creation of added value and innovation. This system will help the employees find new aspects of

themselves through experience in different jobs and organizations. We also believe that when employees with various backgrounds gather in an organization, they learn diverse viewpoints and values from each other through discussions and stimulate each other to vitalize the organization, and this will lead to business creation and the improvement of added value.

Work Environment

The Kurimoto Group values diversity of human resources in the workplace, and aims to create a work environment where employees can perform according to their respective abilities and aptitudes with a sense of security.

Respect for Diversity

Respect for human rights

Based on the concept that respect for human rights is the very foundation on which a company exists in society, Kurimoto is committed to a wide range of human rights enlightenment activities so that all employees can properly understand human rights and anti-discrimination issues and recognize the nature of discrimination to enhance their awareness of human rights. We promote such activities extensively both inside and outside the company, including organizing job-position-specific workshops concerning these issues, encouraging employees to attend relevant outside seminars and periodically supplying human rights-related information, as well as becoming a member of the Osaka Municipal Council for the Promotion of Corporate Human Rights and the Corporate Federation for Dowa and Human Rights Issue, Osaka.

In March 2017, we organized training sessions under the theme of "Diversity management as a business strategy." The sessions featured the importance of "promotion of diversity (active recruitment of diverse human resources)," which is essential for the sustainable growth of the organization in the future, with focus on the current situation and challenges of activities to encourage women to play active roles.



Diversity management training session

Promotion of employment of senior workers

Kurimoto introduced a re-employment scheme in April 2006 to continuously retain all employees who have reached retirement age but who wish to continue working until the age of 65 as a general rule. The applicants can flexibly select the work style that fits their individual lifestyle, such as full-time work or a more relaxed work style (working on half-day or alternate-day basis). We offer various programs and work conditions to encourage senior workers to aggressively use their skills and know-how even after reaching retirement age, including a system to reflect their performance on their retirement benefits.

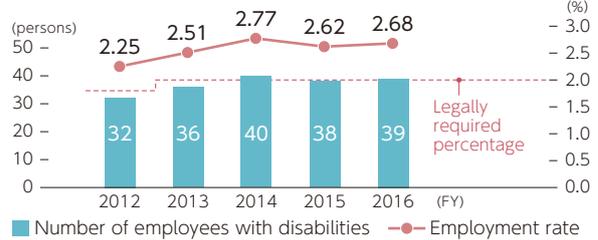
Number of Re-employed Workers and Re-employment Rate by Year



Promotion of employment of people with disabilities

The Kurimoto Group continues to make various efforts to create a comfortable work environment for people with disabilities and to adapt the workplace to accommodate their needs.

Employment of People with Disabilities by Year (Kurimoto)



* As of June 1 every year (according to the annual report on the employment of people with disabilities)
* Employing one person with severe disabilities is considered the same as employing two persons with disabilities.

Promotion of measures to support female workers to play more active roles

We provide training to female employees and bosses and have also formulated the action plan below to develop a work environment where female workers can play more active roles.

Action plan based on the Act to Advance Women's Success in their Working Life

(2 years from April 1, 2016 to March 31, 2018)

- Among the new employees hired at the time of regular employment for the Creative Course (main career track in clerical and technical positions), increase the ratio of female workers in clerical positions to 40% and the ratio of female workers in technical positions to 20%.

We will promote various initiatives concerning recruitment, staffing, training, etc., to support female workers to play more active roles.

Promotion of support for balancing work and life

Kurimoto aims to help employees balance work and life and keep working lively. Our initiatives to promote work-life balance include establishment of a general business owner action plan based on the Next Generation Nurturing Support Measures Promotion Law, as well as development and improvement of programs to allow employees to take childcare and nursing care leave and reduce their working hours to devote more time for childcare.

Action plan based on the Next Generation Nurturing Support Measures Promotion Law

(Three years, from April 1, 2015 to March 31, 2018)

- Identify the achievements of initiatives aimed at promoting child rearing combined with work life (e.g. use of the next generation nurturing support system), and take necessary measures.
- Take measures to encourage employees to use up their paid leave.

In recognition of our efforts to support development of the next generation based on our previous action plan, the Ministry of Health, Labour and Welfare certified Kurimoto as a company that supports child rearing, and granted the next generation accreditation mark, "KURUMIN," for the second time in 2015.



Use of Childcare-related Programs (FY2012 to 2016)

Proportion of female workers who took childcare leave	100%
Number of male workers who took childcare leave	5 persons
Number of workers who reduced working hours for childcare	19 persons
Number of days off taken for nursing care	61 days

Safety and Health

The Kurimoto Group actively develops safety and health activities with the involvement of partner companies to attain the goal of zero occupational accident and zero occupational illness.

