

INTEGRATED REPORT

2022

Year ended March 31



FANUC



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Editorial Policy

Publication of Integrated Report 2022

FANUC has published this Integrated Report in order to share our value creation efforts with stakeholders.

Under the basic principles of "Strict Preciseness" and "Transparency," FANUC aims to achieve both social and economic value at the same time, and to achieve sustainable growth.

Scope of Report and Reference Guidelines

Reporting Period From April 2021 to March 2022
Some information may refer to organizational structures and policies at the time of publication if those have been recently updated.

Organizations FANUC CORPORATION and its consolidated subsidiaries

Referential Guidelines We have referenced Integrated Reporting <IR> of the International Integrated Reporting Council (IIRC), as well as the Guidance for Collaborative Value Creation issued by Ministry of Economy, Trade and Industry (METI) Government of Japan.

Forward-looking statements

Statements contained in this report that relate to the future operating activities, business performance, events or conditions of FANUC are forward-looking statements. Forward-looking statements are based on judgments made by FANUC's management based on information available at the time of publishing this report and are subject to significant assumptions. As such, these forward-looking statements are subject to various risks and uncertainties and actual business results may vary substantially from the forecasts expressed or implied in forward-looking statements. Accordingly, you are cautioned not to place undue reliance on forward-looking statements. FANUC disclaims any obligation to revise forward-looking statements in light of new information, future events or other findings.

Basic Principles

“Genmitsu”
(Strict Preciseness)

“Tomei”
(Transparency)

“Strict Preciseness” and “Transparency” are the basic principles of FANUC.

Strict Preciseness

A company will last forever and be sound with strict preciseness.

Transparency

The corruption of an organization and downfall of a company start from a lack of transparency.

Vision

FANUC provides indispensable values throughout the world in the field of factory automation through unceasingly creating technological innovations, and will continue to be a company that is trusted by all stakeholders.

The Three Philosophies



The three businesses of FA, ROBOT and ROBOMACHINE are unified with SERVICE as “one FANUC”, to provide innovation and re-assurance to manufacturing sites around the world.

Reliable
Predictable
Easy to Repair

FANUC aims to Maximizing Uptime in all factories all over the world.

Service First

Conforming to the spirit of “Service First”, FANUC provides lifetime maintenance of its products for as long as they are used by customers, through more than 260 service locations supporting more than 100 countries throughout the world.

FANUC Code of Conduct

Officers and employees of FANUC shall practice the following with “Strict Preciseness” and “Transparency,” which are the basic principles of FANUC.

- ① Upholding of a high standard of ethics
- ② Compliance with laws and regulations, and internal rules
- ③ Respect for human rights
- ④ Contribution to the benefit of FANUC

Prohibited Acts which require Particular Attention

1. To discriminate based on gender, age, nationality, ethnicity, race, place of origin, religion, beliefs, disability, sexual orientation, sexual identity, etc.
2. To engage in an act that creates, or appears to create, a conflict of interest between his or her personal interest and the FANUC group company’s interest, including dealing with the FANUC group company for the benefit of him/herself or any particular individual or organization.
3. To engage in an act that violates antitrust laws, including, unjust or unfair transactions.
4. To give money, gifts, entertainment or any other economic benefit to public officials or persons in similar positions in connection with their duties.
5. To unlawfully acquire, use or disclose intellectual property, personal information, etc., of any company or individual.
6. To conduct insider trading of stocks based on the material facts of the FANUC group or its business partners, etc.
7. To use forced labor or engage in an act that appears to use forced labor.
8. To develop or spread technology that is harmful to the environment.
9. To provide information that differs from the truth or misleads customers, business partners, etc.
10. To consent to an unjust request by anti-social forces, such as organized crime groups, or conduct a transaction with such entities or any related company or individual.

* FANUC will establish a contact point for whistle-blowing through which, in principle, all officers and employees of the FANUC group, including subsidiaries and sub-subsidiaries, can whistleblow to the headquarters of FANUC CORPORATION.

* This Code of Conduct applies to all officers and employees of the FANUC group, including subsidiaries and sub-subsidiaries (including contract workers).

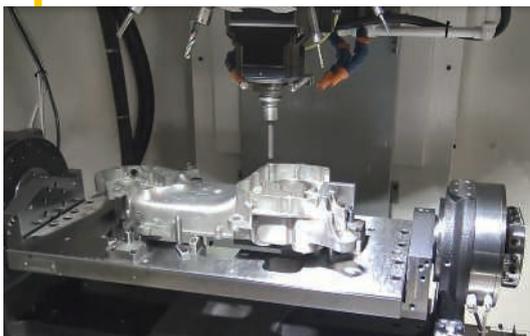
Supporting Factory Automation

FANUC Products in Various Fields

You can find FANUC technologies everywhere in our daily life. Automotive, Aerospace, Construction, Energy, Food and so on. FANUC products are utilized in various fields.



Parts machining with ROBODRILL



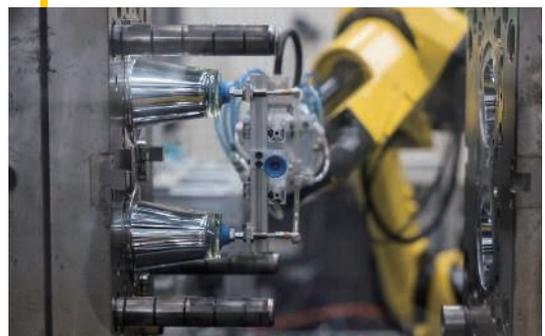
Handling



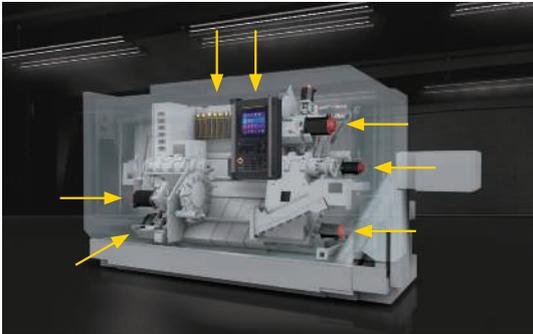
Welding



Plastic molding with ROBOSHOT



Installed in Machine Tools Worldwide



Inside of machine tool (image)



Machine tool appearance (image)

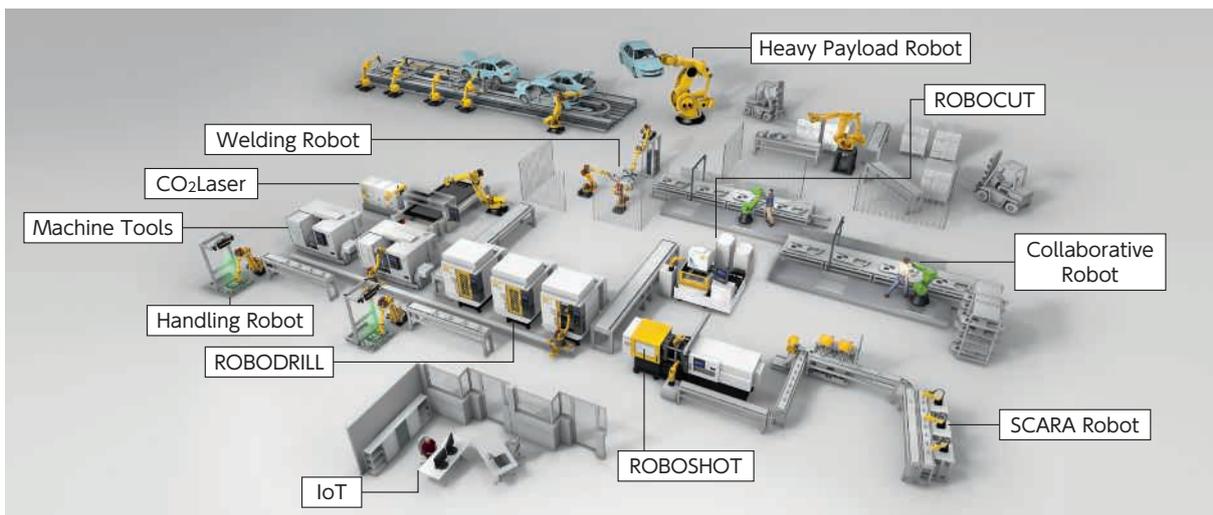
Since FANUC successfully developed the first commercial NC and Servo as a private company in Japan, has devoted itself to focusing on factory automation. Having three businesses of FA business, which encompasses basic technologies, consisting of NCs (numerical controls), servos and lasers, and ROBOT business to which such basic technologies are applied and ROBOMACHINE business, FANUC contributes to the development of manufacturing industries in Japan and overseas.

FANUC's CNCs, servo motors, servo amplifiers, are the components of machine tools. We keep research and development so that we can provide efficient and safety machining. FANUC's FA products are installed in machine tools all over the world, and is active in various fields.

FANUC Products Indispensable for Manufacturing

Now, take a look at automotive production line.

Machine tools and ROBODILLS are for parts machining. ROBOTS for assembly, transport, welding. ROBOSHOTS for plastic injection molding. ROBOCUTs for cutting die and mold. Various FANUC products are indispensable for manufacturing sites.



Support for Factory Automation

FANUC provides various products to support further factory automation.

We aim to improve productivity and factories that never stop by connecting all production equipments on the manufacturing site and collecting those information. FANUC celebrated its 50th anniversary this year. We keen to provide indispensable values throughout the world through incessant technological innovations in the field of factory automation.

FANUC's Overview

FA Basic products

FANUC provides basic products that enable factory automation, such as CNCs, which control the operation of machine tools with numerical information, servos, which control speed and position, and laser oscillators, which are used for welding and cutting. In developing these products, we aim to improve productivity in our customers' factories with energy saving, enhanced safety, and higher performance.



ROBOT Applied products

Various tasks can be automated by applying the basic technologies of CNCs and servos freely controlling robot arms. We contribute to improving work environments by releasing workers from dangerous, dirty, and difficult jobs and improvement and stabilization of product quality through long-term stable continuous production. In addition, we contribute to the maintenance and growth of factories around the world by compensating the shrinking labor pool, such as by developing robots that can work in collaboration with humans.



ROBOMACHINE Applied products

FANUC is developing compact machining centers, electric injection molding machines, wire electrical-discharge machines that apply the basic technologies of CNCs and servos. We contribute to improving the productivity of our customers by pursuing superior machining performance, operating rate, and ease of use.



Global Service



FANUC America



FANUC Europe



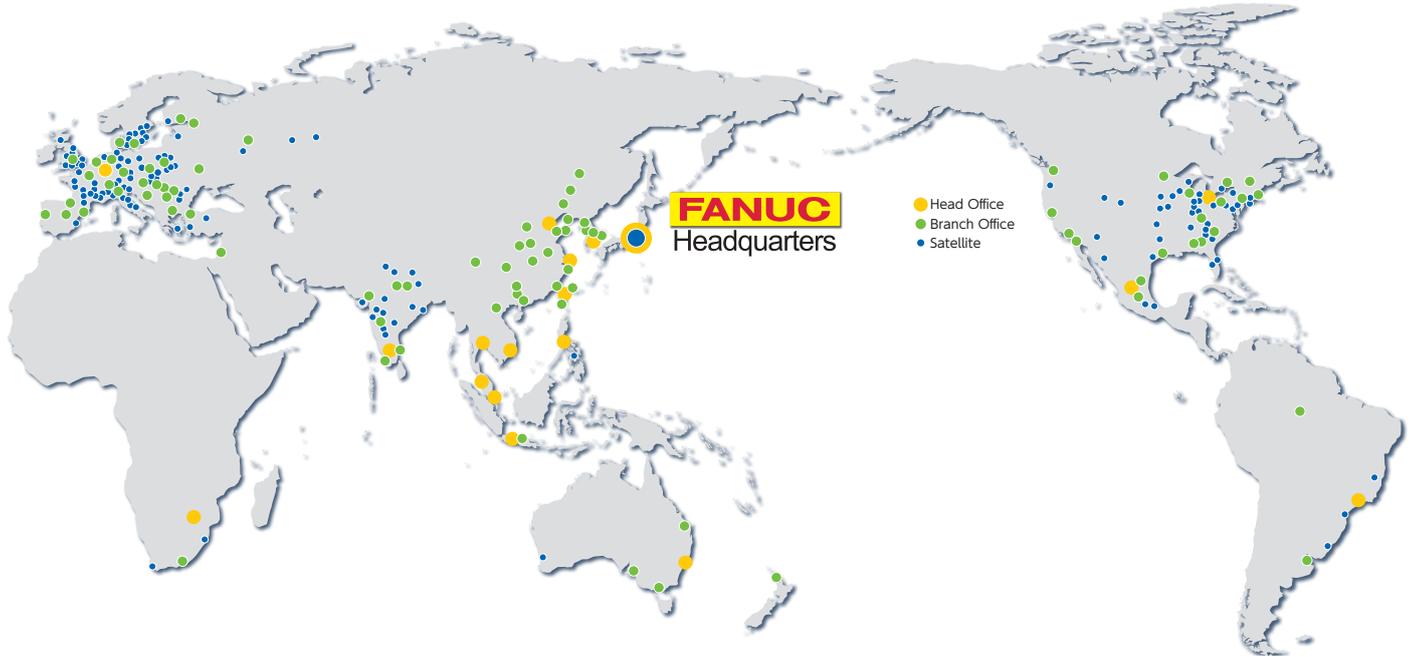
BEIJING-FANUC



SHANGHAI-FANUC Robotics
SHANGHAI-FANUC ROBOMACHINE



TAIWAN FANUC



KOREA FANUC



FANUC INDIA



FANUC THAI

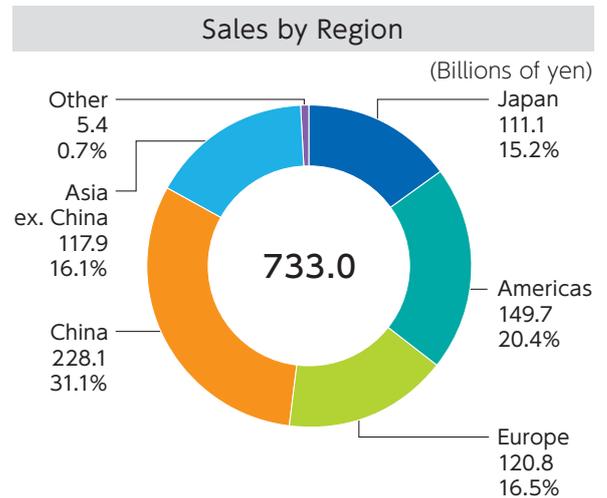
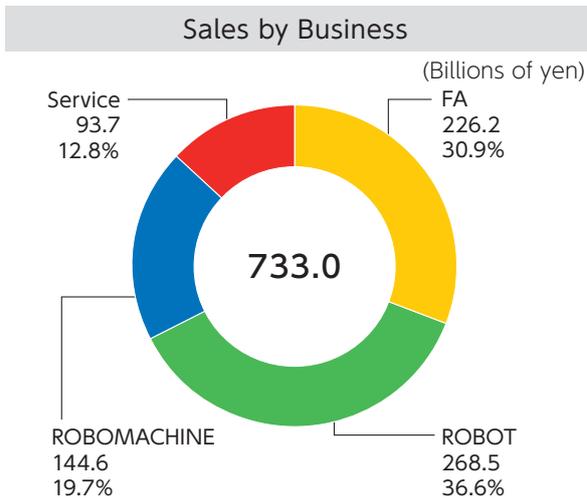


FANUC INDONESIA



FANUC SOUTH AFRICA

Sales Composition Ratio (Year ended March 31, 2022)



Top Message



Supply Products Responsibly
as a Company that Supports
Manufacturing Sites around
the World

Kenji Yamaguchi
President and CEO

At FANUC, we aim for growth from a mid-to-long term perspective while working to respond to increased demand for capital investment and strengthen our production system to fulfill our supply responsibilities. Here, I would like to explain our current business environment and future growth strategy, as well as discuss our ESG initiatives aimed at increasing corporate value.

Q Can you tell us how you feel as FANUC celebrates its 50th anniversary?

A Thanks to everyone's support, FANUC was able to celebrate the 50th anniversary since its founding in 1972. I would like to once again express my gratitude to all of our stakeholders who have supported our growth and development over the years. FANUC spun off from Fujitsu Limited (hereinafter Fujitsu) in 1972, and becoming an independent company came to be considered the starting point of its foundation. FANUC cherishes "foundation" as well as the "start of business." The actual start of business can be traced back by 67 years to 1955, when the late Dr. Seiueemon Inaba was appointed leader of the project team for controls within Fujitsu. The business was in the red at first, but with the

support of many customers, NCs (Numerical Controls) became a viable business.

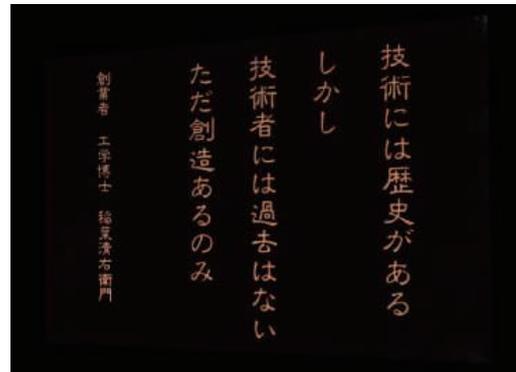
If we set the 100th anniversary since the true beginning of business as a milestone, this year is an important point that has reached two-thirds of that milestone. The road to our 100th anniversary will certainly not be smooth. We will continue to consider and pursue what we can do to ensure that FANUC remains a company that is needed by the world and is trusted by all stakeholders.

Q Can you tell us about FANUC's basic principles and vision?

A The "Strict Preciseness" and "Transparency" that we uphold as our basic principles are based on the beliefs that "a company will last forever and be



"Strict Preciseness"
Calligraphy by Yukei Teshima
(1901–1987), one of the three
great
calligraphers from the Showa
Period



"There is a history of technology, but for engineers there is no past. There is only creation."
These words of Dr. Inaba spell out FANUC's stance on technological development.

sound with strict preciseness and that the corruption of an organization and downfall of a company start from a lack of transparency." The late Dr. Seiueemon Inaba emphasized these basic principles in his many years of management as a way to demonstrate the basic attitude and mindset of doing business.

I received direct guidance from him for about 10 years and spent time contemplating his beliefs and goals. I have summarized them and clarified FANUC's vision with the following words: "FANUC provides indispensable values throughout the world in the field of factory automation through unceasingly creating technological innovations, and will continue to be a company that is trusted by all stakeholders." By pursuing technological innovations in the specific field of factory automation, we have achieved top-class competitiveness for each product. As an entity that supports manufacturing sites around the world, we are aware that we have a great responsibility in terms of technology and supply, and we contribute to society by providing that value.

Q What have you viewed as important in your corporate activities thus far?

A I think that the biggest thing is "reliability." There are two aspects to this: the reliability of our products and the reliability of the Company. We are aware that it is important to always maintain both of these and build long-term relationships with our customers. The products provided by FANUC are specialized for factory automation, and the reliability of our products is directly linked to the profits of our customers' factories. For this reason, in product development, we focus on maximizing uptime in our customers' factories and work based on the

philosophy of "Reliable, Predictable, Easy to Repair." It is important that a product is reliable and does not break, but nothing is absolutely indestructible. Therefore, if a product can warn us before it breaks, it becomes easier to schedule a replacement, and if the product is easy to replace, then downtime can be minimized.

It is normal for customers to continue using FANUC products for 10 years, and some have even been using them for over 40 years. Moreover, as there are many customers who install not just one, but up to 100 units at once, we always keep the reliability and failure predictability of products in mind when developing them. Furthermore, in the last few years, we have been focusing on the ease of use of our products, and we are striving to develop products that improve our customers' work efficiency. As a result of these efforts, we are now receiving high praise from our customers for the reliability and ease of use of our products.

At the same time, we have been promoting initiatives under the themes of "Service First" and "lifetime maintenance" in order to enhance our maintenance services. Regarding "Service First," we have set up more than 260 service locations around the world and provide high-level global standard maintenance services to customers in more than 100 countries. In addition, "lifetime maintenance" means that maintenance services will continue to be provided as long as customers use FANUC products.

It is very difficult to maintain and continue "lifetime maintenance." If the production of electric and electronic parts used in a product ends, it becomes necessary to stock a huge number and variety of parts. Moreover, if the stock runs out, we may have to design and manufacture new units using parts available at the time. Although it is a difficult initiative, our corporate stance to put it into practice creates a strong relationship of trust with customers, resulting in



Basic technologies of CNC and Servo are applied to Robots

repeated product installations and new purchases. I think it is safe to say that the initiatives discussed above are not easy. The fact that we have continued them for many years and intend to continue them going forward has led our customers to trust FANUC.



Hino parts center (left)

FA is delivered as a unit to machine tool builders, and the end user installs the machine tool that incorporates it, whereas ROBOTS and ROBOMACHINES are directly installed as the end user's production equipment. 80% to 90% of installation locations are overseas, and although a high proportion of installations are in the automobile-related industry, installations in non-automobile-related "general industries," such as construction machinery, IT, food, pharmaceuticals, and cosmetics are increasing, especially for ROBOTS. Recently, the need for ROBOTS is increasing in the logistics industry as well.

A major characteristic of our production is that almost all products are produced in domestic factories. By centralizing the production of standardized products in Japan, we are able to maintain quality and achieve highly efficient and automated production lines.

As mentioned above, the high reliability and ease of use

Q Can you explain the characteristics of your business model and your stance on business development?

A FANUC develops, manufactures and sells "FA (CNC systems)," consisting of CNCs and servo motors as basic products, and ROBOTS and ROBOMACHINES (compact machining centers, electric injection molding machines, wire electrical-discharge machines). By providing these products, we have positioned "factory automation" as our specialty, and we are developing business that specializes in this.



The collaborative robot working with people at a bakery



Production line in the pharmaceutical industry (image)

of our products, as well as the provision of “Service First” and “lifetime maintenance,” has led to the support of many customers for many years, and we have built a position that cannot be imitated by other companies.

In terms of profitability, we focus on securing profits at the design stage. We have been profitable due to steady efforts such as striving to standardize, share, and modularize as much as possible, as well as create designs that use cheaper parts and designs that take efficiency through automated production into account. We are always aware of continuous technological innovations, and we strive to improve our technological capabilities not for the self-satisfaction of engineers, but in order to effectively sell products.

