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FANUC CORPORATION

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The corporate governance of FANUC CORPORATION (the “Company”) is described below.

## I. Basic Views on Corporate Governance and Basic Information on Capital Structure, Corporate Attributes and Other Matters

### 1. Basic Views **Updated**

The Company has been engaged in business activities based on “Strict Preciseness and Transparency,” as its fundamental management policy.

The Corporate Governance Guidelines (the “Guidelines”) is posted on the Company’s website to provide basic views and other matters concerning corporate governance of the Company.

(<https://www.fanuc.co.jp/en/sustainability/policy/guideline.html> )

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company has implemented all of the Principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] **Updated**

[Principle 1.4 Strategic Share Holdings (So-called “Cross-Shareholdings” in the Corporate Governance Code)]

1 The Company will hold shares of other companies only when it is deemed necessary for the maintenance and expansion of the business of our Group from a medium and long-term perspective based on the benefits, such as the development of new products, the stable procurement of parts and materials, the maintenance of business relationships with customers, etc., upon considering the holding costs, etc. as well. Every year, we will perform an assessment based on such perspectives, and will strive to reduce the number of shares for which the holding significance is determined to be tenuous.

2 In exercising our voting rights of cross-held shares, we will comprehensively consider impact on our business and on management of such other companies, and other such matters, from a medium and long-term perspective, and then we will appropriately exercise such voting rights.

[Principle 1.7 Related Party Transactions]

For transactions involving director conflicts of interest and the like, such directors must obtain approval of the Board of Directors as required by laws and regulations, and we will provide guidance to officers and employees from time to time so that they will not impair the shared interests of shareholders.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

In order to secure future benefit resources in a stable manner while considering the risks, the corporate pension fund is making investments for the purpose of securing overall profits that are deemed to be necessary in the long term.

Under the fund, the Asset Management Committee, which is led by the chief financial officer and is composed of executives and staff of the Accounting Department and the Human Resources Department, is established. The asset management policy and asset composition ratio according to policy are evaluated by the Asset Management Committee, and then determined at the Conference of Representatives. Investment status is monitored on a regular basis.

The party who is entrusted with the investment of the fund accepts the Japanese version of the Stewardship Code.

The fund incorporates personnel who have the appropriate skills as well as having office workers attend outside seminars, etc. in order to improve their skills.

[Principle 3.1 Full Disclosure]

(i) Company Objectives (e.g., Business Principles), Business Strategies and Business Plans

We ensure the practice of the principle, “Strict Preciseness and Transparency,” which has been the basic principle of FANUC.

Strict Preciseness

The permanence and soundness of a company are created by Strict Preciseness.

Transparency

The corruption of an organization and the collapse of a company start from opacity.

While firmly maintaining “Strict Preciseness and Transparency,” our Group strives to practice the following through the unified efforts of the Group.

- While keeping in mind the original notion that FANUC products are equipment to be used at production sites, we will ensure, in product development, that they are “Reliable” “Predictable” “Easy to Repair” in order to support our customers in minimizing downtime and improving the operating rates of their plants.
- Prioritizing service activities over sales activities, we will take a “Service First” attitude in which we provide high level services that meet the global standards of FANUC in all parts of the world.
- As long as customers continue to use FANUC products, we will keep on providing maintenance service, which we call “lifetime maintenance.”
- Under the slogan of “one FANUC,” we will make the fullest use of the following strength of our Group: the provision of total solutions that integrate FA, robots and robomachines, and the provision of customer service around the world as a united group.

(ii) Basic Views and Guidelines on Corporate Governance

We think it is important for the practical functioning of governance to share such an easy-to-understand and simple principle among all officers and employees of the Group.

We have the code of conduct while practicing “Strict Preciseness and Transparency,” we will make efforts to maintain a high level of awareness of officers and employees of our Group into the future.

(iii) Board Policies and Procedures in Determining the Remuneration of the Senior Management and Directors.

For remuneration of directors (except for directors who are Audit and Supervisory Committee Members), we determine an amount of remuneration of inside directors, basically based on their positions, that consists of performance-based remuneration, fixed remuneration and stock-based remuneration, and an appropriate amount of fixed remuneration of outside directors from the standpoint of ensuring independence, which are both determined by resolution of the Board of Directors to the extent approved

at the shareholders' meeting. This decision shall be made by the Board of Directors after consultation with the Nomination and Remuneration Committee, which is chaired by independent outside directors and the majority of which is composed of independent outside directors.