Progress in Safety and Health Activities

Since 1962, the Kurimoto Company-wide Safety and Health Committee has held meetings with the participation of the whole Kurimoto Group, including partner companies, in health and safety activities to meet the target of zero occupational accidents and zero occupational illnesses. Our safety initiatives include thorough implementation of fundamental activities such as safety patrol, safety training, risk assessment and risk prediction. We also address health-related issues such as prevention of lifestyle-related diseases, avoidance of overwork and strengthening of support for mental health, through organization of workshops, consultations with industrial physicians and stress checks in a planned manner.

Kurimoto's Company-wide Target and Basic Policy for Safety and Health in FY2017

Target : Zero occupational accident and zero occupational illness

Basic Policy

1. We return to the origin that safety should be put before everything else, and everyone from top management to each employee acts with the top priority on safety.
2. We aim to establish workplace groups of people who individually understand and comply with the determined rules and always follow the basics in their operations.
3. We help each employee to grow, and work to create a comfortable work environment as well as a corporate culture that focuses on safety and health with the participation of all employees.
4. We improve safety and health activities in a continuous manner to secure the safety and health of all people involved in the business activities of the Kurimoto Group, and to contribute to the realization of a safe, secure and comfortable society.

Results of Health and Safety Activities

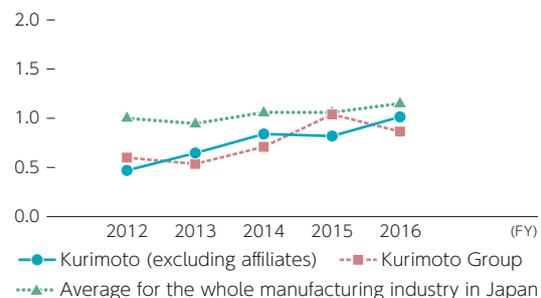
The Kurimoto Group follows the PDCA cycle of safety activities by ensuring, in case of an occupational accident, that the cause is ascertained and that measures are taken to prevent recurrence, in order to eliminate occupational accidents.

Occupational accident data

Number of occupational accidents (Including accidents with no lost workdays)



Frequency Rate



	2012	2013	2014	2015	2016
Kurimoto (excluding affiliates)	0.47	0.64	0.84	0.82	1.02
Kurimoto Group	0.60	0.54	0.71	1.04	0.87
Average for the whole manufacturing industry in Japan	1.00	0.94	1.06	1.06	1.15

Frequency rate is the number of injury accidents per million work hours, and indicates the frequency of accidents that cause a worker to miss one or more days of work.

Frequency rate = (number of injury accidents / total working hours) x 1,000,000

Safety and Health Initiatives

Simulated Hazard Experience Training Hall

We established the Simulated Hazard Experience Training Hall in Kagaya Factory in fiscal 2015. Through simulated hazard experience training, participants experience simulated hazards that lurk in work operations, using simulated hazard experience equipment that help them physically recognize the pain and suffering that may result from an accident in actual operations. The training aims to enhance each person's sensitivity toward danger.

The Simulated Hazard Experience Training Hall is equipped with various training machines that can simulate roughly 20 types of hazards, including getting pinched, getting body caught in machinery, dust explosions and electric shocks, to allow trainees to learn about them. We referred to our past accidents and similar equipment at other companies, and also added some unique ideas of ours for the machinery.

A total of more than 400 people have already received training in the Simulated Hazard Experience Training Hall. We hope that the training leads to creating safe and secure workplaces and also helps the entire Kurimoto Group meet the target of eliminating occupational accidents.



Simulated Hazard Experience Training Hall
(left: experience of a dust explosion; right: experience of an electric shock)

~ Comments from participants (excerpt) ~

"Actually moving my body in the field, I was able to directly see and feel various hazards. The training was useful and worth more than a classroom lecture. I felt that an accident could happen more easily than I had imagined."

"Naturally, most of the past accidents occurred while a person was operating a job with a naive idea that no accident would happen. I will buckle myself up in the workplace and continuously work hard."

Accident Calendars

We are making efforts to prevent occupational accidents by not forgetting about accidents in the past and reminding employees of the importance of safety repeatedly. Accident calendars list past occupational accidents in each factory by date to present lessons and refresh the recognition of the hazards that occurred in the same period of past years so that recurrence of occupational accidents can be prevented.



Accident Calendars

Traffic Safety Workshops

In each of our worksites, traffic safety workshops are provided by the local police. We also take traffic safety measures from different perspectives using know-how of company car lease dealers, etc., such as driving aptitude tests with a driving simulator and simple diagnostic tests. Since a serious traffic accident can result in death or involve a large number of people and have major social impact, it is important to continuously provide traffic safety education to the drivers of company cars for business purposes as well as the employees who commute by car.

The traffic safety workshops give precious opportunities to understand the importance of safe driving, enhance awareness of traffic safety and renew the recognition of improvement of traffic manners.



