

(Translation)

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## Corporate Governance Report

Last Update: July 12, 2019

Amada Holdings Co., Ltd.

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Contact: Corporate Planning Dept

Securities Code: 6113

<https://www.amadaholdings.co.jp/>

The corporate governance of Amada Holdings 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 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]

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

##### 1. Policies for determining remuneration

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

As for basic remuneration, the amount to be paid to individual directors is determined based on the Company’s predetermined remuneration 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, upon collecting opinions from outside directors at a board of directors meeting, according to their job positions and responsibilities, subject to an increase or decrease by a certain percentage depending on their achievements.

As for stock options, the total number of share reservation rights to offer as stock options at the time of their issuance has been approved by a general meeting of shareholders, and the numbers to grant and the terms and conditions for exercising stock options for individual directors are stipulated in a resolution of the board of directors and individual contracts

## 2. Procedures for determining remuneration

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

As for stock options, a general meeting of shareholders approves the total number of share reservation rights to offer as stock options at the time of their issuance, and the board of directors decides the numbers to grant and terms and conditions for exercising stock options for each case.

We will examine the possibility of setting up a system to collect opinions from independent outside directors upon making decisions on remuneration in order to build a more effective governance structure.

### [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 the board meeting based upon the draft of candidates prepared and submitted by the representative director.

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 the board of directors meeting 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.

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

There is currently no remuneration 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 remuneration and its proportions at the same time through objective and transparent procedures.

[Supplemental Principle 4-3-1. Roles and Responsibilities of the Board of Directors (3)]

Please refer to the description of [Principle 3-1] and [Supplemental Principle 4-10-1] for details.

[Supplemental Principle 4-3-3. Roles and Responsibilities of the Board of Directors (3)]

When it is objectively determined that the CEO should be dismissed due to impairment of the Company's corporate value as a result of violation of relevant laws and regulations and the Articles of Incorporation, the Company will adopt a resolution on dismissal of the CEO at the board of directors meeting in which independent outside directors constitute more than one-third of the members, upon deliberation based on appropriate advice from independent outside directors. The Company will examine and establish objective, timely and transparent procedures for the dismissal of the CEO.

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

While the Company does not elect a head of independent outside directors, three independent outside directors join in the discussion at the board meetings and make meaningful suggestions where appropriate. There are also some opportunities for the independent outside directors to have communication with the management and audit & supervisory board members as necessary to foster cooperation among them.

The Company intends to consider electing the head of independent outside directors.

[Supplemental Principle 4-10-1. Use of Optional Approach]

The Company has the structure of an organization with an audit & supervisory board, which currently has three outside directors who are registered as independent officers with the Tokyo Stock Exchange.

The Company has no particular system set up at present to seek appropriate suggestions from outside directors on matters that are deemed important such as nominating directors and making decisions on remuneration. However, it will examine the possibility of having a system to collect opinions from independent outside directors when deciding on personnel matters or remuneration, in order to build a more effective governance structure.

## **[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.

[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, consisting of the Company's officers in charge of finance and corporate planning, etc. 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.

The Company also specifies the policy on efforts for Medium-term Management Plan titled "Task 3-2-1," and presents an overview of each on its website.

○ Management Philosophy

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

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

○ Code of Conduct

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

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

○ Medium-term Management Plan "Task 3-2-1"

[https://www.amadaholdings.co.jp/ir/investor/midterm\\_plan/](https://www.amadaholdings.co.jp/ir/investor/midterm_plan/) (Japanese)

[https://www.amadaholdings.co.jp/en/ir/investor/midterm\\_plan/](https://www.amadaholdings.co.jp/en/ir/investor/midterm_plan/) (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)]

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 (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.

○ Notice of convocation of the most recent general meeting of shareholders

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

[https://www.amadaholdings.co.jp/en/ir/stock\\_info/meeting/](https://www.amadaholdings.co.jp/en/ir/stock_info/meeting/) (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 4-8. Effective Use of Independent Outside Directors]

The number of directors for the board is limited to a maximum of 10 as stipulated in the Articles of Incorporation. The board includes two or more outside independent directors so that each member of the board has their knowledge and expertise, and thereby the board has a balanced composition of people, and so that the board reflects an outside perspective on decision-making associated with management and has a stronger supervisory function.