As for the stance on business development, we are in the capital goods, therefore we are subject to the effects of economic fluctuations and changes in companies’ interest in capital investment. It is inevitable that the demand for our products will shrink to some extent as the economy deteriorates, and in our business activities, we need fiscal discipline based on this risk. In fact, in response to the recent U.S. - China trade dispute and the COVID-19 pandemic, net sales declined more than expected, therefore we reduced investment in production equipment. However, even if investment is resumed after being reduced, it may not be possible to catch up with the trends in capital investment, therefore it is necessary to always keep an eye on mid-to-long term trends.

In the 2010s, there was a very large demand for ROBODRILLS in some IT industries, and we were able to capture high demand when it came every few years. However, since it is difficult to maintain the

same level of demand for a long time, we did not think that we would be able to meet the demand for ROBOTS and FA, which was expected to increase in the future, with a production system that specializes in ROBODRILLS. Thus, we decided to increase the production capacity of ROBOTS and CNCs while reducing ROBODRILL production capacity. Since our existing factories were not enough for this, we built a large-scale production building, and as a BCP (business continuity plan) measure in preparation for natural disasters such as earthquakes and heavy snow, we built the Mibu Factory in Tochigi Prefecture as the second CNC production site. Moreover, we built a system to assemble robots in the Headquarters area and the Tsukuba area. In this way, we have made investments to establish multiple production sites and to increase production capacity over the past few years, and these investments are now bearing fruit.

By focusing our business on the field of “factory automation,” which is expected to grow significantly in the future, FANUC will do its utmost to maintain and further enhance its world-class competitiveness in this field. If we apply the same robot technologies, it may be possible to expand the range of application such as with service robots, but there are probably other manufacturers that are more proficient in these fields than us. The main reason why we specialize in “factory automation” is that we can make use of our strengths, including our familiarity with factory sites.



The collaborative robot CRX series line-up

Q What are FANUC's current important topics?

A The Japan Machine Tool Builders' Association, chaired by Dr. Yoshiharu Inaba, the Chairman of FANUC, positions the following three issues as important topics for the manufacturing industry going forward: "Green" to support carbon neutrality, "Digital" to realize automated production systems by using IoT, AI, etc., and "Resilience" to strengthen the supply chain. Based on the same recognition, we are promoting initiatives that are in line with these topics. Regarding "Green," FANUC products that use electric motors as the basis of power source are supporting customers as the ratio of renewable energy increases. We believe that contributing to the realization of carbon neutrality by striving to further improve energy efficiency, such as by improving the elements and controls used in motors and reducing the weight of ROBOTS and ROBOMACHINES, will lead to significant growth opportunities.

When it comes to "Digital," the phrase "from tangibles to intangibles" is often used, but FANUC emphasizes the idea of adding the value of intangibles while enhancing the value of tangibles. As part of this initiative, we will promote the development of new products and functions that are conscious of digital twins. In addition, we will work to solve problems at production sites through digital transformation, such as with the IoT platform for factories, "FIELD system." Digital twins cannot be created by digital technology alone, they can

only function when there is excellent real technology as well. We intend to leverage the strengths of both real and digital technologies to create new value.

Regarding "Resilience," we place the greatest emphasis on maintaining supply and avoiding production stoppages in the supply chain. Over the past few years, FANUC has established multiple production sites for CNCs and ROBOTS, and steadily implemented measures such as increasing the inventory of important parts and sourcing from multiple suppliers. Concerning the recent shortage in parts, inventory and procurement measures had some effects, but the situation was more strained than expected, and drastic reviews were required. As the difficult procurement environment continues, we are working together, from research and development to factories and purchasing, to take all possible measures, including negotiating delivery dates, implementing design changes, and securing distribution stocks. In addition to soaring material and energy costs and continuing high logistics costs, it is difficult to predict the shortage of semiconductors in the future, but we assume that the difficult situation will continue for the time being.

We will continue to improve our resilience, including quality first initiatives, information security, and compliance.

Q What opportunities do you see for future growth?

A Currently, the demand for robots is rising rapidly all over the world. In order to respond to this, FANUC is considering building a new robot factory



Robot programming with icons is available on a tablet TP.

at the Tsukuba Factory, while increasing production capacity by expanding the equipment within the existing factory. As the demand for robots increases, so will the demand for the controllers, motors, and amplifiers required for them. Accordingly, we are strengthening the production system at the Mibu Factory, but the servo motor factory and the molding factory within Mibu Factory are close to being full with manufacturing equipment, so we are considering building a new factory here as well. In addition, as a new trend in both the manufacturing industry and the logistics industry, the need for efficiency is increasing due to labor shortages and increased logistics, and the introduction of robots for picking work and others is expanding. FANUC will firmly capture this demand and further expand growth opportunities. In the automobile-related industry, the electrification of vehicles is progressing rapidly as climate change countermeasures continue to spread. Some people think that the shift away from internal combustion engines will lead to a decrease in demand for machine tools, but since the realization of carbon neutrality requires a large amount of capital investment, there will likely be ample potential for increased demand. Concerning ROBOTS, the demand for battery manufacturing is increasing, and we can also expect demand for the manufacturing of inverters and motors to increase going forward. It can be said that the electrification of vehicles presents a big opportunity for FANUC. The welded structure around the body is almost the same for both internal combustion engine and electric vehicles, therefore the demand for robots in this

regard remains unchanged. However, the assembly work around the powertrain, including the engine, is difficult, and so far there has not been much progress with robotization. Electrification simplifies the structure of automobiles, and the use of robots for the assembly of parts such as batteries, inverters, and motors will probably become more common in comparison to conventional drive systems. In recent years, there has been a growing movement of maintaining stability in product supply through dispersed production while limiting investments, as well as of securing safety for operators by redesigning production lines to avoid people working close together in order to prevent infection. Reacting to such trends, FANUC has focused on introducing “collaborative robots” that work in collaboration with people at production lines. Collaborative robots facilitate the establishment of low-cost automation systems and enable flexibility in production sites without requiring major layout changes. Collaborative robots still do not account for a large percentage of ROBOT net sales, but their growth rate far exceeds that of conventional robots, and we are actively working to increase production capacity. FANUC’s collaborative robots are outstanding in terms of ease of use, for instance they eliminate the need for programming in a special robot language, and they are highly rated by customers for their reliability and maintenance services. We expect that this product will drive growth for FANUC going forward.

Q Can you explain the business environment and growth targets?

A Looking back at the business environment in FY2021, capital investment in the entire manufacturing sector, which had been declining due to the impact of COVID-19, recovered and became active. As a result, FANUC’s order intake reached a record high in Q4. On the other hand, the supply of semiconductors and other electronic components was tight across global supply chains, and the impact on production activities was prolonged due to factors such as soaring raw material costs and continuing high logistics costs. As I mentioned earlier when discussing the important topic of “Resilience,” we strove to continuously supply products and service activities to customers, and regarding the shortage of parts such as semiconductors, we took all possible measures, including the adoption of alternative products and designs changes, and put in every effort to minimize

impact. In addition, even in this difficult situation, we promoted initiatives for future development, such as developing new products and functions with an awareness of Green and Digital, and increasing the production capacity of our factories. As a result, in FY2021, net sales reached a record high of 733.0 billion yen due to significant sales growth in all divisions.

Typically, FANUC does not disclose mid-to-long term performance targets because we aim to be a company that contributes to society by maintaining appropriate profits and a strong corporate structure without obsessing over the expansion of the scale of sales. One of the most important indicators for us to beat the competition, understand the market evaluation of our products, and aim to create greater social value, is market share. Many of our products have world-class competitiveness in their respective categories. Market share is an indicator of competitiveness, and we place great importance on increasing market share even when we introduce new products to the market. Of course, it is also important that we do not place too much emphasis on market share and focus solely on expanding sales, neglecting appropriate profits.

Q Can you tell us about your thoughts and initiatives regarding ESG?

A Regarding ESG, we are actively working on environment, social, and governance themes, as they contribute to improving corporate value. Over the past few years, FANUC has expanded its ESG-related promotion framework and strengthened its initiatives. Regarding the environment theme, FANUC expressed its support for the TCFD (Task Force on Climate-related Financial Disclosures) recommendations in December 2021 and are disclosing information in line with these recommendations. We have set targets to achieve carbon neutrality by 2050 and reduce GHG (greenhouse gas) emissions from our business activities by 42% by 2030 (compared to 2020). The 2030 target has been certified by



The panoramic view of research & development division. We also work to improve energy efficiency.

the SBT (Science Based Targets) initiative. We will promote reductions in Scope 1 and Scope 2 emissions at our factories, and further promote the installation of solar panels at the Company and energy saving initiatives at factories and other facilities. At the same time, we are positioning the improvement of energy saving performance of products as the most important issue in product development in order to reduce Scope 3 emissions.

As the movement toward decarbonized societies spreads worldwide, FANUC, which is expanding its business globally, believes that responding to climate change is a social responsibility that companies should fulfill and that it is directly linked to strengthening the competitiveness of products, and we view it as an essential initiative for business growth.

All FANUC products are driven by electric motors, so increasing the ratio of renewable energy in their use will lead to a reduction in GHG emissions for our customers. However, in addition to this, we must also make efforts to further improve the energy saving performance of the products themselves. For example, motors and amplifiers can be made more energy efficient by improving the elements and controls. For ROBOTS and ROBOMACHINEs, we could immediately turn off the power when they stop, and, when multiple robots are moving, we could optimize their movements to maximize energy efficiency. While aiming to be the best in the industry in these areas, we will also contribute to the promotion of carbon neutrality in society.

Regarding the social theme, we recognize the importance of human capital and are focusing on work style reforms and human resource development.

In terms of work style reforms, we have been working to reduce overtime work and encourage employees to take annual vacations over the past few years. However, due to the expansion of our business, it is naturally difficult to absorb the increase in working hours just by improving work efficiency, therefore we are also actively recruiting new graduates and experienced personnels.

As for human resource development, we continuously work to enhance education and training based on our belief that people are the most important factor for FANUC's growth. In order to improve management and leadership, we have established division head training, department head training, and workplace management training for all section heads, and we have also enhanced the content of the conventional training for new executive employees. We have also introduced young employee training for employees who have been with the Company for three to seven years and team leader training to improve management capabilities at manufacturing sites. Alongside these initiatives, we intend to put even more effort into enhanced fulfilling workplace.

I feel that the theme of governance has many aspects that relate to FANUC's basic principles of "Strict Preciseness" and "Transparency." We are working to



improve governance, centered on the creation of effective systems and the establishment of regulations, and in June 2021, we transitioned to a company with an Audit and Supervisory Committee. As a result, the Board of Directors has introduced a system in which former Audit & Supervisory Board Members have voting rights and the number of internal directors has been reduced to make Outside Directors the majority, improving effectiveness. The appointment of female directors and non-Japanese directors has increased diversity and generated lively discussions. Going forward, besides the Board of Directors, we plan to promote the delegation of authority to the meeting of Managing Officers and the responsible persons as well, so that the Board of Directors may focus on discussions from a broader perspective. Moreover, based on the skills matrix, we aim to further diversify the Board of Directors and create a system that facilitates more active discussions that contribute to the improvement of mid-to-long term corporate value.

FANUC's evaluations from external institutions regarding ESG have improved over the past few years, but we are aware that there is still room for improvement. There are times when further improvements are needed in our

dialogue with institutional investors, and we will continue to put effort into improving this.

Q What is your message to stakeholders?

A Amid the U.S. - China trade dispute and the COVID-19 pandemic, we faced a difficult period in terms of our performance due to customers' wait and see approach to capital investment, but, during this period, FANUC was able to continue its initiatives to improve corporate value over the mid-to-long term, and these initiatives have been useful in the period of rapid recovery from the COVID-19 pandemic. We owe this to the understanding and support of our stakeholders, to whom we would like to express our deepest gratitude. Even in a world where the future is uncertain and increasingly unstable, we will continue to focus on the field of factory automation, continue to create products and technologies that our customers need, and work to further improve our corporate value. I look forward to the continued support of all stakeholders as FANUC continues to grow and develop.

Management Policies • Management Strategy

Vision

FANUC provides indispensable values throughout the world in the field of factory automation through unceasingly creating technological innovations, and will continue to be a company that is trusted by all stakeholders.

Management Policies

FANUC has consistently pursued factory automation since 1955 when it started its business.

The targets at its beginnings were to become a company, though small in size, having the robustness of a giant with roots firmly spread in the ground, and to concentrate on technology to go forward, by “walking a straight and narrow path.” This is being pursued to this day.

In order to turn this vision into reality, the FANUC Group has established “Genmitsu (Strict Preciseness)” and “Tomei (Transparency)” as its basic principles. In these principles lie the belief that a company will last forever and be sound with strict preciseness, and that the corruption of an organization and downfall of a company will start from a lack of transparency.

FANUC engages in the FA, ROBOT and ROBOMACHINE Businesses. The FA Business encompasses basic technologies consisting of NCs, Servos and Lasers, which are also applied to the ROBOT and ROBOMACHINE Businesses. In addition, by actively incorporating IoT/AI technologies in all three areas, the company endeavors to make FANUC products more efficient for customers to use.

Being true to its origins as a supplier of capital goods, maintenance and service support is provided for FANUC products for as long as they are used by customers.

Through such activities, the FANUC Group contributes to the development of manufacturing industries in Japan and overseas, by promoting automation and efficiency in customers’ factories. FANUC expects to steadily grow in the field of factory automation, which is extremely promising in the mid-to-long term.

Management Strategy

FANUC is thorough in implementing its basic principles of “Genmitsu (Strict Preciseness)” and “Tomei (Transparency),” and promotes the following policies united as a group. By doing so, the FANUC Group aims to become an ever-lasting organization by increasing our customers’ feelings of assurance and trust towards us, as well as by adapting to severe changes in the environment.

one FANUC

Under the slogan of “one FANUC,” the three Businesses of FA, ROBOT and ROBOMACHINE collaborate to offer total solutions, and the Group bonds together to take good care of our customers throughout the world. This is a unique advantage of the FANUC Group which we leverage to the fullest.

Especially, the combined usage of CNC machines and ROBOTS, and the automation of ROBOMACHINES with ROBOTS, are perceived as key concepts in developing products.

Reliable, Predictable, Easy to Repair

Considering our foundation as a producer of capital goods that are used in manufacturing sites, FANUC is meticulous in ensuring that that our products are “Reliable, Predictable, Easy to Repair” in their development, to minimize downtime and maximize the operating rate in our customers’ factories.

Ease of Use

As demands for factory automation increase while acquiring skilled workers becomes more difficult, further emphasis is placed on ease of use in developing products, to deal with this situation.

Strengthening Competitiveness

In order to develop highly competitive products and introduce them to the market, FANUC vigorously invests in research and development. By narrowing down to our area of expertise, which is factory automation, and aggressively investing in R&D in this area, products which are highly competitive are developed and released. This leads to the fulfillment of intellectual property.

Service First

“Service First” is a basic policy followed by the FANUC Group. Through “Service First,” high level maintenance service in line with FANUC’s global standards are provided anywhere in the world, as well as “Lifetime Maintenance” of FANUC products for as long as they are used by our customers. Particularly, lifetime maintenance, which is difficult for our competitors to imitate, is a primary feature of the FANUC Group, which shall continue to be focused on.



Fortifying the Corporate Structure

Basic policies from the past to make the company stronger will be promoted from a long-term perspective. These include making our products more competitive, strengthening sales and service activities, advancing factory automation and robotization, reducing expenses and time, and streamlining operations.

IoT / AI Technology

By actively applying IoT and AI technologies to all fields of FA, ROBOT and ROBOMACHINE, customers' manufacturing processes are made more efficient.

Responsibility to Supply

As a supplier of capital goods, FANUC will fulfill its responsibilities to supply under any circumstances. For this end, manufacturing sites and service offices are being increased and established in various locations so that service activities can be maintained. Furthermore, measures are being taken to strengthen our supply chain. Examples are procuring parts from multiple suppliers, and having an adequate amount of parts in stock.

Enrichment of Human Capital

From the viewpoint that human resources is the most vital for mid-to-long term growth, improvements in the work environment and motivation of employees are considered important topics to be addressed. In addition, looking towards the future, FANUC strongly invests in human capital to employ necessary people and educate employees. Through such efforts, human capital is continuously enriched.

Management Indices

In addition to operating margins, ordinary margins and ROE, market shares are regarded as being critical management indices. Assessments and judgments are made comprehensively based on such indices.

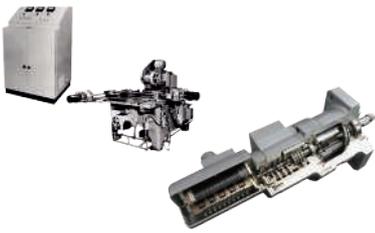
Actions to Prevent Infection

Highest priority is placed on the prevention of infection and spread of infection to our customers, partners, employees and their families as well as the community. FANUC shall continue to supply products and offer services to our customers placing safety first.

Track Record of Value Creation



The history of FANUC began with the Numerical Control (NC) technology. In 1955, a project team for control was established at Fuji Tsushinki Manufacturing Co., Ltd.. And the following year, in 1956, the Company became Japan's first private-sector company to successfully develop NCs and SERVO mechanism, realizing the automation of control of machine tools, which require absolute position accuracy and until then were performed manually, by numerically controlling them. In 1959, the Company developed electro-hydraulic pulse motor, which forms the basis for its SERVO technology, helping the NC business establish a strong market position.



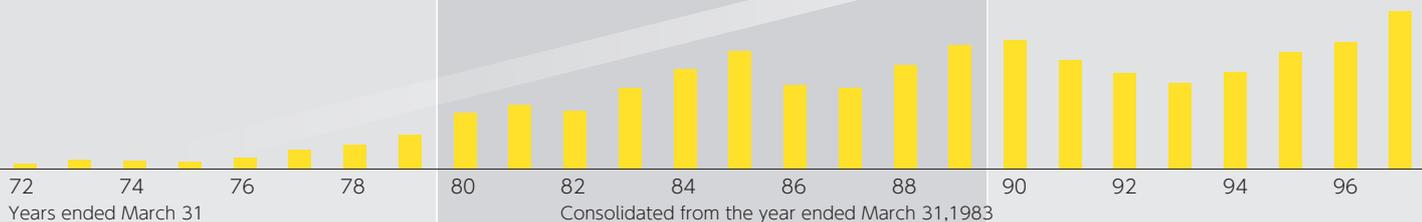
- 1955 ▶ Project team for control was established at Fuji Tsushinki Manufacturing Co., Ltd. (presently Fujitsu Limited).
- 1956 ▶ First successful development of NCs and SERVO mechanism in Japan (private sector).
- 1959 ▶ The first electro-hydraulic pulse motor was developed.
- 1964 ▶ FANUC's first CNC, FANUC 250 was developed.
- 1970 ▶ High Pulse Motor was developed.
- 1972 ▶ FUJITSU FANUC Ltd. was established. (Changed to FANUC CORPORATION in 1982)
- ▶ FANUC DRILL was developed.
- ▶ FANUC 200A was developed.
- ▶ Electric Pulse Motor was developed.
- 1974 ▶ DC servo motor was licensed from Gettys Manufacturing Co.
- 1975 ▶ FANUC TAPE CUT-SERIES A was developed.
- ▶ FANUC 2000C was developed.
- 1976 ▶ FANUC SYSTEM 5 was developed.
- DC Spindle Motor was developed.
- 1977 ▶ FANUC U.S.A. CORPORATION established.
- ▶ FANUC ROBOT MODEL 1 was developed.
- ▶ FANUC TAPE CENTER-MODEL C was developed.
- 1978 ▶ KOREA NUMERIC CORPORATION jointly established by FANUC and Hwacheon Machinery Works Co.
- ▶ FANUC EUROPE S.A. established.
- ▶ FANUC TAPE CUT-MODEL E was developed.
- 1979 ▶ FANUC SYSTEM 6 was developed.
- ▶ AC Spindle Motor was developed.

- 1980 ▶ Fuji Factory constructed. Unmanned machining during nights was realized.
- ▶ DC Servo Motor M series was developed.
- 1981 ▶ FANUC ROBOT S-MODEL 1 was developed.
- 1982 ▶ GMFanuc Robotics Corporation jointly established in the U.S. by FANUC and General Motors.



- ▶ AC SERVO MOTOR was developed.
- 1983 ▶ Listed on the first section of the Tokyo Stock Exchange.
- 1984 ▶ FANUC AUTOSHOT was developed.
- ▶ FS10/11/12 was developed.
- ▶ FANUC EYE was developed.
- ▶ Relocation of headquarters to the foot of Mt. Fuji.
- ▶ Basic Research Laboratory established.
- 1985 ▶ FANUC SYSTEM 0 was developed.
- 1986 ▶ FANUC TAIWAN LTD established.
- ▶ GE Fanuc Automation Corporation jointly established in the U.S. by FANUC and General Electric.
- 1987 ▶ FANUC NC LASER-MODEL C1000 was developed.
- ▶ FANUC ROBOT S-MODEL 420 was developed.
- ▶ ARC Mate was developed.
- ▶ FS15 was developed.
- ▶ FANUC TAPE CUT-W was developed.
- 1988 ▶ Product Development Laboratory relocated to headquarters site (Oshino-mura).
- 1989 ▶ Area 1 of the Tsukuba factory completed.
- ▶ Laser Research Laboratory established.
- ▶ Built-in Spindle Motor was developed.

