

# INTEGRATED REPORT

2023

Year ended March 31

**FANUC**

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### Editorial Policy

#### Publication of Integrated Report 2023

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 2022 to March 2023 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 270 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, 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 antisocial 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 whistleblowing 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).



# 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. 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 its 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.



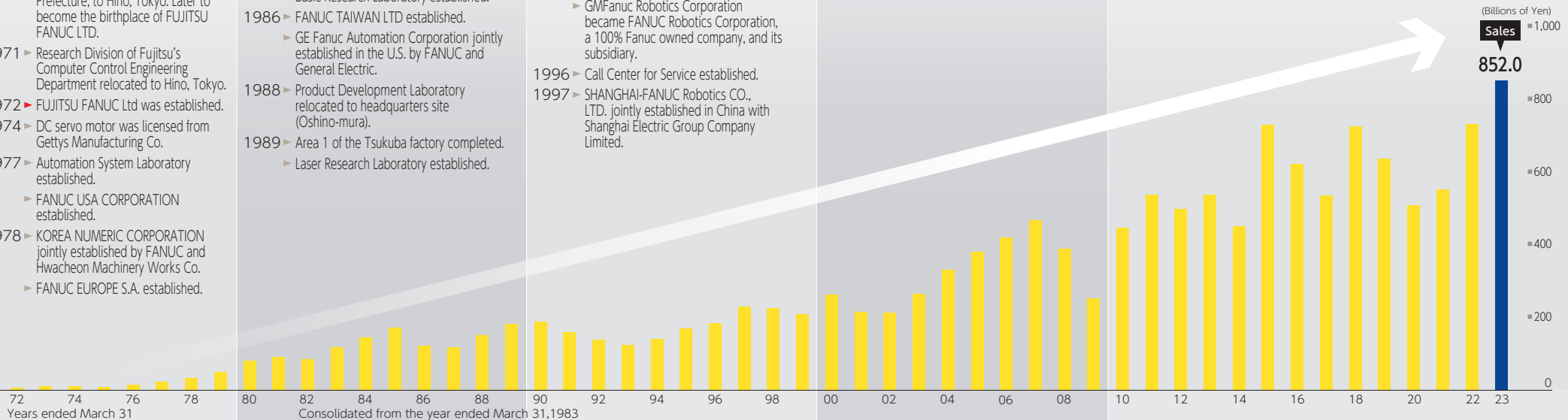
- 1955 ▶ A project team for control was established in Fuji Tsushinki Manufacturing Co., Ltd. (presently Fujitsu Limited).
- 1965 ▶ Licensed to Siemens AG to manufacture and sell the pulse motors.
- 1968 ▶ Distributed Numerical Control (DNC) system developed.
- 1970 ▶ Fujitsu Limited's Computer Control Engineering Department factory relocated from Kawasaki, Kanagawa Prefecture, to Hino, Tokyo. Later to become the birthplace of FUJITSU FANUC LTD.
- 1971 ▶ Research Division of Fujitsu's Computer Control Engineering Department relocated to Hino, Tokyo.
- 1972 ▶ FUJITSU FANUC Ltd was established.
- 1974 ▶ DC servo motor was licensed from Gettys Manufacturing Co.
- 1977 ▶ Automation System Laboratory established.
  - ▶ FANUC USA CORPORATION established.
- 1978 ▶ KOREA NUMERIC CORPORATION jointly established by FANUC and Hwacheon Machinery Works Co.
  - ▶ FANUC EUROPE S.A. established.

- 1980 ▶ Fuji Factory constructed. Unmanned machining during nights was realized.
- 1982 ▶ Company name changed to FANUC LTD.
  - ▶ GMFanuc Robotics Corporation jointly established in the U.S. by FANUC and General Motors.
- 1983 ▶ Listed on the first section of the Tokyo Stock Exchange.
- 1984 ▶ Relocation of headquarters to the foot of Mt. Fuji.
  - ▶ Basic Research Laboratory established.
- 1986 ▶ FANUC TAIWAN LTD established.
  - ▶ GE Fanuc Automation Corporation jointly established in the U.S. by FANUC and General Electric.
- 1988 ▶ Product Development Laboratory relocated to headquarters site (Oshino-mura).
- 1989 ▶ Area 1 of the Tsukuba factory completed.
  - ▶ Laser Research Laboratory established.

- 1991 ▶ Hayato Factory completed.
- 1992 ▶ Product Development Laboratory divided into four laboratories consisting of the CNC Laboratory, Servo Laboratory, Robot Laboratory and Machine Laboratory.
  - ▶ 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.
- 1996 ▶ Call Center for Service established.
- 1997 ▶ SHANGHAI-FANUC Robotics CO., LTD. jointly established in China with Shanghai Electric Group Company Limited.

- 2002 ▶ Robot cells put to practical use, enabling 720hours of continuous unmanned operation.
- 2008 ▶ Area 2 of the Tsukuba factory completed.
- 2009 ▶ Joint venture with General Electric was dissolved.

- 2013 ▶ European subsidiaries reorganized to form FANUC Europe Corporation.
  - ▶ Subsidiaries in the Americas reorganized to form FANUC America Corporation.
- 2016 ▶ Reliability Evaluation Building and Performance Evaluation Building completed.
  - ▶ Mibu Factory completed.
- 2018 ▶ FANUC ACADEMY established.
  - ▶ FANUC Advanced Research Laboratory established.
  - ▶ New Nagoya Service Center opened.



# 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.

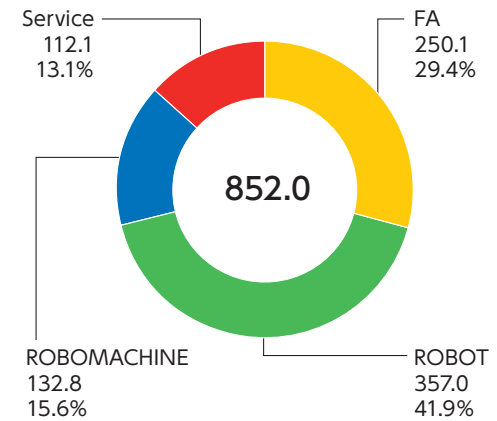


## Sales Composition Ratio

(Year ended March 31, 2023)

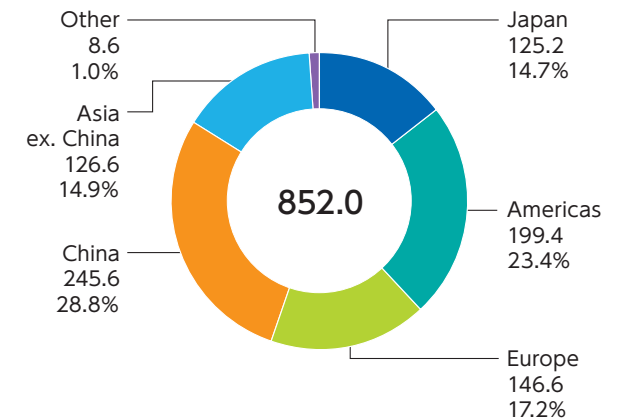
### Sales by Business

(Billions of yen)



### Sales by Region

(Billions of yen)



# Global Service

FANUC fully supports customers in over 100 countries, through more than 270 service locations throughout the world.

FANUC has two core service centers in Japan. One is in Hino in Tokyo, and the other is in Komaki, in Aichi Prefecture. Each has a call center, a parts center, and a warehouse for spare parts for overseas use. With this, FANUC is able to provide better services.



FANUC America



FANUC Europe



BEIJING-FANUC



SHANGHAI-FANUC Robotics  
SHANGHAI-FANUC ROBOMACHINE



TAIWAN FANUC



Nagoya Service Center



KOREA FANUC



FANUC INDIA



FANUC THAI



FANUC INDONESIA



FANUC SOUTH AFRICA



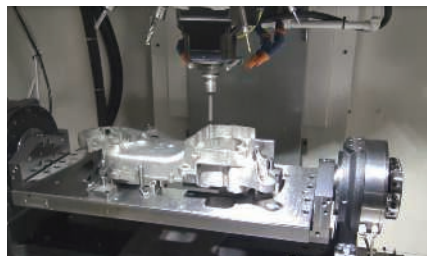
Hino Branch Office



# 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

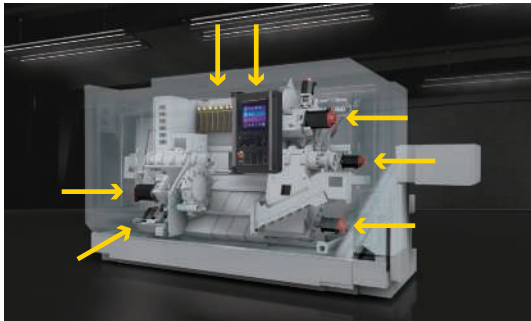


Welding



Plastic molding with ROBOSHOT

## Installed in Machine Tools Worldwide



Inside of machine tool (image)

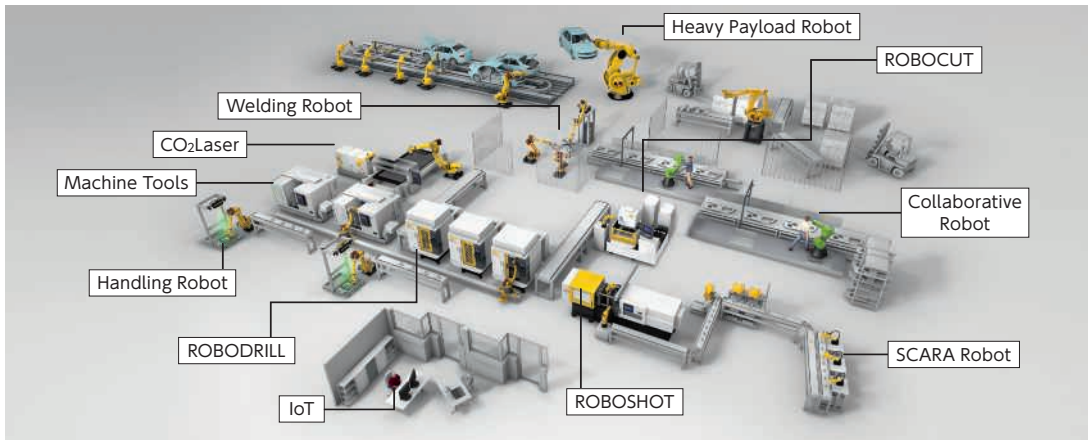


Machine tool appearance (image)

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, 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 and ROBOMACHINE Business to which such basic technologies are applied, contributes to the development of manufacturing industries in Japan and overseas.

