

(Translation)

Note: We provide this translation for your reference and convenience only, and without any warranty as to its accuracy or completeness. In the event that a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

## Corporate Governance Report

Last Update: August 23, 2023

Amada Co., Ltd.  
Takaaki Yamanashi,  
Representative Director, President  
Contact: Corporate Planning Dept.  
Securities Code: 6113  
<https://www.amada.co.jp/>

The corporate governance of Amada Co., Ltd. (the “Company”) is described below.

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

#### 1. Basic Views

At the Company, we believe that sound corporate activities based upon high ethical standards and fairness make a crucial part of our business philosophy, and thus we shall endeavor to strengthen corporate governance according to the principles stated below, ensuring the transparency and compliance across our management and operations as our fundamental objective:

1. Strive to protect shareholders’ rights and ensure the equitable treatment of all shareholders
2. Strive to appropriately collaborate with stakeholders other than shareholders
3. Strive to ensure proper disclosure and transparency of information
4. Strive to have the board of directors appropriately fulfill its roles and responsibilities, reflecting upon fiduciary duty and accountability to the shareholders
5. Strive to have constructive dialogue with shareholders

The Company shall establish the Corporate Governance Guidelines, resolved by the board of directors, for the purpose of achieving sustainable growth and improving the Company’s long-term corporate value so that the Company’s shares are held on a long-term basis by its shareholders.

[Reference] Corporate Governance Guidelines

<https://www.amada.co.jp/ja/ir/cg/cg/> (Japanese)

<https://www.amada.co.jp/en/ir/cg/cg/> (English)

The following terms in the subsequent description are defined as:

- Management: Executive Directors
- Senior Management Executives: Directors in a managerial position
- Officers: Directors and Audit & Supervisory Board Members

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

\* The information provided below is based on the Corporate Governance Code revised in June 2021.

### **[Principle 3-1. Full Disclosure (iii)]**

#### **1. Policies for determining compensation**

The compensation of the Company's directors consists of "basic compensation," which is fixed compensation, "bonuses" that fluctuate according to the level of performance achieved in each financial period.

As for basic compensation, the amount to be paid to individual directors is determined based on the Company's predetermined compensation standard amounts according to their job positions and responsibilities, within the range of the total amount set by resolution of a general meeting of shareholders.

Bonuses are treated as a short-term incentive and linked to the profit attributable to owners of parent (hereinafter referred to as "profit") achieved in each financial period, which is important as a management indicator and serves as a dividend resource, valuing the perspective of shareholders. Specifically, the total amount of bonuses to be paid to the Company's directors is determined by taking the number of eligible directors and the growth rate of dividends into account, with the upper limit set at the amount obtained by multiplying the profit for each fiscal year by one-fiftieth (1/50) of the dividend payout ratio (%). Allocations of bonuses to individual directors are determined at a board of directors meeting through deliberation by the voluntary compensation committee, according to their job positions and responsibilities, subject to an increase or decrease by a certain percentage depending on their achievements.

We have included the revision of executive compensation and plans in the non-financial targets set in the Medium-term Business Plan 2025 announced in May 2023. We will look into introducing a new incentive plan linked to medium- to long-term business performance by fiscal 2025, the final year of the medium-term business plan, so that it will serve as a sound incentive designed to facilitate the Company's sustained growth.

#### **2. Procedures for determining compensation**

Basic compensation and bonuses shall be approved at a board of directors meeting through deliberation by the voluntary compensation committee after the Human Resources department determines how to allocate the total compensation within the upper limit set by resolution of a general meeting of shareholders.

### **[Supplemental Principle 3-1-1. Full Disclosure]**

Some parts of the descriptions in the preceding items under [Principle 3-1] lack specific details as the Company has not implemented them all yet with some being under discussion. However, we shall work towards adding more value to the descriptions for the viewers by seeking to comply with these items, including information disclosure in compliance with relevant laws and regulations.

### **[Supplemental Principle 4-2-1. Roles and Responsibilities of the Board of Directors (2)]**

The compensation of the Company's directors consists of "basic compensation," which is fixed compensation, "bonuses" that fluctuate according to the level of performance achieved in each financial period and "stock options."

There is currently no compensation that is linked to medium- to long-term performance, such as an employee stock ownership plan. However, we will consider introducing new medium- to long-term incentive plans etc. to support the sustainable growth of the Company, examining the structure of the overall compensation and its proportions at the same time through objective and transparent procedures.

### **[Supplemental Principle 4-8-2. Effectiveness of Independent Outside Directors]**

We have four independent outside directors, each of whom is responsible for supervising the execution of business operations from an independent standpoint and provides useful opinions and suggestions at board meetings as appropriate. Independent outside directors also chair the Nomination Committee and the Compensation Committee, which are voluntary advisory bodies, and lead committee activities. In addition, we provide independent outside directors with opportunities to communicate with management as well as audit & supervisory board members whenever necessary in order to ensure that they work closely with each other. Therefore, we do not believe that electing a head of independent outside directors is necessary.

**[Supplementary Principle 5-2-1. Establishing and Disclosing Business Strategies and Business Plans]**

We will work on providing clear descriptions about the basic policy for our business portfolio and progress on reviewing the business portfolio when we formulate the next medium-term business plan.

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

**[Principle 1-4. Cross-Shareholdings]**

1. Policies regarding cross-shareholdings

The number of shares of other companies that the Company holds shall be kept to the minimum necessary, and the Board of Directors shall annually assess whether or not to hold individual cross-shareholdings, closely examining whether the benefits and risks from each holding cover the Company's cost of capital. Any cross-held shares, except for those that are deemed rational to continue to be held as a result of such assessment, will be sold.

2. Policies regarding the exercise of voting rights associated with cross-held shares

The Company will vote for an agenda that it considers will contribute to increasing the value of shares it holds, whereas it will vote against if it believes that such agenda may damage the value of shares, after examining the business policies and strategies of the companies invested in.

**[Principle 1-7. Related Party Transactions]**

The Company stipulates in the regulations of the board of directors that any transaction between the Company and any of its officers or major shareholders (who hold 10% or more of the total voting rights in their own name or another person's name) shall individually be reported to and obtain prior approval from the board of directors. Upon the execution of such a transaction that has been approved by the board of directors, the results shall be reported to the board of directors, setting up a system that enables monitoring to ensure that such transactions cause no damage to the Company's interests and its shareholders' common interests.

Additionally, the performance of such transactions is disclosed in a timely and appropriate manner according to the related laws and regulations.

**[Supplementary Principle 2-4-1. Ensuring Diversity, Including Active Participation of Women]**

1. Ensuring diversity

Moving forward in line with our management philosophy that seeks to "develop human resources who pursue creative and challenging activities," we are making a group-wide effort to improve our personnel as well as education and training systems so that our most vital resource, our employees, will continue to be the driving force behind innovation and reach their fullest potential. We are also working to ensure diversity in our workforce that keeps operations running since diversity is crucial to growth in the global market.

2. Progress on ensuring diversity

Looking ahead to future changes in the work environment, we see greater participation of women in the workforce as a vital issue we need to zero in on. As of the end of March 2023, women made up 2.2% of managers at Amada and its four major subsidiaries in Japan. In ensuring diversity in our workforce, we place a high priority on seeing women promoted to leadership positions. We continue to provide training for female management candidates and their supervisors, as well as young and mid-career employees, that is tailored to their rank and experience. As a result of these efforts to support the advancement of women in the workplace, the number of female managers has grown from nine in the fiscal year ended March 31, 2022 to 15 in the fiscal year ended March 31, 2023. While women currently account for only 8.4% of all regular full-time employees (on a non-consolidated basis), our ongoing efforts to hire more women have been effective. In fact, women accounted for 32.7% of all new graduates who joined our company as regular full-time employees in April 2023. We will continue to focus on hiring and training female employees and strive to increase the percentage ratio of women in management positions with an eye to improving diversity in the workplace.

On the other hand, we have a large number of foreign nationals in managerial positions at our overseas subsidiaries, and we aim to keep it that way. In addition, we promote mid-career hires to management positions based on their abilities without discrimination or distinction of any kind. We are currently hiring mid-career employees on an ongoing basis in order to secure excellent human resources, and we plan to maintain the percentage of mid-career employees who are promoted to managerial positions at the current level.