In order to ensure effective use of independent outside directors, we have appointed three independent outside directors following the resolution made at the 78<sup>th</sup> ordinary general meeting of shareholders held on June 28, 2016.

[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.

○ Independence Standards for Outside Officers

[https://www.amadaholdings.co.jp/ir/cg/pdfs/cg\\_20151221.pdf](https://www.amadaholdings.co.jp/ir/cg/pdfs/cg_20151221.pdf) (Japanese)

[https://www.amadaholdings.co.jp/en/ir/cg/pdfs/cg\\_20151221.pdf](https://www.amadaholdings.co.jp/en/ir/cg/pdfs/cg_20151221.pdf) (English)

[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 8 directors including 3 outside directors who are both independent officers.

The Company will consider appointing officers based upon not only their knowledge, experience and expertise but also on the recognition that diverse views can contribute to business progress, global expansion and proper supervision and monitoring.

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 2017 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 including outside directors 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 October 19, 2018 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 appropriately. An outline of the results is as follows.

(1) The Company's board of directors is properly constituted in terms of size, diversity of members, and independence of independent outside directors, while a framework is in place to make important management decisions and oversee the execution of businesses appropriately.

(2) An environment is secured for members to express their views freely and openly. Holding regularly-scheduled briefing sessions for outside officers prior to the board of directors meeting and enhanced provision of preliminary information required for deliberation are contributing to active discussions.

Meanwhile, the evaluation reminded the board of the severity of the insufficiently-discussed corporate vision from the medium- and long-term perspective and issues to be addressed in the future. It is also desirable to discuss other issues including the executive remuneration and evaluation system, appointment and dismissal, and the development of next-generation executives based on a succession plan.

#### 3. Future action policies for enhancing effectiveness

Based on the results of the evaluation, the Company's board of directors will consider developing a framework for strengthening its supervisory function. In addition, efforts will be made to enhance discussions in a way that helps to improve the Company's medium- and long-term corporate value such as ESG and risk management-related measures, the executive remuneration and evaluation system, and the development of a succession plan.

[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 that directly reports to the president 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 management 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.
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.

## 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 (%)
Japan Trustee Services Bank, Ltd. (Trust accounts)	54,883,900	15.39
The Master Trust Bank of Japan, Ltd. (Trust accounts)	41,560,000	11.65
Trust & Custody Services Bank, Ltd. (Trust accounts)	12,321,100	3.46
THE AMADA FOUNDATION	9,936,500	2.79
SMBC Nikko Securities Inc.	8,291,500	2.33

Mizuho Bank, Ltd.	7,500,386	2.10
MISAKI ENGAGEMENT MASTER FUND	6,426,400	1.80
The Nomura Trust and Banking Co., Ltd. (Trust accounts)	6,098,000	1.71
Nippon Life Insurance Company	6,061,775	1.70
The Joyo Bank, Ltd.	5,756,000	1.61

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

#### Supplementary Explanation

1. The status of major shareholders shown above is as of March 31, 2019. The Company holds 11,503,611 shares of treasury stock, but is excluded from the major shareholders listed 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, 2019, 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: Mizuho Bank, Ltd. and two joint holders

Address: 1-5-5 Otemachi, Chiyoda-ku, Tokyo

Effective date of reporting duty: March 15, 2019

Number of shares held (shares): 28,846,000

Shareholding ratio (%): 7.63

Large volume holders: Sumitomo Mitsui Trust Bank, Limited and one joint holder

Address: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Effective date of reporting duty: March 29, 2019

Number of shares held (shares): 28,504,000

Shareholding ratio (%): 7.74

Large volume holders: Nomura Securities Co., Ltd. and one joint holder

Address: 1-9-1 Nihonbashi, Chuo-ku, Tokyo

Effective date of reporting duty: March 29, 2019

Number of shares held (shares): 30,078,000

Shareholding ratio (%): 8.17



### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
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