FANUC's CNCs, servo motors, and 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 are 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, and welding. ROBOSHOTs for plastic injection molding. ROBOCUTs for cutting die and mold. Various FANUC products are indispensable for manufacturing sites.

## Supporting Factory Automation

FANUC provides various products to support further factory automation. We aim at improved productivity and factories that never stop by connecting all production equipment on the manufacturing site and collecting those information. We keen to provide indispensable values throughout the world through incessant technological innovations in the field of factory automation.



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

## Financial Highlights

(Millions of yen)

Years ended March 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net sales	450,976	729,760	623,418	536,942	726,596	635,568	508,252	551,287	733,008	851,956
EBITDA	182,528	319,524	236,673	179,747	263,794	203,006	134,263	157,616	230,317	240,548
EBITDA margin (%)	40.5	43.8	38.0	33.5	36.3	31.9	26.4	28.6	31.4	28.2
Operating income	164,134	297,839	215,567	153,217	229,604	163,297	88,350	112,514	183,240	191,359
Operating income ratio (%)	36.4	40.8	34.6	28.5	31.6	25.7	17.4	20.4	25.0	22.5
Net income attributable to owners of parent	110,930	207,599	159,700	127,697	181,957	154,163	73,371	94,012	155,273	170,587
Capital investment	13,906	26,628	113,315	83,207	116,110	133,106	70,478	18,553	41,101	53,095
Depreciation and amortization	18,394	21,685	21,106	26,530	34,190	39,709	45,913	45,102	47,077	49,189
Research and development expenses	18,372	28,105	34,567	42,331	52,956	56,162	51,315	46,949	49,970	51,941
Total assets	1,343,904	1,611,626	1,512,895	1,564,769	1,728,227	1,625,340	1,512,499	1,625,191	1,783,964	1,873,536
Net assets	1,199,863	1,386,695	1,334,910	1,369,457	1,467,630	1,445,146	1,362,865	1,435,554	1,549,879	1,627,555
ROE (%)	9.7	16.1	11.8	9.5	12.9	10.6	5.3	6.8	10.5	10.8
ROA (%)	8.7	14.0	10.2	8.3	11.0	9.2	4.7	5.8	8.7	9.1
Dividend (¥)	170.06	636.62	490.07	395.18	563.20	1,003.11	300.00	294.07	485.70	535.66
Dividend payout ratio (%)	30.0	60.0	60.0	60.0	60.0	126.1	78.6	60.0	60.0	60.0

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

## Non-financial Highlights

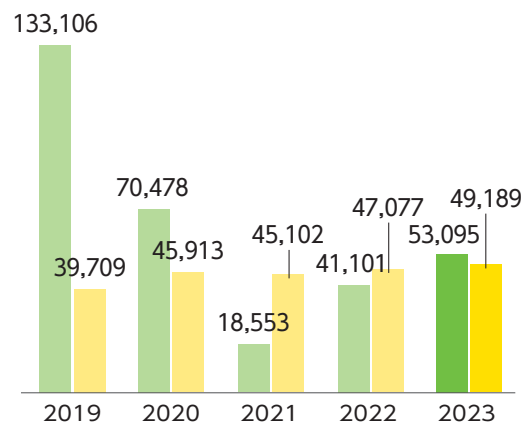
Years ended March 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of employees	5,469	5,840	6,327	6,738	7,163	7,866	8,164	8,256	8,675	9,432
Females in total workforce (FANUC CORPORATION) (%)	—	7.0	7.3	7.1	7.3	7.2	7.4	7.3	7.1	7.7
Females in management positions (FANUC CORPORATION) (%)	—	2.2	2.7	2.4	1.6	0.9	1.0	1.0	1.4	1.1
Greenhouse gas emissions (t-CO <sub>2</sub> )**										
Scope1	—	6,522	7,189	7,864	14,254	25,213	34,875	47,059	52,804	58,001
Scope2	—	88,982	80,916	95,516	112,524	108,564	91,639	107,208	92,625	77,296
Scope3	—	—	—	—	—	2,414,479	1,824,212	18,134,472	25,933,100	28,069,157

\*\*From 2021, the boundaries extended to include FANUC CORPORATION and its consolidated subsidiaries and the scope of products for Scope3 has expanded to cover all products.

### Capital investment/Depreciation and amortization

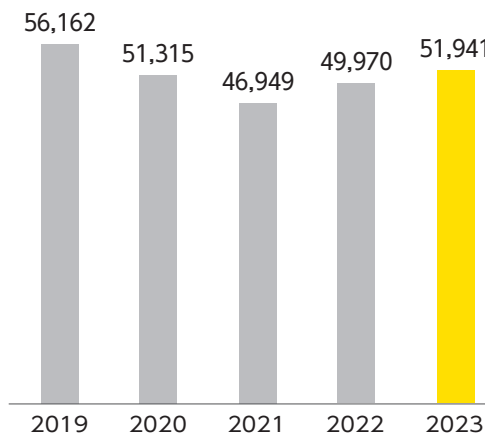
(unit: Millions of yen)

■ Capital investment ■ Depreciation and amortization



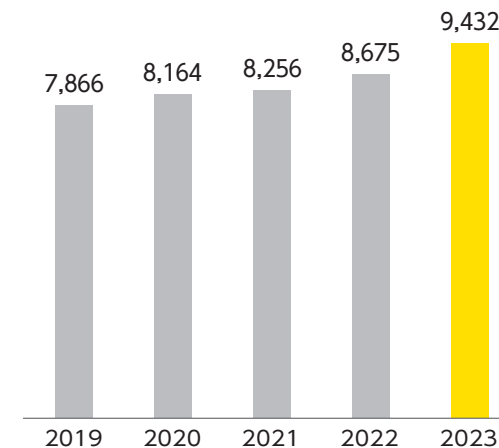
### Research and development expenses

(unit: Millions of yen)



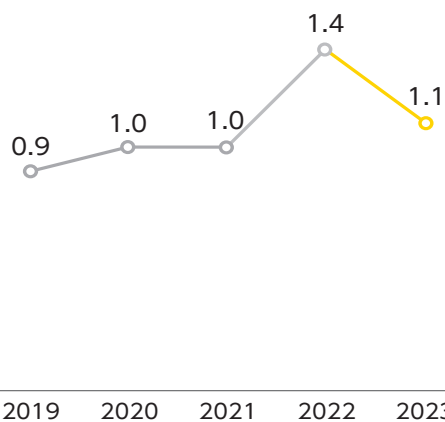
### Number of employees

(unit: Persons)



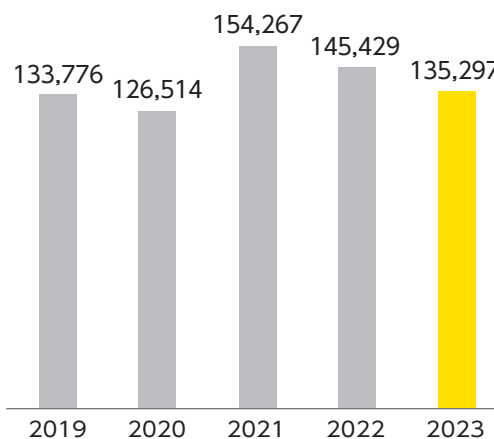
### Females in management positions (FANUC CORPORATION)

(unit:%)



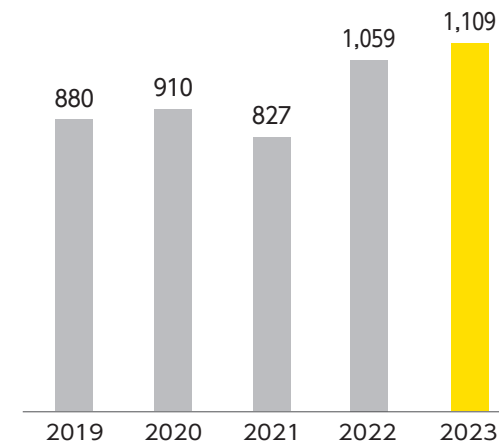
### GHG emissions (Scope1+2)\*\*

(unit: t-CO<sub>2</sub>)



### Total water used\*\*

(unit: thousand m<sup>3</sup>)



\*\*From 2021, the boundaries extended to include FANUC CORPORATION and its consolidated subsidiaries.

## Message from CEO



### Basics of management that have lived on in the company since it started its business

We, at FANUC, have adhered to a basic management policy of aiming 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. At our headquarters in Oshino Village, you will be welcomed by a Keyaki (zelkova) tree drawing inspired by the spirit of the founder Dr. Seiueemon Inaba. The drawing is a symbol of FANUC, which mirrors its corporate image—a company having the robustness of a giant with roots firmly spread in the ground. The Company will only grow larger in size and become vulnerable to changes if it pursues only sales growth. The industrial facilities industry, where we operate our business, is, to no small extent, affected by cyclical fluctuations in economic growth. For FANUC to withstand such



A keyaki (zelkova) tree



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

fluctuations, it is important for the Company to pursue sustainable management by earning appropriate profits as well as expanding sales, and eventually earning stakeholders’ trust.

The basics of management nurtured by Dr. S. Inaba, who had started business as an in-house venture of Fujitsu Limited and since then overcome a wave of management crises, have been passed down to every corner of the organization. In fact, you can find the basics of management as his legacy everywhere within the Company, such as on the doors of our research laboratories. Then, as time went by, the Company grew in size. Since 2013, led by Chairman, Dr. Y. Inaba, the Company has made a shift in the way it operates by adopting more of a bottom-up approach rather than a top-down approach. As a result, the atmosphere within the company has also changed. We will pursue FANUC’s own unique style that fits the current era by appreciating good ideas of each and every employee.

“Genmitsu” (strict preciseness) and “Tomei” (transparency)—the basic principles embodying FANUC’s uniqueness—are the Japanese words that sound simple but are deep in the meaning. These two words represent our belief that a company will last forever and be sound with strict preciseness, whereas the corruption of an organization and downfall of a company start from a lack of transparency. What is important here is to actually keep putting these principles into practice rather than just superficially understanding them. Based on the conviction that understanding the true meaning of things, thinking for ourselves, and making proposals toward resolving problems are fundamental to our actions, we have been making renewed efforts to instill these principles across the organization.