Driving simulator

~ Comments from participants (excerpt) ~

"The DVD showing bicycle accidents was shocking. As I often ride a bicycle on sidewalks without thinking, I would like to be careful not to do so in the future."

"The video we watched was very specific and easy to understand, and the risk prediction training also gave recognition to the importance of predictive driving in various situations and was helpful for driving in the future."

Support for mental health

Workers tend to be subject to increasingly more stress in modern society, and more than half of workers feel anxious or stressed in their work. Business operators are required to actively promote the "Guidelines for Maintaining and Improving Worker's Mental Health" to improve the work environment and thereby maintain and operate healthy business management.

In recognition of the significance of mental health care, we launched an initiative to encourage employees to be aware of stress on themselves, even before introduction of a stress check system was made compulsory in 2015. We will continue to organize support programs such as mental healthcare workshops, individual stress checks and a program to assist employees in resuming work, and also plan to develop a comprehensive mental health support system with help from external professional organizations, etc.



Mental healthcare workshop

Environmental Conservation Activities

To be committed to protecting the global environment, including the water, air and life of the Earth, in our manufacturing and other business activities, we have established the Kurimoto Basic Environmental Policy and promote activities to show our commitment.

Measures for Environmental Management

Kurimoto Basic Environmental Policy

1. Promotion of environmental management and continuous environmental conservation activities
2. Compliance with laws, regulations, agreements, action plans, etc. and elimination of environmental risks
3. Energy saving, resource saving, reduction of waste and recycling to promote reduction of environmental impact
4. Promotion of shifting to products with lower environmental impact and development of environmental conservation equipment
5. Environmental education and enlightenment of all employees
6. Promotion of participation in social contribution activities

Environmental Management Structure

We regard consideration of the environment as a crucial management task in business activities, and accordingly founded the Environmental Promotion Committee. This committee cross-connects different divisions and worksites to reduce environmental impact and thereby ensure that we can contribute to the establishment of a sustainable society.



■ Acquisition of ISO 14001 (Environmental Management System) Certification

(as of April 1, 2017)