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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 Audit & Supervisory Board Members
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#### [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 Chairperson
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Michiyoshi Mazuka	From another company									△		
Toshitake Chino	From another company									△		
Hidekazu Miyoshi	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
Michiyoshi Mazuka	○	<p>There are transactions between our Company Group and Fujitsu Limited and its consolidated subsidiaries where Mr. Michiyoshi Mazuka formerly served as Representative Director and Chairman; however, the transactions amount to less than 1% of the consolidated sales of both companies.</p> <p>Considering the scale and nature of the transactions stated above, they were deemed to have no impact on the decisions of shareholders and investors.</p>	<p>(Reasons for appointing as an outside director) Mr. Michiyoshi Mazuka, who held management posts at a global company and also served as a member of various advisory committees, possesses not only expertise as a business manager but also deep insight in corporate governance. In light of the above, it was determined on the basis of his experience and knowledge that he was the right person for the post with his ability to provide beneficial advice to the management of the Company.</p> <p>(Reasons for designating as an independent officer) 1. Mr. Michiyoshi Mazuka and all of his</p>

			<p>family members (including family members within second degree of kinship, the same shall apply hereinafter) have never received any economic benefits, such as the Company group's (the Company and its affiliated companies, the same shall apply hereinafter) remuneration, consideration for services or transactions, stock options, etc., in the past.</p> <p>2. Mr. Michiyoshi Mazuka and all of his family members have never assumed any executive roles (including non-business executors) at the Company group in the past.</p> <p>3. There are transactions between our Company Group and Fujitsu Limited and its consolidated subsidiaries where Mr. Michiyoshi Mazuka formerly served as Representative Director and Chairmen; however, the transactions amount to less than 1% of the consolidated sales of both companies.</p> <p>4. Fujitsu Limited is not a shareholder of the Company.</p>
Toshitake Chino	○	<p>Transactions have taken place, such as payment of advertisement fees from the Company group, with Nikkan Kogyo Shimbun Ltd., where Mr. Toshitake Chino served as Representative Director and President; however, the transaction amounts were small, and only constituted less than 1% of its sales or the Company's consolidated sales.</p> <p>Considering the scale and nature of the transactions stated above, they were deemed to have no impact on the decisions of shareholders and investors.</p>	<p>(Reasons for appointing as an outside director)</p> <p>Mr. Toshitake Chino has expertise and experience as editor and company manager at Nikkan Kogyo Shimbun Ltd., a general information-management institution in industrial society, with newspapers being its core medium. In light of the above, it was determined on the basis of his experience and knowledge that he was the right person for the post with his ability to provide beneficial advice to the management of the Company.</p> <p>(Reasons for designating as an independent officer)</p> <p>1. Mr. Toshitake Chino and all of his family members (including family members within second degree of kinship, the same shall apply hereinafter) have never received any economic benefits, such as the Company group's (the Company and its affiliated companies, the same shall apply hereinafter) remuneration, consideration for services or transactions, stock options, etc., in the past.</p> <p>2. Mr. Toshitake Chino and all of his family members have never assumed any executive roles (including non-business executors) at the Company</p>

			<p>group in the past.</p> <p>3. Transactions have taken place, such as payment of advertisement fees from the Company group, with Nikkan Kogyo Shimbun Ltd., where Mr. Toshitake Chino served as Representative Director and President; however, the transaction amounts were small, and only constituted less than 1% of its sales or the Company's consolidated sales.</p> <p>4. Mr. Toshitake Chino retired as Senior Advisor of Nikkan Kogyo Shimbun Ltd. more than five (5) years ago.</p> <p>5. Nikkan Kogyo Shimbun Ltd. is not a shareholder of the Company.</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>Considering the scale and nature of the transactions stated above, they were deemed to have no impact on the decisions of shareholders and investors.</p>	<p>(Reasons for appointing an outside director)</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. In light of the above, it was determined on the basis of his experience and knowledge that he was the right person for the post with his ability to provide beneficial advice to the management of the Company.</p> <p>(Reasons for designating as an independent officer)</p> <p>1. Mr. Hidekazu Miyoshi and all of his family members (including family members within second degree of kinship, the same shall apply hereinafter) have never received any economic benefits, such as the Company group's (the Company and its affiliated companies, the same shall apply hereinafter) remuneration, consideration for services or transactions, stock options, etc., in the past.</p> <p>2. Mr. Hidekazu Miyoshi and all of his family members have never assumed any executive roles (including non-business executors) at the Company group in the past.</p> <p>3. 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</p>