### 3. Policies on developing human resources and improving work environments to ensure diversity as well as the implementation status thereof

Our Group's human resources development policy is designed to help a diverse range of employees develop the skills needed to create their own career paths. We provide employees with education and training opportunities appropriate for their career stages in order to facilitate capacity building and growth. We employ a systematic way of recruiting, training, and assigning employees with a focus on developing a pool of talented executive management candidates, including women, globally competent individuals, and technical experts in cutting-edge and specialized fields. In order to become an organization with a diverse range of employees that can reach their full potential and take on the challenge of creating value, we are implementing measures in line with our policy of creating a rewarding workplace in which each and every employee of the Group can feel comfortable in their jobs and find their work fulfilling. We will create a safe and healthy working environment for our employees, both mentally and physically, and strengthen the foundation for long-term job security. In addition, we will support a variety of work arrangements that suit the environment and circumstances of our employees, and reform our personnel system to provide for appropriate evaluations of work performance as well as compensation based on said evaluations, all with an aim of improving job satisfaction. Concrete measures to improve the working environment include encouraging all employees to take paid leave and male employees to take parental leave. We started a program designed for individual employees to schedule a certain number of paid leave days every half year with advance notice as well as a Paid Leave Month, in which each department designates, in advance, a month in which employees take their paid leave so they can consciously maintain a healthy work-life balance. As a result, the percentage of employees who took paid leave rose from 57.5% in the fiscal year ended March 31, 2022 to 68.4% in the fiscal year ended March 31, 2023 (on a non-consolidated basis). We are also working to raise awareness among eligible male employees about our parental leave programs. At the same time, we encourage managers to be an "ikuboss" (a boss who helps their team members maintain a healthy work-life balance and achieve their career goals) and provide specific examples of handover procedures during training sessions for managers to ensure smooth organizational operations. As a result of these initiatives, the percentage of male employees who took parental leave increased from 33.0% to 60.9% in 2022 (for five Group companies in Japan).

#### **[Principle 2-6. Roles of Corporate Pension Funds as Asset Owners]**

Corporate pension funds are managed by Corporate Pension fund of Amada in the Company. Decision-making on asset management for the pension fund, such as selection of asset managers and investment funds, is carried out by Board of Delegates based upon consultation with the Asset Management Committee by taking external advisors' opinions into consideration. All the asset managers of the pension fund have accepted the Stewardship Code, and hold an investment management briefing on a quarterly basis and conduct qualitative and quantitative evaluation on investment. The pension fund has qualified personnel assigned to the secretariat and works to enhance their qualifications by sending them to external seminars, etc. In order to further improve its human resource and investment management capabilities, the pension fund will appoint an external advisor. The pension fund implements thorough compliance training and enforces a management structure that avoids a conflict of interest between the Company and beneficiaries.

#### **[Principle 3-1. Full Disclosure (i)]**

The Company's website presents its management philosophy and the code of conduct comprised of 10 articles that all officers and employees of the Company and its group companies must comply with upon conducting business activities without exception.

In May 2022, our Group formulated and announced its Long-term Vision 2030, which outlines its vision for 2030 and the strategies for realizing it. We also formulated and announced the Medium-term Business Plan 2025 in May 2023, a three-year plan running from 2023 to 2025 that provides a specific course of

action for realizing sustained growth and enhancing our corporate value. An overview of the plan has been made available on the Company's website.

[Reference] Management Philosophy

<https://www.amada.co.jp/corporate/philosophy/> (Japanese)

<https://www.amada.co.jp/en/corporate/philosophy/> (English)

[Reference] Code of Conduct

<https://www.amada.co.jp/corporate/conduct/> (Japanese)

<https://www.amada.co.jp/en/corporate/conduct/> (English)

[Reference] Long-term Vision 2030

[https://www.amada.co.jp/ja/ir/investor/longterm\\_vision/](https://www.amada.co.jp/ja/ir/investor/longterm_vision/) (Japanese)

[https://www.amada.co.jp/en/ir/investor/longterm\\_vision/](https://www.amada.co.jp/en/ir/investor/longterm_vision/) (English)

[Reference] Medium-term Business Plan 2025

[https://ssl4.eir-parts.net/doc/6113/ir\\_material\\_for\\_fiscal\\_ym/135967/00.pdf](https://ssl4.eir-parts.net/doc/6113/ir_material_for_fiscal_ym/135967/00.pdf) (Japanese)

[https://ssl4.eir-parts.net/doc/6113/ir\\_material\\_for\\_fiscal\\_ym6/136096/00.pdf](https://ssl4.eir-parts.net/doc/6113/ir_material_for_fiscal_ym6/136096/00.pdf) (English)

**[Principle 3-1. Full Disclosure (ii)]**

Please refer to the preceding paragraph "1-1. Basic Views" in this report for the basic view and basic policy of the Company's corporate governance.

**[Principle 3-1. Full Disclosure (iii)]**

Please refer to the description in the preceding paragraph [Reasons for Non-compliance with the Principles of the Corporate Governance Code].

**[Principle 3-1. Full Disclosure (iv)]**

1. Policies for selecting candidate officers

In nominating director candidates, the Company respects the policy of nominating candidates who can fulfill the duties and responsibilities of a director and satisfy the management role as a director entrusted to them by shareholders, and who have rich experience and deep insights in management.

As for nominating candidates for audit and supervisory board members, the Company follows the principle of nominating a person as a candidate after comprehensively considering their qualities such as their expertise in finance and accounting, and diverse knowledge of corporate management, together with a high level of independence.

2. Procedures for selecting candidate officers

Directors are appointed at a board meeting through the representative director's preparation of the draft of candidates and the voluntary nomination committee's deliberation thereof.

Audit and supervisory board members are appointed at the board meeting after the audit & supervisory board consents to the candidates proposed to it by the representative director.

We will examine the possibility of setting up a system to collect opinions from independent outside directors when nominating candidates for directors and audit and supervisory board members, and electing senior management executives in order to build a more effective governance structure.

3. Policies and procedures in the dismissal of officers

As for the dismissal of officers, the Company shall adopt a resolution at a board of directors meeting through deliberation by the voluntary nomination committee regarding submission of a proposal on dismissal of an officer to the general meeting of shareholders when it is determined that such officer is deemed no longer to possess the qualification set forth in 1. Above, or when such officer has neglected his/her duties, causing a significant impairment of corporate value, or when such officer has violated relevant laws and regulations and the Articles of Incorporation, or when it has become difficult for such officer to continue to perform his/her duties for health reasons.

**[Principle 3-1. Full Disclosure (v)]**

The Company discloses personal histories of all candidates for officers and reasons for electing each individual in the notice of convocation of the general meeting of shareholders. When dismissing an officer, reasons for dismissal of such officer will be disclosed in the notice of convocation of the general meeting of shareholders. For detailed information, please refer to the Company's website where the notice of convocation of a shareholders' meeting is made available.

[Reference] Notice of convocation of the most recent general meeting of shareholders

[https://www.amada.co.jp/ir/stock\\_info/meeting/](https://www.amada.co.jp/ir/stock_info/meeting/) (Japanese)

[https://www.amada.co.jp/en/ir/stock\\_info/meeting/](https://www.amada.co.jp/en/ir/stock_info/meeting/) (English)

**[Supplementary Principle 3-1-3. Full Disclosure]**

1. Sustainability initiatives

The Company and its group companies are addressing sustainability issues in order to contribute to a sustainable society and enhance corporate value. Based on our Basic Policy on Sustainability, we have identified key issues that we should focus on using an ESG framework and clarified measures to be taken in relation to the SDGs to which our corporate group should contribute to achieving.

See our website for more information.

[Reference] Basic Policy on Sustainability

<https://www.amada.co.jp/ja/sustainability/basic sustainability policy/> (Japanese)

<https://www.amada.co.jp/en/sustainability/basic sustainability policy/> (English)

[Reference] AMADA Group and the SDGs

<https://www.amada.co.jp/ja/sustainability/sdgs/> (Japanese)

<https://www.amada.co.jp/en/sustainability/sdgs/> (English)

2. Investment in human capital

Moving forward in line with our management philosophy that seeks to “develop human resources who pursue creative and challenging activities,” we are placing utmost priority on improving our personnel as well as education and training systems so that our most vital resource, our employees, will continue to be the driving force behind innovation and reach their fullest potential. Under the slogan, “Future Technologies with Amada,” as spelled out in our medium-term business plan, we aim to harness the power of technology to solve problems facing our customers and society, such as decarbonization, labor shortages, and the transfer of skills. To achieve this goal, we have made fostering skills and professional growth, promoting diversity, and creating a rewarding workplace personnel-related priorities and are strategically investing in human resources.

3. Investment in intellectual property

Our group is actively investing in intellectual property. We always hold more than 1,000 patents in order to stay ahead of the competition in the global market, and at the same time, we file more than 100 new applications every year, making us one of the top patent applicants in the sheet metal machinery industry, in which we operate. We use intellectual property rights to protect our brand and the technologies born from our research and development efforts while building a portfolio to keep the competition in check, all with an eye to promoting and expanding the laser, automation, and service businesses, which lie at the heart of our group's growth strategy.