(iv) Board Policies and Procedures in the Appointment and Dismissal of Senior Management and the Nomination of Director Candidates

The appointment and dismissal of the candidates for directors, including the chief executive officer, shall be conducted by the Board of Directors after consultation with the Nomination and Remuneration Committee, which is chaired by independent outside directors and the majority of which is composed of independent outside directors.

(v) Explanations with Respect to the Appointment and Nomination of Individual Directors

Explanations on each of the appointment and nomination of candidates for Directors upon their nomination

For the reasons for electing candidates for Directors, please refer to the Notice of Convocation of the Ordinary General Meeting of Shareholders posted on the Company's website.

(<https://www.fanuc.co.jp/en/ir/meeting/index.html>)

[Supplementary Principle 4.1.1 Disclosure of Scope and Content of Matters Delegated to Management.]

In principle, the Board of Directors will delegate determinations regarding the execution of business to the President and CEO in order to make quick decisions, except matters that will be subject to arbitrary decisions by the Board of Directors as required by laws and regulations, and other important matters as set forth in the standards for matters referred to the meetings of the Board of Directors.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

We will select, as candidates for independent outside directors, individuals who have no material conflicts of interest and are expected to freely make honest statements, etc., at the meetings of the Board of Directors and in other situations. (For example, we would ensure that the amount of transactions between the company the individual worked for and our company accounts for small percent of the consolidated sales of each group, and (in the case where the individual worked for a bank) there are no borrowings.)

[Supplementary Principle 4.11.1 Balance between Diversity, Knowledge, and Experience etc. of the Board as a Whole]

We will select, as inside directors, individuals who are expected to contribute to the enhancement of corporate values, considering their past commitment to business, and we will select, as outside directors, individuals who have no material conflicts of interest and are expected to freely make honest statements, etc., at the meetings of the Board of Directors and in other situations.

[Supplementary Principle 4.11.2 The status of Directors Holding Concurrent Posts]

We disclose important concurrent posts of Directors along with the reasons for being selected as a candidate, in the notice of convocation of the general meeting of shareholders where the elections of Directors are proposed. Additionally, at least once a year, the status of Directors holding of concurrent posts are checked and disclosed. (<https://www.fanuc.co.jp/en/ir/meeting/index.html>)

[Supplementary Principle 4.11.3 Analyzing and Evaluating the Effectiveness of the Board of Directors]

As regards the assessment of the effectiveness of the Board of Directors meetings, we continued to perform a survey of all directors and auditors who constitute the Board Meeting in FY 2020 as well. As a result thereof, it has been confirmed that the Board of Directors meetings are sufficiently effective due to such factors as there

being an atmosphere in which opinions can be stated frankly; discussions being conducted in a flexible manner from a multilateral point of view; and that ample time is provided for deliberation.

[Supplementary Principle 4.14.2 Training Policy for Directors]

We will provide explanation to directors from time to time, focusing on important matters under laws and regulations. The section in charge will provide explanation about the overview of management of our company, etc., at the time of their assumption of office, especially to outside directors, and provide other such opportunities so that they can deepen their understanding about management of our company, and we will also provide opportunities for lectures, etc., by outside experts and provide other such opportunities, and thus provide them with necessary support.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

We have a Public Relations & Shareholder Relations Department to serve as a point of contact in relation to constructive dialogue with shareholders, and we are taking the following actions.

1. Overview of Public Relations & Shareholder Relations Department

We think we should promote dialogue with shareholders, for the sustainable growth of the company and the medium and long-term enhancement of corporate value, while putting emphasis on our core business. We have a Public Relations & Shareholder Relations Department, as a section responsible for the promotion of constructive dialogue with shareholders both within and outside Japan.

2. Policy on Promotion of Constructive Dialogue with Shareholders

The Public Relations & Shareholder Relations Department works on the following as measures for the promotion of constructive dialogue with shareholders.