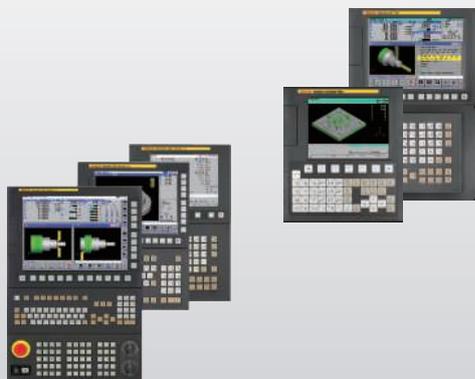
- 1990 ▶ FS16/18 was developed.
- 1991 ▶ Hayato Factory completed.
- 1992 ▶ BEIJING-FANUC Mechatronics CO., LTD. jointly established with Beijing Machine Tool Research Institute.
- ▶ FANUC INDIA PRIVATE LIMITED established.
- ▶ GMFanuc Robotics Corporation became FANUC Robotics Corporation, a 100% Fanuc owned company, and its subsidiary.
- ▶ LR Mate was developed.
- ▶ ROBODRILL α -T10A was developed.
- ▶ Product Development Laboratory divided into four laboratories consisting of the CNC Laboratory, Servo Laboratory, Robot Laboratory and Machine Laboratory.
- 1993 ▶ ROBOCUT α -1A was developed.
- ▶ ROBOSHOT α -A was developed.
- ▶ YAG LASER was developed.
- 1994 ▶ AC Servo Motor α/β series was developed.
- ▶ M-410*i* was developed.
- 1995 ▶ Linear Motor was developed.
- ▶ M-710*i* was developed.
- 1996 ▶ FS16*i* /18*i* /21*i* was developed.
- ▶ Call Center for Service established.
- 1997 ▶ SHANGHAI-FANUC Robotics CO., LTD. jointly established in China with Shanghai Electric Group Company Limited.
- ▶ ROBODRILL α -T*i* A was developed.
- 1999 ▶ FS-30 was developed.
- ▶ ROBOSHOT α -*i* A was developed



In 1972, the NC division was spun off from Fujitsu Limited to form FUJITSU FANUC Ltd. (later renamed as FANUC CORPORATION). The Company adopted a keyaki (zelkova) tree, firmly rooted in the ground and growing powerfully up toward the sky, as its symbol, which represents a wish to grow into a company with strong corporate structure. In addition to improving the performance of NC and SERVO products, FANUC has since expanded business to products that use the NC technology, developing the NC drilling machines, which was aimed at popularizing NC machine tools, and robots installed with NC that automate wide-ranging work processes.



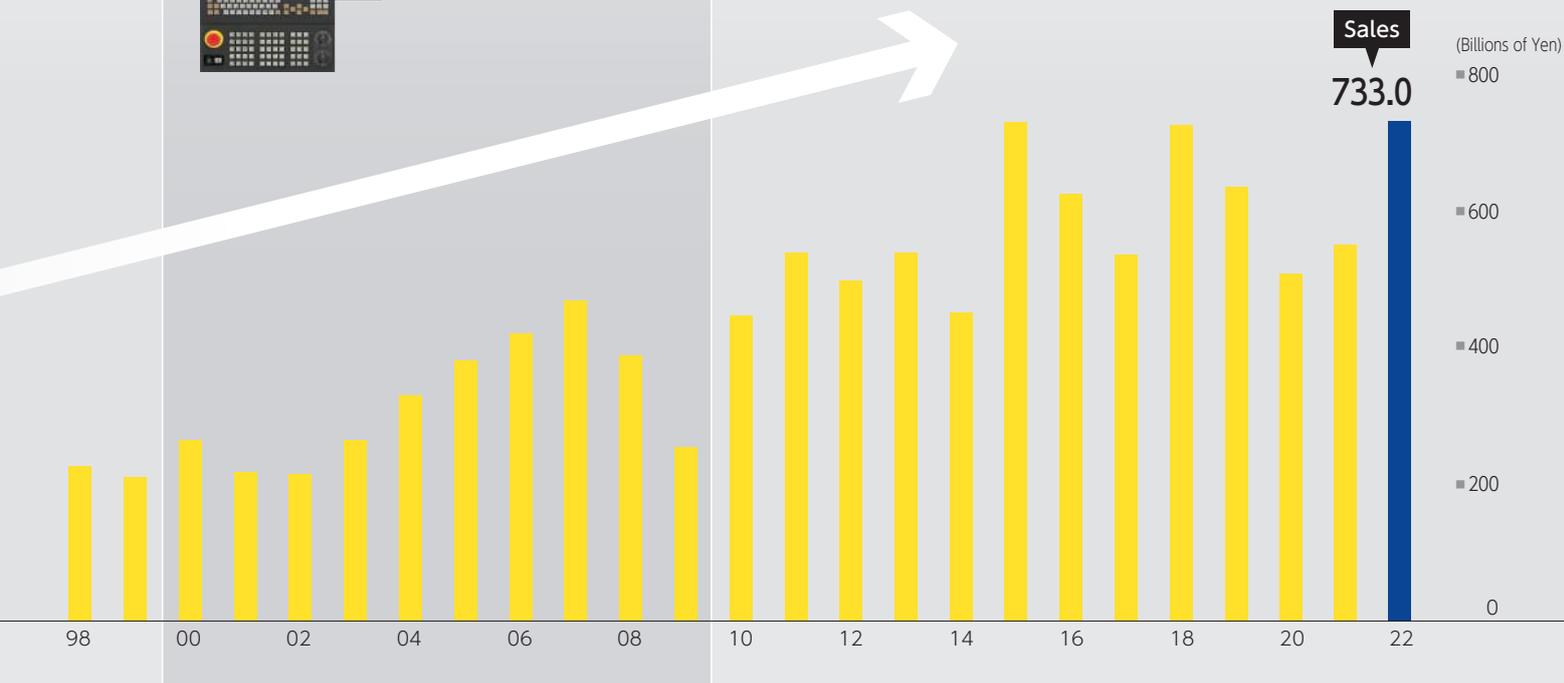
- 2000 ▶ FS0*i*/0*i* Mate was developed.
 - ▶ R-2000*i*A was developed.
 - ▶ ROBODRILL α-*Ti*B was developed.
 - ▶ ROBOnano U*i* was developed.
- 2001 ▶ ROBOSHOT S-2000*i*A was developed.
 - ▶ AC Servo Motor α*i*/β*i* series was developed.
- 2002 ▶ Robot cells put to practical use, enabling 720 hours of continuous unmanned operation.
- 2003 ▶ FS30*i*/31*i*/32*i* was developed.
 - ▶ DD Motor was developed.
- 2005 ▶ ROBODRILL α-*Ti*E was developed.
- 2008 ▶ Super Heavy Payload Robot was developed.
 - ▶ Area 2 of the Tsukuba factory completed.
- 2009 ▶ Joint venture with General Electric was dissolved.
 - ▶ Delta Robot was developed.



- 2012 ▶ ROBOCUT α-*Ci*A was developed.
 - ▶ ROBODRILL α-*Di*A was developed.
 - ▶ ROBOSHOT α-*Si*A was developed.
- 2013 ▶ European subsidiaries reorganized to FANUC Europe Corporation.
 - ▶ Subsidiaries in the Americas reorganized to FANUC America Corporation.
- 2014 ▶ FS0*i*-F was developed.
 - ▶ AC Servo Motor α*i*-B/β*i*-B series was developed.
- 2015 ▶ Collaborative Robot was developed.
 - ▶ FANUC FIBER LASER was developed.
 - ▶ FF Laser Corporation established.
 - ▶ Partnership with Preferred Networks announced.
- 2016 ▶ Mibu Factory completed.
 - ▶ *i*HMI was developed.
 - ▶ ROBOCUT α-C800*i*B was developed.
 - ▶ Reliability Evaluation Building and Performance Evaluation Building completed.
 - ▶ ROBODRILL α-*Di*B was developed.
- 2017 ▶ FIELD system was developed.
 - ▶ SCARA Robot was developed.
 - ▶ ROBONANO α-NM*i*A was developed.
- 2018 ▶ FANUC ACADEMY established.
 - ▶ FS 0*i*-F Plus was developed.
 - ▶ FANUC Advanced Research Laboratory established.
 - ▶ New Nagoya Service Center opened.



- 2019 ▶ ROBOSHOT α-S450*i*A was developed.
 - ▶ FS 30*i*/31*i*/32*i*-B Plus was developed.
 - ▶ ROBONANO α-NT*i*A was developed.
 - ▶ CRX-10*i*A was developed.



Value Creation Process

Development of the manufacturing industry and solution of social issues

In 1955, a project team for control was established at Fuji Tsushinki Manufacturing Co., Ltd. And the following year 1956, we succeeded in the development of NCs (Numerical Controls) and SERVO mechanism for the first time in the Japanese private sector. Since then FANUC has been consistently pursuing the automation of factories. We will create economic value and social value by advancing the automation and robotization of our customers' factories through constant technological innovation and contributing to the solution of social and environmental issues in the manufacturing industry around the world.

Social issues

INPUT

(Year ended March 31)

Financial capital

- ▶ Total assets ¥1,783.9 billion
- ▶ Operating income ¥183.2 billion

Manufacturing capital

- ▶ Book value of key equipment ¥396.7 billion
- ▶ Capital investment ¥41.1 billion

Intellectual capital

- ▶ Number of patents granted in Japan and overseas 11,815
- ▶ R&D expenses ¥50.0 billion

Human capital

- ▶ Number of consolidated Employees 8,675
- (FANUC CORPORATION)
- ▶ % of female directors 27.3%
- ▶ % of foreign directors 9.1%
- ▶ % of females in executive employees 3.5%

Social capital

- ▶ Global service network
More than 260 service offices, covering more than 100 countries

Natural capital

- ▶ ISO14001 certification 33 offices
- ▶ GHG Emissions (Scope1+2) 145,429t-CO₂
- ▶ Total Water Used 1,058 thousand m³

Basic Principles

“Genmitsu (Strict Preciseness)”

“Tomei (Transparency)”

Business activities

- | | |
|----------------------|------------------|
| FA Business | ROBOT Business |
| ROBOMACHINE Business | Service Business |

Materiality

- | | |
|--|--|
| Responsibility to Supply | Customer-Oriented Advanced Technologies |
| Climate Change | High Level of Reliability and Safety of Products |
| Development of and Engagement with Human Resources | |

ESG Initiatives

Increase in Capital

Contribution to the Resolutions of Social Issues

OUTPUT

... Major products and services

FA

- CNC
- Servos
- Lasers



ROBOT

- Robot



ROBOMACHINE

- ROBODRILL
- ROBOSHOT
- ROBOCUT



Value Creation for Society

Energy Saving & Carbon Neutrality



Reducing GHG Emissions

Reducing Power Consumption



Utilizing Green Energy

SDGs



Providing Solutions to Improve Working Conditions, Increase Productivity, and Waste Reduction

..... Sustainable growth

Enhance Corporate Value

Net sales 733.0 Billions of yen

Operating income ratio 25.0%

Ordinary income ratio 29.1%

ROE 10.5%

Materiality

FANUC, which has continuously pursued Factory Automation (FA), commands an exceptionally high market shares for CNC systems and industrial robots. FANUC products of FA, ROBOT, and ROBOMACHINE businesses are used at factories throughout the world. Any interruption in the supply of such products would thus lead to stoppages at customers' factories. Furthermore, as the Company's products also contribute to the decarbonization of and productivity improvements at customers' factories, they have an important and extensive impact on the environment and society.

With its customer-oriented products, FANUC is shaping the future of the manufacturing industry.

If FANUC is to achieve sustainable growth under its basic principles of "Strict Preciseness" and "Transparency," it must create both social and economic value and conduct long-term management without focusing solely on short-term gains. Doing so will require us to solve social issues through our businesses in order to contribute to a sustainable society.

In this light, we have revised our materiality based on our belief that their resolution is important for such management to be successful.

Process for Identifying Materiality

STEP 1

Clarification of Issues

FANUC determined social and customer needs and clarified sustainability-related issues with reference to global disclosure standards,* ESG rating agencies, and industry trends.

*ISO 26000, SDGs, GRI Standards, and SASB Standards

STEP 2

Examination of the Importance of Issues

The Sustainability Committee, which is chaired by the President and Representative Director and composed of members tasked with spearheading management, such as the Chairman and Representative Director and the general managers of each business division, evaluated each of the issues clarified and classified. Through questionnaires and individual interviews, all committee members evaluated said issues in terms of their importance to FANUC and their importance to stakeholders. The committee also reflected in its evaluations objective opinions obtained through dialogues with outside experts and investors.

STEP 3

Identification of Materiality

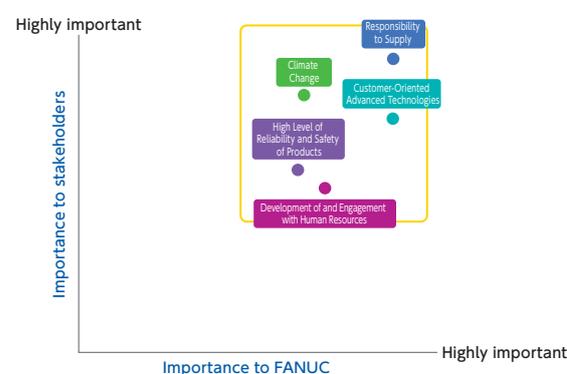
The Company narrowed down issues through discussions by the Sustainability Committee. Thereafter, taking into account the opinions of outside directors, we identified our Materiality following deliberations at a meeting of the Board of Directors.

STEP 4

Future Actions

FANUC will promote initiatives in relation to its Materiality and raise awareness thereof Companywide. Moreover, with the Sustainability Committee taking the lead in periodically revising the Materiality and with the Board of Directors deliberating and monitoring them, we will promote management based on our Materiality.

Material Topics



Materiality

Responsibility to Supply

Building and maintaining long-term relationships of trust with customers

- **Why the Issue is Material**

Fulfilling our responsibility to supply is of the utmost importance for maintaining relationships of trust with customers. As any interruptions in supply from FANUC would lead to stoppages at customers' factories, we take such responsibility extremely seriously. A strength of the Company is its continuous operation of a maintenance service system for customers, while its ability to stably supply products and services enables FANUC to offer added value. Fulfilling our responsibility and continuing to exist as a company needed by society are crucial.

- **Ideal state**

As a supplier of capital goods, FANUC will anticipate a wide range of scenarios, including natural disasters and geopolitical risks faced by the Company and its suppliers. Mindful of such scenarios, we will supply products in a stable manner and continuously operate a sophisticated maintenance service system in accordance with global standards while paying close attention to environmental and social trends. In this way, we will contribute to improving the uptime of factories around the world.

Customer-Oriented Advanced Technologies

Anticipating and creating customer needs

- **Why the Issue is Material**

Pursuing a customer-oriented approach has been and will remain a key value in FANUC's stance. Our ability to promptly provide feedback on our research and development efforts by using our products at company-owned factories serves as a strength. Anticipating customer needs based on such information enables FANUC to enhance customer satisfaction while helping it maintain and improve product competitiveness and shape the future of the manufacturing industry. Maintaining our industry-leading position by offering highly advanced products that are based on innovative technologies and which underpin production floors is thus vital.

- **Ideal state**

FANUC will firmly grasp customer needs by rigorously ensuring that it constantly pursues a customer-oriented approach. Through the development and popularization of advanced technologies, we will continuously improve customer satisfaction and shape the future of the manufacturing industry by developing products that anticipate customer needs and the changing times.

Climate Change

Contributing to climate change mitigation

- **Why the Issue is Material**

Greenhouse gas emissions associated with the use of its products at customers' factories far outweigh such emissions resulting from FANUC's business activities. Accordingly, there is an increasing need among customers and in society for energy-saving products, making it essential that we contribute to efforts in relation to carbon neutrality. FANUC can curb the energy consumption of its customers by improving the productivity of factories around the world through highly energy-efficient products arising from innovation.

- **Ideal state**

Viewing climate change as both a risk and an opportunity, FANUC will promote the development of high-quality, environment-friendly products, including those that realize energy-savings and high levels of energy efficiency. Doing so will allow us to contribute to the achievement of carbon neutrality and a sustainable society.

High Level of Reliability and Safety of Products

Maximizing Uptime in customers' sites

- **Why the Issue is Material**

FANUC's product development is centered on the principle of "Reliable, Predictable, Easy to Repair." The high level of reliability realized by the durability of such products helps improve productivity at factories, thereby raising the competitiveness of FANUC as well as of its customers. In addition, FANUC's products are vital in that they not only protect those operating them from physical hazards but also boast a high level of cyber security.

- **Ideal state**

FANUC will maintain and improve the high quality of its products and offer extensive maintenance services to improve the uptime of customers' factories. We will also aim to realize safe and secure production sites.

Development of and Engagement with Human Resources

Cultivating human resources to lead the future of the manufacturing industry

- **Why the Issue is Material**

Outstanding human resources are the driver of corporate activities, making them indispensable to the sustainability and innovation of companies. Efforts to develop human resources must thus be reinforced from a medium- to long-term perspective, requiring proactive and continuous efforts that lead to improved motivation.

- **Ideal state**

Given that human resources are of the utmost importance for ensuring growth over the medium- to long-term, FANUC will strive to enhance its conditions for developing human resources and further improve their motivation. We will attract and secure outstanding human resources and seek to establish an organizational culture and environment conducive to cultivating and enhancing human resources who will lead the future of the manufacturing industry.

Directors

(As of June 24, 2022)



Yoshiharu Inaba
Representative Director, Chairman

Personal history

April	1973	Joined Isuzu Motors Limited
September	1983	Joined the Company
June	1989	Appointed Director of the Company
June	1992	Appointed Senior Vice President (<i>Director</i>) of the Company
June	1995	Appointed Executive Vice President (<i>Director</i>) of the Company
May	2001	Appointed Senior Executive Vice President (<i>Representative Director</i>) of the Company
June	2003	Appointed President (<i>Representative Director</i>) of the Company
June	2016	Appointed Chairman and CEO (<i>Representative Director</i>) of the Company
April	2019	Appointed Chairman (<i>Representative Director</i>) of the Company (to the present)



Kenji Yamaguchi
Representative Director, President

Personal history

April	1993	Joined the Company
June	2008	Appointed Executive Vice President (<i>Director</i>) of the Company
February	2012	Appointed Senior Executive Vice President (<i>Director</i>) of the Company
October	2013	Appointed Senior Executive Vice President (<i>Representative Director</i>) of the Company
June	2016	Appointed President and COO (<i>Representative Director</i>) of the Company
April	2019	Appointed President and CEO (<i>Representative Director</i>) of the Company (to the present)



Michael J. Cicco
Director of the Company

Personal history

August	1999	Joined FANUC America Corporation ("FAC")
November	2015	Appointed Vice President of FAC
April	2016	Appointed President and COO of FAC
June	2016	Appointed Managing Officer of the Company
July	2016	Appointed President and CEO of FAC (to the present)
June	2017	Appointed Senior Managing Officer of the Company
June	2020	Appointed Director of the Company (to the present)



Kazuo Tsukuda
Director

Outside Director Independent Director Renominated

Personal history

April	1968	Joined Mitsubishi Heavy Industries, Ltd.
June	1999	Appointed Director (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd.
April	2002	Appointed Managing Director (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd.
June	2003	Appointed President (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd.
April	2008	Appointed Chairman (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd.
April	2013	Appointed Senior Executive Advisor (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd.
June	2013	Appointed Senior Corporate Advisor of Mitsubishi Heavy Industries, Ltd.
June	2015	Appointed Director of the Company (to the present)
June	2019	Appointed Executive Corporate Advisor of Mitsubishi Heavy Industries, Ltd.
June	2021	Appointed Honorary Advisor of Mitsubishi Heavy Industries, Ltd. (to the present)



Naoko Yamazaki
Director

Outside Director Independent Director Renominated

Personal history

April	1996	Joined the National Space Development Agency of Japan (currently Japan Aerospace Exploration Agency (JAXA))
September	2001	Authorized as an astronaut to board the International Space Station
April	2010	Served as a mission specialist on the Space Shuttle Discovery, and engaged the mission of assembling the International Space Station (STS-131(19A))
March	2016	Appointed Outside Director of Nabtesco Corporation
September	2017	Appointed Outside Director of OPTORUN Co., Ltd. (to the present)
June	2018	Appointed Outside Director of TOPCON CORPORATION (to the present)
July	2018	Appointed Representative Director of Space Port Japan Association (to the present)
June	2020	Appointed Director of the Company (to the present)
June	2021	Appointed Chairman of Young Astronaut Club-Japan (to the present)



Hiroto Uozumi
Director

Outside Director Independent Director Newly Nominated

Personal history

April	1975	Joined Hitachi, Ltd.
April	2003	General Manager of Nuclear Power Systems Production Division, Nuclear Systems Division, Power and Industrial Systems Group, Hitachi, Ltd.
April	2004	Deputy General Manager of Hitachi Works, Power Systems Group and Vice Division Director, Nuclear Power Systems Production, Hitachi, Ltd.
April	2005	Deputy General Manager of Air-Conditioning Systems Division, Hitachi Plant Engineering & Construction Co., Ltd.
July	2007	Appointed Executive Vice President of Hitachi-GE Nuclear Energy, Ltd.
April	2011	Appointed President and Representative Director of Hitachi-GE Nuclear Energy, Ltd.
April	2013	Appointed Vice President and Executive Officer, Hitachi, Ltd.
April	2015	Appointed Chairman of the Board of Hitachi-GE Nuclear Energy, Ltd.
April	2017	Senior Corporate Officer of Nuclear Energy Business Unit, Hitachi, Ltd.
April	2020	Senior Corporate Officer of Nuclear Damage Compensation and Decommissioning Facilitation Corporation
June	2021	Appointed President & CEO of Atomic Energy Association (to the present)
June	2022	Appointed Director of the Company (to the present)



Katsuo Kohari

Director who is an Full-time Audit and Supervisory Committee Member

Personal history

- April 1968 Joined Fujitsu Limited
- May 1976 Transferred to the Company
- April 2003 Assistant to General Manager for Sales and Service of the Company
- June 2003 Appointed Director of the Company
- June 2012 Appointed Senior Vice President (*Director*) of the Company
- October 2013 Appointed Executive Vice President (*Director*) of the Company
- May 2014 Vice General Manager (Sales), FA Business Division of the Company
- October 2014 General Manager, Service Division of the Company
- June 2016 Appointed Executive Managing Officer (*Director*) of the Company
- June 2019 Appointed Standing Audit & Supervisory Board Member
- June 2021 Appointed Director (Audit & Supervisory Committee Member) of the Company (to the present)



Katsuya Mitsumura

Director who is an Audit and Supervisory Committee Member

Personal history

- April 1974 Joined Showa Audit Corporation (current Ernst & Young ShinNihon LLC)
- March 1977 Registered as Certified Public Accountant (to the present)
- January 1982 Founder and head of Katsuya Mitsumura C.P.A. and Tax Accountant Office (to the present)
- June 2019 Appointed Audit & Supervisory Board Member
- June 2021 Appointed Director (Audit & Supervisory Committee Member) of the Company (to the present)