## Steady and solid management with medium- to long-term goals in mind

FANUC has been consistently committed to corporate management with medium- to long-term goals in mind. For instance, we plan five years ahead for an increase in production capacity, involving product development and capital investments in factories, and ten years ahead for construction of new factory buildings, involving the process of acquisition of land to their completion. In doing so, we explore optimum solutions in consideration of factors, such as economic trends, order-receiving situation, and production facilities available.

The Company has established a unique presence and competitive advantage in the field of “factory automation”. The term “factory” here covers a wide range of facilities from conventional factories for a manufacturing industry consisting of the machinery, electric and electronics, food, and pharmaceutical and cosmetic sectors to logistics facilities. Recently, these factories and facilities are increasingly automated. Given that even agricultural crops are produced at factories today, we expect that the “factory automation” market will expand steadily going forward.

Moreover, as the “factory automation” is very wide in scope, paying too much attention to the current three mainstay businesses of FA, ROBOT, and ROBOMACHINE could inhibit us from getting out of the box. While all of these three businesses have been growing strongly so far by providing competitive products to the market, we believe we have entered a phase in which we should explore opportunities to add a new business to these three existing ones, or create a new business in the related fields. Outside Directors also have voiced their concern that it might not be enough to simply pursue a certain degree of evolution in the existing businesses with limited



Image - Picking, packing, and palletizing processes utilizing robots

risks, which fueled discussions inside the Company. To survive in the field of “factory automation” in 10, 20, and 30 years’ time, we believe the Company should consider all sorts of possibilities. In doing so, let me assure you that our foundation is strong enough to warrant efforts to create such a new business model.

Nevertheless, our experience tells that developing products in such a new category takes 5 to 10 years, or even longer. We will therefore need to make preparations step by step with a medium- to long-term goals in mind.

## Record-high sales for year ended March 31, 2023

Capital investments in the automotive and other manufacturing sectors across the board were brisk during the year ended March 31, 2023. Meanwhile, the future outlook remained uncertain due to a number of issues, such as the impact of the shortage of semiconductors and other components on production activities, surging prices of raw materials, and the drastic exchange rate fluctuations. In this business environment, the

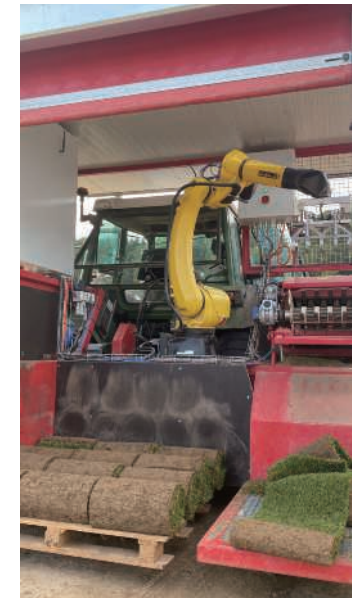
### Robot applications in agriculture — Palletizing rolled turf



Palletizing on tractor



Approximately 15kg of rolled turf



Company strived to continue supplying products and providing services to our customers, while implementing measures to contain the COVID-19 pandemic. Specifically, seeing the shortage of components such as semiconductors as the top priority issue to be addressed, we worked closely together, from research & development to factories and purchasing to minimize the adverse effect by implementing all kinds of countermeasures, including the adoption of alternative components and design changes. On top of our efforts, our suppliers helped a great deal in solving these issues. As a result, our net sales came in at a record high.

## A broad range of new products embodying FANUC's medium- to long-term strategy

Our medium- to long-term strategy is well reflected in our new products. We invited our customers and business partners to the new products open house show held in May 2023, showcasing our initiatives and new products for the three mainstay businesses of FA, ROBOT, and ROBOMACHINE. The research and development divisions devoted all their energy to developing new products and technologies while at the same time putting a great deal of effort into continued supply of products amid the COVID-19 crisis. In the field of FA, we released "FANUC Series 500i-A", a new CNC product, and " $\alpha$ i-D series SERVO", a new servo system. In recent years, as the environment surrounding machine tools has changed dramatically, we are urged to address energy saving, chronic labor shortage, generational change in highly skilled engineers, as well as the adaption of machine tools and technologies to changes in the industrial structure. The new CNCs and servos have been highly expected to address these needs.

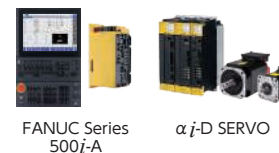
In the field of ROBOT, we launched many new products and technologies, including collaborative robots. We actually showcased how they can be used in a range of actual applications and how they are helpful in solving issues at production sites to many customers who visited our new products open house show.

In the field of ROBOMACHINE, we showcased new products and technologies in all of the following categories: ROBODRILL, ROBOSHOT, and ROBOCUT. Our customers and business partners highly recognized our efforts to provide products that help reduce environmental load with functions such as energy-saving and power consumption visualization.

## FA

- Announced the release of new CNC system, aiming reinforcement of FA Product range for tackling latest market challenges, e.g. energy cost hike, labor shortage
- Exhibited brand new CNC model, Series 500i-A, realizing enhanced performance and operability in various machine tools, such as simultaneous 5-axis machines
- High recognitions for integrated customization tools enabling swift development of unique features
- Positive response for new-generation  $\alpha$ i-D series SERVO, not only pursuing enhanced performance and energy saving, but also contributing to downsizing and reduced wiring

### Newly released CNC system



- High evaluation for easy integration of robots to machine tools, as countermeasure for labor shortage
- Positive comments for proposed "Digital Twin of FANUC CNC", enabling optimization of machining process by high-speed, high-precision simulation tools
- Presented FIELD system Basic Package, dedicated to construction of "Smart Factory", visualizing the whole factory



## ROBOT

- Exhibiting 15 systems of various robot applications, crowded with many visitors every day
- Through a hands-on demonstration of calligraphy with CRX-10iA, showing a capability of the collaborative robot to make a copy of the hand craft
- Exhibiting a car front window assembling by CR-35iB, appealing the world highest 50kg capability of collaborative robot
- Using the curved J2 arm and the palletizing mode function of the new M-710iD/50M, demonstrating to approach the deep cage carts
- Highly appreciated for Friction Stir Welding without the trajectory deviation by R-2000iC/270F with High-Precision & High-Rigidity



## ROBOMACHINE

- 8x Latest Robomachines were exhibited (4x ROBODRILLs, 2x ROBOCUTs, 2x ROBOSHOTS)
- Real cutting/molding demonstrations impressed visitors with the new features matching the latest needs of market
- Practical robot applications by utilizing the strength of FANUC received favorable reviews
- Proposal for Environmental impact reduction by Energy saving functions and Visualization of power consumption and CO<sub>2</sub> emission on operation monitoring software



## Revision of material topics identified and promotion of sustainable management

If FANUC is to achieve sustainable growth under the basic principle of “Strict Preciseness” and “Transparency”, it must create both social and economic value and manage business from a longer time horizon without focusing solely on short-term gains. Doing so will require us to solve social issues through our businesses and contribute to realizing a sustainable society. In this light, we have revised our material topics based on a belief that their resolution is essential for such management to be successful. The revision this time made clearer our strengths and challenges. We will promote sustainability management based on the material topics identified, with the Sustainability Committee taking the lead in discussing the revision of material topics on an ongoing basis and the Board of Directors carrying out deliberation and monitoring.

In identifying material topics, we evaluated a range of issues in terms of their significance to the FANUC Group and its stakeholders and also by taking into account the objective opinions obtained through the hearings from external experts and investors.

### Materiality

- **Responsibility to Supply: Building and maintaining long-term relationships of trust with customers**  
Any interruptions in supply from FANUC directly lead to stoppages at customers’ factories. We therefore need to fulfill our responsibility for stable supply of products to customers, thereby contributing to improving the uptime of factories around the world. 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 continue to supply products in a stable manner while paying close attention to environmental and social trends. In the year ended March 31, 2023, we secured a sufficient level of inventory and made efforts



to shorten the delivery lead time to the extent possible to fulfill our responsibility as a supplier. We believe such efforts are of the utmost importance for maintaining relationships of trust with customers.

- **Customer-Oriented Advanced Technologies: Anticipating and creating customer needs**  
FANUC will quickly grasp customer needs by rigorously pursuing a customer-oriented approach. Through the development and popularization of advanced technologies, we develop products that anticipate customer needs and changes of the times. By doing so, we will contribute to shaping the future of the manufacturing industry as well as continuously improving customer satisfaction. To this end, we have continued to develop products with the time horizon of five years or beyond in mind, aiming to create customer-oriented advanced technologies.
- **Climate Change: Contributing to climate change mitigation**  
Greenhouse gas (GHG) emissions associated with the use of our products at customers' factories far outweigh such emissions resulting from FANUC's business activities. Given that the need for energy-saving products is increasing both among customers and in society, we will accelerate the development of products contributing to efforts in relation to carbon neutrality and curb the energy consumption of factories around the world by delivering highly energy-efficient products arising from innovation.  
To reduce Scope 1 and 2 emissions, we have implemented measures, such as setting up solar panels on the roofs of factories and procuring green electricity. To reduce Scope 3 emissions, we will develop and launch energy-saving products in a timely manner to practically achieve carbon neutrality, such as the standard model of  $\alpha$ i-D series SERVO released in May 2023, which has brought benefits such as 10% reduction in the loss of energy. We recognize the increasing need for reducing GHG emissions as a business opportunity for us, we plan to proactively deliver new products and new functions.
- **High Level of Reliability and Safety of Products: Maximizing uptime in customers' sites**  
FANUC's product development is centered on the principle of "Reliable, Predictable, Easy to Repair." We believe the high level of reliability realized by the durability of such products helps improve productivity at factories, thereby raising the competitiveness of our customers' businesses. "Service First" is a basic policy followed by the FANUC Group. Through "Service First," the Group provides high level maintenance service in line with FANUC's global standards anywhere in the world, as well as "Lifetime Maintenance" of FANUC products for as long as they are used by customers. Through these efforts, we have focused on maximizing uptime of our customers' factories. In addition, we have placed emphasis on protecting those operating our products from physical hazards as well as from cyberattacks.

- **Development of and Engagement with Human Resources: Cultivating human resources to lead the future of the manufacturing industry**

Outstanding human resources are a key driver of corporate activities, making them an indispensable to the sustainability and innovation of a company. Given that human resources are of the utmost importance in ensuring growth over the medium to long term, FANUC will strive to enhance the environment for human resource development and further improve their motivation. We will attract and retain outstanding human resources, while seeking to forge an organizational culture that fits our objective of cultivating and developing human resources who will shape the future of the manufacturing industry.