(1) Dialogue with Shareholders

The Public Relations & Shareholder Relations Department actively promotes dialogue by providing shareholders with opportunities to participate in various meetings, factory tours, etc. Dialogues are lively, except that information that is likely to be regarded as insider information or may interfere with our business activities is not discussed.

(2) Opinions, etc. Provided in Dialogue

To promote the sustainable growth of our company and the medium and long-term enhancement of corporate value, we will make efforts to utilize opinions, etc., provided by shareholders through such dialogues.

3. Point of Contact for Dialogue

Contact information is posted on our website (<https://www.fanuc.co.jp/en/ir/index.html>)

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,662,600	17.03
Custody Bank of Japan, Ltd. (Trust Account)	15,047,800	7.84
SSBTC Client Omnibus Account	5,405,025	2.82
Citibank, N.A. - NY, as Depositary Bank for Depositary Shareholders	4,343,259	2.26
JPMorgan Chase Bank 380055	3,957,870	2.06
State Street Bank West Client - Treaty 505234	2,956,451	1.54
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	2,934,700	1.53
The Bank of New York Mellon 140044	2,827,629	1.47
Government of Norway	2,728,081	1.42
Custody Bank of Japan, Ltd. (Trust Account 5)	2,691,300	1.40

Controlling Shareholder (excluding Parent Company)	—
Parent Company	None

### Supplementary Explanation

1. As of March 31, 2021, the Company holds 10,108 thousand shares of treasury stock, but is excluded from the above list of the major shareholders.

2. As of July 20, 2020, a large shareholding report was filed with the EDINET system by Nomura Securities Co., Ltd. which reported that Nomura Asset Management Co., Ltd., together with other joint holders, held the following shares as of July 15, 2020. However, we are not able to confirm the substantial ownership of the shares. The said large shareholding report includes the following information:

Company Name : Nomura Asset Management Co., Ltd.

Number of Shares Owned : 16,762,639 shares

Shareholding Ratio : 8.30%

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Net Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100.0 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances which may have Material Impact on Corporate Governance**

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with an Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	18
Term of Office of Directors Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman
Number of Directors <b>Updated</b>	11
Appointment of Outside Directors	Appointed
Number of Outside Directors <b>Updated</b>	6
Number of Independent Directors <b>Updated</b>	6

#### Outside Directors' Relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Kazuo Tsukuda	From another company								△				
Masaharu Sumikawa	From another company								△				
Naoko Yamazaki	Other												
Yasuo Imai	From another company								○				
Hidetoshi Yokoi	Professor												
Mieko Tomita	Attorney at law												

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Executive or non-executive Director of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which and the Company's Outside Directors are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kazuo Tsukuda		○	Although the Company has business transactions with Mitsubishi Heavy Industries, Ltd., at which Kazuo Tsukuda currently serves as Honorary Corporate Adviser and served as Chairman and President in the past, the transaction value accounts for less than 0.5% of consolidated net sales of both of the company and the Company. Therefore, there is no risk of his independence being affected by that position.	Kazuo Tsukuda has an outstanding knowledge of manufacturing and extensive experience in corporate management. He also has a deep understanding of the Company's business. He has appropriately executed his duties as Outside Director in providing the Company with supervision over and advice on the Company's business. We expect that he will continue to contribute to the Company's Board of Directors from an independent position. He does not correspond to any of the matters as defined by financial instrument exchanges that may involve conflict of interests with general shareholders, and is therefore deemed to be independent.
Masaharu Sumikawa		○	Although the Group has business transactions with Hitachi, Ltd., at which Masaharu Sumikawa served as Representative Executive Officer, Executive Vice President and Executive Officer, the transaction value accounts for less than 0.5% of consolidated net sales of both of the companies. Therefore, there is no risk of his independence being affected by this position.	Masaharu Sumikawa has been involved in the management of the manufacturing industry for many years and has extensive knowledge, and played an appropriate role in auditing business execution as an Outside Auditor. We expect that he will continue to contribute to the Company's Board of Directors from an independent position. He does not correspond to any of the matters as defined by financial instrument exchanges that may involve conflict of interests with general shareholders, and is therefore deemed to be independent.