Yasuo Imai

Director who is an Audit and Supervisory Committee Member

Outside Director Independent Director Renominated

Personal history

- July 1971 Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)
- July 2002 Appointed Director - General, Manufacturing Industries Bureau of the ministry
- July 2003 Appointed Commissioner of Japan Patent Office
- July 2004 Appointed Adviser of Japan Industrial Policy Research Institute
- July 2006 Appointed Senior Managing Executive Officer, Executive Vice President of Pipe & Tube Company, of Sumitomo Metal Industries, Ltd (currently NIPPON STEEL CORPORATION)
- April 2007 Appointed Senior Managing Executive Officer, President of Pipe & Tube Company of the company
- June 2007 Appointed Director & Senior Managing Executive Officer (*Member of the Board*), President of Pipe & Tube Company of the company
- April 2008 Appointed Director & Executive Vice President (*Member of the Board*), President, Pipe & Tube Company of the company
- June 2011 Appointed President, Chief Operating Officer (*Member of the Board*) of AIR WATER INC.
- June 2015 Appointed Director of the Company
- April 2017 Appointed Director, Vice Chairman of the Board of AIR WATER INC. (to the present)
- June 2021 Appointed Director (Audit & Supervisory Committee Member) of the Company (to the present)



Hidetoshi Yokoi

Director who is an Audit and Supervisory Committee Member

Outside Director Independent Director Renominated

Personal history

- April 1983 Lecturer, Institute of Industrial Science of University of Tokyo
- January 1985 Assistant Professor, Institute of Industrial Science of University of Tokyo
- July 1997 Professor, Institute of Industrial Science of University of Tokyo
- July 1998 Professor, Center for Collaborative Research of University of Tokyo
- April 2005 Director, Center for Collaborative Research of University of Tokyo
- April 2008 Professor, Institute of Industrial Science of University of Tokyo
- May 2015 Field II Program Officer, Adaptable and Seamless Technology Transfer Program through Target-driven R&D of Japan Science and Technology Agency (to the present)
- March 2019 Retired as Professor, Institute of Industrial Science of University of Tokyo
- June 2019 Professor Emeritus of the University of Tokyo (to the present) Appointed Audit & Supervisory Board Member of the Company
- June 2021 Appointed Director (Audit & Supervisory Committee Member) of the Company (to the present)



Mieko Tomita

Director who is an Audit and Supervisory Committee Member

Outside Director Independent Director Renominated

Personal history

- April 1980 Registered as lawyer (to the present) Joined Nishi and Iseki Law Office (currently Nishi & Partners Attorneys and Counselors at Law)
- April 1995 Appointed Auditor of Kanagawa Learning Disability Research Association
- April 2001 Appointed Civil Conciliation Commissioner, Tokyo District Court (to the present)
- April 2004 Appointed Instructor, Showa Women's University
- October 2007 Appointed a member of the National Bar Examination Commission, Code of Civil Procedure
- June 2012 Appointed External Audit & Supervisory Board Member of MORINAGA MILK INDUSTRY CO., LTD.
- April 2017 Senior Partner, Nishi & Partners Attorneys and Counselors at Law (to the present)
- June 2019 Appointed Outside Director (Member of the Audit & Supervisory Committee) of Nishin Seifun Group Inc. (to the present)
- June 2020 Appointed Audit & Supervisory Board Member of the Company
- June 2021 Appointed Director (Audit & Supervisory Committee Member) of the Company (to the present) Appointed Outside Director of TEKKEN CORPORATION (to the present)

Diversity of Board Members

● Independent Outside Directors



6 / 11

Ratio of Outside Directors 55%

● Foreign National/Female Directors



3 / 11

Ratio of Foreign National/Female Directors 27%

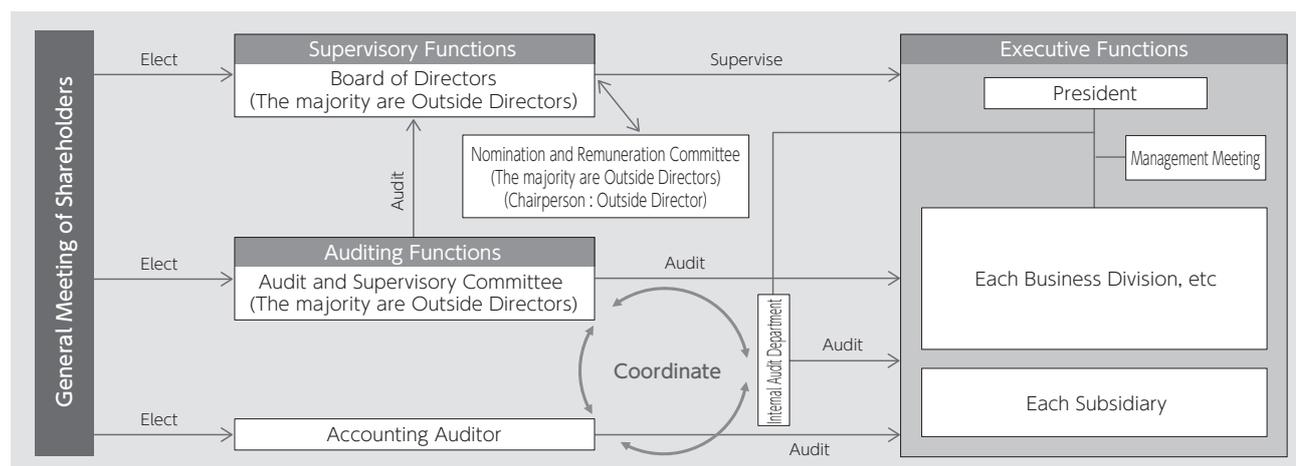
Foreign national Female Director

Enhancing Corporate Governance

Basic Approach

FANUC has always worked on enhancing corporate governance based on our Basic Principles of "Strict Preciseness" and "Transparency." As we proceed in separating our supervisory and executive functions, in order to further strengthen the supervisory functions of the Board of Directors and speed up management decisions, we transitioned to a company with an Audit and Supervisory Committee, that allows us to establish an Audit and Supervisory Committee consisting of the Directors who are Audit and Supervisory Committee Members and to expand the delegation of decision-making authority for business execution from the Board of Directors to Directors. Thus, we are further endeavoring to enhance corporate governance and increase corporate value. In addition, FANUC has established the Nomination and Remuneration Committee, a majority of which comprises Independent Outside Directors, and is chaired by an Independent Outside Director. By increasing the objectivity and transparency of the appointment and evaluation of Directors, this committee ensures the strict preciseness and transparency of supervisory functions to management.

Corporate Governance System



Frequency of Board of Directors and Audit Committee Meetings

- In addition to the Board of Directors meets once a month in principle, it also meets as needed. (The Board of Directors held a total of 12 meetings in FY2021)
- In FY2021, the Board of Corporate Auditors held two meetings prior to the transition to a company

Promotion Framework and Initiatives

- As a company with an Audit and Supervisory Committee, we have separated the Board of Directors (supervisory function) from the management side (executive function) to maintain the independence of each.
- Six of the eleven members of the Board of Directors are Independent Outside Directors, which account for majority of the Board of Directors.
- We are promoting diversity initiatives in the Board of Directors, and our Board of Directors includes two female directors and one non-Japanese director.
- Three of the five Audit and Supervisory Committee Members are Outside Audit and Supervisory Committee Members, one of whom is a woman.
- We continue to periodically review the contents of the Board of Directors and the Audit & Supervisory Committee from the perspectives of whether the independence of the Board of Directors and management is maintained, whether the effects of diversity are evident, and whether discussions in the Board of Directors and the Audit & Supervisory Committee are active, and make improvements as necessary.

with an Audit and Supervisory Committee on June 24, 2021. The Audit and Supervisory Committee met 11 times in the period from the transition to the last day of the fiscal year.

- Attendance of individual Directors at meetings of the Board of Directors and other meetings is as follows.

	Board of Directors meetings	Audit & Supervisory Board meetings (Until June 24, 2021)	Audit and Supervisory Committee
Kenji Yamaguchi	12 of 12	-	-
Yoshiharu Inaba	12 of 12	-	-
Michael J. Cicco	12 of 12	-	-
Kazuo Tsukuda	12 of 12	-	-
Masaharu Sumikawa	12 of 12	2 of 2	-
Naoko Yamazaki	12 of 12	-	-
Katsuo Kohari	12 of 12	2 of 2	11 of 11
Katsuya Mitsumura	12 of 12	2 of 2	11 of 11
Yasuo Imai	12 of 12	-	11 of 11
Hidetoshi Yokoi	11 of 12	1 of 2	11 of 11
Mieko Tomita	11 of 12	2 of 2	11 of 11

Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

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

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

Nomination and Remuneration Committee

With respect to appointment and dismissal and remuneration, etc. of Directors, we have established the Nomination and Remuneration Committee, the majority of which is composed of Independent Outside Directors, to secure the objectivity and transparency, etc. of procedures through the deliberation by this Committee.

<Member>

Outside Director Kazuo Tsukuda (Chairman)
 Outside Director Masaharu Sumikawa
 Outside Director Naoko Yamazaki
 Outside Director who is an Audit and Supervisory Committee Member Mieko Tomita
 Representative Director, Chairman Yoshiharu Inaba
 Representative Director, President, CEO Kenji Yamaguchi

Directors' Remuneration

1. Matters concerning the Policy for Determining the Details of Remunerations for Individual Directors

The Company has established a policy for determining the details of remunerations for individual Directors (excluding the Directors who are Audit and Supervisory Committee Members; the same applies hereinafter in this paragraph) (hereinafter, "Policy") in place as outlined below.: (Resolved at a meeting of the Company's Board of Directors held on June 24, 2021)

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

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

- Remuneration of Outside Directors shall comprise fixed remuneration only. The Policy shall be determined by a resolution of the Board of Directors. As for remunerations for the Directors who are Audit and Supervisory Committee Members, the amount of remuneration for the individual Directors who are Audit and Supervisory Committee Members shall be determined by consultation among the Directors who are Audit and Supervisory Committee Members.

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

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

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

As of the conclusion of the Ordinary General Meeting of Shareholders, the number of Directors (excluding the Directors who are the Audit and Supervisory Committee Members) is six (6), and it is three (3) excluding the Outside Directors. As for the aggregate amount of remunerations for the Directors who are the Audit and Supervisory Committee Members, it was approved at the 52nd Ordinary General Meeting of Shareholders held on June 24, 2021 to be capped at 200 million yen annually.

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

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

When reviewing remuneration standards, the Company selects benchmark companies and also refers to remuneration standards that takes into consideration results of surveys conducted by external third-party professional organizations. At the Company, the Board of Directors then determines the details of the amount of remunerations for the Directors (excluding the Directors who are the Audit and Supervisory Committee Members) after consultation with the Nomination and Remuneration Committee majority of which are independent Outside Directors and chaired by an Outside Director. Since the amounts of remunerations for individual Directors are determined through such procedures, the Board of Directors judges that their details are in line with the Policy.

Analysis and Evaluation of Board of Directors Effectiveness

1. Efforts to Improve Effectiveness

To ensure effective good governance, we adhere to our basic principles of "Strict Preciseness" and "Transparency." We conduct an annual survey of directors to assess Board of Directors effectiveness, and establish opportunities for the exchange of such opinions in a timely manner. Furthermore, we maintain a system that incorporates directors' opinions and evaluations in the Corporate Governance Guidelines when advisable, and put these results into practice.

2. Evaluation Methods

To evaluate Board of Directors effectiveness, in October, 2021 we conducted a questionnaire survey of all directors who are members of the Board of Directors. In order to increase transparency and evaluate effectiveness from rigorous and multifaceted perspectives, we employed an external organization to design the survey and to analyze and evaluate the results. The survey sought to determine whether the Board of Directors was able to function effectively when making important decisions and overseeing significant matters such as the composition of the Board of Directors, its operations, and management strategy, given our transition to a company guided by an Audit and Supervisory Committee in June 2021 and revision of the Corporate Governance Code.

3. Evaluation Results Summary

Our Board of Directors was highly praised for its diversity in terms of gender, nationality, work experience and other factors, and for its fostering an environment that encourages the free and open exchange of opinions and facilitates the examination of issues from multiple perspectives. On the other hand, the evaluation results pointed to a need for more comprehensive discussions on ways to further develop human resources, to further promote sustainable corporate growth.

The FANUC Board of Directors will continue striving to improve its effectiveness.

Constructive Dialogue with Shareholders

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

1. Overview of Public Relations & Shareholder Relations Department

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

2. Policy on Promotion of Constructive Dialogue with Shareholders

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

(1) Dialogue with Shareholders

The Public Relations & Shareholder Relations Department actively promotes dialogue by

providing shareholders with opportunities to participate in various meetings, factory tours, etc. Dialogues are lively, except that information that is likely to be regarded as insider information or may interfere with our business activities is not discussed.

(2) Opinions, etc. Provided in Dialogue

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

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

1. Early Notification of General Shareholder Meeting

The Notice of the General Shareholders' Meeting and reference materials are sent approximately three weeks prior to the date of the meeting.

The Notice of the General Shareholders' Meeting and reference materials are posted on our website in both English and Japanese approximately four weeks prior to the date of the meeting.

2. Exercise of Voting Rights by Electronic Methods

Shareholders can cast their votes from the website for exercise of voting right for General Meeting of Shareholders.

3. Participation in Electronic Voting Platform

We have adopted the use of Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ, Inc.

4. Provision of Convocation Notice in English

We prepare an English version of documents, including the Notice of General Shareholders' Meeting, which is posted to our website approximately four weeks prior to the date of the meeting.

Basic Policy on Return of Profit to Shareholders

1. Dividends

We have set a dividend payout ratio of 60% as our basic policy.

2. Share buybacks

We will buy back our own shares in a flexible manner depending on the level of our stock price, taking into account the balance with our investments for growth.

3. Cancellation of treasury shares

We limit the number of our treasury shares to 5% of the total number of shares issued. As a general rule, we will cancel any portion exceeding that limit every fiscal year.

Dividend payout ratio and total return ratio



Three-way Conversation between Outside Directors



FANUC's Value Creation as Seen from an External Perspective

FANUC appoints Outside Directors in order to incorporate an objective perspective into management and enhance corporate governance for sustainable growth and value creation. We asked three Outside Directors to discuss FANUC's current situation, issues, and direction for the future.

Transitioning to a Company with an Audit and Supervisory Committee

Tomita—I was fortunate enough to be introduced to the Company by a previous Outside Audit & Supervisory Board Member. My impression is that FANUC is an extremely good company. In June 2021, we transitioned into a company with an Audit and Supervisory Committee, whereby I became a Director who is an Audit and Supervisory Committee Member. With this transition, eight of the eleven members became Directors without direct involvement in the execution of business, with the Company's system now closer to a monitoring model. As a result of this, we have become more able to discuss matters freely. I am the only member with legal expertise, and so, even though my position within the Company has changed, I remain committed to checking and attending to legal matters with a sense of responsibility.

Tsukuda—This year marks the eighth year since I became an Outside Director of the Company. We have had a lot of extremely meaningful discussions in that time. We have transitioned away from a Board of Directors based on the management model towards one with strengthened monitoring functions, and management itself has been transferred to the meeting of Managing Officers. Division heads, who are responsible for management of the various divisions, report on the current business situation

during meetings of the Board of Directors. We listen to these reports and provide monitoring oversight. By clarifying the respective roles of the meeting of Managing Officers and the Board of Directors, and then linking them together, we have developed a system that enables more effective governance. Moving forward, I would like for the future trajectory of the Company to be discussed at meetings of the Board of Directors. Furthermore, in order to ensure that we maintain our sustainable growth, considering the next developments, I think it would be a good idea if internal members such as assistants and advisors to the Chairman and the President also took part in meetings of the Board of Directors. These are already topics being discussed at meetings of the Board of Directors, and I am keen for these types of reforms to get underway.

Imai—I worked for the Ministry of Economy, Trade and Industry for 30 years, followed by 20 years working at a manufacturing company, giving me a total of 50 solid years working in manufacturing. By happenstance, I was then fortunate enough to be invited to take on this role at the Company, whereby I have been able to contribute in a positive manner. The meetings of the Company's Board of Directors have been characterized by extremely lively discussions, even before the transition, thanks to the natural qualities



● Outside Director **Kazuo Tsukuda**

of Mr. Tsukuda. Along with this transition, we also aimed to improve the Internal Audit Department. The Audit and Supervisory Committee and Internal Audit Department have been enabled to exchange opinions, set a direction for the Company, and engage in more in-depth discussions. The Manager of the Internal Audit Department also works with the secretariat of the Audit and Supervisory Committee, and the system has evolved to take into consideration the ability

to conduct audits in accordance with the internal control systems.

Imai—The top-level management of the Company, namely the Chairman and President, are enlightened in their approach. Even before we transitioned to a company with an Audit and Supervisory Committee, their stance was one of listening intently to discussions held at meetings of the Board of Directors and responding to those discussions accordingly. In that sense, the top management of the Company is extremely flexible and inspires us all to express our opinions and put our heads together as we move forward. The role of the Outside Director is to provide an external perspective. Our mission is to make the most of our respective capabilities in service of this.

Tomita—That's right. I really do feel that discussions at meetings of the Board of Directors have become livelier. When I was appointed as an Audit & Supervisory Board Member, there were various aspects of the Company's organization that I did not have a good understanding of, and even when I asked questions, I would sometimes still feel that I was unclear on some things. Now, however, each member is able to better utilize their own areas of expertise and discuss matters on a more equal footing. And on that basis, I feel like this has enabled us to more actively exchange opinions with one another.

Tsukuda—When I was first appointed, it seemed discussions were less active, but now, that has completely changed. This is the result of the efforts made by the Chairman and President to realize a robust governance structure.

The Challenges of Developing Human Resources Who can Guide FANUC's Future

Tomita—One of the issues highlighted in the evaluation of the effectiveness of the Board of Directors was the development of human resources towards the realization of the Company's sustainable growth. The Company's organizational structure is vertically oriented due to the importance placed on various technical expertise. However, when it comes to management personnel, it is necessary that they adopt a bird's eye view of the entire organizational structure, transcending these boundaries within the organization. We are yet to see how such management personnel are being cultivated.

Tsukuda—It is necessary to have a succession plan for top management, but I don't think the method by which the Company should cultivate such human resources is necessarily something that must be thought about too rigidly. The tendency is to look to examples of companies in the U.S. and Europe for guidance, but I think we should also place more importance on the spirit born from Japanese culture, which is the result of more than 2,000 years of history. If you look at the way heads of prominent families were educated about their succession, you come across the idea that they are not trained to assume this role, but rather naturally mature to become a leader.

Imai—Four or five years ago, I had the opportunity to listen to a top management round table discussion organized by the Japan Business Federation (KEIDANREN). It appears that at one company, when employees reached the age of around 30, they appointed these personnel as Presidents and Directors of affiliate companies and continued to monitor their actions to select the upcoming generation of leaders from among them. There was also discussion about how, at one particular financial institution, they demanded that any potential candidates be figures with a steady nerve. To that end, they appointed such a candidate as the president of their American subsidiary, had that person put his or her very best into the position, and then made their

decision based thereon. In this way, I think the way a company develops its management personnel can be reflective of its own characteristics as a company. Therefore, while it is good to refer to rules and guidance regarding a succession plan, I think it's best to not overly commit to a set-criteria and instead focus on ensuring diversity among those in top management positions.

Tomita—Both the Chairman and President are paying close attention to the issue of fostering a successor, and, we have been asking them what the Company's policy is in this regard. I think it is true that it is the position that a person holds that makes



● Outside Director (Audit and Supervisory Committee Member) **Yasuo Imai**

that person. Authority and responsibility are two sides of the same coin. In other words, the person who cannot correctly utilize authority cannot fulfill their responsibility as a leader. It is such opportunities that result in the development of a person. As part of efforts to address the relationship between the Company and its Group companies, a governance system was established which sets out in its managerial regulations to what extent the Group companies should report to Company headquarters and what level of authority is delegated to the Group companies. In doing this, we can consider a system that allows us to entrust the management of a subsidiary somewhere to a given person and ascertain their credentials for a top management position within the Company by seeing if they really have the nerve for such a role.

Tsukuda—The development of young employees is also important. I think it is good to allow employees to take on challenges proactively and to let them fail. We can encourage them to give it a go, be lenient with them even if they do not succeed, and

give them another chance. It's the same as hitting an out of bounds shot in golf. You're not going to make that same shot a second or third time. If you hit into the rough, then you are going to learn how to get out of it. And in practicing this, you develop resilient individuals. It is as Isoroku Yamamoto once said, "They won't listen to you unless you show them how to do it, teach it, let them try it, and then give them positive feedback on their performance."

Imai—I know people would not like me to make too many comparisons with "the olden days," but when looked at from our generation, I understand that companies in general these days are dealing with some deeply rooted problems, particularly in regard to new employees in technical positions, because some of them are unable to do the math. In cases like these, the only option is to have them go through the learning process again at each company. But, since it is they who will shoulder the burden of guiding this country's future, I guess we have no choice but to try and get behind them.

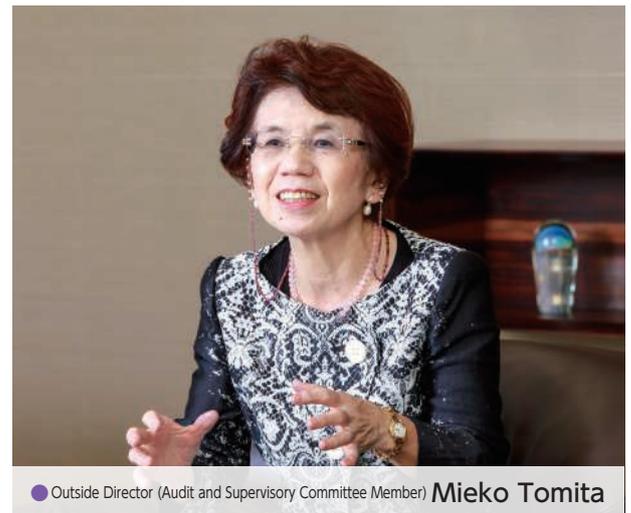
Towards Discussions That Serve as Guidance for Tomorrow

Tomita—I really love the Company's Basic Principles: "Strict Preciseness" and "Transparency." A company will last forever and be sound with strict preciseness, while the corruption of an organization and the downfall of a company start from a lack of transparency. The mantra of "Strict Preciseness" and "Transparency" is something that is repeated whenever issues arise, and not just by management, but also among we Outside Directors too. Furthermore, the Company's "lifetime maintenance" initiative is also a source of pride for the Company's employees and, again, for we Outside Directors also.