4. Disclosure on climate change

In April 2022, our group endorsed the recommendations of the TCFD and is proceeding with disclosing information in phases according to the TCFD framework. We assessed and identified the impact of climate change on our operations through scenario analyses of the transition risks as well as physical risks and opportunities associated with climate change. We also clarified our governance system, including the reporting lines to the board of directors, and established a risk management system related to climate change. At the same time, we formulated a medium- to long-term plan covering up to 2030 and are making company-wide efforts to achieve the targets set for performance indicators.

In November 2022, we obtained official validation from the Science Based Targets initiative (SBTi), an organization that validates greenhouse gas emissions reduction targets as science-based if they are in line with the Paris Agreement goals.

See our Environment Report for more information about our group's climate change initiatives.

[Reference] Integrated Report

<https://www.amada.co.jp/ja/ir/document/annual/> (Japanese)

<https://www.amada.co.jp/en/ir/document/annual/> (English)

[Reference] Environmental Report

<https://www.amada.co.jp/ja/sustainability/forest-in-office/> (Japanese)

<https://www.amada.co.jp/en/sustainability/forest-in-office/> (English)

#### **[Supplemental Principle 4-1-1. Roles and Responsibilities of the Board of Directors (1)]**

The board of directors shall make decisions on important matters associated with management of the Company as stipulated in the regulations of the board of directors, as well as such matters that are specified in laws and regulations and the Articles of Incorporation. The board of directors shall also be regarded as a body to supervise business execution. The Company also operates decision-making bodies as entities to execute business plans such as management meetings, thus enriching the deliberation of crucial matters on business strategy.

Further, the Company has set the segregation of duties rules and the standards of authority and responsibilities, in order to define the scope of duties for the management and each business unit.

#### **[Principle 4-9. Independence Standards and Qualification for Independent Outside Directors]**

In electing outside directors, candidates are expected to have a high level of expertise and rich experience that enable them to provide straightforward and constructive opinions and supervision of the Company's management. They are also required to meet the independence requirements listed by the Tokyo Stock Exchange.

The board of directors set the independence standards for outside officers at the meeting held on the December 18, 2015, the details of which are available on the Company's website.

[Reference] Independence Standards for Outside Officers

<https://www.amada.co.jp/ja/ir/cg/cg/> (Japanese)

<https://www.amada.co.jp/en/ir/cg/cg/> (English)

#### **[Supplementary Principle 4-10-1. Use of Optional Approach]**

The Group has established the Nomination Committee and the Compensation Committee as voluntary advisory bodies to the Board of Directors in order to obtain advice and recommendations from outside directors based on their knowledge and impartial standpoint as well as to enhance the independence, objectivity, and accountability of the Board of Directors. Each committee, the majority of which consists of independent outside directors, is chaired by an independent outside director to ensure its independence and objectivity.

The Nomination Committee deliberates on the appointment and dismissal of directors as well as executive succession plans while the Compensation Committee deliberates on the policies and specifics of remuneration and other compensation received by directors and key employees. Both committees provide advice and recommendations to the Board of Directors. The Board of Directors makes decisions with full consideration to the advice and recommendations of these advisory committees.

#### **[Supplemental Principle 4-11-1. Preconditions for Effectiveness of Board of Directors/Audit & Supervisory Board]**

The board of directors will strive for proper, swift and fair decision-making and supervision of businesses to achieve sustainable growth and improve medium- to long-term corporate value.

It has also set itself a target as a basic policy that the board of directors consists of internal directors who hold professional expertise and knowledge that they can leverage for business management, research and development, production, sales and services from a global perspective as a board as a whole regardless of gender or nationality, and more than one outside director who can provide opinions and raise questions from a professional and independent standpoint, in order for the board to perform appropriate and flexible decision-making on the Company's business activities and supervision of its execution.

The board of directors limits the number of directors to 10 in the Articles of Incorporation, which is currently comprised of 9 directors including 4 outside directors who are both independent officers. All of the 3 outside directors, Hiroyuki Sasa, Toshitake Chino, and Hidekazu Miyoshi, have managerial experience at another company.

The Company will consider appointing officers based on the recognition that diverse views can contribute to business progress, global expansion and proper supervision and monitoring.

Please refer to [Diagram 3] attached to this report to see the skill matrix for current directors and auditors.

Please refer to the description in [Principle 3-1 (iv)] in the preceding paragraph of [Reasons for Non-compliance with the Principles of the Corporate Governance Code] for the policies and procedures for electing the board members.

#### **[Supplemental Principle 4-11-2. Preconditions for Effectiveness of Board of Directors/Audit & Supervisory Board]**

If the Company's directors and audit & supervisory board members concurrently hold positions at other listed companies, they shall seek to keep their duties associated with such positions within a reasonable limit so that such duties do not hinder them in fulfilling their responsibilities at the Company.

The Company discloses any important concurring positions including those of each director and audit & supervisory board member at other listed companies in a business report and a notice of convocation of the general meeting of shareholders.

#### **[Supplemental Principle 4-11-3. Preconditions for Effectiveness of Board of Directors/Audit & Supervisory Board]**

The Company evaluated the effectiveness of the board of directors as a whole for fiscal 2022 pursuant to the Corporate Governance Guidelines. An outline of the results is as follows.

##### 1. Evaluation method

We distributed a survey regarding the effectiveness of the board of directors to all directors and audit & supervisory board members, and received responses from everyone. The board of directors' secretariat collected the responses and analyzed the details.

Considering the opinions of outside directors and outside audit & supervisory board members that were based on the results of analysis, the Company analyzed and evaluated the effectiveness of the board of directors as a whole at the board of directors meeting held on August 8, 2023 and discussed the current issues and future action policies.

Key questions in the survey

- (1) Composition of the board of directors
- (2) Roles and duties of the board of directors
- (3) Management of the board of directors
- (4) Effectiveness of the board of directors

##### 2. Outline of evaluation results

As a result of the evaluation, the Company confirmed that its board of directors was generally functioning properly. An outline of the results is as follows.

- (1) The composition of the Company's board of directors in terms of size as well as the independence and diversity of its independent outside directors is appropriate, while a framework is in place for making important management decisions and effectively overseeing the execution of business.



- (2) The board of directors fosters an environment in which its members can freely and openly express their opinions. The board of directors as a whole is able to maintain an appropriate supervisory function because it receives frank opinions and useful advice from outside directors.
- (3) Certain progress was made in issues identified in the previous year, including broader discussions on the Company's medium- to long-term vision while formulating a medium-term management plan.

Some pointed out that the ongoing monitoring of progress in achieving the goals of the medium-term management plan, including non-financial targets, remained an issue.

### 3. Future efforts to improve effectiveness

In light of the evaluation results, the Company's board of directors will work to strengthen the monitoring of progress made in business operations, including the achievement of the medium-term management plan goals.

#### **[Supplemental Principle 4-14-2. Training for Directors and Audit & Supervisory Board Members]**

The Company will provide directors, including outside officers, and audit and supervisory board members with opportunities to visit the main locations of the Company such as business places and factories. The Company will also hold briefing sessions and workshops as training for directors and audit & supervisory board members, to help them acquire an understanding of the Company.

The Company will also utilize external informative training opportunities for the directors and audit & supervisory board members to gain the necessary basic knowledge to perform their duties. It will help them to deepen their understanding of their roles and duties as directors or audit & supervisory board members by bearing any cost incurred in association with such opportunities.

#### **[Principle 5-1. Policy for Constructive Dialogue with Shareholders]**

The Company will actively enter into constructive dialogue with shareholders and investors with the aim of sustaining growth and boosting medium- to long-term corporate value. It will strive to further create value by reflecting their opinions and issues presented at such dialogue on the operations to improve our business. We also provide quarterly results briefings and individual interviews and answer the enquiries from individual investors as required in order for them to deepen their understanding of business conditions, details of the business and strategies of the Company. Upon receiving a request for information disclosure, the Company shall try to do so in a timely, equitable and active manner conforming to the "Disclosure Policy."

Policies regarding the system and initiative to promote active dialogue with shareholders are as below:

1. The president oversees the overall dialogue with shareholders and investors and closely watches in order to achieve constructive dialogue, whereas the IR section provides shareholders and investors with responses to ensure constructive dialogue through various initiatives including the shareholders' meetings.
2. Opinions and issues etc. presented at the dialogue with shareholders and investors are given to the management as feedback after being aggregated as appropriate to communicate and share the information so that it can be used for managing and improving our business.
3. The IR section works to cooperate with other related departments including corporate planning, finance and public relations as well as other companies within the group to smoothly and reasonably press forward with the dialogue with shareholders and investors.
4. The Company will strive to enhance information disclosure by holding briefing sessions when it releases quarterly results and medium-term business plans, making explanatory material available on its website, sending out a shareholder newsletter and offering tours of the facilities such as factories and exhibition halls. In addition, financial presentation materials for individual investors, environmental and social reports, annual reports, and ESG data book have also been made available on the Company's website.