Naoko Yamazaki		○	—	Naoko Yamazaki has extensive knowledge of advanced aerospace engineering and manned spacecraft systems, including robotic arms, as an engineer. She is well versed in science and technology, as well as risk management including crisis management, and has experienced extremely challenging environments as an astronaut. With her wealth of experience and insight, she has appropriately executed her duties as Outside Director in providing the Company with supervision over and advice on the Company's business. We expect that she will continue to contribute to the Company's Board of Directors from an independent position. She does not correspond to any of the matters as defined by financial instrument exchanges that may involve conflict of interests with general shareholders, and is therefore deemed to be independent.
Yasuo Imai	○	○	Although the Company has business transactions with Air Water Inc., at which Yasuo Imai serves as Director, Vice Chairman of the Board, the transaction value accounts for less than 0.5% of consolidated net sales of both of the companies. Therefore, there is no risk of his independence being affected by that position.	After joining in the Ministry of International Trade and Industry (currently, the Ministry of Economy, Trade and Industry), Yasuo Imai had experience of being posted overseas as General Manager of the Washington Office of Japan National Oil Corporation. He successfully held a number of positions starting from the post of Deputy Director-General, Director-General of the Petroleum Department of Agency for Natural Resources and Energy. Subsequently he moved to the post of Director-General of the Manufacturing Industries Bureau, and then to the post of Commissioner of the Japan Patent Office. Based on these experiences, Yasuo Imai, being familiar with foreign affairs, has a global perspective and extensive knowledge concerning the manufacturing industry and the protection of intellectual property, etc. At the same time, he is currently an active corporate executive and is also knowledgeable about corporate management due to having more than 14 years' experience in business. He has appropriately executed his duties as Outside Director in providing the Company with supervision over and advice on the Company's business with his extensive experience in various fields and from his broad vision. We expect that he will continue to contribute to the Board of Directors and Audit and Supervisory Committee from

				<p>an independent position.</p> <p>He does not correspond to any of the matters as defined by financial instrument exchanges that may involve conflict of interests with general shareholders, and is therefore deemed to be independent.</p>
Hidetoshi Yokoi	○	○	—	<p>Hidetoshi Yokoi has extensive knowledge in manufacturing, having been engaged in research and education at the university and in activities at the Japan Science and Technology Agency to solve problems in society to meet its demands. He has played an appropriate role in audits of business execution as Outside Audit and Supervisory Board Member. We expect that he will continue to contribute to the Board of Directors and the Audit and Supervisory Committee from an independent position.</p> <p>He does not correspond to any of the matters as defined by financial instrument exchanges that may involve conflict of interests with general shareholders, and is therefore deemed to be independent.</p>
Mieko Tomita	○	○	—	<p>Mieko Tomita has specialized knowledge and broad insights cultivated as a lawyer. She provides advice on strengthening the audits and supervision of the Company's business and corporate governance, as well as maintaining and improving compliance. She has also played an appropriate role in audits of business execution as Outside Audit and Supervisory Board Member. We expect that she will continue to contribute to the Board of Directors and the Audit and Supervisory Committee from an independent position.</p> <p>She does not correspond to any of the matters as defined by financial instrument exchanges that may involve conflict of interests with general shareholders, and is therefore deemed to be independent.</p>

**[Audit and Supervisory Committee]****Composition of Members and Attribution of Chairperson Updated**

	Total Number of Members	Number of Standing Committee Members	Number of Internal Directors	Number of Outside Directors	Chairman
Audit and Supervisory Committee	5	1	2	3	Internal Director

Appointment of Directors and Employees who  
are to assist the Audit and Supervisory  
Committee in its duties Updated

Appointed

**Matters concerning the independence of these directors and employees from Executive Directors Updated**

As follows:

- (i) The Secretariat of the Audit and Supervisory Committee shall be established to assist in the duties of the Committee.
- (ii) The employees belonging to the Secretariat of the Audit and Supervisory Committee shall assist in the duties of the Audit and Supervisory Committee according to the instructions of the Committee. Further, when an employee belonging to the Secretariat of the Audit and Supervisory Committee receives any instruction from the Committee relating to its duties, he/she shall be free from the command and control of any Director or employee other than the Directors who are the Audit and Supervisory Committee Members with respect to such work so instructed.
- (iii) The employees belonging to the Secretariat of the Audit and Supervisory Committee have a confidentiality obligation regarding the content of instructions given by the Committee or a member of the Committee.
- (iv) The Audit and Supervisory Committee (or if the Committee nominates a specific member of the Committee, such member of the Committee) shall be consulted in advance regarding personnel affairs such as recruitment, transfer, performance appraisal, etc., of the employees belonging to the Secretariat of the Audit and Supervisory Committee.
- (v) Directors and employees shall pay attention not to impede the independence of the employees belonging to the Secretariat of the Audit and Supervisory Committee.