Based on the conviction that the efforts to develop human resources are what we should enhance from a medium- to long-term perspective, we have started upgrading our training programs. In fact, on top of conventional training programs we have provided, such as division head training, department head training, workplace management training (for all section heads), training for new executive employees, and young employee training, we have added mid-career employee training, thus promoting the initiative to provide training programs covering all our employees. Meanwhile, as a training program for human resources working at manufacturing sites, we have introduced young technical employee training, in addition to the existing team leader training.

Further, as efforts to create an organizational culture, in December 2022, we established Diversity & Inclusion Statement and Diversity & Inclusion Action Policy and have launched diversity training for all employees. Also, one-on-one interviews and the internal recruitment system, which are part of our career development support initiatives, have been substantially popularized across the organization, producing some positive outcomes. Moreover, we have continued to conduct an organizational culture survey, the score of which has been improving year by year. We have also launched Health and Productivity Management.

On top of these initiatives, we have held networking events between female Outside Directors and female employees, based on a proposal of volunteers from our employees. The events are participated by many female employees to implement bottom-up initiatives to discuss issues of the Company

## Strengthening of governance system

At the Ordinary General Meeting of Shareholders held in June 2023, Senior Managing Officer and CFO Ryuji Sasuga and Ms. Yoko Takeda were newly elected as Director and Outside Director, respectively. With the addition of these two Directors to the existing Board members, we aim to strengthen the supervising function in finance and accounting, raise the proportion of female members in the Board, and enhance diversity. We will make steady progress to strengthen our governance system.

## To our stakeholders

The shortage of components worldwide in the wake of the COVID-19 crisis has had a significant impact on FANUC for a long time. In this environment, we have strived to operate our business with a view to fulfilling our responsibility to supply products and ensuring the provision of services to customers as our top priorities. One of our unique advantages is that our location enables research and development teams to work in tandem with factories. Drawing on this advantage, we have managed to survive a wave of changes in the business environment, specifically by tackling the difficulty procuring components due to global parts shortage, and with a significant help from suppliers.

It is also true that there were many cases we kept our customers waiting for long until delivery. However, the headquarters as well as the sales teams of overseas affiliates, made every effort to communicate closely with our customers. We appreciate the understanding and cooperation of many of our customers, although we do not at all think we were able to fully satisfy them. At present, the procurement and delivery schedule of components are getting back to normal, helped in part by our suppliers. In the year ending March 31, 2024, we are concerned about the slowdown of economy and the prolongation of the impact caused by the adjustment of inventory which has built up since the year ended March 31, 2023. We, however, believe that these are just part of a temporary correction phase, and that investments in factory automation will further expand over the medium to long term.

Even in the face of the COVID-19 crisis, the Company has devoted all its efforts to developing new products and technologies with medium- to long-term goals in mind. As a result, we showcased many new products and technologies at the new products open house show held in May 2023. In the years ahead, we will work as one to develop such new products and technologies. In this increasingly opaque and unstable world, adhering strictly to the basics of management passed down to us from the founder, we will continue to create products and technologies needed by customers to contribute to society and enhance our corporate value, with a focus on factory automation.

We hope all of you stakeholders expect that we make a further leap forward, and appreciate your continued support and cooperation.



# 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.

Contribution to the Resolutions of Social Issues

## Value Creation for Society

### Energy Saving & Carbon Neutrality



### SDGs



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

## ..... Sustainable growth .....

### Enhance Corporate Value

Net sales	852.0 Billions of yen
Operating income ratio	22.5%
Ordinary income ratio	27.2%
ROE	10.8%

Social issues

### INPUT >P.17

Financial capital



Manufacturing capital



Intellectual capital



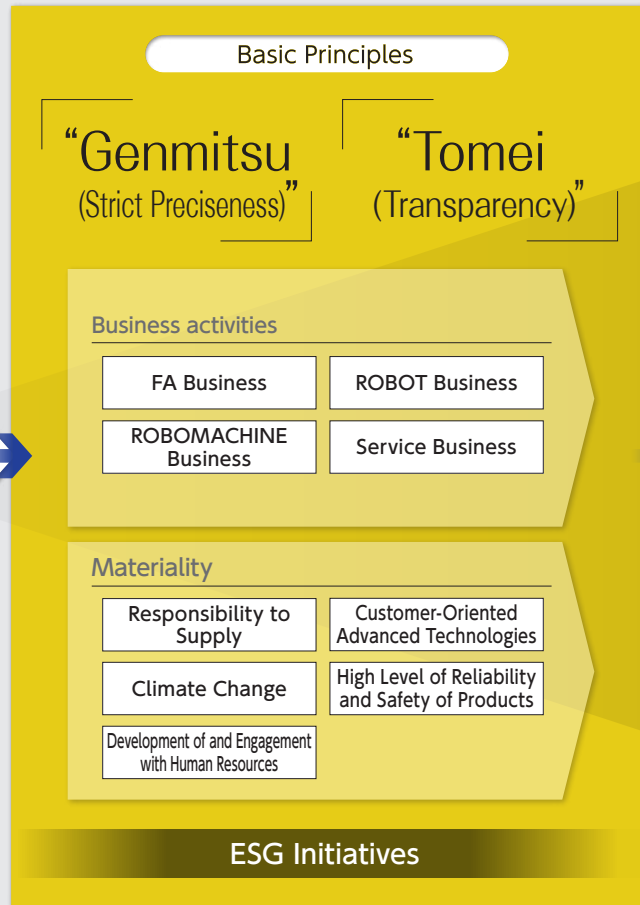
Human capital



Social capital



Natural capital



### OUTPUT

--- Major products and services

#### FA

- CNC
- Servos
- Lasers



#### ROBOT

- Robot



#### ROBOMACHINE

- ROBODRILL
- ROBOSHOT
- ROBOCUT



Increase in Capital





# 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.

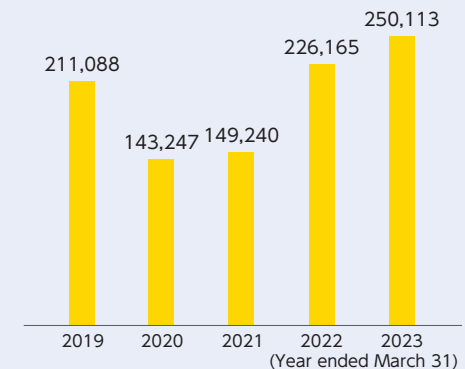


### Financial Summary

In the FA Division, overall demand from the machine tool industry, the primary market for CNC systems, remained very strong with the exception of China. Demand in China remained at the level similar to those in the previous fiscal year. Sales of our CNC systems increased compared with the previous fiscal year.

The FA Division posted consolidated sales totaling ¥250,113 million, up 10.6%, compared with the previous fiscal year, and FA Division sales accounted for 29.4% of consolidated net sales.

▶ Sales of FA Business (Millions of yen)



## ROBOT — ROBOT Business —

### Business Overview

#### Products Robots

FANUC targets industrial 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.

#### Strength

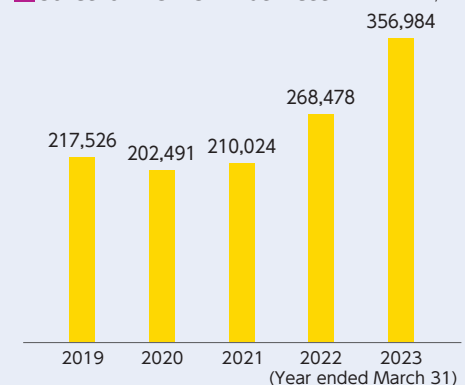
Products applied with CNCs and servos, FANUC's basic products  
Top-level global market shares (FANUC estimate)



### Financial Summary

In the ROBOT Division, sales increased significantly in China, compared with the previous fiscal year due to very strong demand, mainly for EVs, logistics and renewable energy-related industries. Demand in the United States was very strong for general industries and for the automobile industry with EV-related demand. Demand for general industries also remained very strong in Europe, resulting in sales increasing significantly across the two regions. In Japan, sales increased due to strong demand in the latter half of the period, mainly for general industries. The ROBOT Division posted consolidated sales totaling ¥356,984 million, up 33.0%, compared with the previous fiscal year. ROBOT Division sales accounted for 41.9% of consolidated net sales.

▶ Sales of ROBOT Business (Millions of yen)





## ROBOMACHINE — ROBOMACHINE Business —

### Business Overview

#### Products

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

#### Strength

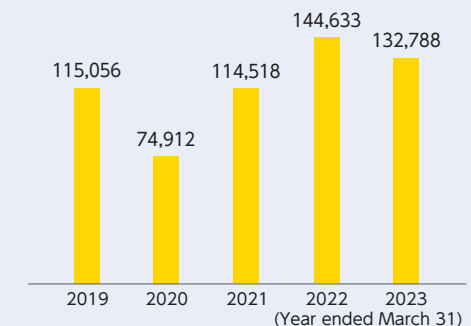
Products applied with CNCs and servos, FANUC's basic products  
High performance, high operating rate, easy to use  
Top-level global market share of ROBODRILLS (compact machining centers) (FANUC estimate)  
Top-level global market share of ROBOSHOTS (electric injection molding machines) (FANUC estimate)

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 customers. They are all highly compatible with FANUC Robots. Factory automation is enhanced through the combination of ROBOMACHINES and Robots. Customers 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 customers' 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-LINK*i*, ROBOSHOT-LINK*i*, and ROBOCUT-LINK*i*).

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, ROBODRILLS and ROBOSHOTS are eligible for a subsidy in the FY2022 for ESG lease promotion business for the establishment of a decarbonized society.



▶ Sales of ROBOMACHINE Business (Millions of yen)



### Financial Summary

In the Robomachine Division, sales of ROBODRILLS decreased, compared with the previous fiscal year due to a lull in demand in the personal computer, tablet, and smartphone markets, which had been very strong. ROBOSHOTS maintained the same level of sales as the previous fiscal year due to strong demand from IT-related and medical markets. Sales of ROBOCUTS increased due to strong demand from automobile component and medical markets. The ROBOMACHINE Division posted consolidated sales totaling ¥132,788 million, down 8.2%, compared with the previous fiscal year. ROBOMACHINE Division sales accounted for 15.6% of consolidated net sales.