5. The Company sets a silent period between 10 days prior to the end of accounting period and the day when the results are announced. During this period, its employees must refrain from making any comments on results or accept individual interviews for the purpose of preventing leakage of information relating to the results. There are also internal rules and bylaws for officers on management of insider information created to handle such information.

**[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]**

We use not only sales revenue and operating income but also ROE, a measure of a company's profitability, as key management indicators in the Medium-term Business Plan 2025. We have set an ROE of 8% or more as our short-term target in light of the current cost of shareholders' equity and the feasibility of achieving this target and will implement growth strategies and shareholder return measures to achieve this target. Along with this target, we are aiming for an ROE of 10% or more in our Long-term Vision 2030, which runs until fiscal 2030. While steadily implementing measures to achieve the abovementioned medium-term business plan and long-term vision, we will enhance information disclosure on progress made and promote dialogue with shareholders and investors to realize a fair market value as we work toward maintaining a P/B ratio of 1.0x or more.

[Reference] Medium-term Business Plan 2025

[https://ssl4.eir-parts.net/doc/6113/ir\\_material\\_for\\_fiscal\\_ym/135967/00.pdf](https://ssl4.eir-parts.net/doc/6113/ir_material_for_fiscal_ym/135967/00.pdf) (Japanese)

[https://ssl4.eir-parts.net/doc/6113/ir\\_material\\_for\\_fiscal\\_ym6/136096/00.pdf](https://ssl4.eir-parts.net/doc/6113/ir_material_for_fiscal_ym6/136096/00.pdf) (English)

**[Dialogue with Shareholders]**

We engage in dialogue with shareholders and investors on an ongoing basis. Updates are provided in our integrated report.

[Reference] Integrated Report

<https://www.amada.co.jp/ja/ir/document/annual/> (Japanese)

<https://www.amada.co.jp/en/ir/document/annual/> (English)

**2. Capital Structure**

Foreign Shareholding Ratio	More than 30%
----------------------------	---------------

**[Status of Major Shareholders]**

Name / Company Name	Number of Shares Owned (Thousand shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust accounts)	68,765	19.78
Custody Bank of Japan, Ltd. (Trust accounts)	40,753	11.72
CGML PB CLIENT ACCOUNT/COLLATERAL	10,130	2.91
THE AMADA FOUNDATION	9,936	2.86
THE BANK OF NEW YORK MELLON 140044	7,920	2.28
STATE STREET BANK AND TRUST COMPANY 505001	7,108	2.04
JAPAN POST INSURANCE Co., Ltd.	6,409	1.84
SSBTC CLIENT OMNIBUS ACCOUNT	6,260	1.80

Nippon Life Insurance Company	5,894	1.70
SMBC Nikko Securities Inc.	4,992	1.44
Controlling Shareholder (except for Parent Company)	-	
Parent Company	None	

#### Supplementary Explanation

1. The Status of Major Shareholders is as of March 31, 2022. The Company holds 11,458,462 shares of treasury stock, but is excluded from the Status of Major Shareholders shown above.

2. According to the Report of Possession of Large Volume (including the Change Report) made available for public inspection, during the fiscal year under review, the following companies held the Company's shares as shown below. However, as the Company is unable to confirm the actual number of shares held by such companies as of March 31, 2022, they are not included in the status of major shareholders shown above. The details of the Report of Possession of Large Volume are as follows.

Large volume holders: 2 joint holders including Sumitomo Mitsui Trust Bank, Limited  
Address: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo  
Effective date of reporting duty: December 15, 2022  
Number of shares held (Thousand shares): 29,450  
Shareholding ratio (%): 8.20

Large volume holders: 9 joint holders including BlackRock Japan Co., Ltd.  
Address: 1-8-3 Marunouchi, Chiyoda-ku, Tokyo  
Effective date of reporting duty: March 31, 2023  
Number of shares held (Thousand shares): 18,456  
Shareholding ratio (%): 5.14

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

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

-

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

—

## 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 Audit & Supervisory Board Members
-------------------	--

#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Company Chairman (excluding cases where Chairman also serves as President)
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

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

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Hiroyuki Sasa	From another company												
Toshitake Chino	From another company												
Hidekazu Miyoshi	From another company								○				
Harumi Kobe	From another company												

\* 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. Non-executive director or executive 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 listed 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/audit & supervisory board members

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 outside directors/audit & supervisory board members 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

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroyuki Sasa	○	—	<p>Having served as President of Olympus Corporation, Mr. Hiroyuki Sasa possesses insights as a manager of a global company as well as extensive knowledge of technology and development in the manufacturing industry. Therefore, we believe that Mr. Sasa will appropriately perform his duties as Outside Director of the Company by providing beneficial advice to the Company's management based on his experience and knowledge.</p> <p>In addition, since Mr. Sasa meets the independence standards set forth by the Tokyo Stock Exchange as well as our Independence Standards for Outside Officers, we determined that he is unlikely to have any conflict of interest with general shareholders and appointed him as an independent officer.</p>
Toshitake Chino	○	Mr. Toshitake Chino is a former employee of Nikkan Kogyo Shimbun Ltd., with which we regularly do business, but more than 10 years have passed since he retired as a senior advisor to the company in March 2011.	<p>Mr. Toshitake Chino has expertise as company manager and insight into the industrial society acquired from his experience working as the editor and later president at Nikkan Kogyo Shimbun Ltd. Therefore, we believe that Mr. Chino is capable of appropriately performing his duties as Outside Director of the Company by providing beneficial advice to the Company's management based on his experience and knowledge.</p> <p>In addition, since Mr. Chino meets the independence standards set forth by the Tokyo Stock Exchange as well as our Independence Standards for Outside Officers, we determined that he is unlikely to have any conflict of interest with general shareholders and appointed him as an independent officer.</p>

Hidekazu Miyoshi	○	<p>Transactions have occurred, such as payment of fees for patent applications, etc. and various research services related to intellectual property rights, with Miyoshi &amp; Miyoshi, where Mr. Hidekazu Miyoshi serves as Chairman, and with the affiliated companies thereof, where Mr. Miyoshi serves as the Representative Director; however, the transaction amounts were small, and only constituted less than 1% of the consolidated sales of the Company. They were also approximately 2% of sales of Miyoshi &amp; Miyoshi and the affiliated companies thereof.</p>	<p>Mr. Hidekazu Miyoshi has expertise in intellectual property rights, which he acquired through many years of service as a patent attorney, and experience as a business manager of a patent office. Therefore, we believe that Mr. Miyoshi is capable of appropriately performing his duties as Outside Director of the Company by providing beneficial advice to the Company's management based on his experience and knowledge.</p> <p>In addition, since Mr. Miyoshi meets the independence standards set forth by the Tokyo Stock Exchange as well as our Independence Standards for Outside Officers, we determined that he is unlikely to have any conflict of interest with general shareholders and appointed him as an independent officer.</p>
Harumi Kobe	-		<p>Ms. Harumi Kobe has broad experience and a high level of expertise in Japan and abroad, which she acquired through many years of service at the Ministry of Finance, holding various important positions including serving as the first female Regional Commissioner of the Hiroshima Regional Taxation Bureau. Therefore, we believe that Ms. Kobe is capable of appropriately performing her duties as Outside Director of the Company by providing beneficial opinions and advice from a new perspective, based on her experience and knowledge.</p> <p>In addition, since Ms. Kobe meets the independence standards set forth by the Tokyo Stock Exchange as well as our Independence Standards for Outside Officers, we determined that she is unlikely to have any conflict of interest with general shareholders and appointed her as an independent officer.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established
---	-------------

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Compensation Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	4	4
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

1. The nomination committee is chaired by Hiroyuki Sasa, an outside director, and consists of Tsutomu Isobe, a representative director, Toshitake Chino, an outside director, and Hidekazu Miyoshi, an outside director. The nomination committee is a voluntary advisory committee established to utilize the knowledge and advice of outside directors and to further strengthen the independence, objectivity, and accountability of the functions of the board of directors. It deliberates on the appointment and dismissal of directors and provides advice and recommendations to the board of directors.

2. The compensation committee is chaired by Toshitake Chino, an outside director, and consists of Tsutomu Isobe, a representative director, Hiroyuki Sasa, an outside director, and Hidekazu Miyoshi, an outside director. The compensation committee is a voluntary advisory committee established to utilize the knowledge and advice of outside directors and to further strengthen the independence, objectivity, and accountability of the functions of the board of directors. It deliberates on the policies and details of compensation received by directors and important employees and provides advice and recommendations to the board of directors.