**Status of Coordination among Audit and Supervisory Committee, Accounting Auditor and the Internal Audit Department Updated**

The status of internal audits and internal controls are reported by the Internal Audit Department and accounting audits are reported by the accounting auditor at the Audit and Supervisory Committee to the Directors who are the members of the Committee to ensure mutual cooperation and maintain close relationships with the auditing (including internal auditing) and supervisory sections.

**[Establishment of Voluntary Committee]**

Establishment of Voluntary Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Status of Establishment of Voluntary Committee, Composition of Members and Attribution of  
Chairperson **Updated**

	Name of Committee	Total Number of Members	Number of Standing Committee Members	Number of Internal Directors	Number of Outside Directors	Number of Outside Experts	Number of Others	Chairman
Committee Corresponding to Nomination Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	Outside Director
Committee Corresponding to Remuneration Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	Outside Director

**Supplementary Explanation **Updated****

With respect to the appointment and dismissal and remuneration of the directors, as well as the plan for the successors, such as the chief executive officer, etc., we will establish the Nomination and Remuneration Committee, which is chaired by independent outside directors and the majority of which is composed of independent outside directors, and we will secure the objectiveness, transparency, etc. of the procedures through consultation with such Committee.

(Names of Constituents)

Outside Director Kazuo Tsukuda (Chairman), Representative Director, Chairman Yoshiharu Inaba, Representative Director, President and CEO Kenji Yamaguchi, Outside Director (Audit and Supervisory Committee Member) Yasuo Imai, Outside Director Naoko Yamazaki

**[Independent Directors]**

Number of Independent Directors <b>Updated</b>	6
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**Matters relating to Independent Directors**

The Company has designated all of its Outside Directors who satisfy the qualification for an Independent Director as Independent Director.

With regard to Independent Outside Directors, the Company nominates candidates who do not have any certain interest in the Company, and who can be expected to make frank comments without hesitation at Board of Directors meetings, etc. Furthermore, in order to ensure such real independence, as minimum requirements, candidates must meet each of the following conditions.

1. Business transactions between the Company and the company from which the candidate comes must amount to less than 2% of the respective consolidated sales of both companies.

2. The Company must not have any loans from the company from which the candidate comes (if the candidate comes from a bank.)
3. The Company must not have any important transactions such as advisory contracts with the candidate or the firm he works for (if the candidate is a lawyer or other professional.)
4. The candidate must not come from the audit firm that is the Company's Accounting Auditor.
5. There must be no other particular reason that could give rise to a conflict of interest with the Company.
6. The candidate must not be the spouse or a relative within the second degree of anyone who does not meet the above conditions 1 through 5.

#### [Incentives]

Incentive Policies for Directors	Implementation of Performance-based Remuneration System
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Supplementary Explanation **Updated**

The Supplementary Explanation is indicated in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" below.

Recipients of Stock Options	
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Supplementary Explanation

#### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors on an individual basis
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Supplementary Explanation

The Company discloses the information of remuneration above in accordance with the relevant laws and regulations including the Companies Act, the Financial Instruments and Exchange Act, and the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc.

Policy on Determining Remuneration Amounts and Calculation Methods <b>Updated</b>	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

#### (1) Matters concerning the Policy for Determining the Details of Remunerations for Individual Directors

The Company has established a policy for determining the details of remunerations for individual Directors (excluding the Directors who are Audit and Supervisory Committee Members; the same applies hereinafter in this paragraph) (hereinafter, "Policy") in place as outlined below:

- Fixed remunerations shall be determined according to the position of each Director.
- Performance-based remunerations shall be linked to the current net income attributable to the shareholders of the parent company as in the case of shareholder return in principle.
- Stock-based remuneration shall be provided as remuneration of restricted stock, taking various factors, such as the degree of contribution of the Director, into consideration in a comprehensive manner.
- Remuneration for Directors comprises fixed remuneration, performance-based remuneration and stock-based

remuneration whose ratios shall be set considering his/her position, responsibility, performance, etc., in a comprehensive manner.