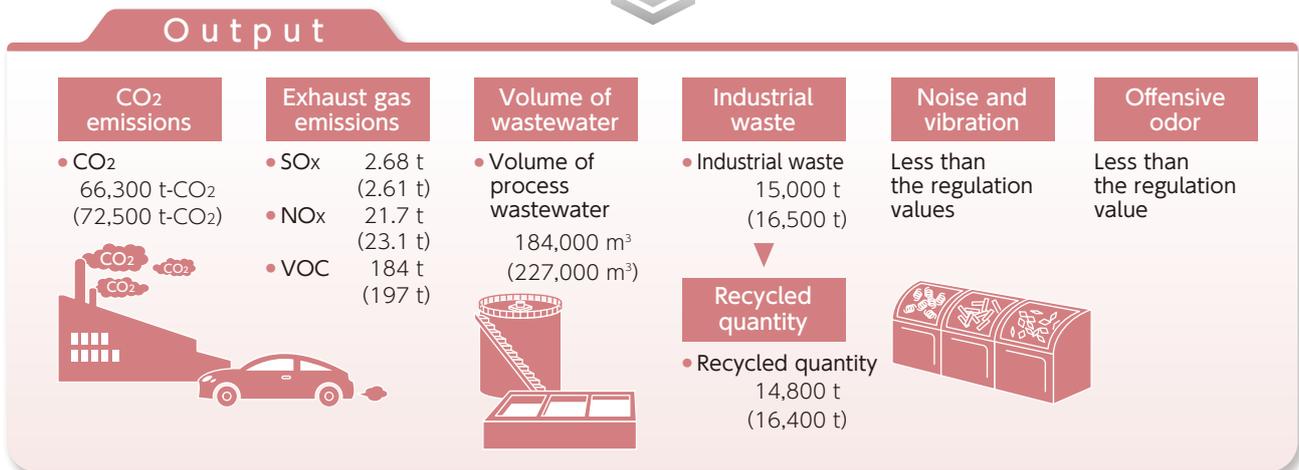
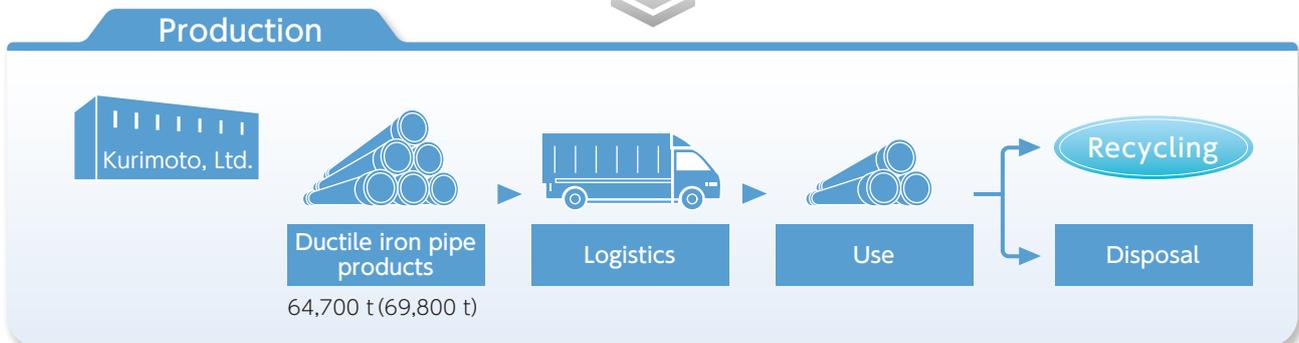
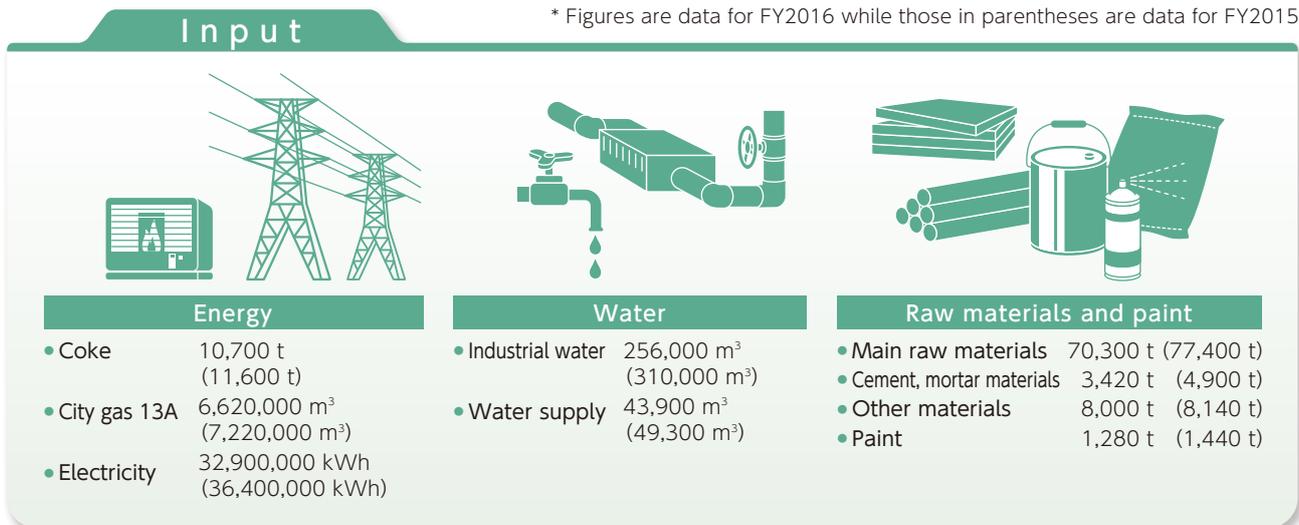
Registered organization	Date of registration	Registration No.	Scope of registration
Kurimoto, Ltd. Ductile Iron Pipe Division	December 3, 1999	JQA-EM0613	Sakai Factory, Kurimoto Logistics
	February 10, 2000	JQA-EM0710	Kagaya Factory
Kurimoto, Ltd. Sumiyoshi Factory	March 27, 1998	JQA-E-90144	Divisions (Valve / Plant Engineering and Machinery / Materials and Machinery / Technology Development Division)
Kurimoto, Ltd. Construction Materials Division	July 10, 2009	JQA-EM6376	Katano Factory, Koga Factory
Kurimoto, Ltd. Plastic Products Division	November 30, 2001	JQA-EM1947	Koto Factory, Shiga Factory
Motoyama Eng. Works, Ltd.	February 13, 2009	09ER-736	Main Office & Factory

Material Flow from an Environmental Perspective

Ductile iron pipes play an important role in the main artery of industry, such as underground water and sewage pipes, to underpin people's life in every corner of society including urban, suburban and rural areas. With high adaptability to severe laying conditions, as well as high durability and easy applicability, the pipes are used widely as parts of conduit lines for water supply, agricultural water supply, sewage system and industrial water supply. The products are made

of iron, which is highly recyclable. The raw materials, paint, water and energy necessary for the manufacturing of the pipes are used efficiently in an effort to reduce emissions. The material flow in the production of ductile iron pipes is presented below from the perspective of the environment in two of our factories that manufacture them.

* Figures are data for FY2016 while those in parentheses are data for FY2015



Energy Saving to Reduce CO₂ Emissions

Kurimoto's facilities are mainly composed of iron-pipe-producing factories which have melting, casting and thermal processing sections, and mechanical factories which have machining and assembly sections. The iron-pipe-producing factories account for 86.9% of the CO₂ emissions from the whole company.