Tsukuda—When I worked as the head of Nagoya Equipment Manufacturing after being appointed director of Mitsubishi Heavy Industries, Ltd. (hereinafter, Mitsubishi Heavy Industries), we considered developing a large hydraulic injection molding machine that would be hybrid in terms of using an electric servo motor for clamping and positioning that required precision and speed. When I visited FANUC Headquarters to ask if they were able to supply large servo motors, which were key parts in our development project, the late Honorary Chairman, Dr. Seiueemon Inaba said to me, "We are unable to meet your low volume request of around 100 units a year, but we are willing to provide instructions on how to meet the specifications required by Mitsubishi Heavy Industries to the small factory that makes servo motors near Nagoya." After that meeting, we were able to complete the development of the hybrid machine in a short period, with the machine going on to become our flagship product. What impressed me at the time was that Dr. Inaba was extremely generous when it came to people who attempted to push the boundaries of technology. The background to the Company's development of technologies was a willingness to embrace the possibility of failure.

Imai—At the same time, the Company has been extremely solid thus far, and been managed in a way that has produced tremendous growth and profit. I think that is a result of all the hard work of the current officers and directors in coming up with answers to problems facing the Company in an environment where there were many great managers and engineers, not least the late Honorary Chairman, Dr. Seiueemon Inaba. Companies with such high profitability as FANUC are extremely rare, even in Japan. The Board of Directors will continue to have lively discussions regarding the growth strategy it will draw up going forward, for FANUC to grow from its current position of a "Small Giant."

Tomita—True enough, we have been judged to be a good company so far, but, even though that is something we can be proud of, we must continue to



● Outside Director (Audit and Supervisory Committee Member) **Mieko Tomita**

adapt and evolve. There are various discussions going on regarding what direction this should take. For myself, being something of a novice in technical matters, I try to proactively participate as a legal professional.

Tsukuda—The title of the company history published by Mitsubishi Heavy Industries in 1990 was "To the Sea, Land, and on to Space" (Umi ni Riku ni Soshite Uchu e). Till the middle of the Showa Era, the company's main business was shipbuilding, but afterwards, the focus pivoted towards other areas, such as turbines and internal-combustion engines for onshore plants, as China and South Korea entered the shipbuilding business, and took over our role as a major player in the industry. Now, the company has started to engage in developments for the aero space industry. Such transitions may only serve as reference, but our Company has superb numerical control technology. I think we should look to further discussions around growth strategies that leverage these strengths of the Company.

Dialogue with Stakeholders

Stakeholders	Communication method	Frequency	Content
Customers	Sales representatives	As needed	Collect and provide feedback on demands and requests to FANUC. In addition, give customers tours of factories to enhance their understanding about new products and development schemes.
	Service	As needed	More than 2,300 service personnel and support staff members around the world provide telephone support, onsite customer support, and maintenance parts management.
	Membership website	As needed	Answer customer inquiries by email and chatbot. In addition, customers can purchase maintenance parts through our membership website.
	New products open house show	Every year	Invite customers and introduce our latest products. Cancelled our new products open house show in 2020 and 2021 due to the COVID-19 pandemic, but in 2022 it was conducted under adequate infection prevention measures.
	Exhibitions	As needed	Exhibit at trade shows in Japan and abroad to introduce our latest products.
	ESG rating	As needed	Answer questionnaire for EcoVadis, CDP etc.
Employees	Labor union	At least twice a month	Hold discussions, negotiations, and exchanges of opinions through regular monthly meetings and committees, quarterly meetings, and labor-management negotiations. Conducted these activities online in 2022 due to the COVID-19 pandemic, as in the previous year.
	Organizational culture survey	Every year	We conduct an “organizational culture survey” to ascertain employees’ awareness. Each organization uses the results of the survey to identify organizational issues and implements countermeasures in a PDCA cycle to consistently improve the workplace environment and enhance employee job satisfaction.
Shareholders	General meeting of shareholders	Annually	Report on business reports, consolidated and non-consolidated financial statements, and audit results, and deliberate and make resolutions on matters to be resolved after Q&A.
	Financial results briefing	Quarterly	Hold briefings and telephone conferences on the contents of financial results and business forecasts, as well as engage in Q&A sessions.
	Individual dialogues with institutional shareholders	As needed	Explain FANUC’s initiatives and governance, and exchange opinions.
	ESG disclosure	As needed	Publicize ESG activities, as needed.
Communities	Coexistence with communities	As needed	Contribute to the revitalization of the local economy through tax payments, job creation, and having businesses with local companies.
	FA Foundation	As needed	Award prizes to recognize research results on factory automation (FA) and industrial robot technology.
	Economic and industry associations	As needed	Participate in the planning and implementation of various initiatives by organizations.
	Public-private joint projects	As needed	Participate in various public-private joint projects and promote technical exchanges.

FANUC's Approach to Sustainability

Sustainability Basic Policy

The FANUC Group will continue to provide indispensable values throughout the world in the field of factory automation through unceasingly creating technical innovations, abiding by our basic principles of “Genmitsu (Strict Precision)” and “Tomei (Transparency).”

Our goals are to enhance our value as a company and to contribute to building a sustainable society.



This mark consisting of a “tree leaf” and an “infinity” symbol represents FANUC’s commitment to creating a sustainable society by overcoming environmental and social challenges through unceasingly creating technological innovations.

Two Perspectives on Sustainability

1 - Energy Saving & Carbon Neutrality >



Reducing GHG Emissions



Reducing Power Consumption



Utilizing Green Energy



< 2 - SDGs

Providing Solutions to Improve Working Conditions, Increase Productivity, and Waste Reduction

Initiatives for Sustainability

- > Promote Various Initiatives to Achieve Carbon Neutrality
- > Support User's SDGs through Business Activities and Product Functions

Sustainability Promotion Framework

At the “Sustainability Committee” chaired by the Representative Director, President, we will deliberate and make decisions on important policies and measures related to sustainability, and report to the Board of Directors.



Initiatives in FA Business

Reduction of energy consumption related to machining

Reduces energy consumption in CNC, servo and laser system.

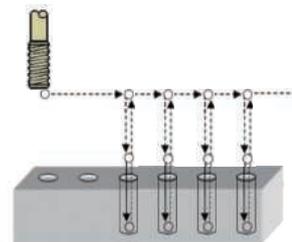


- Development of low power consumption CNC
- Power source regeneration returns deceleration energy to the power supply for effective use (35% reduction compared to the resistance regeneration method in our example)
- Amplifier loss reduction through the application of low-loss power elements (loss reduction has been achieved continuously since the past and is currently up to 28% less than in 1995)
- Motor loss reduction by high-speed current control
- Laser power saving function

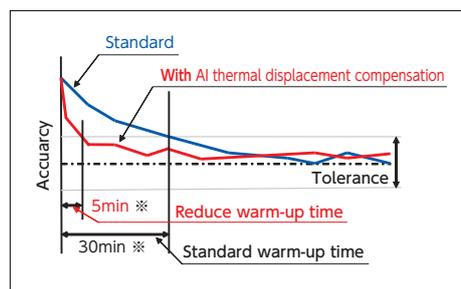
Reduction of energy consumption related to operating time

- Control technology for cycle time reduction reduces operating time of auxiliary equipment, etc.
 - Drilling and tapping processes are sped up through the optimization of machining paths
 - Cycle time reduction through speed control that optimizes cutting load
 - Handling of the latest machining tools and technologies, such as turning through a reciprocating motion
 - Improved efficiency of peripheral device operation, etc., through faster sequence control
- AI thermal displacement compensation using machine learning corrects thermal displacement immediately after machine power-on. Reduces warm-up time and power consumption. (In the example right, warm-up time is reduced to 1/6.)

High speed drilling and tapping



Reduction of warm-up time



Reduction of energy consumption in whole machining process

- Displays supplied power and power recovered by power regeneration in real time on the power consumption monitor
- Provides an energy saving level selection function that allows selection of operation settings that prioritize machining time or power consumption, enabling confirmation of power consumption and machining time. Level can be set by confirming the power consumption amount and machining time on the CNC screen
- Visualizes operation status and power consumption through MT-LINKi and supports optimization of machine operation
- Reduces power consumption during trial machining by utilizing machining simulation to reduce trial machining

Initiatives in ROBOT Business

Energy Saving and Carbon Neutrality

- Reduce and visualize power consumption through energy-saving functions such as power regeneration, weight reduction, etc.
- Disperse peak power by night operation using robots

Support

- CO₂ emissions are reduced by reduction of power consumption, and of exhaust gas during transportation due to reduced weight.
- Ratio of clean energy is improved by reduction of demand for thermal power generation through power dispersion.
- Resource efficiency in production is improved.



Protect Employment and Factories

- Maintain and improve productivity by high performance and collaborative robots
- Improve operating rates
 - Reliable
 - Predictable
 - Easy to Repair

Support

- Employment and factories are protected through solution of labor shortage and productivity improvement by robots.



Easy to Use

- Robots developed in pursuit of ease of use
 - Collaborative robots that can be used safely without fences
 - Intuitive UI
 - Easy-to-use application functions
 - PC simulation that simplifies system integration
 - Easy connection with machine tools

Support

- Automation of manual-labor-based production sites
- Mastering of robot operation by more people
- Introduction of robots into more production sites



Safety and Release from Dangerous, Dirty, Difficult Tasks

- Alternative means to do dangerous, dirty, difficult, or monotonous tasks
- Certified safe design
 - Contact stop safety function and design of collaborative robots
 - Position and speed monitoring function etc. based on redundant design

Support

- People can have a more productive and decent work in comfortable, safe, and secure environment by leaving dangerous, dirty, difficult, or monotonous tasks to robots.



Initiatives in ROBOMACHINE Business

ROBODRILL initiatives

- Improved productivity
 - › High machining performance...Reduces cycle time with a unique fixed cycle that ensures smooth and lean operation.
 - › High operating rate...ROBODRILL-LINKi collects and visualizes operating information, contributing to improved operating rate and work efficiency.
 - › Ease of use...Utilization of dedicated G-code significantly reduces programming time
- Power consumption reduction
 - › Power source regeneration...Motor regenerative energy is returned to the power supply for reuse.
 - › Energy saving functions...Various energy saving functions minimize power consumption during standby.
 - › Power consumption monitor...Visualizes power consumption and can be centrally monitored with ROBODRILL-LINKi.
- Waste reduction
 - › Rechargeable battery unit ... Reduces disposal of backup batteries, making the machine maintenance free.
 - › Longer spindle life...Environmental resistance has been improved by adding air purge to the rear side of the spindle.
 - › Longer life of each spindle cover...Each spindle cover has been reinforced to improve durability.



ROBOSHOT initiatives

- Improved productivity
 - › High molding performance ... Simultaneous operation reduces cycle time.
 - › High operating rate ... ROBOSHOT-LINKi2 can be used to analyze the operating rate and examine ways to improve it.
 - › Ease of use ... Outstanding operability achieved by a large screen display unit.
- Power consumption reduction
 - › Power source regeneration ... Motor regenerative energy is returned to the power supply for reuse.
 - › Barrel heat insulation cover ... Full enclosure with heat insulation material suppresses heat dissipation from the heater and reduces power consumption.
 - › Power consumption monitor ... Analyzes power consumption and supports energy saving activities.
- Support for environmentally friendly resins
 - › Recycled resins ... The deep groove of the plasticizing screw enables stable measurement of recycled resin (crushed material).
 - › Biomass resin ... Molding of biomass-derived resin contributes to carbon neutrality.



ROBOCUT initiatives

- Improved productivity
 - › High machining performance ... High-speed machining conditions improve machining speed.
 - › High operating rate ... Operating rate is improved by high wire connection rate with AWF3 automatic wire connection.
 - › Ease of use ... Guidance function prevents operation errors and supports lean operation.
- Power consumption reduction
 - › Discharge power regeneration ... Energy stored in the feed cable when generating discharge pulses is regenerated and reused in the DC power supply of the discharger.
 - › Sleep mode ... Minimizes power consumption during standby to reduce unnecessary power consumption.
 - › Power consumption monitor ... Visualizes power consumption to support energy saving activities.
- Longer life of expendable parts
 - › Longer life of filter ... Filter life is extended through flow control.
 - › Extended electrode pin life ... Contact pressure between wire and electrode pin is increased to suppress wear caused by electrical discharge, extending the life of the electrode pin.
 - › ROBOCUT-LINKi ... The usage of expendable parts can be monitored remotely.



Targets and Initiatives to Achieve Carbon Neutrality

Responses to climate change

To achieve carbon neutrality, FANUC has set mid-term and long-term targets for reducing greenhouse gas (GHG) emissions and is promoting efforts to achieve them.

Targets for reducing GHG emissions

FY2050 Target	• Scope 1, 2 : Carbon neutral by FY2050
FY2030 Targets	• Scope 1, 2 : 42% reduction by FY2030 (in comparison with FY2020) • Scope 3 : 12.3% reduction of emissions due to the use of sold products by FY2030 (in comparison with FY2020).

FANUC's GHG emissions reduction targets have been certified by the SBT initiative.

FY2030 targets are certified by the SBT (Science Based Targets) initiative.

Regarding Scope 1 and 2, part of the power consumed in the FANUC Headquarters' area, Mibu factories and Tsukuba factories will be renewable electricity, and other sites will also switch to using renewable electricity in the near future. Furthermore, solar panels will be set up, and measures to save energy will be further accelerated to reduce GHG emissions resulting from our business activities.

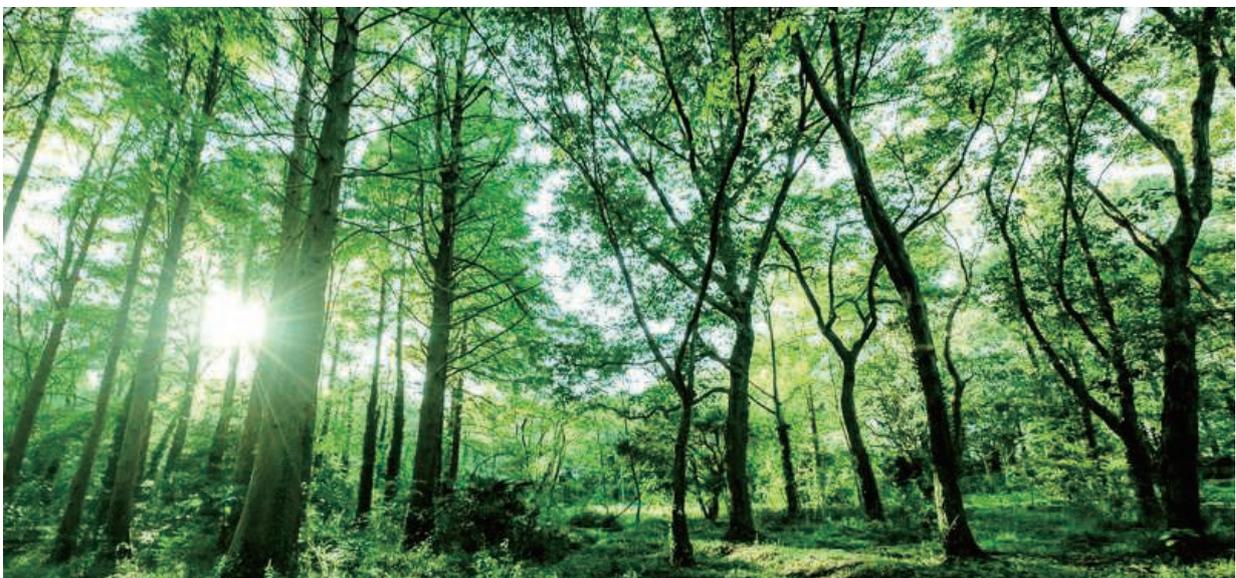


FANUC Headquarters



Mibu Factories

Regarding Category 11 (Use of sold products) of Scope 3, FANUC will contribute to reducing the emissions by enhancing of energy saving features of FA, ROBOT and ROBOMACHINE products.



Initiatives for TCFD Recommendations

Disclosure in Accordance with TCFD Recommendations

Since the adoption at COP21 (21st Conference of the Parties to the United Nations Framework Convention on Climate Change) of the Paris Agreement, movement towards a de-carbonized society is spreading. The FANUC Group with its business activities expanding around the world promotes these initiatives as we recognize climate change as a critical business challenge. In the meantime, FANUC expressed its support for the Task-Force on Climate-related Financial Disclosures and its recommendations (hereafter, TCFD recommendations) in December 2021.

Further, we would like to utilize the framework of TCFD recommendations, and continue enhancing the quality and amount of disclosures to promote climate change initiatives still further, and contribute to achieving a sustainable society.

Governance

FANUC recognizes climate change as a critical business challenge.

At the “Sustainability Committee” chaired by the Representative Director, President, we will deliberate and make decisions on important policies and measures related to climate change, and report to the Board of Directors. Based on the reported content, the Board of Directors will supervise to check whether identification of risks and opportunities, and measures related to climate change are promoted appropriately.

Strategy

FANUC conducted a scenario analysis targeting mid-term (2030) and long-term (2050) with a 1.5°C scenario, 2°C scenario, and 4°C scenario on the FA Business, ROBOT Business, and ROBOMACHINE Business to identify the risks and opportunities related to climate change, and to check how these will impact the FANUC Group businesses. Regarding the scenario analysis, we referred to IEA NZE, IPCC RCP1.9, etc., for 1.5°C, IEA SDS, IPCC RCP2.6, etc., for 2°C, and IEA STEPS, IPCC RCP8.5, etc., for 4°C. For each scenario, we identified the risks and opportunities related to climate change, and quantitatively and qualitatively examined



and evaluated the impact on the business.

Among these, we identified the following risks that will have a significant impact on the businesses: “Increase in costs due to introduction of carbon tax,” “Increase in costs due to the rise in raw material prices,” and “Decrease in demand for a part of FANUC products due to the consumer behavior change and shift to EV/FCV.” We also identified the following opportunities: “Increase in demands for FANUC products due to energy saving and robotization,” and “Increase in demands for FANUC products due to the shift to EV/FCV.”

Identified risks and opportunities		Responses to identified risks and opportunities
Transition risks	<ul style="list-style-type: none"> ● Introduction of carbon tax will increase costs. ● The rise in raw material prices will increase costs. ● Consumer behavior change and shift to EV/FCV will decrease demand for a part of FANUC products. 	<ul style="list-style-type: none"> ● Set up mid-to long-term goals for reducing greenhouse gas (GHG) emissions, and promote energy saving and introduction of renewable energy, etc., in business activities to reduce GHG emissions. ● Promote the support of business continuity plan (BCP) (Multiple production sites and suppliers, etc.) ● Promote the development of products that contribute to customers' energy saving/robotization, and that meet the demand from the shift to EV/FCV. ● Promote the development of products that can maintain high performance and high reliability under harsh operating and transportation environments.
Physical risks	<ul style="list-style-type: none"> ● Increasing severity of natural disasters will damage production sites, etc., and as this negatively impacts production, recovery costs will increase. 	
Opportunities	<ul style="list-style-type: none"> ● Energy saving/robotization will increase demand for FANUC products. ● The shift to EV/FCV will increase demand for FANUC products. ● Demand for FANUC products capable of working under harsh operating and transportation environments will increase due to the influence of rising average temperature. 	

In the 1.5°C and 2°C scenario, the world is expected to undergo major social changes as it transitions to de-carbonization. There is a possibility for costs to increase due to the introduction of carbon taxes and rise in raw material prices, but we believe that we can expand the FA Business, ROBOT Business, and ROBOMACHINE Business as energy saving/robotization and the shift to EV/FCV will expand. The 4°C scenario does not promote low carbonization, and increasing severity of natural disasters will be expected due to climate change, such as increases in average temperature. This creates a potential increase in

recovery costs as production sites, etc., will be damaged, having a negative impact on production. For these reasons, we will continue to promote the support of our business continuity plan (BCP), and deal with physical risks.

The findings of the scenario analysis on FA Business, ROBOT Business and ROBOMACHINE Business rated these businesses as highly resilient in all scenarios used for the analysis. We will further promote initiatives in order to meet the challenges of identified risks and realize these opportunities in the future.

