To All Persons Concerned

Name of Listed Company: Kyocera Corporation
Name of Representative: Hideo Tanimoto, Director and President
(Code number: 6971, TSE Prime Market)
Person for Inquiry: Hiroaki Chida
Executive Officer,
Senior General Manager of Corporate Management Control Group
(Tel: +81-75-604-3500)

Our view on proxy voting recommendations made by ISS

Kyocera Corporation (“the Company”) has recognized the fact that Institutional Shareholder Services, Inc. (“ISS”) has issued a report recommending shareholders to vote against a part of candidates in the Proposal 3 “Election of Nine (9) Directors” in our 69th Ordinary General Meeting of Shareholders to be held on June 27, 2023.

The Company would like to state our views on ISS’s recommendations to vote against our candidates as follows. We sincerely ask our shareholders and investors to read the Notice of the 69th Ordinary General Meeting of Shareholders and the contents hereof, and to understand the relevant proposal.

1. Recommendations made by ISS
ISS has established quantitative criteria to recommend a vote against a company’s top executive if the company allocates a significant portion (20 percent or more) of its consolidated net assets to cross-shareholdings. As the portion of the Company conflicts with the quantitative criteria, ISS recommends a vote against the proposal for the election of Goro Yamaguchi (Chairman and Representative Director, candidate #1) and Hideo Tanimoto (President and Representative Director, candidate #2).

2. The Company’s Opinion
The Company engages in cross-holding or unilateral holding of shares with the objective of improving the Company’s corporate value in the medium- to long-term, focusing on corporate growth through maintenance of business relationships, realization of profits through shareholdings, and the social significance of the issuing companies. However, to achieve the target of reducing its shareholdings, the Company conducts an annual review of all individual shareholdings to decide whether or not the Company’s holding of the relevant shares is appropriate, taking into account the need to maintain the business relationship and/or efficiency in use of assets (taking into considering its cost of capital), etc.
For any shares as to which a justifiable reason for holding them cannot be identified, the Company has taken actions such as decreasing its holdings of such shares through discussions with the issuing company of such shares. Accordingly, the number of shareholdings of listed company stocks in Japan held by the Company in the year ended March 31, 2017, had been 37, and the number had decreased to 17 in the year ended March 31, 2023.
Furthermore, as a consequence of multiple dialogues lead by two representative directors with the institutional investors in the past two years, the Company has reached the conclusion that it is important to clarify the numerical reduction policy to further reduce its shareholdings which can be implemented steadily. Therefore, in April 2023, the Company resolved at a meeting of its Board of Directors to adopt a target of reducing its shareholdings by at least 5% on a book value basis by the fiscal year ending March 31, 2026.

The Company founded Daini Denden Inc. (current KDDI Corporation) as a strategic and social business investment based on its management philosophy, “contributing to the advancement of society and humankind,” and since then the Company has been holding its shares. As the value of the shares of KDDI Corporation increased in reflection of its business development, the value of such shares within the Company’s consolidated net assets has also increased. Since we do not hold the shares of KDDI Corporation for the purpose of cross-holding, nor do we hold them for the purpose to increase business transactions with KDDI Corporation, we believe that what ISS refers to in its report as "CROSS-SHAREHOLDINGS" is clearly not applicable.

As a result of the review of the appropriateness of its shareholding in KDDI Corporation by the Board of Directors, the Company has reached the conclusion that KDDI Corporation is the Company’s partner that will play an important role in the Company’s sustainable growth strategy, and at this point, the Company has decided to maintain its shareholding in KDDI Corporation to further its strategic alliance with KDDI Corporation to enhance the Company’s corporate value over the medium- to long-term, and also to use such shares for procurement of investment funds necessary for the Company’s sustainable growth. However, the Company will continue to review the appropriateness of its shareholdings in KDDI Corporation. For example, the Company currently pledges a portion of its holding of KDDI Corporation shares as collateral for a portion of the Company’s bank borrowings in order to reduce funding costs, however, if interest rates rise in the future and funding cost reductions cannot be expected, the Company will examine the economic rationale under such circumstances.

We are very much disappointed with the assumed fact that ISS did not take the above approach and efforts to date into accounts in its judgment. The Company strongly believes that voting-down Chairman Yamaguchi, and President Tanimoto would not be beneficial to sustainable shareholder value creation of the Company. Both Chairman Yamaguchi and President Tanimoto are nominated for reelection as strong top management team that can drive the Company towards medium- to long-term enhancement of shareholder value and capital productivity after the consultation of the Nomination & Compensation Committee which is participated by all of the Company’s Outside Directors. We sincerely ask our shareholders to be aware of our views above and to make informed and deliberate voting decisions.
The following is an overview of the Company’s initiatives announced at the financial presentation on May 16, 2023, and described in the Notice of the 69th Ordinary General Meeting of Shareholders.

The Company will pursue following initiatives to achieve sustainable profit growth and to improve capital efficiency.

1. Set Three-Year Medium-Term Management Plan
   • Enhance profitability through selection and focus
   • Continue record high capex to gain medium- to long-term business opportunities

2. Implement Clear Financial Strategy
   • Prioritize allocation of resources by setting capital allocation plan
   • Conduct share repurchases

3. Towards Better Corporate Governance
   • Implemented numerical target to boost reduction of cross-shareholdings
   • Further expand stock compensation plan in management remuneration

Financial presentation materials for the year ended March 31, 2023