Our main initiatives to reduce CO₂ emissions include reduction of coke use through improvement of the production method, reduction of power consumption by introducing energy-saving devices at the time of their renewal, and reduction of gas consumption by using waste heat.

In 2013, the base year for Japan under the Paris Agreement, our CO₂ emissions were 78,400 t-CO₂. Our emissions in 2016 were 76,300 t-CO₂, showing a decrease of 2.68% from the base year.

CO₂ emissions



Environmentally Friendly Transportation

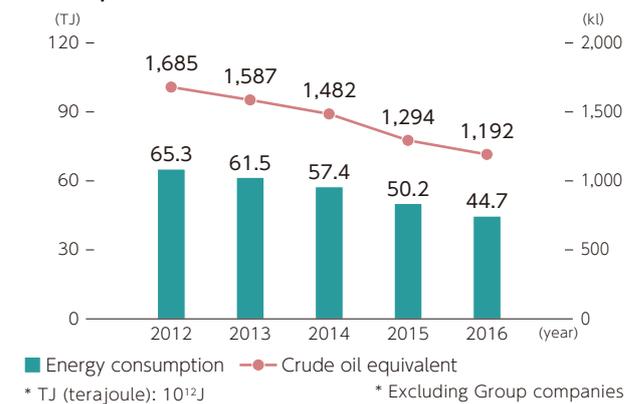
The revised Japanese Energy Saving Law, established in 2006, has required companies to submit an energy saving plan to reduce energy consumption per unit by an annual average of 1% or more since fiscal 2007. To achieve the target, we are continuously taking measures to reduce environmental impact in transportation of cargo.

Some specific examples include our proactive promotion of a so-called "modal shift" to eco-friendly transportation such as railway containers and marine transportation, when shipping products from our factories to distribution centers in various regions.

As a result, we reduced energy consumption by approximately 27.3% from the 2013 level, to 44.7 TJ (terajoule) in fiscal 2016.

In coming years, we will further strengthen alignment among related departments, and pursue the combination of reduced environmental impact and efficient cargo transportation.

Transportation data



Waste Reduction Activities

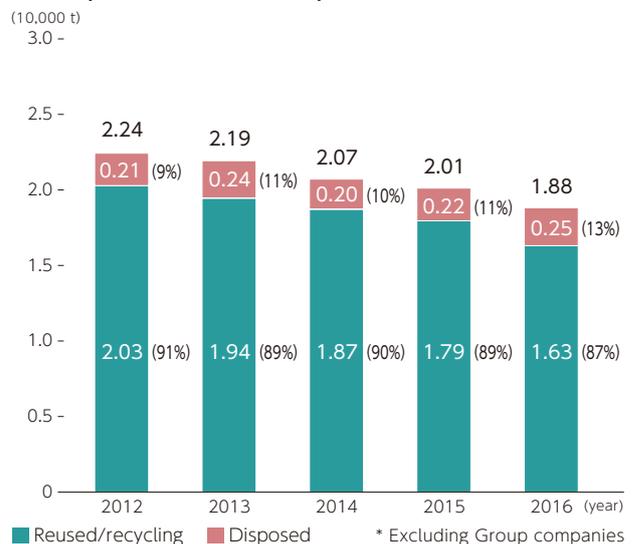
As part of the implementation of the ISO 14001 environmental management system, we aim to reduce industrial waste, promote appropriate recycling and ensure proper disposal of waste, in order to minimize environmental impact.

Approach to waste reduction

We reduce the amount of waste generated in our worksites and transported out of the sites as industrial waste.

- ① Consider usage of the waste as valuable materials
- ② Consider reduction in waste generation
- ③ Consider recycling of the waste at the worksite
- ④ Mutually share the information between worksites
- ⑤ Share various information on waste collection

Composition of Waste by Year



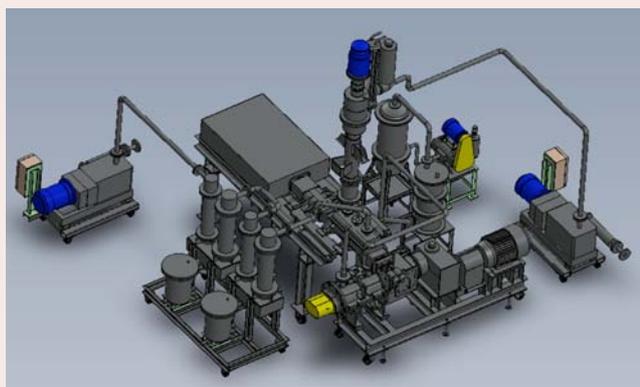
Establishment of a High-function and High-performance Resin Test Center at Sumiyoshi Factory (November 2016)



Test facilities to propose optimal solutions

We have established a high-function and high-performance resin test center as test facilities to propose optimal solutions for reaction and desolvation steps in the manufacturing process of various types of resins, elastomers and synthetic rubber. In the relevant fields, many machines of our company are used for various steps including kneading, reaction, desolvation, crushing and drying.