**[Audit & Supervisory Board Members]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Member Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Member	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The audit department also consults with audit and supervisory board members in advance on internal auditing policies and plans and reports the results of audits to audit and supervisory board members. Through these and other means, the department strives to efficiently conduct internal audits in cooperation with audits conducted by audit and supervisory board members and accounting auditors. In addition, the status of the operation of the internal control system, including the results of internal audits, is regularly

reported at meetings of the internal control committee, which audit and supervisory board members attend, and information is shared with the accounting auditors.

Appointment of Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Member	2
Number of Independent Audit & Supervisory Board Member	2

Outside Audit & Supervisory Board Member's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Akira Takenouchi	Attorney-at-law													
Seiji Nishiura	Certified Public Tax Accountant													

\* 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 subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & Supervisory Board Member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

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

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

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as audit & supervisory board members

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

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board members himself/herself only)

k. Executive of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the audit & supervisory board members himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the audit & supervisory board members himself/herself only)

m. Others



Outside Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Akira Takenouchi	○	Attorney-at-law	<p>Mr. Akira Takenouchi is a lawyer familiar with legal affairs, and has broad experience and track record in the legal circle, including his position as President of TOKYO BAR ASSOCIATION. Therefore, although Mr. Takenouchi has never been directly involved in the management of a company, we believe that he is capable of appropriately performing his duties as Outside Audit &amp; Supervisory Board Member of the Company by providing beneficial advice on the Company's audit system based on his experience and knowledge.</p> <p>In addition, since Mr. Takenouchi meets the independence standards set forth by the Tokyo Stock Exchange as well as our Independence Standards for Outside Officers, we determined that he is unlikely to have any conflict of interest with general shareholders and appointed him as an independent officer.</p>
Seiji Nishiura	○	Certified Public Tax Accountant	<p>Mr. Seiji Nishiura, who served as district director of tax offices, etc., is well-versed in corporate taxation as a tax accountant and possesses high-level professional expertise in finance and accounting. Therefore, although Mr. Nishiura has never been directly involved in the management of a company, we believe that he is capable of appropriately performing his duties as Outside Audit &amp; Supervisory Board Member of the Company by providing beneficial advice on the Company's audit system based on his experience and knowledge.</p> <p>In addition, since Mr. Nishiura meets the independence standards set forth by the Tokyo Stock Exchange as well as our Independence Standards for Outside Officers, we determined that he is unlikely to have any conflict of interest with general shareholders and appointed him as an independent officer.</p>

**[Independent Directors/Audit & Supervisory Board Members]**

Number of Independent Directors/Audit & Supervisory Board Members	6
---	---

Matters relating to Independent Directors/Audit & Supervisory Board Members

Please refer to the preceding [Principle 4-9. Independence Standards and Qualification for Independent Outside Directors] under [Disclosure Based on the Principles of the Corporate Governance Code] for matters relating to the independent officer.

**[Incentives]**

Incentive Policies for Directors	Introduction of Performance-linked Compensation
----------------------------------	---

Supplementary Explanation

The Company treats "bonuses" that fluctuate according to the level of performance achieved in each financial period as a short-term incentive.

Bonuses are treated as a short-term incentive and linked to the profit attributable to owners of parent (hereinafter referred to as "profit") achieved in each financial period, which is important as a management indicator and serves as a dividend resource, valuing the perspective of shareholders. Specifically, the total amount of bonuses to be paid to the Company's directors is determined by taking the number of eligible directors and the growth rate of dividends into account, with the upper limit set at the amount obtained by multiplying the profit for each fiscal year by one-fiftieth (1/50) of the dividend payout ratio (%). Allocations of bonuses to individual directors are determined at a board of directors meeting through deliberation by the voluntary compensation committee, according to their job positions and responsibilities, subject to an increase or decrease by a certain percentage depending on their achievements.

Going forward, the Company will consider the adoption of a new incentive plan linked to medium-to long-term performance and other measures to function as a sound incentive for the sustainable growth of the Company.

Recipients of Stock Options	
-----------------------------	--

Supplementary Explanation

**[Director Compensation]**

Disclosure of Individual Directors' Compensation	Selected Directors
--	--------------------

## Supplementary Explanation

■ Amount of compensation for directors and audit & supervisory board members for the period ended in March 2023

Category of officers	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of eligible officers
		Basic compensation	Performance-linked compensation	Non-monetary compensation, etc.	
Directors (Outside)	392 (33)	192 (33)	200 (—)	—	9 (3)
Audit & Supervisory Board Members (Outside)	40 (12)	40 (12)	—	—	4 (2)
Total	432	232	200	—	13 (5)

\* The Company pays bonuses to directors (excluding outside directors) as performance-linked compensation.

\* Those who receive 100 million yen or more as their total compensation etc. are disclosed individually in the Company's financial statements.

Policy on Determining Compensation Amounts and Calculation Methods	Established
--	-------------

## Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

The compensation of the Company's directors consists of "basic compensation," which is fixed compensation, "bonuses" that fluctuate according to the level of consolidated performance achieved in each financial period and "stock options" that is linked to the medium- to long-term corporate value.

As for basic compensation, the amount to be paid to individual directors is determined based on the predetermined compensation standard amounts according to their job positions and responsibilities, within the range of the total amount set by resolution of a general meeting of shareholders.

Bonuses are treated as a short-term incentive and linked to the profit achieved in each fiscal period, which is important as a management indicator and serves as a dividend resource, valuing the perspective of shareholders. Specifically, the total amount of bonuses to be paid to the Company's directors is determined by taking the number of eligible directors and the growth rate of dividends into account, with the upper limit set at the amount obtained by multiplying the profit for each fiscal year by one-fiftieth (1/50) of the dividend payout ratio (%). Allocations of bonuses to individual directors are determined at a board of directors meeting through deliberation by the voluntary compensation committee, according to their job positions and responsibilities, subject to an increase or decrease by a certain percentage depending on their achievements. For Outside Directors, who are independent from the execution of business, only basic compensation is paid and no bonuses are provided.

The maximum amount of Directors' compensation was resolved to be 468 million yen per year (the maximum 50 million yen for Outside Directors) including bonuses, at the 81st Ordinary General Meeting of Shareholders held on June 26, 2019, and the Directors' compensation shall be paid within such amount. For

Outside Directors, who are independent from the execution of business, only basic compensation is paid and no bonuses are provided.

As for stock options, the 72nd Ordinary General Meeting of Shareholders held on June 29, 2010 decided on giving up to 500 share reservation rights to the then eight directors, and the number of rights for each director and the terms and conditions of exercise are stipulated in a resolution of the board of directors and individual contracts.

For audit & supervisory board members, only basic compensation is paid. The amount was set at 4 million yen or less monthly by resolutions of the 48th ordinary general meeting of shareholders held on June 27, 1986, and the monthly compensation for each audit & supervisory board member is paid within such amount after being discussed among audit & supervisory board members.

#### **[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]**

Currently, there is no section or person in charge to assist outside directors and outside audit and supervisory board members, but information is communicated from full-time directors, audit and supervisory board members, and employees, as necessary.

In addition, in order to activate discussions at the board of directors meetings, the Company holds briefing sessions for outside officers prior to board of directors meetings. Furthermore, the Company also provides preliminary information required for deliberations at board of directors meetings, such as holding a briefing session on our business for outside directors on an irregular basis.

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

### **i. System to ensure the efficient execution of duties of a director**

- a. A director's tenure was shortened from 2 years to 1 upon the approval of the 71<sup>st</sup> ordinary general meeting of shareholders held on the June 26, 2009, in order to further clarify management responsibilities and increase opportunities for shareholders to participate in a confidence vote.
- b. The board of directors on the June 26, 2009 decided on introducing the corporate officer system, which is aimed at speeding up the decision-making process and strengthening supervision/monitoring functions by slimming down the board of directors, ensuring more transparency for corporate governance by defining operational segregation, and enhancing the business execution function to achieve efficient management at the same time.
- c. The board of directors makes decisions on matters that are specified in laws and regulations and the Articles of Incorporation, and important matters associated with management of the Company as stipulated in the regulations of the board of directors, as well as supervising business execution performed by directors.
- d. A management meeting is held on a timely basis and attended by directors and corporate officers or others in an equivalent position to further strengthen the functions of the board of directors and improve managerial efficiency. At such meetings, attendees deliberate on important matters relating to business execution, and discuss in sufficient time an agenda that is carefully narrowed down.
- e. As for the operations, a profit planning and a budget are developed annually, thus defining objectives that cover the whole Amada Group. They are circulated within the group through company-wide management meetings attended by directors, corporate officers, general managers, department heads, sales managers in each area and directors of the Company's subsidiaries. Each department and each subsidiary then draw up specific measures and implement them to attain such objectives.