			<p>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>4. Miyoshi &amp; Miyoshi and the affiliated companies thereof are not shareholders of the Company.</p>
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<p>Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee</p>	<p>Not Established</p>
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**[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

Audit & supervisory board members are provided with details of audits by accounting auditors and exchange information to promote cooperation among them. Regular meetings are held at the completion of audits based upon the Companies Act and at the end of each quarter, and information is exchanged on other occasions as necessary.

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>(Reasons for appointing as an outside audit &amp; supervisory board member)            Mr. Takenouchi has obtained experience working as an attorney-at-law for many years and has expertise in corporate law. He is expected to apply these in fulfilling his duties as an outside audit &amp; supervisory board member. In addition, he is deemed to have strong independence from the management.</p> <p>(Reasons for designating as an independent officer)            1. Mr. Akira Takenouchi and all of his family members (including family members within the second degree of kinship, the same shall apply hereinafter) have never received any economic benefits, such as the Company group's (the Company and its affiliated companies, the same shall apply hereinafter) remuneration, consideration for services or transactions, stock options, etc., in the past.            2. Mr. Akira Takenouchi and all of his family members have never assumed any executive roles (including non-business executors) at the Company group in the past.            3. There is no business relationship between Tsuji Makoto Law Firm, which he currently belongs to, and the Company group.            4. Tsuji Makoto Law Firm is not a shareholder of the Company.</p>
Seiji Nishiura	○	Certified Public Tax Accountant	<p>(Reasons for appointing as an outside audit &amp; supervisory board member)            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. In light of the above, although he lacks experience of being directly involved in the management of a company, it was determined on the basis of his experience and knowledge that he was the right person for the post with his ability to provide beneficial advice to the audit system of the Company.</p> <p>(Reasons for designating as an independent officer)</p>

			<p>1. Mr. Seiji Nishiura and all of his family members (including family members within the second degree of kinship, the same shall apply hereinafter) have never received any economic benefits, such as the Company group's (the Company and its affiliated companies, the same shall apply hereinafter) remuneration, consideration for services or transactions, stock options, etc., in the past.</p> <p>2. Mr. Seiji Nishiura and all of his family members have never assumed any executive roles (including non-business executors) at the Company group in the past.</p> <p>3. The Company group does not have transaction relationships with Nishiura Tax Accountant Office, where Mr. Seiji Nishiura currently serves as Head.</p> <p>4. Nishiura Tax Accountant Office is not a shareholder of the Company.</p>
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**[Independent Directors/Audit & Supervisory Board Members]**

Number of Independent Directors/Audit & Supervisory Board Members	5
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**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	Stock Options
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**Supplementary Explanation**

The Company issues share reservation rights to the executives of the Company and its subsidiaries as stock options. It does so in the hope that such rights will work as an incentive to further encourage and motivate them to enhance the consolidated performance of the Company, at the same time as improving the corporate value by providing them with interests that they can share with shareholders.

Recipients of Stock Options	Inside Directors, Employee, Subsidiaries' Directors, Subsidiaries' Employee
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**Supplementary Explanation**

Those who are to receive share reservation rights as of the second issuance on the August 31, 2010 (total 696)	
Directors of the Company	8
Corporate officers of the Company	7
Employees of the Company	515
Directors of subsidiaries of the Company	12
Corporate officers of subsidiaries of the Company	7
Employees of subsidiaries of the Company	147

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	Selected Directors
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Supplementary Explanation

■ Amount of remuneration for directors and audit & supervisory board members for the period ended in March 2019

Directors

	Total no. of applicable persons	Amount of remuneration
Directors	9	408 million yen
(Outside)	(3)	(21 million yen)

Audit & Supervisory Board Members

	Total no. of applicable persons	Amount of remuneration
Audit & Supervisory Board Members	6	34 million yen
(Outside)	(3)	(9 million yen)

\* The remuneration for directors include the bonus amount of 221 million yen (bonuses are not paid to the outside directors).