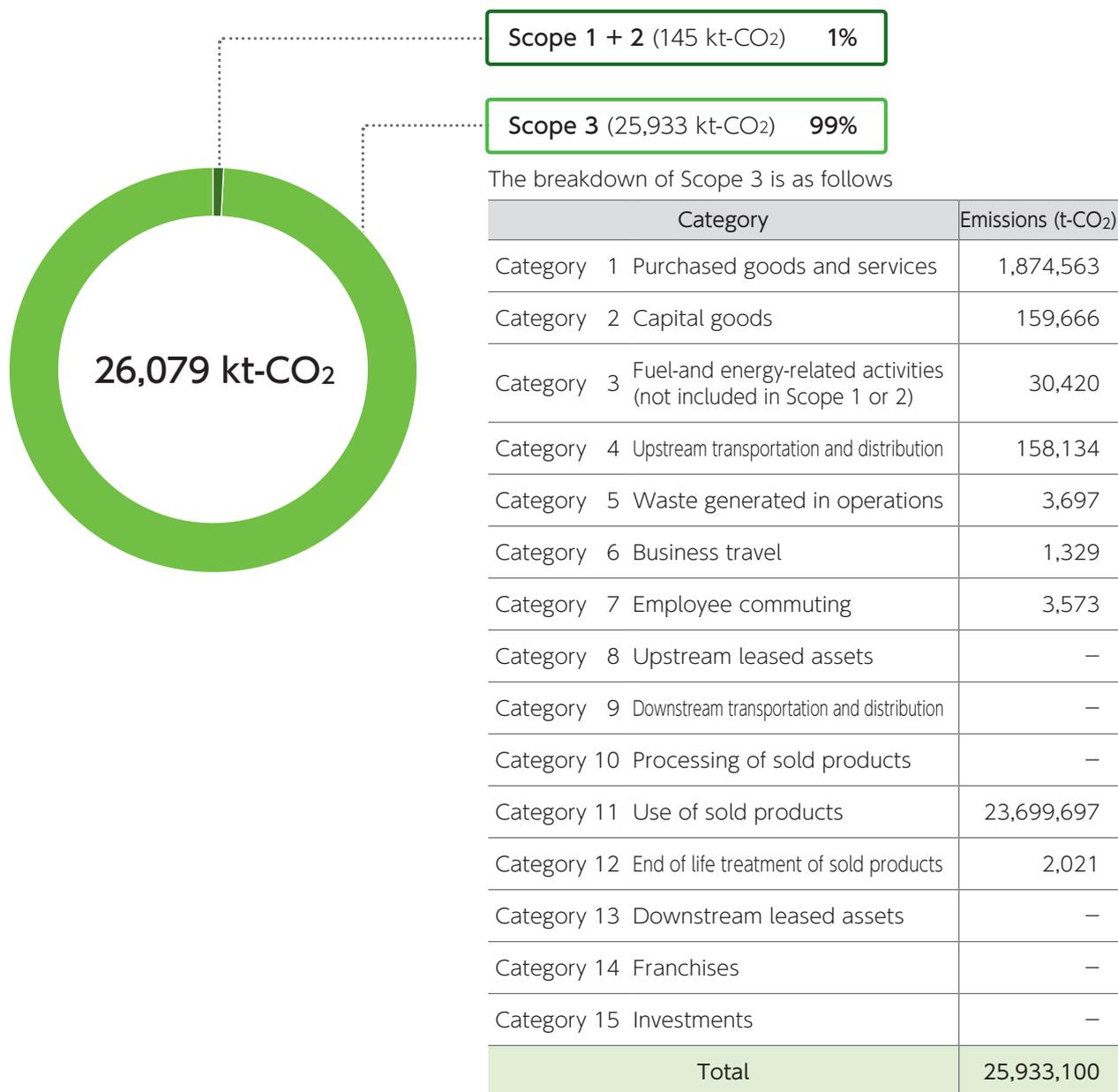
Risk Management

To address risks that may hinder the continuity of our business, the enhancement of our corporate value, or the sustainable development of our corporate activities, FANUC has established a Risk Management Committee and risk management policies, and we

are conducting appropriate risk management under the supervision of the Board of Directors. The risks of climate change will also be placed in the rules, and managed.

Metrics and Targets

The FANUC Group's greenhouse gas (GHG) emissions (Scope 1, 2 and 3) in FY2021 are as follows:



FANUC has set up a long-term target of reducing GHG emissions from the business activities of the FANUC Group (Scope 1, 2) to zero by FY2050.

To achieve this long-term target, we have set a mid-term target of 42% reduction of the same emissions by FY2030 (in comparison with FY2020). Regarding Scope 3, we aim for 12.3% reduction of emissions due to the use of sold products (Category 11) by FY2030 (in comparison with FY2020).

These mid-term targets are certified by the SBT (Science Based Targets) initiative.

Scope 1 and 2 for FY2021 were 5.7% lower than the base year.

The main reason is that a part of the electricity used

in the Headquarters area, the Mibu Factories, Tsukuba Factories, etc. was switched to electricity derived from renewable energy sources. We plan to install and operate solar panels in the Headquarters area and the Mibu area in FY2022, aiming for further emission reductions.

In FY2021, emissions due to the use of sold products for Scope 3 (Category 11) were 42.2% higher than the base year. This was mainly due to a significant increase in the sales of our products. We will continue to aim for emission reductions by further improving the energy saving performance of our FA, ROBOT, and ROBOMACHINE products.

Enhancing Employee Engagement

Creating a Fulfilling Workplace

Basic Approach

A work environment in which each employee can develop a career vision based on the values they cherish and continue to grow to fulfill that vision is necessary to improve the job satisfaction of our employees.

As a mechanism for this purpose, we are currently working to create opportunities for dialogue within the workplace to support individual career development and growth through the implementation of

rank-specific trainings, and we have also introduced an internal recruitment system to match departments that recruit personnel with employees who plan to achieve their career goals.

In addition, we are continuously engaged in efforts to improve organizational issues to create a fulfilling workplace through the implementation of a yearly organizational culture survey.

Initiatives

■ Career Development Support

We are working to create opportunities for dialogue between supervisors and subordinates through training programs in order to support the career development of each one of our employees. We provide training for supervisors to improve their management and leadership skills, conveying the importance of supporting the growth of their subordinates through interactive dialogue, as well as to acquire skills and knowledge that can be utilized in dialogue situations with subordinates. For subordinates, we provide “young employee training” to implement growth plans based on values they cherish as well as “mid-career employee training” to pursue areas of specialization as professionals, creating a mechanism for them to share their respective career visions with their supervisors and receive support from them.

■ Internal Recruitment

We conduct internal recruitment where departments in need of new human resources clarify the requirements they are seeking and recruit personnel internally. With this system in place, employees are encouraged to take on new challenges to achieve their own career goals, thereby revitalizing the organization and enhancing individual motivation.

■ Organizational Culture Survey

Every year, we conduct an “organizational culture survey” to ascertain employees’ awareness. Each organization uses the results of the survey to identify organizational issues and implements countermeasures in a PDCA cycle to consistently improve the workplace environment and enhance employee job satisfaction.



Department head training

Development and Training of Employees

Basic Approach

FANUC supports the growth of our employees in considering them as being human resources who are indispensable for FANUC's business activities and who enhance the company's value. In order to realize sustainable growth as a company in the future, we believe it is necessary to provide employees with opportunities to deepen their

understanding of our basic principles and organizational vision, to act autonomously as strong individuals who recognize their own role, as well as to learn and grow according to their own career aspirations and strengths, and to maximize their strengths through mutual interaction.

Initiatives

FANUC strives to enhance the value of our employees by providing support for their individual growth and career development.

As an educational system for this purpose, we are currently providing executive employees with trainings to improve their management and leadership in the workplace according to their responsibilities. Furthermore, we are conducting training for mid-career employees to pursue their areas of expertise as professionals, and training for young employees to

implement growth plans based on the values they cherish, and we are working to support their career development and growth through dialogue within the workplace.

We also conduct trainings for employees to give them the specific knowledge and skills that are required in the individual workplaces. For example, the Service Division strives to improve customer satisfaction by providing technical education to service personnel in Japan and overseas.

Current Education and Training Framework

Training for All Employees

Training Name	Trainee	Content
Diversity training	All employees	Encourage understanding of the significance and importance of promoting diversity, foster and instill a sense of ownership, and communicate key points that each individual should be aware of and work on in their own workplace
Harassment prevention training	All employees	Acquire basic knowledge needed to prevent harassment and create a friendly work environment
Mental health training (line care/self-care)	All employees	Promote understanding and increase awareness of mental health issues, as well as deepen understanding of the care expected of managers for workplace members
Information security education	All employees	Raise employee security awareness and literacy, with the aim of preventing information security incidents
Compliance education	All employees	We post various policies and guidelines on our company-wide portal site, and we are working to foster compliance awareness by raising consciousness and dissemination activities through various types of education. In 2022, we conducted compliance training on whistleblowing for FANUC officers and employees (including contract employees and part-time employees) based on the revised Whistleblower Protection Act.

Management and Leadership Improvement

Training Name	Trainee	Content
Training for division head	All division heads	Improve skills required to overcome management issues that should be considered by management leaders (management skills, growth strategy skills, life skills)
Training for department head	All department heads	Establish management and leadership styles to lead the workplace based on awareness of the role of one's own department from a company-wide perspective
Training on workplace management	All section heads	Learn the basics of management to enhance organizational capability as a manager of an organization and maximize their section's outcomes
Training for new executive employees	Employees promoted to executive positions	Learn leadership for achieving results as a team, with the aim of deepening their own expertise and solving issues that they are addressing as the FANUC Group

Career Development

Training Name	Trainee	Content
Mid-career employee training	General mid-career employees	Cultivate an awareness as a “professional” who plays a central role in the execution of workplace operations, and pursue their “unique” area of expertise to lead the workplace as a front-runner.
Young employee training	Young employees in career-track positions (three years since joining the Company)	Foster independent human resources who can proactively approach their work from their own awareness of the expectations of others, their personal strengths, and their core values

Management Capability Improvement for Manufacturing Sites

Training Name	Trainee	Content
Team leader training	All team leaders	Raise awareness of one’s role as a supervisor at the frontline of the manufacturing site and improve the knowledge and practical skills required to manage a workplace as a leader
Young technical employees training	Young technical employees (7 or 8 years with the Company)	Cultivate an awareness as a member of the organization who is responsible for the execution of manufacturing operations and the preservation and enhancement of organizational strength, and connect it to actions for encouraging others and resolving work issues.

New Recruit Training

Training Name	Trainee	Content
New Recruit Training	All new-graduate recruits and mid-career hires	Learn basic knowledge as employees of FANUC, such as its business, history, basic principles, organizational structure, and corporate culture. Explain and require compliance with governance and various other policies as well as human rights policies.
Etiquette training	All new-graduate recruits	Acquire business manners to facilitate work and become a trusted corporate person through appropriate behavior and communication as a member of society.

Foreign Language Training (English and Chinese)

To help individual employees enhance their skills according to the language proficiency requirements of their work, in addition to the TOEIC exam, we have expanded our training options for language skill acquisition, including business English, English conversation, and Chinese conversation.

Division-based Training

Besides the training programs described above, each division has their employees attend external workshops and provides training sessions for them to acquire the particular knowledge and skills required for their assigned tasks.



Team leader training



New recruit training



Lectures by management



Group discussion



Lectures by external instructors

Education and Training for Service Engineers

The Service Division conducts cultivation and educational training for service personnel. At FANUC, we believe that improving the level of the services provided by our service personnel is of utmost importance. As such, we are working to provide high-quality services globally through the cultivation and education of our service personnel.

In addition to etiquette training for all new-graduate recruits, we strive to further improve customer satisfaction by giving consideration to personal appearance, behavior, and speaking manner, based on the Service Engineer Code of Conduct.

In addition, we have started an initiative to transfer young service personnel to the sales and technical support departments (for a designated period of about two years) in order to cultivate a multifaceted viewpoint, which will lead to career advancement and improvement of duties, by allowing them to see their own departments from the outside.

Apart from this, we would like to further improve the efficiency of current duties by appointing younger field service personnel for call center duties, which until now we thought could only be performed by veterans, using databases and reception systems.

As for the new employee training, in 2022, as in 2021, we set up a videoconferencing system available at all times in one of the classrooms at FANUC ACADEMY of FANUC Headquarters, allowing the Hino Branch and FANUC ACADEMY to view each other's activities. We also provided all employees with a tablet and laptop computer immediately after they joined the Company. In addition, we provided our new employees with basic knowledge by sharing with them the e-Learning contents produced by FANUC ACADEMY and other resources prepared in-house by individual departments.

Currently, new employees watch the e-Learning contents in their free time for preparation and review.

Over the approximately five months after joining the Company, we have provided technical training, basic education as a working member of society, and safe driving education by an external lecturer. For future required qualifications, we have started providing special education for operating industrial robots, low-voltage electricity, full harnesses, etc., from the time they join the Company so that they can safely carry out their duties.

Moreover, in order to drive company-owned vehicles on a daily basis, they attend courses such as on-site training from local police departments and "safe driving based on accident examples" from non-life insurance companies to improve their safety awareness. (Domestic Service Division)

Because our business is essentially based on client visits, we conduct not only general information security training, but also training on client information management, in order to ensure thorough information management.

Similarly, for technical training, safe driving education, and lessons on safe working for service personnel already active in the field., we conducted online education by connecting FANUC Headquarters, Hino Branch, and each service location throughout Japan.

In the past, we have had business trip to trade shows and other events, but since we are trying to minimize business trips to distant locations during the COVID-19 pandemic, our service personnel are also watching the customer-oriented online distribution to enhance their product knowledge.

For those who were not able to participate in that either, we are also working on online training courses.

We maintain a high level of service overseas through education and training on maintenance technicians by using videoconferencing systems, on-demand seminars, and video materials to overseas service personnel.

Technical education at FANUC	ACADEMYFANUC ACADEMY provides technical education to service personnel Japanese and overseas almost every week, utilizing training programs that incorporate our customers' requests.
Technical education at group companies	We also provide technical education to service personnel at FANUC America, FANUC Europe, and other group companies With regard to education on new models and advanced technology, the persons in charge participate in programs offered by FANUC ACADEMY to acquire the necessary skills, and deploy them within their offices after returning to their countries.
Introductory training and follow-up training of new employees	In Japan, we provide intensive education to new service personnel for four to five months, at the time of onboarding. Service personnel hired overseas are also given training in a planned manner at the Headquarters. Furthermore, follow-up training in Japan, we provide intensive education to new service personnel for four to five months, at the time of onboarding. Service personnel hired overseas are also given training in a planned manner at the Headquarters. Furthermore, follow-up training is provided to new hires one year after joining the Company.raining is provided to new hires one year after joining the Company.
Winter intensive training (Japan)	In the winter, FANUC ACADEMY conducts intensive skill improvement training, mainly with regard to new products, so that all service personnel are able to provide high-quality service based on FANUC's global standards.

Implementation Status of Education and Training for FY2021

Number of FANUC ACADEMY participants	Domestic service personnel: 236 Overseas service personnel: 96
Number of trainees trained in group companies	Overseas service personnel: 828
Number of FANUC ACADEMY training hours (annual average per participants)	Domestic service personnel: 20.83 hours

Award Programs

On July 1 every year, at the Anniversary of Foundation Ceremony, FANUC presents awards to groups and individual employees who have made significant contributions to the Company's business performance or who have undertaken outstanding activities that serve as a model for others. Other awards include those for employees who have created patented inventions and other inventions that are beneficial to our business.

In 2021, we presented the Special Achievement Award, Achievement Award, Invention Award, and Outstanding Safety Workplace Award.

The awardees received a certificate of commendation and cash reward, and the Special Achievement Award recipient was also presented with a medal.

The Special Achievement Award and Achievement Award are often given to teams that cross business divisions and administration divisions, signifying the practice of "one FANUC."

The Outstanding Safety Workplace Award was presented to workplaces that achieved remarkable results in the elimination of occupational accidents.

As for services, at the annual Global Service Conference, we present awards to the top service personnel from all over the world who have provided excellent service in the past year. In 2022, we presented awards to 11 individuals or groups from ten companies.

For sales, we present awards to the top sales personnel and top sales support personnel.

For inventions, devices, and designs made by our employees, we ensure that reward payments are made at the time of registration in accordance with our in-house rules for handling inventions, devices, and designs. In addition, we also offer the same rewards for confidential inventions. Furthermore, every year, among inventions, devices, and designs that have been registered for 5, 10, and 15 years, we evaluate those that have made a significant contribution to the Company's business performance, and we offer awards and reward payments at our Company's Anniversary Ceremony. By enhancing this Invention Reward and Award Program, we work to motivate employees involved in research and development.

Employee Engagement in Group Companies

FANUC America Corporation

At FANUC America, we seek our employees' feedback in our pursuit of creating a desirable employee experience and continuing to attract and retain top talent. We empower them to share feedback in an annual survey which generates high-quality information that helps us understand how our employees feel at work, where we need to improve our employee experience and what solutions we can implement. Managers whose team includes five or more survey respondents receive specific team reports. These reports are used to drive discussions at the group level and further refine our understanding of the feedback and development of action items supporting employee engagement.

In 2021, 72% of our employees participated in the survey. Employees' opinions of communications within the Company, of their job and of the Company continued at the same high levels as measured in previous years. Favorable responses to questions about the ability to accomplish career objectives at FANUC

America increased from 83% to 85%, the opportunity for promotion / advancement within the company increased from 63% to 66%, providing a supervisor/manager they can respect increased from 90% to 91% and treating employees with respect and dignity also increased from 90% to 91%. Talent development continues to be an area of focus.

FANUC America also participates in a survey that identifies Top Workplaces in the Southeast Michigan and Chicago regions based on the results of an independent employee satisfaction survey. FANUC America headquarters has been a winner of this award for the past 10 years, and for 2018-2021, FANUC America's Chicago office was also named as a Top Workplace winner.



Promotion of Employee Diversity & Equal Opportunity

Basic Approach

FANUC believes that (1) each individual should be able to respect each other's individuality and maximize their abilities, and (2) individuals and the organization should grow together by integrating individual strengths as organizational activities, thereby creating

new value for society. Through the promotion of diversity and inclusion, FANUC will work to create an environment that accepts and provides equal opportunities for the diversity of our employees.

○ Diversity & Inclusion Statement

Diversity is the cornerstone of "one FANUC" and the driving force of our growth

Each of us has diverse values, sensibilities, and abilities.

We believe that we can make FANUC develop and grow even stronger by combining our strengths as "one FANUC" through respecting each other's differences as "individuality" and by maximizing our abilities and playing an active role.

The objective of FANUC's diversity and inclusion is to connect the strengths of individuals and making them the strengths of the organization, enabling individuals and the organization to grow together sustainably.

The FANUC Group provides indispensable value throughout the world in the field of factory automation by promoting diversity, and will continue to be a company that is trusted by all stakeholders.

○ Diversity & Inclusion Action Policy

- We aim to create an environment in which all employees, regardless of gender, nationality, race, religion, age, disability, sexual orientation, etc., have a sense of responsibility as members of the FANUC Group and can maximize their abilities.
- We will provide support so that each employee can play an active role and continue to grow through their own work.
- We respect the individuality of every employee, and by bringing together their strengths as "one FANUC," we aim to build a corporate culture that is creative and full of vitality, and to become a company in which all employees can contribute to the development of society.

Initiatives

① Implementation of Diversity Training

FANUC positions the promotion of diversity as a key issue for the Company's sustainable growth and will continuously hold diversity training for all employees in order to foster an organizational culture in which diversity is accepted by all employees. The training aims to foster and instill a sense of ownership through an understanding of the significance and importance of diversity promotion, as well as to convey key points that each individual should be aware of and work on in their own workplace in order to lead to concrete actions on their part.

② Gender-Related Initiatives

Promoting the Active Participation of Women

In addition to striving to ensure that employees can play an active part in the workplace regardless of factors such as nationality and gender, etc. FANUC has enhanced various systems including maternity leave, child-care leave, and shorter working hours until children finish elementary school, so that women can pursue their careers without interruption. In this

manner, FANUC fully supports the active participation of women in the workplace.

In April 2021, we renewed our General Employer Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and we are actively promoting the recruitment of women, with the aim of increasing the percentage of female employees. Under this plan, FANUC has established a target of 10% of regular female employees for the Company as a whole. This numerical target was set in consideration of the small number of women in the population of students in the mechanical, electrical, and information fields, which are the focus of our recruiting activities.

To achieve these goals, we are promoting efforts such as having female employees visit schools and handle company visits by female students when recruiting for technical positions, and promoting efforts to create opportunities for women to discuss work and actual lifestyles. We are also implementing initiatives such as external seminars to support career development for female employees.

Recently, women have increasingly been playing

active roles as executives in various fields, with two female employees promoted as officers.

〈Support for Balancing Work and Home Life〉

At FANUC, 100% of the female employees who have used the child-care leave system during the past three years have returned to work, which confirms that the Company's working environment is comfortable for women. Furthermore, we opened a nursery for employees' children in the Headquarters' area in April, 2019, using the company-initiated nursery business system, supervised by the Cabinet Office. To reduce total actual working hours, we have set the annual paid leave-taking rate to at least 80%, so paid leave can be more easily used to balance work and home life.

As an initiative to encourage male employees to take child-care leave, we have posted on the company-wide portal site Q&A and guidance documents regarding leave systems for child care and nursing care as well as support offered by the government. A help desk has also been set up in the Human Resources Department to support the balance between work and child care and nursing care. This approach has spread knowledge and understanding of our initiatives within the Company, and more male employees are taking child-care leave.

In addition, we have established a "Wife's Maternity Leave System," which can be taken when a spouse gives birth. It allows for 5 days of leave with 100% of pay guaranteed. In FY2021, 107 employees took this leave, for a take-up rate of 78.7% (number of employees who took leave/number of employees eligible for leave).



③ Disability-Related Initiatives

When determining assignments, FANUC takes into account the characteristics of each individual's disabilities as well as his/her aptitudes, while also considering safety aspects so that persons with disabilities can play an active role in the Company.

We have also established a support system to promote the employment of persons with disabilities, by cooperating with the Japanese government's Hello

Work employment centers and the Yamanashi Prefecture Vocational Center for Persons with Disabilities, and by appointing vocational life counselors for persons with disabilities.

④ Initiatives for Nationality, Race, and Religion

In accordance with our Human Rights Policy, FANUC considers respect for human rights to be a fundamental principle for all of our activities, and we respect the human rights of all people involved in our business. FANUC thoroughly implements the "prohibition of discrimination based on race, creed, gender, social status, religion, nationality, age, mental or physical disability, etc." in its recruitment practices, as well. While we hire students from overseas, we prohibit any special treatment or discrimination against them in any way because of nationality.

FANUC also strives to provide a working environment that is comfortable for foreign employees. We offer vegetarian food, gluten-free food, etc. to employees for whom religious dietary considerations are required. FANUC ACADEMY has facilities that take into account the religions and customs of employees from all over the world, including Muslim prayer room for trainees.



Prayer room



Place for Wudu

Door sign

⑤ Age-Related Initiatives

In October 2006, FANUC extended its mandatory retirement age from 60 to 65 years.

Employees who have reached the retirement age of 65 years may continue to work at the Company if both the Company and the employee so wish.

Health and Productivity Management

Health and Productivity Management Statement

Creating an Environment in which Employees can Thrive and Feel Fulfilled

In order to make our vision a reality, we consider the health and well-being of our employees and their families as being the foundation that upholds our business activities. Based on this belief, Health Management has been promoted from April 2022.

As part of this endeavor, we will create an environment in which our employees can work actively with enthusiasm and a sense of worth, be healthy both in body and mind, and have a happy and fulfilling livelihood.

FANUC's Health and Productivity Management Statement

GOOD HEALTH AND WELL-BEING
 Health and happiness for all employees and their families!