# 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 Preciseness)” 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



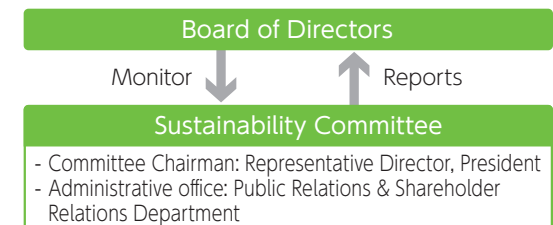
Providing Solutions to Improve Working Conditions, Increase Productivity, and Waste Reduction

## FANUC's 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

In FA Business, we provide CNCs, servo motors, and servo amplifiers which are used in machinery including machine tools and industrial machinery. Our brand new CNC model, Series 500i-A,  $\alpha i$ -D series SERVO, and  $\alpha i$ -D series SERVO AMPLIFIER contribute to customers' reduction of total power consumption by realizing high machining performance, precision, and reliability while saving more energy through the application of the newest technologies.

### Reduction of Energy Consumption Related to Machining

Reduces energy consumption in CNC system.

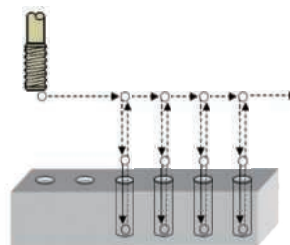


- Motors optimally designed to conserve energy
- Motor loss reduction by high-speed current control
- Amplifier loss reduction through the application of low-loss power elements (loss reduction has been achieved continuously since the past and is currently up to 35% less than in 1995)
- Power source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

### Reduction of Energy Consumption Related to Operating Time

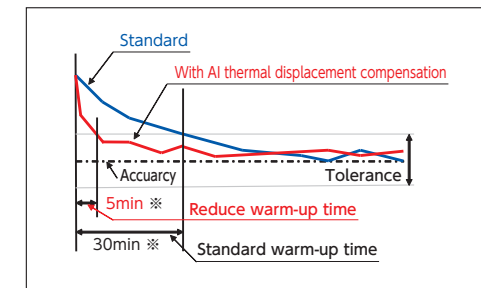
- Control technology for cycle time reduction reduces operating time of auxiliary equipment, etc.
  - Drilling and tapping processes are sped up through the optimization of machining paths
  - Cycle time reduction through speed control that optimizes cutting load
  - Handling of the latest machining tools and technologies, such as turning through a reciprocating motion
  - Improved efficiency of peripheral device operation, etc., through faster sequence control

#### High speed drilling and tapping



- Shortening cycle time by improving the motor's accelerating performance
- 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.)

#### Reduction of warm-up time



\*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-LINK $i$  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

- CO<sub>2</sub> emissions are reduced by reduction of power consumption, and of exhaust gas during transportation due to reduced weight.
- Ratio of renewable energy is improved by reduction of demand for thermal power generation through power dispersion.
- Resource efficiency in production is improved.



### 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



### 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.



### 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-LINK*i* 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 ... Supports energy-saving activities by visualizing power consumption. Possible to and can be centrally monitor it with ROBODRILL-LINK*i*.
- **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 motor cover ... Pantograph mechanism has been adopted and cushion rubber wiper reinforced to improve durability.



### ROBOSHOT Initiatives

- **Improved productivity**
  - › High molding performance ... Simultaneous operation reduces cycle time.
  - › High operating rate ... ROBOSHOT-LINK*i*2 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.
  - › Heat insulation cover for the barrel ... Suppresses heat dissipation from the heater and reduces power consumption.
  - › Supports energy-saving activities by visualizing power consumption.
- **Support for environmentally friendly resins**
  - › Recycled resins ... The deep groove of the plasticizing screw and precision metering control enable 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. ROBOCUT-LINK*i* enables one-stop remote monitoring of power consumption by more than one ROBOCUT.
- **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-LINK*i* ... The usage of expendable parts can be monitored remotely.



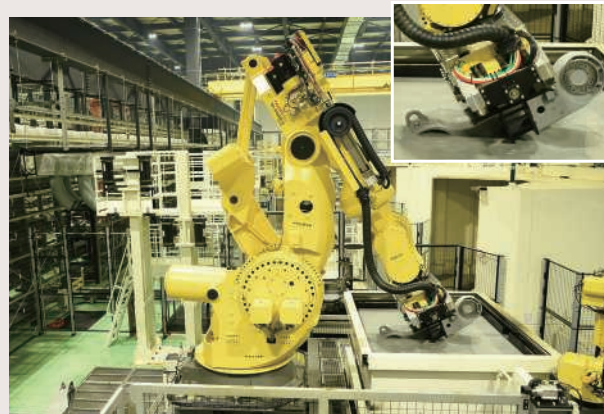
## Special Feature Introduction of FANUC Factory — Machining Factory No. 5

### The newest machining factory

Machining Factory No. 5 located in the headquarters area at the foot of Mount Fuji in Yamanashi Prefecture, is the newest machining factory and it has been machining parts for Robots and Robomachines since April 2019. The factory has eight sets of FANUC Robot Cells, each of which consists of an automated warehouse, machine tools, and robots, and performs long-term continuous unmanned operation. In this newest machining factory, automation is more advanced than in the older machining factories.

In the conventional automatic setup system of a FANUC Robot Cell, a robot would pick up workpieces of various sizes with a servo gripper, and vision sensors would measure their positions to enable correct mounting of the workpieces to the fixtures. However, chip removal after machining was heavily dependent on manual work; in particular, for workpieces with complex internal structures, such as robot parts, chip removal took time.

In the latest automatic setup system, a washing booth has been provided inside the system, so that now a robot picks up a workpiece and changes the workpiece orientation inside the washing booth to perform chip removal. The robot also has a gripper equipped with a vacuum function. With this function, places where chips and coolant accumulate on the workpieces are vacuumed. In addition, another problem that accompanies long-term unmanned operations is the disposal of chips coming from machine tools. Up to now, manual work using a manned forklift was necessary to replace a bucket filled with chips with an empty bucket. In this factory, the chip bucket replacement has been automated using AGVs that supply materials to the ROBOT Cells and carry out machined parts. For the robot deburring system, the conventional system consisting of two small robots that performed deburring has been changed to a system consisting of one large robot holding the workpiece and one small robot doing the deburring. Having a large robot hold the



Washing by a robot by dipping in water



Grip-type robot deburring cell

Tool ID	Tool Name	Tool Type	Tool Material	Tool Length	Tool Diameter	Tool Status	Tool Location	Tool Date	Tool Operator
001	0011 0011 0011 0011	001	001	001	001	001	001	001	001
002	0021 0021 0021 0021	002	002	002	002	002	002	002	002
003	0031 0031 0031 0031	003	003	003	003	003	003	003	003
004	0041 0041 0041 0041	004	004	004	004	004	004	004	004
005	0051 0051 0051 0051	005	005	005	005	005	005	005	005
006	0061 0061 0061 0061	006	006	006	006	006	006	006	006
007	0071 0071 0071 0071	007	007	007	007	007	007	007	007
008	0081 0081 0081 0081	008	008	008	008	008	008	008	008
009	0091 0091 0091 0091	009	009	009	009	009	009	009	009
010	0101 0101 0101 0101	010	010	010	010	010	010	010	010
011	0111 0111 0111 0111	011	011	011	011	011	011	011	011
012	0121 0121 0121 0121	012	012	012	012	012	012	012	012
013	0131 0131 0131 0131	013	013	013	013	013	013	013	013
014	0141 0141 0141 0141	014	014	014	014	014	014	014	014
015	0151 0151 0151 0151	015	015	015	015	015	015	015	015
016	0161 0161 0161 0161	016	016	016	016	016	016	016	016
017	0171 0171 0171 0171	017	017	017	017	017	017	017	017
018	0181 0181 0181 0181	018	018	018	018	018	018	018	018
019	0191 0191 0191 0191	019	019	019	019	019	019	019	019
020	0201 0201 0201 0201	020	020	020	020	020	020	020	020

Tool information

workpiece and allowing the workpiece orientation to be freely changed has expanded the application range of deburring using robots. For the inspection process, automation of image inspection of scratches and porosity, and tap inspection for machined and deburred parts are being promoted. Factory monitoring consisting of prediction of defects and intermittent stopping of robot systems is carried out by monitoring the operation of machine



AGV battery voltage

tools, robot systems and progress of machining, as well as by visualizing the measurement data of KMS (Coordinate Measuring Machine) and various kinds of robot data. In addition, parameters such as the amount of mist that is a cause of deterioration of the factory environment, tool information (remaining tool life, etc.) that affects factory operation, coolant concentration, and battery levels of AGVs are monitored.



## 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 thorough 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.

# 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 Target	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 (category 11) 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 (Panoramic view)



FANUC Headquarters (Reliability Evaluation Building)



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. 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.

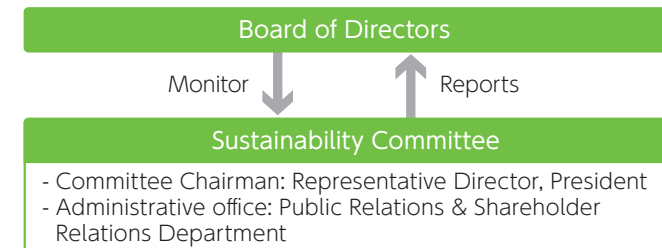
Further, we would like to utilize the framework of TCFD recommendations, and continue enhancing the quality and amount of disclosures to promote climate change initiatives still further, and contribute to achieving a sustainable society.