- Remuneration of Outside Directors shall comprise fixed remuneration only.

The Policy shall be determined by a resolution of the Board of Directors.

As for remunerations for the Directors who are Audit and Supervisory Committee Members, the amount of remuneration for the individual Directors who are Audit and Supervisory Committee Members shall be determined by consultation among the Directors who are Audit and Supervisory Committee Members.

(2) Matters concerning Resolution of Shareholders' Meeting on Remunerations for the Directors

With respect to the aggregate amount of remunerations for the Directors (excluding the Directors who are the Audit and Supervisory Committee Members), it was approved at the 52nd Ordinary General Meeting of Shareholders held on June 24, 2021 that it shall be capped at the sum of (a) the fixed remuneration limit and (b) the performance-based remuneration limit specified below. Further, it was also approved that, in addition to (a) and (b), (c) stock-based remuneration may be provided to the Directors except for the Outside Directors.

- (a) Fixed remunerations of 800 million yen or less annually (including 100 million yen or less annually for the Outside Directors);
- (b) Performance-based remunerations of an amount equivalent to 0.7% or less of the current net income attributable to the shareholders of the parent company for the fiscal year immediately preceding the Meeting of Shareholders at which they are appointed or reappointed (but not exceeding an amount equivalent to three years of fixed remunerations);
- (c) The aggregate amount of monetary remuneration claims provided as stock-based remuneration (remuneration regarding restricted stock, etc.) shall be 350 million yen or less annually. Total number of such restricted stocks allotted for each fiscal year shall be capped at 28,000 shares.

As of the conclusion of the Ordinary General Meeting of Shareholders, the number of Directors (excluding the Directors who are the Audit and Supervisory Committee Members) is six (6), and it is three (3) excluding the Outside Directors.

As for the aggregate amount of remunerations for the Directors who are the Audit and Supervisory Committee Members, it was approved at the 52nd Ordinary General Meeting of Shareholders held on June 24, 2021 to be capped at 200 million yen annually.

As of the conclusion of the Ordinary General Meeting of Shareholders, the number of Directors who are Audit and Supervisory Committee Members is five (5).

(3) Matters concerning Determination on the Details of Remunerations for Individual Directors (excluding the Directors who are the Audit and Supervisory Committee Members)

At the Company, the Board of Directors determines the details of the amount of remunerations for the Directors (excluding the Directors who are the Audit and Supervisory Committee Members) after consultation with the Nomination and Remuneration Committee majority of which are independent Outside Directors and

chaired by an Outside Director. Since the amounts of remunerations for individual Directors are determined through such procedures, the Board of Directors judges that their details are in line with the Policy.

**[Supporting System for Outside Directors] Updated**

For the acquisition of information by directors who are Audit and Supervisory Committee members, the secretariat of the Audit and Supervisory Committee will serve as the contact point, and for other directors, the Legal Department will be the contact. They will cooperate with all divisions and others concerned, in order to support the directors.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated**

The Company is a company with an Audit and Supervisory Committee.

The Company has a Board of Directors comprised of 11 Directors (including 6 Outside Directors), as well as an Audit and Supervisory Committee comprised of 5 Directors (including 3 Outside Directors).

A Nomination and Remuneration Committee, which is chaired by independent outside directors and the majority of which is comprised of independent Outside Directors, has been established to consult the appointment and dismissal of Directors and their remuneration, in order to ensure objectivity and transparency of the procedures.

Ernst & Young ShinNihon LLC is in charge of the accounting audit of the Company.

**3. Reasons for Adoption of Current Corporate Governance System Updated**

FANUC has always worked on enhancing corporate governance based on our Basic Principles of “Strict Preciseness and Transparency.” As we proceed in separating our supervisory and executive functions, in order to further strengthen the supervisory functions of the Board of Directors and speed up management decisions, we transitioned to Company with an Audit and Supervisory Committee, that allows us to establish an Audit and Supervisory Committee consisting of the Directors who are Audit and Supervisory Committee Members and to expand the delegation of decision-making authority for business execution from the Board of Directors to Directors. Thus, we are further endeavoring to enhance corporate governance and increase corporate value.