\* One Director who retired in June 2018 is included in the above table.

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

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The remuneration of the Company's directors consists of "basic remuneration," which is fixed remuneration, "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 remuneration, the amount to be paid to individual directors is determined based on the predetermined remuneration 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, upon collecting opinions from outside directors at a board of directors meeting, 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 remuneration is paid and no bonuses are provided.

The maximum amount of Directors' remuneration 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' remuneration shall be paid within such amount. For Outside Directors, who are independent from the execution of business, only basic remuneration 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 remuneration 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 remuneration 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]**

There is currently neither a section nor personnel who are designated to support outside directors and audit & supervisory board members, but information is conveyed by full-time directors, audit & supervisory board members and employees as necessary.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration 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 biannually, 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. There are currently no employees who help audit & supervisory board members to perform their duties, but there may be a case in the future where staffs are 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.
  - 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 Tokio

Suzuki and Yuichiro Koga, 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 has appointed three independent outside directors following the resolution made at the 78<sup>th</sup> ordinary general meeting of shareholders held in June 2016 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.

## 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.
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>• 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	<p>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.</p> <p>The details are available for viewing at the below website:  <a href="https://www.amadaholdings.co.jp/ir/utility/disclosure_policy/">https://www.amadaholdings.co.jp/ir/utility/disclosure_policy/</a> (Japanese)  <a href="https://www.amadaholdings.co.jp/en/ir/utility/disclosure_policy/">https://www.amadaholdings.co.jp/en/ir/utility/disclosure_policy/</a> (English)</p>	

	<a href="#">e_policy/</a> (English)	
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.amadaholdings.co.jp/ir/">https://www.amadaholdings.co.jp/ir/</a> (Japanese) <a href="https://www.amadaholdings.co.jp/en/ir/">https://www.amadaholdings.co.jp/en/ir/</a> (English)	
Establishment of Department and/or Manager in Charge of IR	Designated personnel are allocated in the corporate planning 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.amadaholdings.co.jp/activity/">https://www.amadaholdings.co.jp/activity/</a> (Japanese) <a href="https://www.amadaholdings.co.jp/en/activity/">https://www.amadaholdings.co.jp/en/activity/</a> (English)
Other	Out of eight directors of the Company, there are currently no female directors.  The Company's group is engaged in building an environment that women feel happy to work in, aiming to achieve "a workplace where women can play an active role." In particular, we have set up some systems to foster women's motivation to work, such as one that allows female workers to reactivate their unused paid annual leave to take paid parental leave, and another that encourages male employees to take a certain period of leave to support their spouses who are on parental leave, or leave for parents' day to promote participation in the events held at schools where employees' children attend. We will work toward being certified as a company supporting child-care by the Ministry of Health, Labour and Welfare, by allowing employees to change their employment status temporarily to the "job-based" employment and introducing a system to support long-term career development and a system relating to parental leave that is more generous than current laws and regulations require.  Through such effort, we intend to raise the proportion of female managers, thus fostering female candidates for corporate officers within the whole group.  While the proportion of female employees in the company and in the consolidated subsidiaries in the country is 8.5% and that of female managers is 0.7% as of March 31, 2019, they account for 25.3% of all college graduate employees hired last year, and thanks to the above systems, we expect that the proportion of female managers will steadily rise.

## 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 (referred to as the "Company Group" hereinafter)

Our Directors shall determine a basic compliance (with laws, ordinances and internal rules) policy 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. Development and operation of the framework shall be audited by the Auditing Department of the Company Group.

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 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 Company Group aims to have centralized control of risk information associated with fraud and compliance and reporting of emergency situations without omission. To this end, the Internal Control Committee shall define rules on investigation, clarification and communication networks regarding fraud and risk information, and thoroughly disseminate the rules in the Group companies.

ii) In the event of an emergency situation, our Company shall immediately have the Internal Control Committee Chairman report to the Board of Directors, President, and Audit & Supervisory Members, convene an emergency response meeting to develop a structure for resolving the situation.

iii) For individual risk management, an officer or a head of division in charge of individual risks are appointed as the Committee members who will deliberate in the relevant Expert Committees and meeting bodies to manage the various risks.

iv) The Auditing Department shall conduct internal audits of the Group companies 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, support the decision making of the Board, and deliberate on the matters delegated by 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" and "Amada Group Corporate Code of Conduct" 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 "Overseas Group Companies' Management and Operation Rule."