### **ii. Matters relating to the employees who will help audit & supervisory board members to perform their duties and matters relating to the independence of such employees from the directors**

- a. Staff may be allocated to assist audit & supervisory board members with their duties as necessary. In such cases, the representative director and audit & supervisory board members will discuss appropriate personnel and decide on them. Currently, 1 employee is assigned to assist audit and supervisory board members.

b. An administrative office shall be set up in the audit & supervisory board. The administrative office of the board of directors concurrently serves as the administrative office of the audit & supervisory board and prepares, keeps and maintains minutes for the latter.

iii. Reporting structure for directors and employees to report to audit & supervisory board members, and reporting structure for others to report to audit & supervisory board members

a. The manager of the internal audit department discusses the policy and plans for auditing with audit & supervisory board members prior to the audit and reports the results of such audits to audit & supervisory board members.

b. Directors shall immediately report to audit & supervisory board members in accordance with laws and regulations, upon the discovery of facts that may cause significant damage to the Company.

c. Directors and employees of the Company and its subsidiaries shall swiftly and accurately respond to the request of audit & supervisory board members to view approval documents or other material documents relating to business execution. The aim is to have them comprehend the process of making important decisions and status of business execution, or to receive an explanation for business and status of property. Audit & supervisory board members may attend important meetings other than the board of directors.

iv. Other systems to ensure an effective audit by audit & supervisory board members

a. The audit & supervisory board may make use of lawyers, certified public accountants, consultants and external advisors at their discretion when they deem it is necessary to carry out audits.

b. Audit & supervisory board members are provided with details of audits by accounting auditors and exchange information to promote cooperation among them.

v. Matters relating to accounting auditors

The Company has a contract with Deloitte Touche Tohmatsu LLC for audit and accounting services. The certified public accountants that performed the accounting audit for the fiscal year under review were Masato Shoji and Daisuke Igarashi, both of whom work for the company mentioned above. They expressed their opinions on the Company's financial statements etc. as independent outside audit and supervisory board members of a team they formed with 11 certified public accountants, who supported auditing, and other professional staff.

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

The Company is a company with an audit and supervisory board. Its board of directors consists of 9 directors, and the Company appointed 4 independent outside directors for the purpose of further reinforcing its corporate governance. A director's tenure was shortened from 2 years to 1 in order to further clarify management responsibilities during a business year, as well as to increase opportunities for shareholders to participate in a confidence vote. Furthermore, the corporate officer system was introduced, aiming at speeding up the decision-making process and defining operational segregation. The audit and supervisory board consists of 4 members, 2 of whom are independent outside audit and supervisory board members with specialized knowledge. The Company believes that these structures ensure that its corporate governance system functions effectively.

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

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

	Supplementary Explanations
Early Notification of Shareholder Meeting	Notices are sent out 3 weeks prior to the day when a general meeting of shareholders is held.
Avoiding Scheduling Conflicts for General Meeting of Shareholders	The Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2023 was held on June 28, 2023.
Allowing Electronic Exercise of Voting Rights	Such type of voting has been allowed continuously since the ordinary general meeting of shareholders associated with the period ended in March 2009.
Participation in Electronic Voting Platform	We have been participating in the ICJ platform continuously since the ordinary general meeting of shareholders associated with the period ended in March 2009.
Providing Convocation Notice in English	We provide an English translation of convocation notices (a full translation excluding the Internet disclosure matters).
Other	We implement the following: <ul style="list-style-type: none"> <li>• Enhanced visual appeal with a color convocation notice</li> <li>• Visualization of shareholders' meetings</li> <li>• Improvement in convenience of exercising voting rights (introduction of "Smart Exercise")</li> <li>• Posting of convocation notices (Japanese, English) on the Tokyo Stock Exchange website and the Company's website.</li> </ul>

#### 2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation/publication of the Disclosure Policy	When disclosing important pieces of information such as decision matters, events, and information related to the financial results that affect investment decisions, the Company complies with the timely disclosure rules determined by the Financial Instruments and Exchange Act and the provisions of the Tokyo Stock Exchange. In addition, we strive to have active disclosure of information that does not apply to the timely disclosure rules when we deem such disclosure to be important.  The details are available for viewing at the below website: <a href="https://www.amada.co.jp/ja/ir/disclosure_policy/">https://www.amada.co.jp/ja/ir/disclosure_policy/</a> (Japanese) <a href="https://www.amada.co.jp/en/ir/disclosure_policy/">https://www.amada.co.jp/en/ir/disclosure_policy/</a> (English)	
Regular Briefing Sessions for Individual Investors	Details of the briefing sessions held in the past for individual investors are available on our IR website. <a href="https://www.amada.co.jp/ja/ir/document/individual/">https://www.amada.co.jp/ja/ir/document/individual/</a>	None
Regular Investor Briefings for Analysts and Institutional Investors	We hold briefings for analysts upon releasing full-year results and quarterly results, and also set up small meetings hosted by analysts and respond to individual interview requests as necessary.	Yes
Posting of IR Materials on Website	Summary report of financial results, materials disclosed at an exchange, financial statements, financial presentation materials and annual reports etc. are	

	available for viewing at the below website: <a href="https://www.amada.co.jp/ja/ir/">https://www.amada.co.jp/ja/ir/</a> (Japanese) <a href="https://www.amada.co.jp/en/ir/">https://www.amada.co.jp/en/ir/</a> (English)	
Establishment of Department and/or Manager in Charge of IR	Designated personnel are allocated in the Financial Operation Dept.	

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

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Our basic idea is presented in the management philosophy and corporate code of conduct, both of which are available on our website.
Implementation of Environmental Activities, CSR Activities etc.	Under the Amada Group Environmental Declaration, the Company aims to have management that ensures societal and corporate sustainability by further promoting active environmental activities. In order to contribute to the development of the metal processing industry, the Company has established and supports the activities of a vocational training center to improve engineering skills, in addition to carrying out various other CSR activities.  The details are published on the below website: <a href="https://www.amada.co.jp/activity/">https://www.amada.co.jp/activity/</a> (Japanese) <a href="https://www.amada.co.jp/en/activity/">https://www.amada.co.jp/en/activity/</a> (English)

## IV. Matters Related to the Internal Control System

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

Regarding the development of frameworks to ensure proper operations, the Company has determined the following basic policies resolved by the Board of Directors.

- 1) Framework for compliance with laws, ordinances and the Articles of Incorporation in execution of duties by Directors and employees of the Company and the subsidiaries (hereinafter referred to as the “Company Group”)

Our Directors shall determine a basic policy for compliance (observance of laws, ordinances, internal rules, etc.) for the Company Group, to develop organizations and rules for its realization, and promote a compliance system by integrating activities of the Group companies. Furthermore, compliance education will be conducted, and the procedure to follow in the event of a violation shall be clarified and disseminated throughout the Group companies. The Auditing Department shall conduct internal audits of the Company Group on development and operation of the compliance system.

In order to secure the reliability of financial reporting, an internal control reporting system shall be developed for effective and efficient operations and evaluation.

- i) Norms shared in the Company Group

The “Amada Group Management Philosophy” and the “Amada Group Corporate Code of Conduct” shall be defined to ensure constant awareness of the need to comply with laws, ordinances and the Articles of Incorporation in our businesses, and they shall be thoroughly disseminated and supervised.

- ii) Internal Control and Risk Management Committee

The Committee shall maintain and improve the internal control systems and develop the compliance framework.

- 2) Framework for retention and management of information regarding our Directors’ execution of duties

The minutes of important meetings, such as General Meeting of Shareholders, Board of Directors meetings and Expert Committee meetings, and other information concerning the execution of Directors’ duties shall be properly retained and managed and made available for browsing by Directors and Audit & Supervisory Board Members as needed in compliance with laws, ordinances, internal regulations and rules.

- 3) Rules and other systems for management of Company Group’s risk of loss

- i) The Basic Rules on Risk Management stipulate basic matters related to risk management, to prevent the Company Group from incurring losses or to minimize losses should they occur. The Internal Control and Risk Management Committee shall centrally manage the Company Group’s risks and promote organization-wide risk management. In addition, to ensure that information on matters such as fraud or compliance violations is reported without omission, rules on investigation, clarification and communication networks regarding fraud and risk information shall be defined and thoroughly disseminated in the Group companies.

- ii) For individual risk management, responses to various risks are handled by relevant Expert Committees, as well as Risk Management Subcommittee established as subordinate organizations of the Internal Control and Risk Management Committee, and the department in charge of risk.