## 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 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"> <li>● Introduction of carbon taxes will increase costs.</li> <li>● The rise in raw material prices will increase costs.</li> <li>● Consumer behavior change and shift to EV/FCV will decrease demand for a part of FANUC products.</li> </ul>	<ul style="list-style-type: none"> <li>● 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.</li> <li>● Promote the support of business continuity plan (BCP) (Multiple production sites and suppliers, etc.)</li> <li>● Promote the development of products that contribute to customers' energy saving/robotization, and that meet the demand from the shift to EV/FCV.</li> <li>● Promote the development of products that can maintain high performance and high reliability under harsh operating and transportation environments.</li> </ul>
Physical risks	<ul style="list-style-type: none"> <li>● Increasing severity of natural disasters will damage production sites, etc., and as this negatively impacts production, recovery costs will increase.</li> </ul>	
Opportunities	<ul style="list-style-type: none"> <li>● Energy saving/robotization will increase demand for FANUC products.</li> <li>● The shift to EV/FCV will increase demand for FANUC products.</li> <li>● Demand for FANUC products capable of working under harsh operating and transportation environments will increase due to the influence of rising average temperature.</li> </ul>	

In the 1.5°C and 2°C scenario, the world is expected to undergo major social changes as it transitions to decarbonization. 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.,

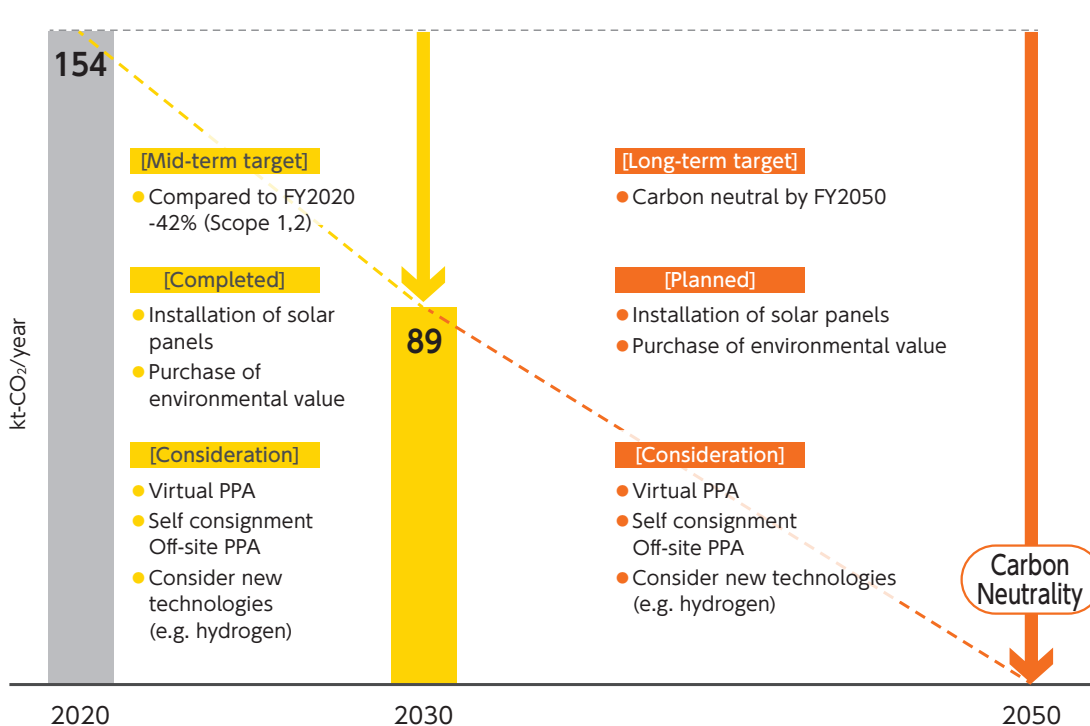
will be damaged, having a negative impact on production. For these reasons, we will continue to promote the support of our business continuity plan (BCP), and deal with physical risks.

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.



## Roadmap to Carbon Neutrality

FANUC has set a mid-term goal (certified by the SBT Initiative) to reduce its Scope 1,2 emissions by 42% from FY2020 level by 2030, and is promoting efforts to achieve this goal. Toward this goal, we plan to install solar panels and purchase renewable electricity, and expect to invest approximately 9 billion yen. (Amounts are subject to uncertainties and assumptions and may differ from actual results.)



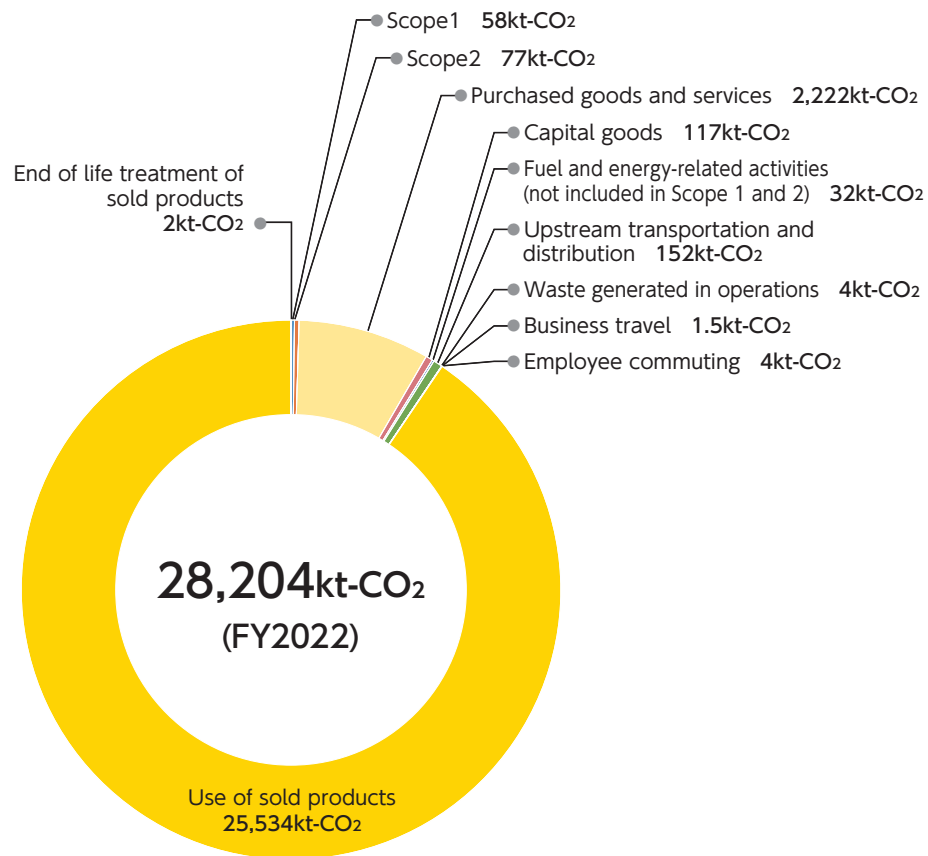
	2020	2030	2040	2050
① Renewable energy source		Installation of solar panels		
② Environmental value		Renewable energy plan		
③ Virtual PPA		Consideration		
④ Self consignment		Consideration		
⑤ Off-site PPA		Consideration		
⑥ New technologies (Hydrogen, CCUS .etc)		Follow Technology Trends		

▶ : Planned measures   
 ▶ : Measures to be considered

## 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 Category11) targets and results are as follows:

Unit : kt-CO<sub>2</sub>

	FY2020 Results (Standard Year)	FY2022 Results (In comparison with FY2020)	2030 Targets (In comparison with FY2020)	2050 Targets
Scope 1 and 2	154	135 (-12.3%)	-42%	Zero
Scope 3 Category 11	16,668	25,534 (+53.2%)	-12.3%	-

FANUC has set up a long-term target of reducing GHG emissions from the business activities of 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 FY2022 were 12.3% 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. Solar panels are being installed in the Headquarters area and Mibu area, which is expected to further reduce emissions in FY2023 and beyond.

In FY2022, emissions due to the use of sold products for Scope 3 (Category 11) were 53.2% 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.



Department head training

#### ■ 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.

## Factory Tours for Employees’ Families

FANUC hosts factory tours for children of FANUC employees who are at elementary school sixth grade level and their families. The purpose of these tours is to encourage children to learn about the jobs that their parents do through their visit to parents’ workplaces and to encourage them to take more of an interest in manufacturing, the sciences, and technology.

We have been hosting such tours at our headquarters since fiscal 2014 and also at the Tsukuba and Mibu factories since fiscal 2022. In fiscal 2022, in addition to the usual sixth grade elementary school students, we also included first and second grade junior high school students who had been unable to attend in the preceding years due to postponement of the tours as a result of COVID-19, bringing the total number of attendants up to 213. From fiscal 2023, the tours will be held twice a year, allowing for greater flexibility in when the family members chose to attend.



## Development and Training of Employees

### Basic Approach

FANUC supports the growth of our employees in considering them as human capital 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

#### All employees

- Diversity training
- Harassment prevention training
- Mental health training (line care/self-care)
- Information security education
- Compliance education

#### Management and Leadership Improvement

- Training for division head
- Training for department head
- Training on workplace management
- Training for new executive employees

#### Career Development

- Mid-career employee training
- Young employee training

#### New Recruit Training

- New Recruit Training
- Etiquette training

#### Management Capability Improvement for Manufacturing Sites

- Team leader training
- Young technical employees training

#### 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



## 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, and some have been 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 to the statutory childcare leave system, we have a "Wife's Maternity Leave System," which can be taken when a spouse gives birth with 100% of pay guaranteed. In FY2022, 125 employees took childcare leave, including the Wife's Maternity Leave, for a take-up rate of 85.6% (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.

## Employee Engagement in Group Companies

### FANUC America Corporation

FANUC America takes great pride in being an employer of choice and knows that its employees are its most valuable assets. With the significant changes that have been seen in the employment market, trends in attracting talent, recruitment initiatives, increased employee expectations, and the growth and expansion FANUC America has seen in the past couple of years, we felt it was important to elevate our efforts related to employee engagement. Therefore, in August, 2022, we decided to move from a traditional employee survey to the using the gold standard, the Gallup Employee Engagement Survey. We launched the Employee Engagement survey to FANUC America employees and accomplished 80% employee participation. Employee engagement is a foundational component to workplace outcomes and have a direct link to employee wellbeing, manager development, and overall organizational performance. This evolved approach will help us to make employee engagement a central part of our corporate strategy including attracting talent, onboarding, managing performance, talent development, employee empowerment and retention. Through the results of the Gallup Employee Engagement Survey and the manager tools provided, we can better incorporate employee feedback into all aspects of the employee experience allowing us to continually improve through action planning and ongoing feedback. The Gallup tools allow managers to track and build on action plans throughout the year. In addition, our results are benchmarked against the significant pool of Gallup data.

In addition to our annual Employee Engagement survey, FANUC America also participates in the Top Workplaces annual employee feedback survey. Top Workplaces is a nationally recognized award throughout the United States that includes regional and national-level programs, plus industry and culture excellence awards. This award celebrates nationally recognized companies who make the world a better place and work together by prioritizing a people-centered culture and giving employees a voice. Annually, FANUC America participates in the Detroit and Chicago regional employee feedback surveys, completed by the employees of participating workplaces. In 2022, FANUC America received the Detroit award for the 11th consecutive year, and the Chicago award for the 5th consecutive year. Additionally, FANUC America received the new Top Workplaces USA Award.