In addition, an optional Nomination and Remuneration Committee has been established to ensure objectivity and transparency of procedures regarding the appointment and dismissal of Directors and their remuneration.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

**Updated**

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Notice of Convocation of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2021 held on June 24, was sent on June 3. In addition, the Company posted the same Notice on its website prior to its delivery on May 27.
Exercise of Voting Rights by Electronic Methods	Shareholders can cast their votes from the website for exercise of voting right for General Meeting of Shareholders designated by the Company.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Environment for the Exercise of Voting Rights by Institutional Investors	The Company participates in an electronic voting platform.
Provision of Convocation Notice (Summary) in English	For the convenience of foreign shareholders, the Company prepared an English translation of the Notice of Convocation of the Ordinary General Meeting of Shareholders for referential purpose.
Others	The Notice of Convocation of the Ordinary General Meeting of Shareholders has been posted on the Company's website.

#### 2. IR Activities

	Supplementary Explanations	Explanation by Representative
Regular Briefings for Analysts and Institutional Investors	After the announcement of the financial result of the second quarter and the fourth quarter, financial results briefings and factory tours are held for analysts and institutional investors. After the announcement of the financial result of the first quarter and the third quarter, conference calls are held.	Yes
Posting of IR Materials on the Website	Reference materials related to financial results have been posted on the Company's website.	
Others	The Company established a Public Relations & Shareholder Relations Department, and has held constructive dialogues with shareholders both at home and abroad.	



### 3. Measures to Ensure Due Respect for Stakeholders **Updated**

	Supplementary Explanations
Implementation of Environmental Activities, CSR Activities, etc.	FANUC Group's environmental activities and CSR activities are open to public through Sustainability Report.
Other	<b>【Promoting the Active Participation of Women】</b> The Company strives to ensure that employees can play an active part in the workplace regardless of factors such as nationality or gender. We make it a priority to support the active participation of women by creating a comfortable workplace environment that allows women to pursue their careers continuously. This includes enhancing various benefits such as maternity leave, child-care leave, and shorter working hours until children finish elementary school. In addition, we offer an in-house nursery among others. (Thanks to these endeavors, 100% of female employees who have taken child-care leave during the past three years have returned to work.) As of the date of submission of this report, 2 out of 11 Directors are female.

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development **Updated**

#### (1) System to ensure that duties of the Company's Directors and employees are performed in compliance with laws and regulations and the Company's Articles of Incorporation

Education on laws and regulations and the Articles of Incorporation and other internal rules shall be provided to the Directors and employees and other measures shall be taken to ensure that duties of Directors and employees are performed in compliance with laws and regulations and the Articles of Incorporation.

#### (2) Rules and other systems concerning management of the Company's exposure to the risk of loss

The Company has established a Risk Management Committee and has created risk management policies in order to handle potential risks which may obstruct the continuation of the Company's business, increase in the Company's value, or sustainable development of the Company's activities, and shall engage in appropriate risk management under the supervision of the Board of Directors. Furthermore, the Internal Audit Department, which directly reports to the President of the Company, shall conduct internal audits regarding the status of risk management.

#### (3) System to ensure that duties of the Company's Directors are performed efficiently

The Managing Officer System shall be introduced to ensure that duties of the Directors will be performed efficiently according to the internal rules providing for the organizational structure, division of duties, official authority, etc.

#### (4) System for the storage and management of information concerning the performance of duties of the Company's Directors

Information concerning the performance of duties of the Directors shall be recorded and stored in accordance with the internal rules. Directors shall be able to access such information at any time.

**(5) System to ensure the appropriateness of operations in the corporate group consisting of the Company and its subsidiaries**

The Company will strive to enhance corporate governance in our corporate group by thoroughly disseminating the group's code of conduct applied to our corporate group. Regarding important matters pertaining to the management of the Company's subsidiaries, prior approval shall be requested or a report shall be submitted to the Company, according to the "FANUC Group Company Regulations." Each subsidiary shall individually endeavor to implement proper and efficient management, but as the parent company, the Company shall provide guidance and supervision through relevant departments including the Internal Audit Department, in order to enforce the effectiveness of the corporate group's risk management and compliance, as deemed necessary.