- iii) In the event of a major incident, accident, natural disaster, or other emergency that is deemed to require a company-wide response, an emergency task force shall be established to take swift action on crisis management.

- iv) The Auditing Department shall conduct internal audits of the Company Group on development and operation of the risk management framework.

- 4) Framework for ensuring the efficiency of the execution of duties by Company Group’s Directors

- i) The Board of Directors shall determine and supervise the execution of duties concerning matters prescribed by laws, ordinances and the Articles of Incorporation and the important management matters based on the Regulations of the Board of Directors.

- ii) In order to expedite a decision making process by selected members of the Board of Directors



and enhance the performance by separating the executive body, a corporate officer system is adopted. The President shall instruct and convey the policies and decisions resolved by the Board of Directors, and Corporate Officers shall report on the progress in their execution of duties to the Board of Directors, President and Audit & Supervisory Members upon individual requests.

iii) The Executive Management Committee and Expert Committees shall discuss the important matters to be proposed to the Board of Directors in advance, and support the decision making of the Board.

5) Framework for reporting system on execution of duties by Directors, etc. of the Company Group and systems for proper execution of businesses

i) The Company Group shall establish the “Amada Group Management Philosophy,” “Amada Group Corporate Code of Conduct,” etc. as the basic principles of the Group as a whole.

ii) The Company Group shall, based on the Regulations of the Board of Directors, seek approval or report to the Board of Directors on the important management matters, including the matters of subsidiaries, regularly receive reports on the business plan, etc. from the subsidiaries, and confirm the appropriateness of subsidiaries’ operations.

iii) Regarding the management of the Group companies, a department and the person in charge shall be clarified to secure proper operation pursuant to the provisions of the “Rules on Administrative Authorities of Affiliates in Japan” and “Operations Management Rules for Overseas Affiliates.”

iv) The Auditing Department shall conduct audits on the performance of business, compliance framework, etc. of departments and the Group companies, monitor and provide advice and recommendations for improvements, and report the result to the Board of Directors, President, Audit & Supervisory Board Members, and the Internal Control and Risk Management Committee.

6) Matters concerning i) employees assisting the Audit & Supervisory Board Members, ii) independence of the said employee from Directors, and iii) effectiveness of instruction on the said employee

i) When the Audit & Supervisory Board Members seek an employee as their assistant, such employee shall be assigned to ensure effective performance of their duties. Selection of the said employee shall be determined upon consultation between the Representative Director and the Audit & Supervisory Board Members.

ii) When the above employee is assigned to assist the Audit & Supervisory Board Members in their duties, any appointment or transfer of the said employee shall require the consent of the Members and their opinions shall be fully considered in the personnel evaluation of the employee.

iii) The Audit & Supervisory Board shall have a secretariat established, and it shall prepare, retain and manage the minutes.

7) Framework for reporting systems to the Audit & Supervisory Board Members by Directors and employees of the Company Group, including a ban on unfavorable treatment on whistleblowers

i) Directors, Corporate Officers and employees (referred to as the “Corporate Officers and employees” hereinafter) shall immediately report to the Audit & Supervisory Board Members when there is any event that has a significant impact on the Company Group, or when there is a possibility of such event. Furthermore, Corporate Officers and employees shall report and provide the necessary information as requested by the Members.

ii) The framework shall ensure that a Corporate Officer or employee who has reported an event to the Audit & Supervisory Board Members will not be treated unfavorably on the grounds of that report.

8) Matters concerning procedure for advance payment or reimbursement of costs incurred in the course of performing duties by Audit & Supervisory Board Members and policies on processing of costs or debts incurred by other duties of Members

The cost that the Audit & Supervisory Board Members require to perform their duties shall be budgeted according to the Audit Plan of the Members in advance and any emergency or ad hoc spending required in the course of audit, including an investigation, shall be prepaid or reimbursed.

9) Other frameworks for ensuring effective audit by the Audit & Supervisory Board Members

- i) The Audit & Supervisory Board may use the services of lawyers, certified public accountants, consultants or other outside advisors at their own discretion when deemed necessary for the audit.
- ii) The Audit & Supervisory Board Members shall receive an explanation about the content of the accounting audit conducted by Accounting Auditor and promote exchange of information.

Please refer to [Diagram 1] “Corporate Governance Structure (diagram)”

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

The Amada Group states in its code of conduct that “we do not and will not have any connection with antisocial forces or organizations, which threaten the order and safety of civil societies, and deal with unreasonable demands with a resolute attitude and without making compromises,” and ensures that all its employees are aware of this statement.

**V. Other**

**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
—	

**2. Other Matters Concerning to Corporate Governance System**

A summary of the internal structure for timely disclosure of the Company’s information is as below:  
 At the Company and each subsidiary in its group, the responsible person for information handling and the department responsible for information disclosure keep control over and manage important decisions, emerging facts and information on financial results. This shall be done after they have been viewed by the representative director, each responsible director or each responsible person. They shall then make decisions on whether such information falls under matters to be disclosed while reflecting on the timely disclosure rules or IR practices, and disclose them, depending on such decision, in a timely manner. Namely, this shall be done after obtaining approval of a board of directors for the decisions and information on financial results, and after identifying the emerging facts.  
 Information disclosed shall be made available on the Company’s website as IR information as soon as possible after the timely disclosure.  
 Please refer to [Diagram 2] “Diagram of internal structure for timely disclosure of the Company’s information”

Corporate Governance Structure (diagram)