Desolvation system composed of thin film evaporators and non-uniform speed SC processors



Flow of a combination of thin film evaporators, non-uniform speed SC processors and hybrid reactors

Purpose of the establishment of the high-function and high-performance resin test center

Dedicated to reaction and desolvation steps, this test center, in which various incidental devices are combined with KRC hybrid reactors and non-uniform speed SC processors to form a system, aims to help customers improve their production processes and solve problems.

Features of the reaction unit and desolvation system

The reaction unit is a combination of continuous-type KRC hybrid reactors, which replace batch-type ones, with melting machines, various feeders, pumps, etc.

The KRC hybrid reactor adopts low heat-generation eccentric or concentric paddles to have excellent surface renewal ability and piston flow performance. It can be designed to respond to high temperature and high vacuum, and can also be scaled up.

The desolvation system is a continuous type that combines thin-film evaporators with non-uniform speed SC processors. The non-uniform speed SC processors are provided with a large heat transfer area and a self-cleaning function, and are especially effective for processing of adherent, high viscosity raw materials.

With a combination of these units, about 90% (W. B.) of solvents can be dried to several thousand to several hundred PPM in a stable manner. In comparison with a conventional system with batch-type tanks and extruders, the system is compact and requires less initial and running costs. It also helps improve quality by suppressing oxidation and thermal degradation.



Exterior view of the high-function and high-performance resin test center

3 advantages for customers

- 1 Experiments can be conducted on connected devices, ranging from thin evaporators to non-uniform speed SC processors and KRC kneaders.
- 2 The test center is used to handle a small amount of hazardous materials and dedicated to reaction and desolvation tests.
- 3 Optimality of processes can be verified by changing the combination of devices.

Establishment of Japan Castering Co., Ltd. (April 1, 2017)



As a result of an absorption-type merger of Kawara Steel Co., Ltd., an unconsolidated subsidiary of Taiheiyo Cement Corporation, with Sasebo Metal, Co., Ltd., one of our consolidated subsidiaries, as the surviving company, Japan Castering Co., Ltd. has been newly established.

By concentrating the management resources possessed by the two former companies, Japan Castering aims to enhance the lineup of the existing products, develop new products and promote the efficiency of production and other functions, and also seeks further sustainable growth through development of the domestic business and cultivation of demand in emerging countries, as well as increases in customer value and corporate value.



Japan Castering Co., Ltd.
(common name: JCAS)

Japan Castering

President **Seiji Makino**

■ Head Office address

812 (Oaza-)Kawara, Kawara-machi, Tagawa-gun,
Fukuoka 822-1406
TEL. +81-947-32-3307

■ Offices and factories

Head Office and Kawara Factory, Sasebo Factory



The logo represents a scene where melted iron is being poured into a mold with "J" and "C," the initials of the English company name.

Stock Information

■ Stock Information

(as of March 31, 2017)

Total number of shares authorized	39,376,600 ※1
Total number of shares outstanding	13,398,490 ※2
Share unit	100 ※1
Number of shareholders	7,929

※1 The articles of incorporation were amended on October 1, 2016 in accordance with a share consolidation, to change the total number of shares authorized and the number of shares per unit to 39,376,600 and 100 respectively.

※2 Consolidation of common shares issued by Kurimoto as of October 1, 2016 was conducted to consolidate 10 shares into one share. As a result, the total number of shares outstanding was reduced to 13,398,490 shares.

■ Major Shareholders (Top 10)

(as of March 31, 2017)

Name	Number of shares held (1,000)	Percentage of shares held (%)
Taiyo Life Insurance Company	1,209	9.6
Japan Trustee Services Bank, Ltd. (Trust account)	950	7.5
Nippon Life Insurance Company	678	5.3
Resona Bank, Ltd.	444	3.5
Mizuho Bank, Ltd.	362	2.8
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	320	2.5
Iwatani Corporation	289	2.3
Sumitomo Mitsui Banking Corporation	272	2.1
The Master Trust Bank of Japan, Ltd. (Trust account)	264	2.1
CBNY DFA International Small Cap Value Portfolio	231	1.8

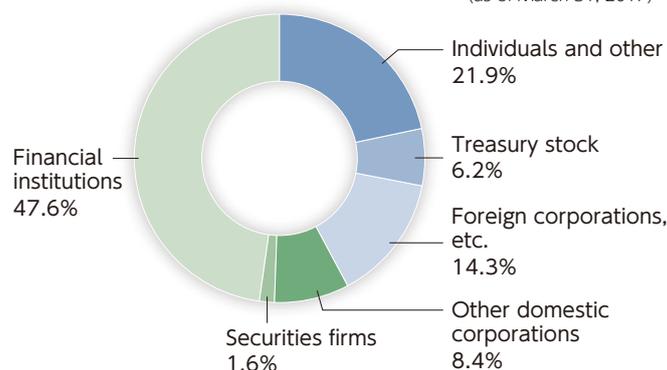
※1 We hold treasury stock (826,189 shares), which is not included in the table above.