With the feedback from both of these surveys, FANUC America continues to promote initiatives to engage, empower, and develop employees and attract new talent. This past year, we are proud that our employees started our first employee resource group, the Women's Resource Group (WRG), that now has more than 200 members. The WRG has led the way for additional groups to form in the future that will allow employees to better engage, interact and develop. We also have continued to invest in new training, evaluation, employee benefits, and employee technology in response to our employees' feedback. In all of these areas, FANUC America will continue to prioritize our employees and show them how important they are.





## Sharing the Knowledge of Outside Directors

FANUC's outside directors boast a high level of expertise and a wealth of knowledge. We welcome free and open exchanges of opinions and constructive discussions at our meetings of the Board of Directors. Owing to the spread of COVID-19, however, recently we have been unable to interact with our employees. Following the easing of several COVID-19 related restricts in 2023, we had directors Naoko Yamazaki and Mieko Tomita host lectures in which they drew on their various expertise alongside which we also held networking events for female employees.

All this has proven a valuable opportunity for our employees to glean insight from our outside directors and re-envision the Company from the perspective of somebody external to it.

### Lectures

The lectures were held in our Company conference room and concurrently online. An edited videos were later posted on the internal portal site for viewing by employees who could not attend the lecture.



#### Lecture 1 Director Naoko Yamazaki

The first lecture was "Team Building: A View from Space" (Uchu kara Kangaeru Team Building), given by astronaut and director Yamazaki. Ms. Yamazaki used the lecture to talk about what it takes to function as a team in space, where even the tiniest of mistakes can be fatal.

The attendees of the lecture talked about how what Ms. Yamazaki spoke of related to their daily work, including shared objectives, roles and authority and the importance of communication, etc.



#### Lecture 2 Director Mieko Tomita

In the second lecture, lawyer and director Tomita spoke on the theme of "Compliance on the Part of Employees."

The lecture covered a wide range of topics from establishment and operation of an internal control system for ensuring compliance to the principle of trust.

Participants reacknowledged the need to take issues concerning compliance to be their own and to develop relationships of trust through communication.





## Networking Event for Female Employees

The Company ran a networking event for voluntary female employees and Directors Yamazaki and Tomita. A total of 46 female employees across 6 groups attended the event which was comprised of a presentation of the results of the group discussions, comments from both Directors, and a Q&A session. Ahead of the event, the participants took part in a group discussion and prepared materials for use in the presentations to be given on the day of the event. The discussion was themed around three issues derived from answers to a survey given by the Human Resources Division to all female employees concerning efforts to promote the hiring of female staff. Each of the groups gave presentations on "Issues in the working habits of the Company," "Developing a career around various life events," and "Flexible working arrangements," which ultimately all came together around commonly experienced fundamental problems and potential solutions to these. Both Directors made comments to the effect that the issues discussed were not limited to solely female employees but apply to all employees and that efforts must be made to help resolve these.

### Feedback from Attendees



Price & Cost Department, Corporate Finance & Facility Planning Division  
Senior Specialist, **Mikiko Katsuyama** (Networking Events Administrative Office)

The participants said that the first-hand stories from female Directors working on the front lines about their experiences and the advice they provided from a range of perspectives proved extremely beneficial. Our hopes in the Administrative Office for this event were that there would be greater communication between employees of different work sites, job types, and generations. By working together with the Human Resources Department to help us clarify the issues we face and discuss and disseminate possible solutions to these issues, the event provided us with a great opportunity to recognize the significance of existence within the company structure. For future events, I think we should look at on-going and flexible initiatives and plans aimed at introducing systems and mechanisms to pursue employees' fulfilling work satisfaction and ease of work, as well as at aligning the direction of growth for both the Company itself and its diverse human resources.



Section 3, Robodrill Software & Electrical Equipment Development Department, Robodrill Research & Development Division, Robomachine Business Division,  
**Kyoko Watanabe**

During the discussions on potential solutions to the various presented issues, we were conscious of not only expressing our own opinions, but also finding solutions that would be of benefit to FANUC. I feel that the Company's growth is essential for creating a comfortable working environment. The event also exposed me to the ways of working and opinions of employees from a variety of business divisions and ages, which gave me some inspiration for my own career path in future. Both Directors offered us valuable insight on their experiences at the event, making it a good opportunity for improving motivation moving forward. I would like it if the event were to become a regular event in future.



## Health and Productivity Management

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 FY2022.

### 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

To provide indispensable values throughout the world through incessant technological innovations in the field of factory automation, and to continue to be a company that is trusted by all stakeholders.

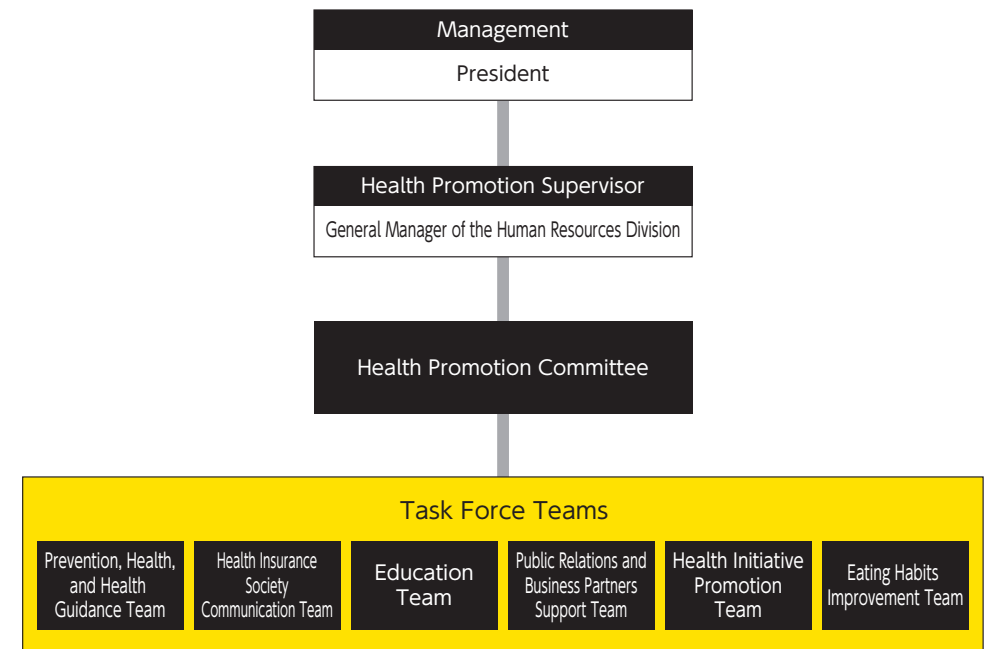
In order to make our vision a reality, we consider the **health** and **happiness** of our employees and their families as being the foundation that upholds our business activities. We will create an environment in which our employees can work actively with enthusiasm and a sense of worth, be healthy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

FANUC was certified as a "2023 Certified Health & Productivity Management Outstanding Organization" on March, 2023.

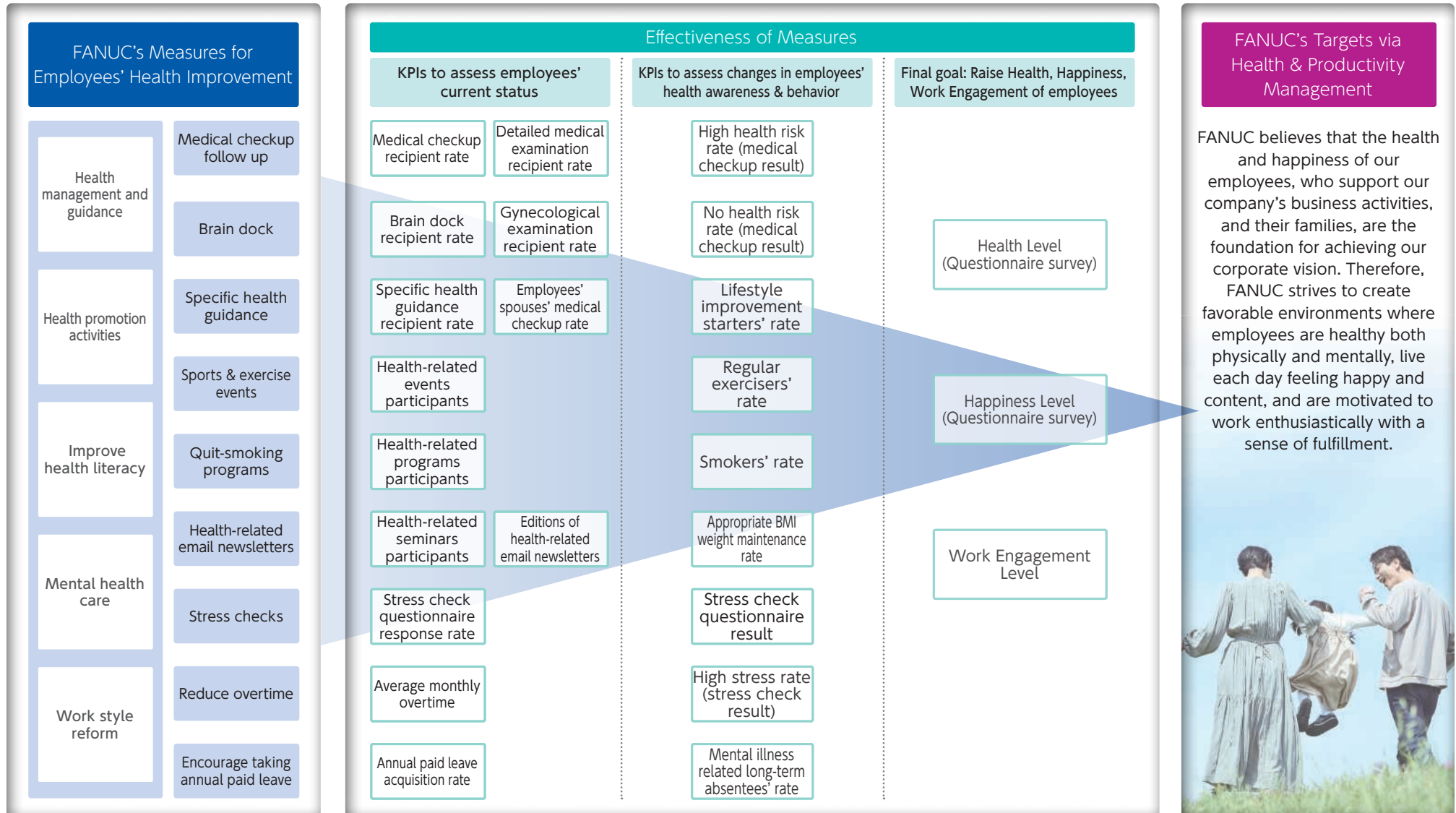


### Promotion Framework

FANUC has appointed the President as head of the Health and Productivity Management Promotion Project. 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.