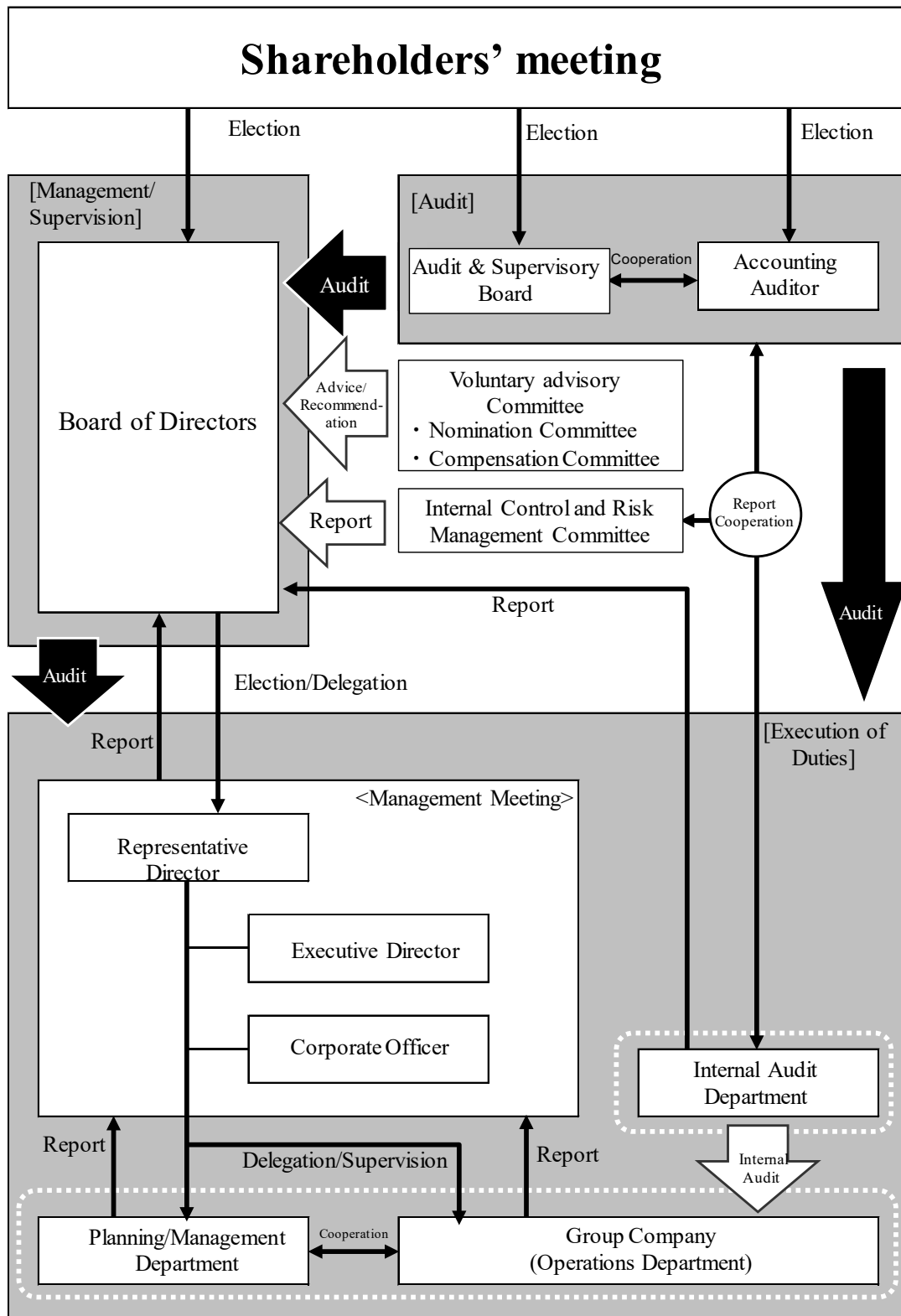
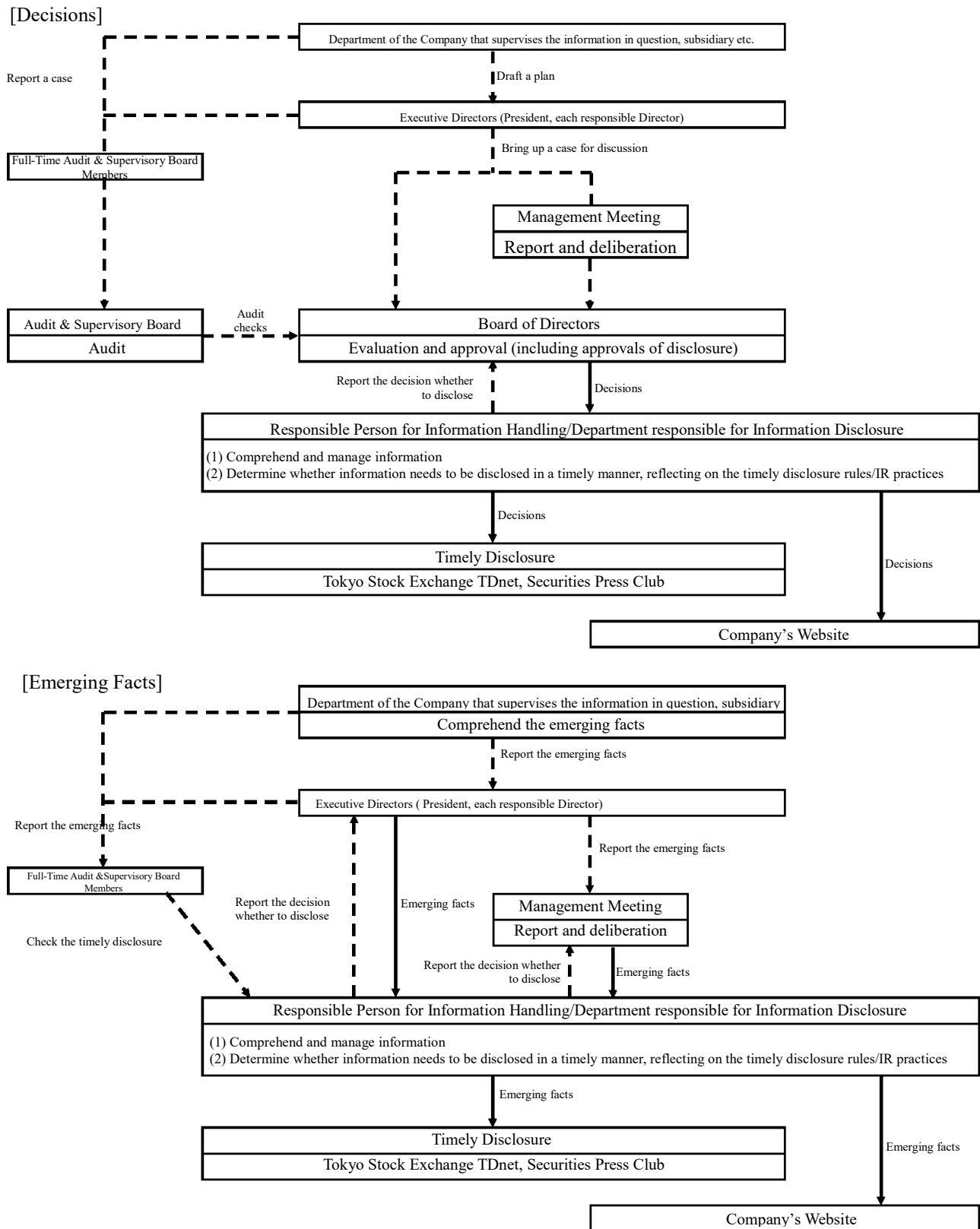
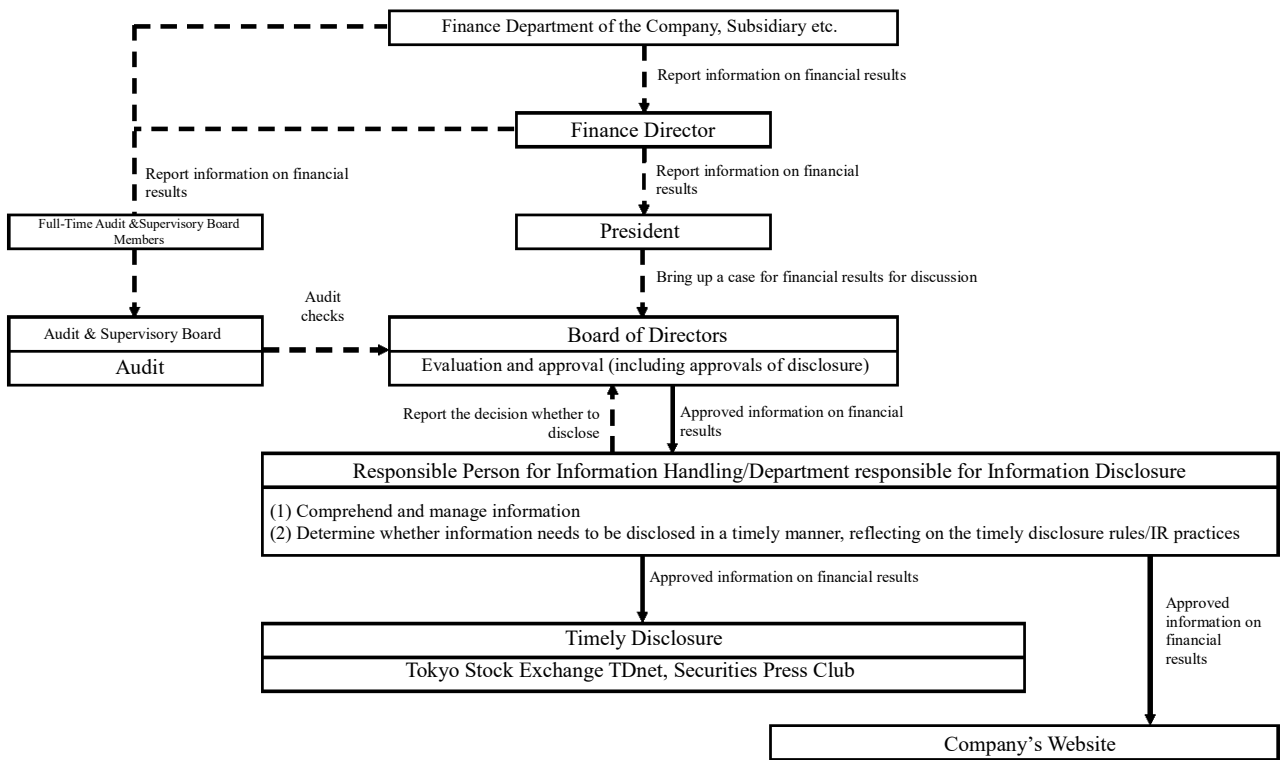


Diagram of Internal Structure for Timely Disclosure of the Company's Information

[Diagram 2]



[Information on Financial Results]



Skills Matrix of Directors and Auditors

[Diagram 3]

	Name		Gender	Expertise, Experience					
				Corporate Management	Finance Accounting	Legal Affairs Risk Management Compliance	Global	Sales Marketing	R&D Manufacturing
Directors	Tsutomu Isobe		Male	○	○	○	○		
	Takaaki Yamanashi		Male	○			○		○
	Masahiko Tadokoro		Male	○			○	○	
	Koji Yamamoto		Male	○			○	○	
	Kazuhiko Miwa		Male	○	○	○			
	Hiroyuki Sasa	Outside Independent	Male	○		○	○	○	○
	Toshitake Chino	Outside Independent	Male	○		○			
	Hidekazu Miyoshi	Outside Independent	Male	○		○			○
Audit & Supervisory Board Members	Harumi Kobe	Outside Independent	Female			○	○		
	Kotaro Shibata		Male	○			○	○	
	Takashi Fujimoto		Male		○		○		
	Akira Takenouchi	Outside Independent	Male			○			
	Seiji Nishiura	Outside Independent	Male		○				