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 and the Internal Control 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 Auditors and promote exchange of information.



## 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
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Supplementary Explanation

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### 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)

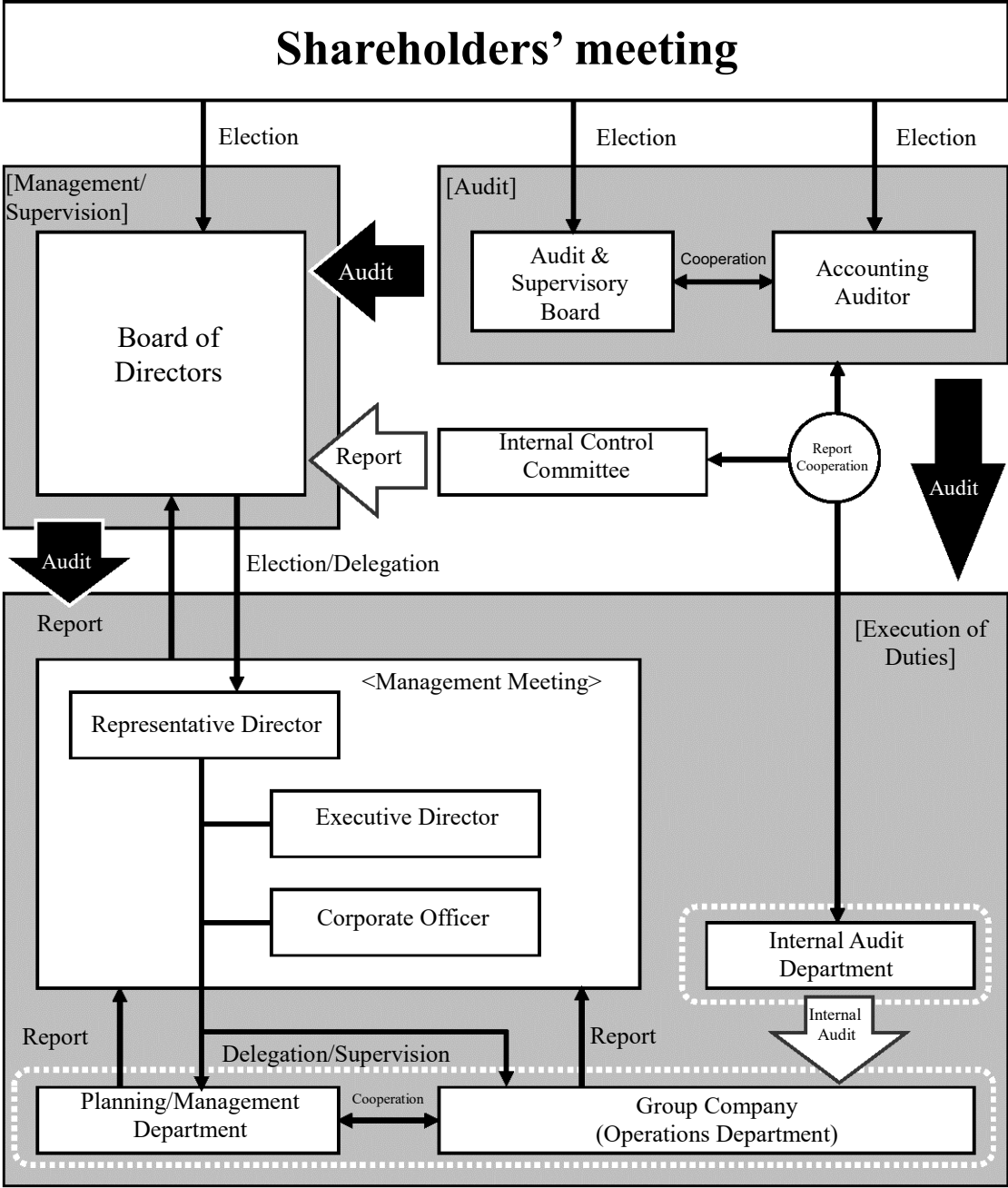
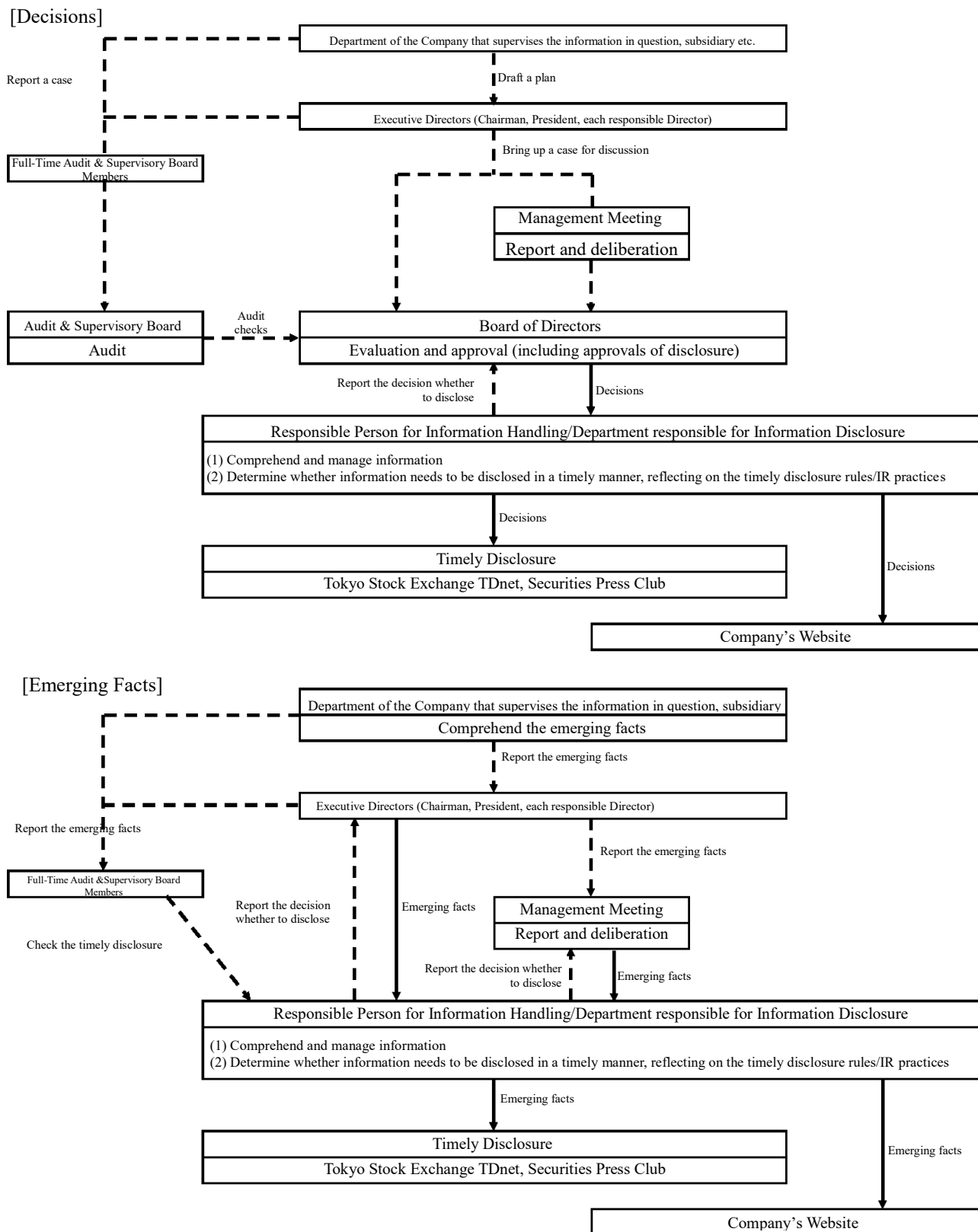


Diagram of Internal Structure for Timely Disclosure of the Company's Information

[Diagram 2]



[Information on Financial Results]