※2 Treasury stock is excluded from the calculation of the percentage of shares held.

※3 Treasury stock does not include our shares held by Trust & Custody Services Bank, Ltd. (Trust E Account) as trust assets for board benefit trust (BBT) (51,948 shares).

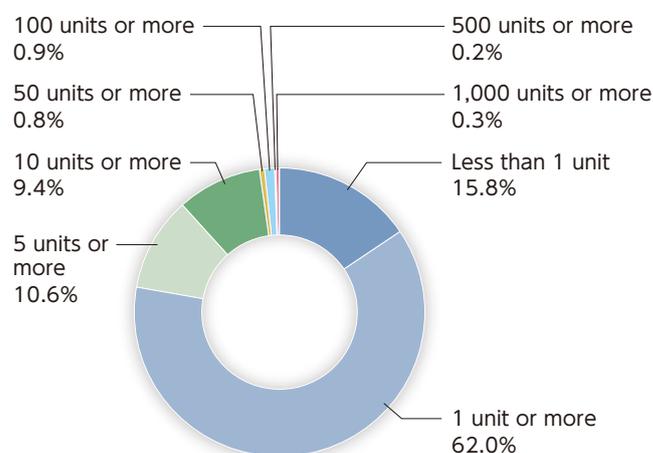
■ Breakdown of Shareholding by Investor Type

(as of March 31, 2017)



■ Breakdown of Shareholding by Number of Shares Held

(as of March 31, 2017)



Shareholder Information

Fiscal year	April 1 through March 31 of the following year	Inquiry phone number	0120-288-324 (toll free in Japan) Open from 9 a.m. to 5 p.m. (except Saturdays, Sundays and public holidays)
Annual Meeting of Shareholders	Held in June every year	Managing agency for special accounts	Mizuho Securities Co., Ltd. Head Office, branch offices and Planet Booths (satellite offices within Mizuho Bank lobbies) across Japan Mizuho Trust & Banking Co., Ltd. Head Office and branch offices across Japan
Record date of dividend		Method of public notices	Electronic public notices on Kurimoto's website. However, if an electronic public notice is impracticable due to unavoidable reasons, the public notice will be published in the Sankei Shimbun newspaper distributed in Osaka City. Website: http://www.kurimoto.co.jp
Year-end dividend	March 31	Number of shares per unit	1,000
Interim dividend	September 30	Stock exchange listing	Tokyo Stock Exchange
Record date of annual meeting of shareholders	March 31 Other record dates are established as necessary with prior public notice.	Securities code	5602
Transfer agent and special accounts management institution	Stock Transfer Agency Department of the Head Office of Mizuho Trust & Banking Co., Ltd.		
Location of transfer agent	1-2-1, Yaesu, Chuo-ku, Tokyo, Japan		
Mailing address	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 2-8-4 Izumi, Suginami-ku, Tokyo 168-8507, Japan		

■ For shareholders holding less than 100 shares

The number of shares per unit (trading unit) for Kurimoto is 100.

You cannot trade odd-lot shares (1 to 99 shares) on a securities exchange, but we have a system to purchase your odd-lot shares upon request.

For details on the procedures, please consult the securities company you deal with or Mizuho Trust & Banking mentioned above.

■ Inquiries related to shares

- If your shares are currently deposited with a securities company, please inquire of that company about stock-related procedures such as change of address, request for purchase of odd-lot shares and change of the dividend receiving method.
- If your shares are not deposited with any securities company, your shares are managed through a special account opened by Kurimoto at Mizuho Trust & Banking. As shares in a special account cannot be traded unless a request for purchase of odd-lot shares is made, we recommend that you open an account under your name at a securities company to transfer the shares to that account. For details on the procedures, please contact Mizuho Trust & Banking mentioned above, which is the special accounts management institution.
- Only the payment of unpaid dividends is handled at Mizuho Bank, Ltd. Head Office and branch offices across Japan.