FANUC CORPORATION's Vision

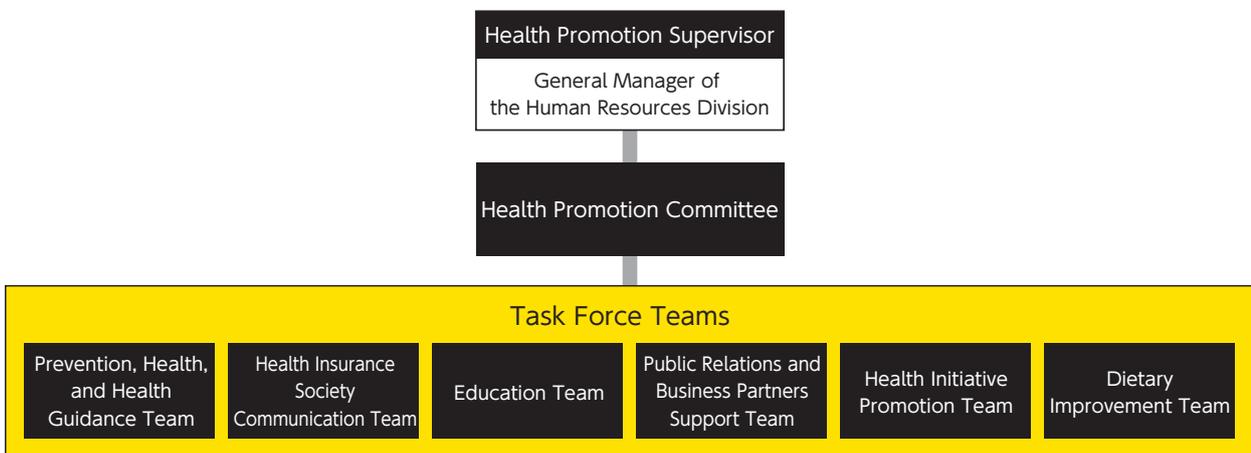
FANUC provides indispensable values throughout the world in the field of factory automation through unceasingly creating technological innovations, and will continue to be a company that is trusted by all stakeholders.

In order to make our vision a reality, we consider the **health** and **happiness** of our employees and their families as being the foundation that upholds our business activities. We will create an environment in which our employees can work actively with enthusiasm and a sense of worth, be healthy both in body and mind, and have a happy and fulfilling livelihood.

Promotion Framework

The General Manager of the Human Resources Division is responsible for health promotion, and the Welfare Department serves as the administrative office.

Six task force teams have been established under the Health Promotion Committee to actively incorporate the opinions of related divisions and work together to promote the program.



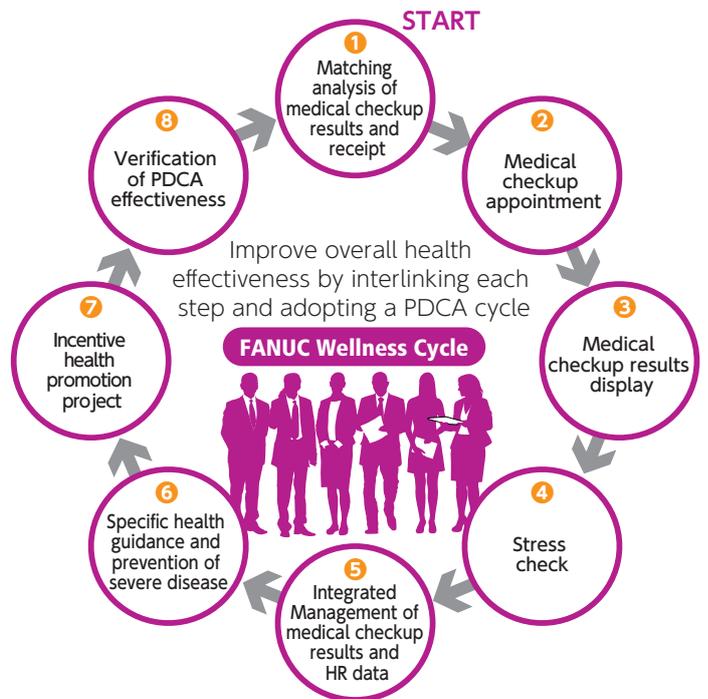
Activity Policy

- 1) We will turn “health promotion,” which will further strengthen our health foundation, into a new engine for improving corporate value.
- 2) We will acquire “Excellent Health Management Corporation” status in FY2022 and promote activities from a medium- to long-term perspective.

Note: “Excellent Health Management Corporation” is a certification program of the Ministry of Economy, Trade and Industry, which is given to corporations that practice excellent health management.

Commitment

- 1) First, learn proper lifestyle habits in general, starting with “exercise.”
- 2) Stimulate “education” and “communication” to create a corporate culture in which people can work actively.
- 3) Link the effects of each of the health promotion projects.
 - ▶ Implement PDCA operation in the annual business cycle
 - ▶ In this way, we will promote the acquisition of health literacy, which encourages people to become physically and mentally healthy on their own



Initiatives

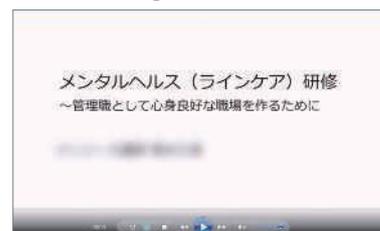
●E-mail newsletter (every month)



●Walking events using smart phone application for health management



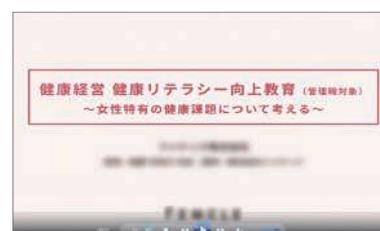
●e-Learning



Mental health (line care) training (Managers)



Mental health (self care) training (Employees and part-time employees)



Health Literacy Improvement Education (Managers)

Special Feature Female Leaders Discuss the Future of FANUC



The FANUC Group promotes the creation of a rewarding workplace. Therefore, we held a round-table discussion with three female leaders concerning the future of the FANUC Group.

Home Is Where You Make It: Oshino Village, Yamanashi Prefecture

Liu —I joined the Company after graduating from graduate school in 2010. Currently, I am working as Chief Engineer in a position that serves as a bridge



between development and sales, reflecting customer requests in development. If you have a car, nothing is too inconvenient to daily life in Oshino Village in Yamanashi Prefecture, where FANUC is located. Rather, I find myself able to focus on research and development surrounded by the rich nature and quiet environment, and now the village feels like home.

Matsuo —I joined the Company in 2000. In 2005, I was transferred to the Human Resources Department and have been involved in labor relations, working on such things as the investigation and planning of employment regulations and various working conditions. In 2019, I was appointed as Section Manager. When I joined the Company and moved to Oshino Village, Yamanashi Prefecture, where FANUC Headquarters is located, I felt that it was inconvenient as there were no convenience stores or supermarkets nearby. Nowadays, however, life feels more convenient here due to an increase in the amount of shops around the Company and the ability to shop online, and the village has come to feel like home.

Fang —I worked for an audit firm for around 15 years. After that, I joined FANUC in 2018 because the venture company I was working for was acquired by FANUC through M&A. Currently, I work on accounting and tax affairs as the Section Manager of the Accounting & Tax Section of the Finance & Accounting Department. I am currently working away from home, but I think that there are many people who have various responsibilities such as childcare



Liu Chang

and nursing care, therefore I hope that the Company will give employees more flexible options concerning things such as where one works going forward.

Providing Opportunities for Challenges and Promoting Growth while Following Up

Liu—In the Research & Development Divisions, there are “aces” who pave the way when starting new things and “leaders” who determine the departments in charge and promote the growth of the entire organization while ensuring respect within the departments. As one of these “leaders,” following the proverbial advice to “practice what you preach” found in Records of the Grand Historian, also known by its Chinese name Shiji, I always try to take initiative myself before encouraging others to do the same.

Fang—As accounting is a highly specialized field, I would like for junior employees to have a professional mindset. Therefore, we hold study sessions within the Finance & Accounting Department when needed, focusing on matters that affect FANUC, such as revisions to and topics concerning accounting standards, as well as actual cases of application.

Matsuo—So far, I feel that I have grown as a result of the challenging tasks given to me by my superiors. I am not the kind of person who has strong leadership, therefore I would like to speak to each and every section member and junior employee, challenge them in the same way that my superiors have challenged me, and encourage them to grow while following up with them.

Various Systems Made Possible by Senior Colleagues

Matsuo—When I joined the Company, I had many female senior colleagues who got married and retired, and I think there was a strong trend towards that within the Company. Later, some women continued to work after marriage and childbirth, and as a result of these senior colleagues becoming role models and paving the way, various systems have been put in place, and variations in working styles, including shortened working hours, have expanded.

Liu—It’s interesting to hear that FANUC used to be that way too. I gave birth after joining the Company,

and I am still working while raising my child, taking advantage of systems such as maternity leave, child-care leave, and shortened working hours. In China, maternity leave and child-care leave are short, and it’s normal to lose your position if you don’t return to work after three months. I’m grateful that I was able to join FANUC and work in this favorable environment.

Fang—When I worked in my previous position at an audit firm, I was able to build a variety of careers for myself because work was assigned without gender discrimination in comparison to typical business companies. I would like to be able to use the systems we have discussed to continue working without interrupting my career.

Instilling Professional Pride in Junior Employees

Fang—I would like junior employees to engage in work with an awareness that they are professionals, as no matter what work they do, it will undoubtedly benefit them in the future. I myself will continue to keep up to date with the latest accounting standards and legal systems, as well as changes and trends in the environment surrounding our Company. I will also endeavor to improve myself so that I can provide information that contributes to management decisions.

Liu—The leadership of superiors has traditionally been strong at our Company, therefore I would like junior employees to have the spirit to create the future of FANUC themselves, and think and act on their own accord instead of waiting for instructions. Even if you fail at something, I believe that you can definitely grow if you build up successful experiences in the process.

Matsuo—At the Company, we have an environment where employees can feel that their work is rewarding by moving forward one step at a time without fear of failure. If you report and consult with your superiors properly, you will not be penalized, even if you made a mistake. When I made a mistake, my superiors did not reprimand me. Instead, I was told that it was important to think about how to avoid repeating the same mistake next time, and I was motivated to take on new challenges. Therefore, I want junior employees to take on new challenges without fear. I believe that the daily growth of each and every employee, regardless of age or position, will make FANUC better and lead to its growth.



Fang Myongson

Financial and Non-financial Highlights (Years ended March 31)

Financial Highlights

Years ended March 31	2013	2014	2015	2016
Net sales	498,395	450,976	729,760	623,418
EBITDA	202,688	182,528	319,524	236,673
EBITDA margin (%)	40.7	40.5	43.8	38.0
Operating income	184,821	164,134	297,839	215,567
Operating income ratio (%)	37.1	36.4	40.8	34.6
Net income attributable to owners of parent	120,484	110,930	207,599	159,700
Capital investment	45,091	13,906	26,628	113,315
Depreciation and amortization	17,867	18,394	21,685	21,106
Research and development expenses	20,148	18,372	28,105	34,567
Total assets (Persons)	1,219,113	1,343,904	1,611,626	1,512,895
Net assets	1,094,129	1,199,863	1,386,695	1,334,910
ROE (%)	11.6	9.7	16.1	11.8
ROA (%)	10.3	8.7	14.0	10.2
Dividend (¥)	184.68	170.06	636.62	490.07
Dividend payout ratio (%)	30.0	30.0	60.0	60.0

● EBITDA margin = EBITDA / Net sales ● ROE = Net income / Average shareholders' equity ● ROA = Net income / Average total assets

Non-financial Highlights

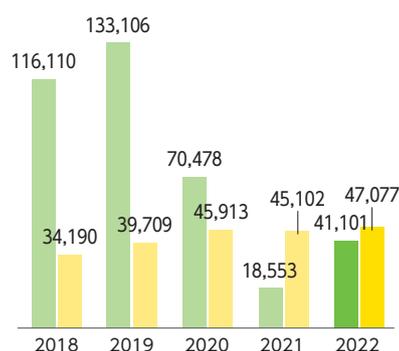
Years ended March 31	2013	2014	2015	2016
Number of employees	5,261	5,469	5,840	6,327
Average number of consecutive years served (FANUC CORPORATION)	18.5	18.9	17.7	16.5
Greenhouse Gas Emissions (t-CO ₂)※				
Scope1	—	—	6,521.60	7,189.30
Scope2	—	—	88,981.50	80,915.50
Scope3	—	—	—	—

※ From 2021, The boundary covers FANUC CORPORATION and its consolidated subsidiaries and the scope of products have expanded (covering all products).

Capital investment/Depreciation and amortization

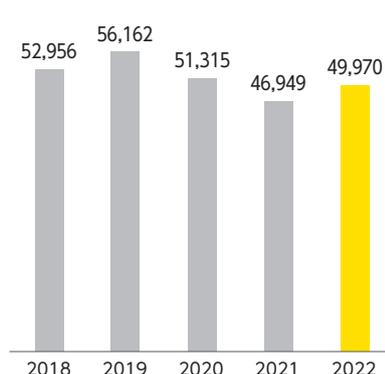
(unit: Millions of yen)

■ Capital investment ■ Depreciation and amortization



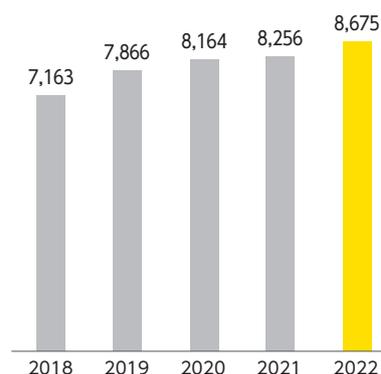
Research and development expenses

(unit: Millions of yen)



Number of employees

(unit: Persons)



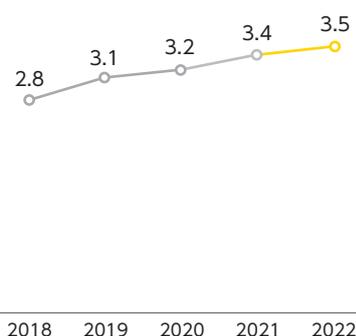
Millions of yen

2017	2018	2019	2020	2021	2022
536,942	726,596	635,568	508,252	551,287	733,008
179,747	263,794	203,006	134,263	157,616	230,317
33.5	36.3	31.9	26.4	28.6	31.4
153,217	229,604	163,297	88,350	112,514	183,240
28.5	31.6	25.7	17.4	20.4	25.0
127,697	181,957	154,163	73,371	94,012	155,273
83,207	116,110	133,106	70,478	18,553	41,101
26,530	34,190	39,709	45,913	45,102	47,077
42,331	52,956	56,162	51,315	46,949	49,970
1,564,769	1,728,227	1,625,340	1,512,499	1,625,191	1,783,964
1,369,457	1,467,630	1,445,146	1,362,865	1,435,554	1,549,879
9.5	12.9	10.6	5.3	6.8	10.5
8.3	11.0	9.2	4.7	5.8	8.7
395.18	563.20	1,003.11	300.00	294.07	485.70
60.0	60.0	126.1	78.6	60.0	76.3

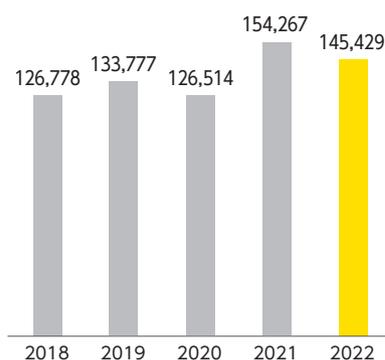
2017	2018	2019	2020	2021	2022
6,738	7,163	7,866	8,164	8,256	8,675
15.8	15.1	14.3	14.0	14.2	14.4
7,864.40	14,254.00	25,213.20	34,875.00	47,059.42	52,804.27
95,515.80	112,524.00	108,563.60	91,639.00	107,208.02	92,624.88
—	—	2,414,478.63	1,824,211.72	18,134,471.65	25,933,099.74

% of females in executive employees (FANUC CORPORATION)

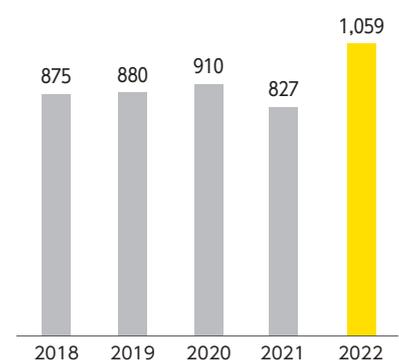
(unit: %)



GHG Emissions (Scope1+2)**

(unit: t-CO₂)

Total Water Used**

(unit: thousand m³)

Business Overview and Financial Summary (Year ended March 31)

FA — FA Business —

Business Overview

Products CNCs, Servos, Lasers

Strength FANUC's basic technology
Top-level global market share of CNCs (FANUC estimate)

The FA Business is the origin of FANUC and its basic technology. FANUC is the first private-sector company in Japan to have developed Numerical Control (NC) and servo technologies that control machine tools using numerical information. Until then, highly skilled engineers, who have acquired know-how through many years of training, were indispensable for high-precision processing by machine tools. FANUC made it possible to complement skilled engineers' skills with NCs and servos. Computercontrolled NCs (CNCs) and servos further made it possible to process complex shapes and produce varied items efficiently. Currently, FANUC offers CNCs and servos covering a broad range from simple machine tools to composite machining equipment with complex configurations to industrial machinery. Further, demand for introduction of robots in machine tools is increasing at machining sites, with an aim to automate processes or labor saving. Believing improved compatibility between machine tools and robots is important, FANUC is developing the functions to enhance it.

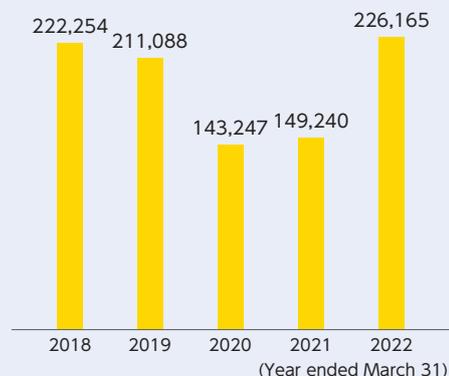


Financial Summary

In the FA Division, demand from the machine tool industry, the primary market for CNC systems, remained strong in all major markets, as evidenced by an increase on a global scale from Europe, the Americas, Asia, Japan as well as from China. Sales of the CNC systems for machine tools also increased in line with this increase in demand. In February 2022, the cumulative production number for the Company's CNC systems reached 5 million units. With regard to our lasers, the Chinese market and the European market are on a recovery trend, but competition from overseas manufacturers remains fierce.

The FA Division posted consolidated sales totaling ¥226,165 million, up 51.5% compared with the previous fiscal year, and FA Division sales accounted for 30.9% of consolidated net sales.

▶ Sales of FA Business (Millions of yen)



Topics

FANUC Reaches CNC Production Milestone of 5 Million

FANUC has consistently pursued factory automation since 1955 when it started its business.

Since the start of production of the first NC in 1958, the accumulated production has increased steadily resulting in 10,000 units in 1974, 1 million units in 1998, 2 million units in 2007, 3 million units in 2013, 4 million units in 2018, culminating in a total of 5 million units in February, 2022.



ROBOT — ROBOT Business —

Business Overview

Product Robots

FANUC exclusively targets industrial robots, instead of service, medical, or entertainment robots. We concentrate on helping customers automate or robotize their factories and contributing to improved productivity. Our industrial robots, which include types for welding, material handling (transportation of articles), assembly, and painting, according to application, are used in wide-ranging industries, including automotive, electronic parts, logistics, food, pharmaceuticals, and cosmetics. FANUC's industrial robots are general-purpose robots and used in many industry sectors.

Strengths

Products applied with CNCs and servos, FANUC's basic products
Top-level global market shares (FANUC estimate)

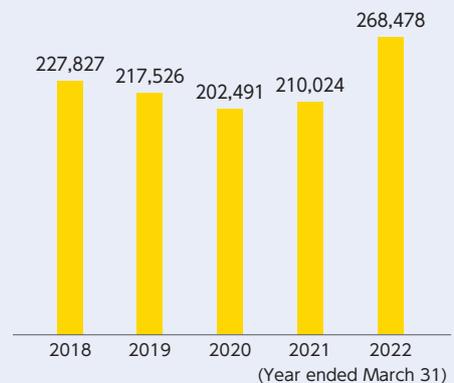


Financial Summary

In the ROBOT Division, sales in China remained strong, mainly in IT-related industries and for EVs, heavy machinery and construction machinery. Strong sales were also recorded in the United States, to general industries and the automobile industry with EV-related demand, and demand from general industries in Europe also remained strong. In Japan, there was a gradual recovery in terms of demand, with sales increasing compared with the corresponding period of the previous fiscal year.

The ROBOT Division posted consolidated sales totaling ¥268,478 million, up 27.8% compared with the previous fiscal year. ROBOT Division sales accounted for 36.6% of consolidated net sales.

Sales of ROBOT Business (Millions of yen)



Topics

FANUC Robot M-1000iA won GOOD DESIGN AWARD 2022

FANUC Robot M-1000iA was awarded "GOOD DESIGN BEST 100" by GOOD DESIGN AWARD 2022 (sponsored by Japan Institute of Design Promotion).



ROBOMACHINE — ROBOMACHINE Business —

Business Overview

- Products**
- ROBODRILLS (compact machining centers)
 - ROBOSHOTS (electric injection molding machines)
 - ROBOCUTS (wire electrical-discharge machine)

- Strengths**
- Products applied with CNCs and servos, FANUC's basic products
 - High precision performance, high operating rate, easy to use
 - Top-level global market share of ROBODRILLS (compact machining centers) (FANUC estimate)
 - Top-level global market share of ROBOSHOTS (electric injection molding machines) (FANUC estimate)

Products of the ROBOMACHINE Business are comprised of machine tools or industrial machinery installed with FANUC's CNCs and Servos. They are used for production in factories of machine users. They are all highly compatible with FANUC Robots. Factory automation is enhanced through the combination of ROBOMACHINES and Robots. Machine users can improve quality of their products and shorten the time it takes for machining by using FANUC's highly reliable, high-performance ROBOMACHINE products. The products will contribute to improved productivity of machine users' factories. Furthermore, a function to monitor the operational status of the entire factory in real time will enable designing of more precise production plans and improvement in operating rate (ROBODRILL-LINKi, ROBOSHOT-LINKi, and ROBOCUT-LINKi). ROBOSHOTS and ROBODRILLS became eligible for a subsidy for business expenses supporting promotion of advanced energy-saving investments, allocated in the FY2022 supplementary budgets in recognition of their energy-saving potential. Furthermore, ROBOSHOT became eligible for a subsidy in the FY2022 for ESG lease promotion business for the establishment of a decarbonized society. ROBOMACHINE products are used in the production of medical instruments, including syringes and artificial bones, contributing to efforts to achieve a goal among SDGs of securing healthy life.