**(6) Matters concerning employees who are to assist the Audit and Supervisory Committee in its duties and matters concerning the effectiveness of instructions to such employees**

- (i) The Secretariat of the Audit and Supervisory Committee shall be established to assist in the duties of the Committee.
- (ii) The employees belonging to the Secretariat of the Audit and Supervisory Committee shall assist in the duties of the Audit and Supervisory Committee according to the instructions of the Committee. Further, when an employee belonging to the Secretariat of the Audit and Supervisory Committee receives any instruction from the Committee relating to its duties, he/she shall be free from the command and control of any Director or employee other than the Directors who are the Audit and Supervisory Committee Members with respect to such work so instructed.
- (iii) The employees belonging to the Secretariat of the Audit and Supervisory Committee have a confidentiality obligation regarding the content of instructions given by the Committee or a member of the Committee.

**(7) Matters concerning the independence of the employees who are to assist the Audit and Supervisory Committee**

- (i) The Audit and Supervisory Committee (or if the Committee nominates a specific member of the Committee, such member of the Committee) shall be consulted in advance regarding personnel affairs such as recruitment, transfer, performance appraisal, etc., of the employees belonging to the Secretariat of the Audit and Supervisory Committee.
- (ii) Directors and employees shall pay attention not to impede the independence of the employees belonging to the Secretariat of the Audit and Supervisory Committee.

**(8) System for reporting to the Audit and Supervisory Committee**

- (i) Directors and employees shall provide an appropriate report promptly upon any request for reporting on matters relating to the execution of business made by the Audit and Supervisory Committee or any member of the Committee nominated by the Committee.
- (ii) Directors and employees shall immediately report the details of any matter they discover which may seriously affect the business or financial conditions of the Company or its subsidiaries to the Audit and Supervisory Committee or any member of the Committee nominated by the Committee.
- (iii) No person who provides a report as under (i) or (ii) above shall be treated disadvantageously due to such reporting.

**(9) System to otherwise ensure that auditing by the Audit and Supervisory Committee will be carried out effectively**

- (i) The Audit and Supervisory Committee or any member of the Committee nominated by the Committee shall have meetings with the Company's Directors (other than the Audit and Supervisory Committee Members) as appropriate to exchange opinions on the management policy, any issues to be dealt with by the Company, major risks surrounding the Company, enhancement of the environment for auditing by the Audit and Supervisory Committee, important audit issues, etc.
- (ii) Directors and employees may not reject a request by the Audit and Supervisory Committee or any member of the Committee nominated by the Committee for expenses to consult with attorneys, certified accountants and other external experts or to entrust any investigation, appraisal or other affairs as necessary for them to carry out audits, unless such expenses so requested are deemed unnecessary for the performance of duties of the Audit and Supervisory Committee or the member of the Committee nominated by the Committee.

**2. Basic Views on Eliminating Anti-Social Forces**

The Company has no relationship with anti-social forces or organizations that threaten order and safety of society.

The Company is a member of the Council for Measures for Corporate Protection in Yamanashi, and has established a system to closely cooperate with external specialists such as attorneys at law and the police as well as relevant public agencies.

## V. Others

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	

### 2. Other Matters Concerning Corporate Governance System **Updated**

The Company has an internal system as follows for the purpose of timely disclosure of corporate information.

- (1) Information on the Company and its subsidiaries that may be subject to obligation for timely disclosure shall be collected by the departments of the Company which are in charge of information disclosure (Legal Department, Public Relations & Shareholder Relations Department, Finance & Accounting Department, etc.).
- (2) The departments of the Company which are mainly in charge of information disclosure shall evaluate whether timely disclosure is required or not, pursuant to the Financial Instruments and Exchange Act, rules for timely disclosure in financial instruments exchanges, etc.
- (3) The departments of the Company which are in charge of information disclosure shall make a report to Representative Director, President without delay, and shall make timely disclosure of determined material facts and financial results after obtaining approval from the Board of Directors, as well as disclose facts which occurred regardless of the Company's intent, immediately after they occurred.