Company Profile / Editorial Policy

■ Company Profile

Company Name	Kurimoto, Ltd.
Founded	February 2, 1909
Incorporated	May 10, 1934
Capital	31,186,098,159 yen
Number of employees	1,352 (non-consolidated) 1,981 (consolidated)
	(as of March 31, 2017)

■ Kurimoto Group

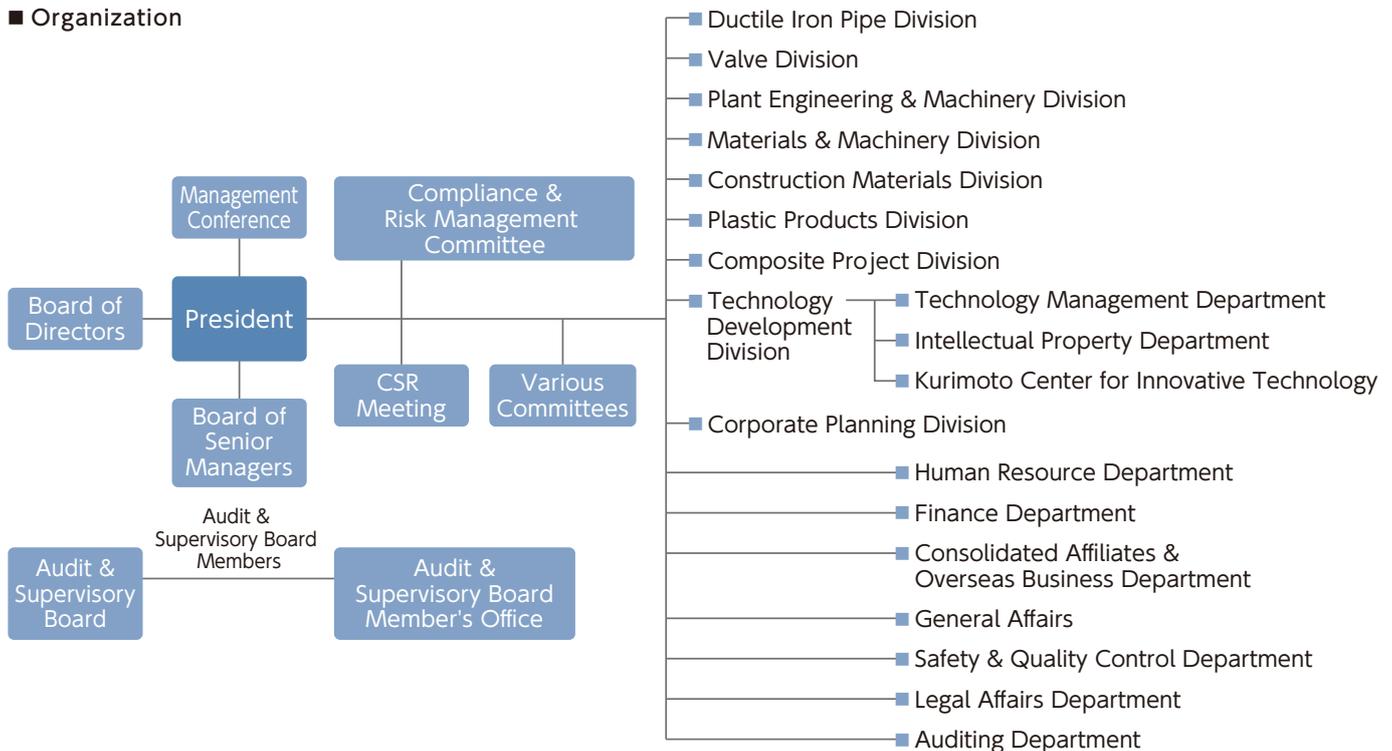
Affiliates in Japan

- Kurimoto Trading Co.,Ltd.
- Yamatogawa Co., Ltd
- Hokkaido Kanzai Co. Ltd.
- Kurimoto Logistics Corporation
- Motoyama Eng. Works, Ltd.
- KS-Tech Co., Ltd.
- Yashima Chemical Engineering Co., Ltd
- Japan Castering Co., Ltd.
- Nihon Kaiser Co., Ltd.
- Kurimoto Business Associates Co., Ltd.

Affiliates in Other Countries

- Riko, Ltd.
- Kuritetsu (Shanghai) Trading Co., Ltd.
- Readco Kurimoto, LLC.
- Kurimoto USA, Inc.
- Kurimoto (Philippines) Corporation

■ Organization



(as of July 1, 2017)

Editorial Policy

- This brochure is the second integrated report published by the Kurimoto Group, after 2016.
- Our financial information and non-financial information, which used to be disclosed separately, are now presented in a single publication to show the whole picture of the Kurimoto Group, including its business activities, future strategies and plans, management system and CSR activities in a balanced manner.
- This report has been prepared for stakeholders who are interested in our Group's value creation activities on a short-, mid- and long-term basis, including shareholders and other investors, customers, suppliers, employees and their families, students and jobseekers, and citizens and consumers with high interest in environmental issues.
- We also included the latest information at the time of the publication of the report to the greatest extent possible. When the target period or area is different between items, it is accordingly mentioned for each case.

X KURIMOTO, LTD.