Financial Summary

In the ROBOMACHINE Division, sales of the ROBODRILLS (compact machining centers) increased, due to demand for use in the personal computer and tablet markets in China. Sales of the ROBOSHOTS (electric injection molding machines) increased due to strong demand from IT-related and medical markets. Sales of the ROBOCUTS (wire electrical-discharge machines) increased due to strong demand from IT-related and automobile component markets. The ROBOMACHINE Division posted consolidated sales totaling ¥144,633 million, up 26.3% compared with the previous fiscal year. ROBOMACHINE Division sales accounted for 19.7% of consolidated net sales.

▶ Sales of ROBOMACHINE Business (Millions of yen)



Topics

Energy saving, carbon neutrality and environmental measures by Robomachines were appealed at exhibitions

Demos by ROBODRILL

- Energy saving by utilizing latest servo technologies
- Visualization of power consumption by power consumption monitor

Demos by ROBOSHOT

- Heat radiation reduction by insulated heater cover
- Environmental measures by recycle plastics and biomass plastics molding

Demos by ROBOCUT

- Energy saving by standby power reduction
- Longer lifetime of filter by flow control and electrode pin

Consolidated Statements of Income (unit: Millions of yen)

Years ended March 31	2021	2022
Net sales	¥ 551,287	¥ 733,008
Cost of goods sold	349,327	437,374
Gross profit	201,960	295,634
Selling, general and administrative expenses	89,446	112,394
Operating income	112,514	183,240
Non-operating income		
Interest income	2,088	2,055
Dividends income	1,339	1,137
Equity in earnings of affiliates	11,640	23,126
Miscellaneous income	3,330	5,956
Total non-operating income	18,397	32,274
Non-operating expenses		
Removal expenses of noncurrent assets	523	644
Loss on valuation of investment securities	85	410
Donations	481	397
Litigation settlement	—	288
Miscellaneous expenses	1,078	380
Total non-operating expenses	2,167	2,119
Ordinary income	128,744	213,395
Extraordinary losses		
Impairment loss	—	478
Total extraordinary losses	—	478
Income before income taxes	128,744	212,917
Income taxes-current	32,385	57,721
Income taxes-deferred	101	(3,294)
Total taxes and others	32,486	54,427
Net income	96,258	158,490
Net income attributable to non-controlling interests	2,246	3,217
Net income attributable to owners of parent	¥ 94,012	¥ 155,273

Consolidated Statements of Comprehensive Income (unit: Millions of yen)

Years ended March 31	2021	2022
Net income	¥ 96,258	¥ 158,490
Other comprehensive income		
Valuation difference on available-for-sale securities	11,852	(1,706)
Foreign currency translation adjustment	22,072	30,969
Remeasurements of defined benefit plans	(6,672)	2,414
Share of other comprehensive income of affiliates accounted for using equity method	569	11,090
Total other comprehensive income	27,821	42,767
Comprehensive income	¥ 124,079	¥ 201,257
Comprehensive income attributable to:		
Owners of parent	120,951	196,917
Non-controlling interests	3,128	4,340

Consolidated Balance Sheets (unit: Millions of yen)

Years ended March 31	2021	2022
Assets		
Current assets		
Cash and bank deposits	¥ 429,784	¥ 423,515
Notes and accounts receivables, trade	128,171	150,195
Marketable securities	157,000	177,700
Finished goods	81,253	114,228
Work in progress	52,008	80,006
Raw materials and supplies	31,007	55,330
Other current assets	11,253	14,996
Allowance for doubtful accounts	(782)	(1,024)
Total current assets	889,694	1,014,946
Noncurrent assets		
Property, plant and equipment		
Buildings	309,113	326,459
Machinery and equipment	59,863	56,665
Land	148,389	155,369
Construction in progress	44,408	24,292
Other, net	15,073	15,348
Total property, plant and equipment	576,846	578,133
Intangible assets	9,952	8,933
Investments and other assets		
Investment securities	109,212	135,709
Deferred income taxes	31,141	34,607
Net defined benefit asset	4,772	7,809
Others	3,998	4,252
Allowance for doubtful accounts	(424)	(425)
Total investments and other assets	148,699	181,952
Total noncurrent assets	735,497	769,018
Total assets	¥ 1,625,191	¥ 1,783,964
Liabilities		
Current liabilities		
Notes and accounts payables, trade	¥ 44,015	¥ 49,473
Accrued income taxes	22,131	37,572
Warranty reserves	8,860	10,739
Other current liabilities	60,112	79,818
Total current liabilities	135,118	177,602
Long-term liabilities		
Net defined benefit liability	49,379	51,693
Other long-term liabilities	5,140	4,790
Total long-term liabilities	54,519	56,483
Total liabilities	189,637	234,085
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	95,995	96,082
Retained earnings	1,373,018	1,441,559
Treasury stock, at cost	(106,008)	(105,950)
Total shareholders' equity	1,432,019	1,500,705
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,910	15,204
Foreign currency translation adjustment	(4,849)	36,087
Remeasurements of defined benefit plans	(18,601)	(16,187)
Total accumulated other comprehensive income	(6,540)	35,104
Non-controlling interests	10,075	14,070
Total net assets	1,435,554	1,549,879
Total liabilities and net assets	¥ 1,625,191	¥ 1,783,964

Consolidated Statements of Changes in Net Assets (unit: Millions of yen)

Year ended March 31, 2021 (April 1, 2020 - March 31, 2021)

	Shareholders' equity					Total shareholders' equity	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost			
Balance at March 31, 2020	69,014	96,265	1,351,122	(127,822)		1,388,579	
Changes during the year:							
Dividends of surplus			(50,369)			(50,369)	(50,369)
Net income attributable to owners of parent			94,012			94,012	94,012
Changes by merger			346			346	346
Change in equity from transactions with non-controlling shareholders		(270)				(270)	(270)
Purchase of treasury stock				(283)		(283)	(283)
Disposal of treasury stock		2		2		4	4
Retirement of treasury stock		(2)	(22,093)	22,095		—	—
Net change except shareholders' equity during the year						—	—
Total changes during the year	—	(270)	21,896	21,814		43,440	43,440
Balance at March 31, 2021	69,014	95,995	1,373,018	(106,008)		1,432,019	
	Accumulated other comprehensive income				Non-controlling interests	Total net assets	
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 31, 2020	5,058	(26,608)	(11,929)	(33,479)	7,765	1,362,865	
Changes during the year:							
Dividends of surplus						(50,369)	
Net income attributable to owners of parent						94,012	
Changes by merger						346	
Change in equity from transactions with non-controlling shareholders						(270)	
Purchase of treasury stock						(283)	
Disposal of treasury stock						4	
Retirement of treasury stock						—	
Net change except shareholders' equity during the year	11,852	21,759	(6,672)	26,939	2,310	29,249	
Total changes during the year	11,852	21,759	(6,672)	26,939	2,310	72,689	
Balance at March 31, 2021	16,910	(4,849)	(18,601)	(6,540)	10,075	1,435,554	

Year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

	Shareholders' equity					Total shareholders' equity	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost			
Balance at March 31, 2021	69,014	95,995	1,373,018	(106,008)		1,432,019	
Changes during the year:							
Dividends of surplus			(86,732)			(86,732)	(86,732)
Net income attributable to owners of parent			155,273			155,273	155,273
Changes by merger						—	—
Change in equity from transactions with non-controlling shareholders						—	—
Purchase of treasury stock				(234)		(234)	(234)
Disposal of treasury stock		220		159		379	379
Retirement of treasury stock		(133)		133		—	—
Net change except shareholders' equity during the year						—	—
Total changes during the year	—	87	68,541	58		68,686	68,686
Balance at March 31, 2022	69,014	96,082	1,441,559	(105,950)		1,500,705	
	Accumulated other comprehensive income				Non-controlling interests	Total net assets	
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 31, 2021	16,910	(4,849)	(18,601)	(6,540)	10,075	1,435,554	
Changes during the year:							
Dividends of surplus						(86,732)	
Net income attributable to owners of parent						155,273	
Changes by merger						—	
Change in equity from transactions with non-controlling shareholders						—	
Purchase of treasury stock						(234)	
Disposal of treasury stock						379	
Retirement of treasury stock						—	
Net change except shareholders' equity during the year	(1,706)	40,936	2,414	41,644	3,995	45,639	
Total changes during the year	(1,706)	40,936	2,414	41,644	3,995	114,325	
Balance at March 31, 2022	15,204	36,087	(16,187)	35,104	14,070	1,549,879	

Consolidated Statements of Cash Flows (unit: Millions of yen)

Years ended March 31	2021	2022
Cash flows from operating activities		
Income before income taxes	¥ 128,744	¥ 212,917
Depreciation and amortization	45,102	47,077
Increase (decrease) in allowance for doubtful accounts	(121)	195
Increase (decrease) in net defined benefit liability	4,252	1,851
(Increase) decrease in net defined benefit asset	9,040	(2,232)
Interest and dividend income	(3,427)	(3,192)
Equity in (earnings) losses of affiliates	(11,640)	(23,126)
(Increase) decrease in receivables, trade	(37,122)	(14,498)
(Increase) decrease in inventories	(16,828)	(74,740)
Increase (decrease) in payables, trade	15,239	2,758
Other	(2,985)	12,445
Subtotal	130,254	159,455
Interest and dividends received	7,082	8,056
Income taxes paid	(20,153)	(43,332)
Other	813	1,402
Net cash provided by operating activities	117,996	125,581
Cash flows from investing activities		
Payments into time deposits	(31,849)	(29,199)
Proceeds from withdrawal of time deposits	40,021	12,012
Purchases of property, plant, and equipment	(21,768)	(34,363)
Other	(3,174)	(2,379)
Net cash used in investing activities	(16,770)	(53,929)
Cash flows from financing activities		
Purchases of treasury stock	(283)	(234)
Dividends paid	(50,484)	(86,799)
Other	(2,365)	(2,121)
Net cash used in financing activities	(53,132)	(89,154)
Effect of exchange rate changes on cash and cash equivalents	14,465	14,238
Net increase (decrease) in cash and cash equivalents	62,559	(3,264)
Cash and cash equivalents at beginning of year	515,008	577,919
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	352	—
Cash and cash equivalents at end of year	¥ 577,919	¥ 574,655

Corporate Profile

Outline

Company Name	FANUC CORPORATION										
Established	1972										
Principal Sites	<table> <tr> <td>Head office</td> <td>Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture</td> </tr> <tr> <td>Research and Development</td> <td>Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture</td> </tr> <tr> <td>Branches</td> <td>Hino Branch (Hino City), Nagoya Branch (Komaki City), Osaka Branch (Osaka City), Hokkaido Branch (Ebetsu City), Tohoku Branch (Sendai City), Tsukuba Branch (Tsukuba City), Maebashi Branch (Maebashi City), Echigo Branch (Mitsuke City), Hakusan Branch (Hakusan City), Chugoku Branch (Okayama City), Hiroshima Branch (Hiroshima City), Kyushu Branch (Kikuyo-machi, Kikuchi-gun, Kumamoto Prefecture)</td> </tr> <tr> <td>Factories</td> <td>Headquarters Factory (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture), Mibu Factory (Mibu-machi, Shimotsuga-gun, Tochigi Prefecture), Tsukuba Factory (Chikusei City), Hayato Factory (Kirishima City)</td> </tr> <tr> <td>Training</td> <td>FANUC ACADEMY (Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture)</td> </tr> </table>	Head office	Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture	Research and Development	Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture	Branches	Hino Branch (Hino City), Nagoya Branch (Komaki City), Osaka Branch (Osaka City), Hokkaido Branch (Ebetsu City), Tohoku Branch (Sendai City), Tsukuba Branch (Tsukuba City), Maebashi Branch (Maebashi City), Echigo Branch (Mitsuke City), Hakusan Branch (Hakusan City), Chugoku Branch (Okayama City), Hiroshima Branch (Hiroshima City), Kyushu Branch (Kikuyo-machi, Kikuchi-gun, Kumamoto Prefecture)	Factories	Headquarters Factory (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture), Mibu Factory (Mibu-machi, Shimotsuga-gun, Tochigi Prefecture), Tsukuba Factory (Chikusei City), Hayato Factory (Kirishima City)	Training	FANUC ACADEMY (Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture)
Head office	Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture										
Research and Development	Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture										
Branches	Hino Branch (Hino City), Nagoya Branch (Komaki City), Osaka Branch (Osaka City), Hokkaido Branch (Ebetsu City), Tohoku Branch (Sendai City), Tsukuba Branch (Tsukuba City), Maebashi Branch (Maebashi City), Echigo Branch (Mitsuke City), Hakusan Branch (Hakusan City), Chugoku Branch (Okayama City), Hiroshima Branch (Hiroshima City), Kyushu Branch (Kikuyo-machi, Kikuchi-gun, Kumamoto Prefecture)										
Factories	Headquarters Factory (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture), Mibu Factory (Mibu-machi, Shimotsuga-gun, Tochigi Prefecture), Tsukuba Factory (Chikusei City), Hayato Factory (Kirishima City)										
Training	FANUC ACADEMY (Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture)										
Number of employees	The Company 4,257 The FANUC Group 8,675										
Principal Subsidiaries	FANUC America Corporation, FANUC Europe Corporation, KOREA FANUC CORPORATION, TAIWAN FANUC CORPORATION, FANUC INDIA PRIVATE LIMITED, SHANGHAI-FANUC Robomachine CO., LTD., FANUC PERTRONICS LTD, FANUC SERVO LTD										
Principal Affiliated Companies	BEIJING-FANUC Mechatronics CO., LTD., SHANGHAI-FANUC Robotics CO., LTD.										

Matters Concerning the Shares of the Company (Years ended March 31)

Total number of shares authorized to be issued by the Company	400,000,000 shares
Total number of issued shares	201,909,397 shares
Number of shareholders	55,638

The ten largest shareholders:

Name	Number of shares (In thousands)	Percentage of equity participation (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	44,518	23.2
Custody Bank of Japan, Ltd. (Trust Account)	15,934	8.3
Citibank, N.A. - NY, as Depository Bank for Depository Shareholders	4,918	2.6
SSBTC Client Omnibus Account	4,780	2.5
JPMorgan Chase Bank 380055	4,014	2.1
State Street Bank West Client - Treaty 505234	3,202	1.7
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	2,960	1.5
The Bank of New York Mellon 140042	2,617	1.4
JPMorgan Chase Bank 385781	2,496	1.3
Government of Norway	2,362	1.2

Note: The percentages of equity participation are calculated after subtracting the number of treasury shares (10,090 thousand shares) from the total number of issued shares.

Global Service Network

■ Japan

本社

〒401-0597 山梨県南都留郡忍野村忍草3580
Tel. (0555) 84-5555/Fax. 5512 (代)

日野支社

〒191-8509 東京都日野市旭が丘3-5-1
Tel. (042) 584-1111/Fax.589-8899 (代)

名古屋支社

〒485-0077 愛知県小牧市西之島1918-1
Tel. (0568) 73-7810/Fax.3799 (代)

名古屋サービスセンター

〒485-0802 愛知県小牧市大草5409-2
Tel. (0120) 240-716/Fax.833 (FA)
Tel. (0120) 240-613/Fax.673 (ロボット、ロボマシン)

大阪支店

〒559-0034 大阪府大阪市住之江区南港北1-3-41
Tel. (06) 6614-2110/Fax.2121 (代)

北海道支店

〒069-0832 北海道江別市西野幌114-6
Tel. (011) 385-5080/Fax.5084 (代)

東北支店

〒981-3206 宮城県仙台市泉区明通4-5-1
Tel. (022) 378-7756/Fax.7759 (代)

筑波支店

〒305-0856 茨城県つくば市観音台1-25-1
Tel. (029) 837-1161/Fax.1165 (代)

前橋支店

〒371-0846 群馬県前橋市元総社町521-10
Tel. (027) 251-8431/Fax.8330 (代)

越後支店

〒954-0111 新潟県見附市今町7-17-38
Tel. (0258) 66-1101/Fax.1141 (代)

白山支店

〒924-0071 石川県白山市徳光町2394-15
Tel. (076) 276-2044/Fax.2062 (代)

中国支店

〒701-0165 岡山県岡山市北区大内田834
Tel. (086) 292-5362/Fax.5364 (代)

広島支店

〒732-0032 広島県広島市東区上温品1-7-3
Tel. (082) 289-7972/Fax.7971 (代)

九州支店

〒869-1196 熊本県菊陽町津久礼2522-13
Tel. (096) 232-2121/Fax.3334 (代)

FANUC ACADEMY

〒401-0597 山梨県南都留郡忍野村忍草字丸尾岸1183
Tel. (0555) 84-6030/Fax.5540

壬生工場

〒321-0234 栃木県下都賀郡壬生町大字羽生田3101

筑波工場

筑波1区

〒300-4522 茨城県筑西市向上野1500-2

筑波2区

〒300-4541 茨城県筑西市松原284-4

隼人工場

〒899-5116 鹿児島県霧島市隼人町内2277

■ The Americas

FANUC America Corporation

Detroit, U.S.A. Tel. (1) 248-377-7000
Chicago, U.S.A. Tel. (1) 847-898-5000
ROBOT and ROBOT system development, manufacture, sales and services; CNC, LASER and ROBODRILL sales and services

■ Europe

FANUC Europe Corporation, S.A.

Luxembourg Tel. (352) 72-7777-1
CNC, LASER, ROBOT and ROBOMACHINE sales and services;
ROBOT system development, manufacture, sales and services

■ Asia

BEIJING-FANUC Mechatronics CO., LTD.

Beijing, China Tel. (86) 10-6298-4726
CNC manufacture, sales and services; LASER sales and services

SHANGHAI-FANUC Robotics CO., LTD.

SHANGHAI-FANUC ROBOMACHINE CO., LTD.

Shanghai, China Tel. (86) 21-5032-7700
ROBOT system development, manufacture, sales and services;
ROBOT and ROBOMACHINE sales and services

KOREA FANUC CORPORATION

Changwon City, Korea Tel. (82) 55-278-1200
CNC, LASER, ROBOT, ROBOT system and ROBOMACHINE sales and services

TAIWAN FANUC CORPORATION

Taichung, Taiwan Tel. (886) 4-2359-9101
CNC manufacture, sales and services; LASER, ROBOT and
ROBOT system sales and services

FANUC INDIA PRIVATE LIMITED

Bangalore, India Tel. (91) 80-2852-0057
CNC manufacture, sales and services; ROBOT system development,
manufacture, sales and services; LASER, ROBOT and ROBOMACHINE
sales and services

FANUC THAI LIMITED

Bangkok, Thailand Tel. (66) 2-714-6111
CNC, ROBOT, ROBOT system and ROBOMACHINE sales and
services; LASER services

FANUC MECHATRONICS (MALAYSIA) SDN. BHD.

Kuala Lumpur, Malaysia Tel. (60) 3-3082-1222
CNC, ROBOT, ROBOT system and ROBOMACHINE sales and
services; LASER services

PT. FANUC INDONESIA

Jakarta, Indonesia Tel. (62) 21-4584-7285
CNC, ROBOT, ROBOT system and ROBOMACHINE sales and
services; LASER services

FANUC SINGAPORE PTE. LTD.

Singapore Tel. (65) 6-220-3911
CNC, LASER, ROBOT and ROBOMACHINE sales and services

FANUC PHILIPPINES CORPORATION

Manila, Philippines Tel. (63) 49-546-0178 (63) 49-546-0179
CNC, LASER, ROBOT and ROBOMACHINE services

FANUC VIETNAM COMPANY LIMITED

Ho Chi Minh, Vietnam Tel. (84) 28-7309-7970
CNC, LASER, ROBOT and ROBOMACHINE services

FANUC OCEANIA PTY. LIMITED

Sydney, Australia Tel. (61) 2-8822-4600
CNC, LASER, ROBOT and ROBOMACHINE sales and services

■ South Africa

FANUC SOUTH AFRICA (PROPRIETARY) LIMITED

Johannesburg, South Africa Tel. (27) 11-392-3610
ROBOT system development, manufacture, sales and
services; CNC, ROBOT, ROBODRILL and ROBOCUT sales and services;
LASER services

External Recognitions

Inclusion in Major ESG Stock Indexes

- FTSE Blossom Japan Index (2020~)



- FTSE4Good Global Index (2021~)



- FTSE Blossom Japan Sector Relative Index (2022~)



- MSCI Japan ESG select leaders index (2022~)



- MSCI Japan SRI Indexes (2022~)

- S&P/JPX carbon efficient index (2018~)



FTSE Russell confirms that FANUC CORPORATION has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE4Good, the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index. Created by the global index and data provider FTSE Russell, the FTSE4Good, the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good, the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are used by a wide variety of market participants to create and assess responsible investment funds and other products.

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Sustainability Assessment

- MSCI

In 2022, Fanuc received an MSCI ESG rating of AA.



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- CDP

In 2022, FANUC was evaluated "A-" in the Climate Change program and "B" in the Water Security program by the CDP.



- Sustainalytics

In Oct. 2022, FANUC CORPORATION received an ESG Risk Rating of 26.1 and was assessed by Sustainalytics to be at Medium risk of experiencing material financial impacts from ESG factors.



Endorsement of Initiatives

- The Task Force on Climate-Related Financial Disclosures (TCFD)
FANUC expressed its support for the Task-Force on Climate-related Financial Disclosures and its recommendations in December 2021.



- SBT (Science based targets)

Targets to reduce GHG emissions by FY 2030 are certified by the SBT (Science Based Targets) initiative.



Evaluation of Innovation

- Clarivate Top 100 Global Innovator 2022

FANUC CORPORATION has been selected as one of the top 100 global innovators for 2022 by the global leader in providing information and analytics, Clarivate Plc, on February 24, 2022. FANUC has also been recognized in 2012 and 2013, making this the third time the Company has received this honor.



FANUC CORPORATION

3580, Shibokusa, Oshino-mura, Minamitsuru-gun, Yamanashi, 401-0597, JAPAN

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