## FANUC's Health & Productivity Management Strategy Map



## Main Initiatives from Fiscal 2022

### Measures to Maintain Employee Health

Analyzing and visualizing the results of employee's regular medical checkups helps maintain the health of employees such as prevention of severe diseases. We use the participation rate in such regular medical checkups as an indicator for measuring the effects of efforts to promote health and productivity management. In fiscal 2022, we achieved our goal of 100.0% participation rate.

#### ● Participation Rate in Regular Medical Checkup

FY2018	FY2019	FY2020	FY2021	FY2022
100.0%	99.9%	100.0%	99.9%	100.0%

\* FANUC Headquarters' area  
In FY2022 we began offering employees aged 32 and over medical checkups of their brains, with such checkups to be offered every four years.

### Mental Health Support

In addition to providing internal and external points of contact for employees to speak to somebody about their mental health, we also conduct annual stress checks on all employees and contract employees who display signs of high stress levels, while we also analyze each of our organizations for health risks and the ratio of employees displaying high stress levels to identify the organizations facing issues and improve their working environments.

We also provide mental health training (self-care) via e-Learning tools through which we offer employees knowledge concerning issues of mental health and stress and an opportunity for them to think about how they can control their own stress levels.

In addition, the Health Promotion Committee has twice issued dedicated articles in the monthly e-mail newsletter concerning matters of mental health.

#### ● Participation Rate in Stress Check Examination

FY2018	FY2019	FY2020	FY2021	FY2022
97.0%	96.3%	96.3%	96.9%	96.7%

\* FANUC Headquarters' area



### Introduction of Employee Group Insurance (Group Term Life Insurance and Group Long Term Disability Schemes)

The Group has introduced Group Term Life Insurance and Group Long Term Disability schemes through which the Company will pay a portion of the insurance premiums for those officers and regular employees wishing to avail of the schemes. By providing systems that offer guarantees in the event of death or severe disability and support in the event of reduced income as a result of long-term disability as a result of injury, we have built a working environment that enables our employees to work with peace of mind.

### Thorough Efforts to Raise Awareness of FANUC's Health Hotline

FANUC's health hotline is a consultation service run by an external specialist institution that can be used by FANUC officers, employees, contractors employees, and their family members. The hotline offers services free of cost relating to health concerns and consultations, mental health, and the offering of second opinions.



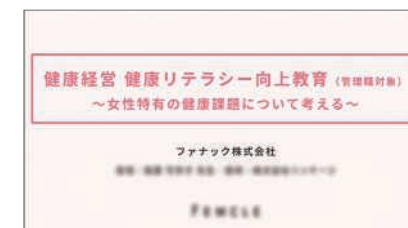
### Introduction of Health and Productivity Management Promotion Infrastructure (KENPOS)

We have introduced KENPOS, for use online or with a smartphone, to encourage employees to make lifestyle improvements through exercise and dietary management.



### Raising Awareness of Female-Specific Health Issues

We ran an e-Learning course entitled "Female-specific health issues" targeting managers as part of efforts to improve their health literacy. A video of this training session was posted on the Company's internal portal site so that it could be viewed by all employees. In fiscal 2023, we also plan training sessions for all our employees, including contract workers.





# Initiatives to Help Foster The Next Generation

## Global Industry partner of WorldSkills International

FANUC, the world's top industrial robot manufacturer, has partnered with WorldSkills Competition, a vocational education organization, for the past five years. WorldSkills is dedicated to recognizing and promoting skilled professionals through competitions. FANUC, with its extensive experience in industrial robotics, is working together with WorldSkills to address the shortage of trained robot programmers worldwide.

As automation and robots become more prevalent, there is a growing need for skilled workers in many countries. FANUC understands this challenge and is actively involved in organizing the international Robot Systems Integrator competition, in collaboration with WorldSkills. This competition provides young people with valuable opportunities to learn and develop their robot programming skills.

FANUC is committed to promoting the training of the younger generation and preparing them for careers in robotics. This commitment reflects our contribution to global social and industrial development. Since our partnership began, FANUC has

contributed to organize regional competitions in various countries, including France, Portugal, Spain, Germany, Hungary, the United Kingdom, Poland, Romania, Austria, and Belgium. Additionally, the "Robot System Integrator" skill was introduced at the international level in 2019 and became an official skill in 2022.

During the most recent WorldSkills competition held in Luxembourg, teams from Austria, France, Germany, Hungary, India, Japan, Luxembourg, Poland, Singapore, Taiwan, and the United Kingdom (total 11 teams), showcased their skills in the "Robot Systems Integrator" category. Germany won the gold medal, followed by Taiwan with silver and Poland with bronze.

Looking ahead, the next WorldSkills international competition is scheduled to take place in Lyon, France, in September 2024. Before that, Gdansk, Poland will host EuroSkills, a vocational education and skills excellence competition for European participants.



## The 18th All Japan Student's Indoor Flying Robot Contest

The 18th All Japan Student's Indoor Flying Robot Contest was held at Katayanagi Arena on the Kamata Campus of Nihon Kogakuin College from September 23 (Fri) to September 25 (Sun), 2022.

The contest instills manufacturing spirit among students and serves as a good occasion for developing their manufacturing skills, especially in aircraft design and control. Despite the difficulties posed by the COVID-19 pandemic as in the year before, the exciting contest hosted a record-high number of participating schools. There was a total of 72 teams from 43 schools, including two schools from Thailand as the first teams from abroad.

Participants competed in the categories of flight performance, flight control and auto-piloting of aircrafts by completing missions such as transporting goods and automated flights.

FANUC has been a special sponsor for this contest which brings together skilled students who can immediately take on professional work. This year, the FANUC Award was presented to Chiba Institute of Technology as the winner in the auto-pilot category.



Contest scene



Awards ceremony

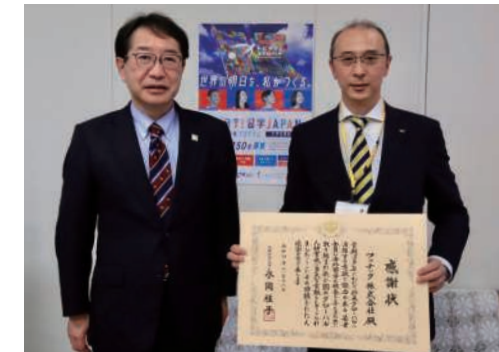


Robot on display

## Tobitate! (Leap for Tomorrow) Study Abroad Initiative

Since 2015, FANUC has been supporting Tobitate! (Leap for Tomorrow) Study Abroad Initiative; a program for encouraging young people to take up opportunities to study abroad.

On November 18, 2022, we heard the results of the initiative at the Stage 1 Results Reporting Session, which reaffirmed for us the significance of supporting dreams of young people.



Received a letter of appreciation at the Stage 1 Results Reporting Session

## Robot Idea Koshien

FANUC is dedicated to supporting the next generation of engineers through its special sponsorship of Robot Idea Koshien ran by the Japan Robot System Integrator Association (Sler Association).

Robot Idea Koshien is a competition in which students from across Japan try to come up with new ways to use industrial robots and new ideas. On January 28, 2023, the national level competition was held featuring 25 groups of students who had come through the regional heats. It is not only the ideas of the students that are questioned, but also factors of sociability, feasibility, and marketability, as well as the student's presentations skills.

We set up the "FANUC Award" as a corporate award which has been won by the "Rip Fleur," a robot that automates haircuts at Taisei Gakuin University Upper Secondary School. All the ideas put forward at the competition were fantastic, and we hope that they are able to come to fruition in the near future.

## Company Visits by Local High School Students







FANUC's headquarters accept visits to its offices by first year students of science & mathematics course at Yamanashi Prefectural Yoshida Senior High School. In order to help the students forge a career and choose their future path, we introduce to them details of FANUC's business and provide them with factory tours. Company visit in 2023 is the 12th one since we have started this initiative in 2010 (visits were suspended during the COVID-19 pandemic). In 2023, 40 students attended the visit.










# Directors

(As of June 29, 2023)

					Corporate Management	Research & Development	Internationality	ESG/Sustainability	HR/Labor/HR Development	Legal/Risk Management	Finance/Accounting
	<b>Yoshiharu Inaba</b> Director, Chairman	<p>April 1973 Joined Isuzu Motors Limited</p> <p>September 1983 Joined the Company</p> <p>June 1989 Appointed Director of the Company</p> <p>June 1992 Appointed Senior Vice President (Director) of the Company</p> <p>June 1995 Appointed Executive Vice President (Director) of the Company</p> <p>May 2001 Appointed Senior Executive Vice President (Representative Director) of the Company</p> <p>June 2003 Appointed President (Representative Director) of the Company</p>	<p>June 2016 Appointed Chairman and CEO (Representative Director) of the Company</p> <p>April 2019 Appointed Chairman (Representative Director) of the Company</p> <p>June 2023 Appointed Chairman (Director) of the Company (to the present)</p>		●	●	●	●	●	●	●
	<b>Kenji Yamaguchi</b> Representative Director, President	<p>April 1993 Joined the Company</p> <p>June 2008 Appointed Executive Vice President (Director) of the Company</p> <p>February 2012 Appointed Senior Executive Vice President (Director) of the Company</p> <p>October 2013 Appointed Senior Executive Vice President (Representative Director) of the Company</p> <p>June 2016 Appointed President and COO (Representative Director) of the Company</p>	<p>April 2019 Appointed President and CEO (Representative Director) of the Company (to the present)</p>		●	●	●	●	●	●	●
	<b>Ryuji Sasuga</b> Director	<p>April 1992 Joined the Company</p> <p>April 2004 Appointed Director &amp; Manager, Finance &amp; Accounting Department of Fanuc Europe GmbH</p> <p>January 2010 Appointed Director &amp; CFO of FANUC Europe Corporation</p> <p>March 2012 Joined LIXIL Corporation Seconded to Permasteelisa S.p.A Group Financial Control Manager</p> <p>April 2015 Rejoined the Company Manager, Group Companies Support Department of the Company</p>	<p>July 2015 Manager, Secretary Department of the Company (to the present)</p> <p>June 2017 Appointed Managing Officer of the Company</p> <p>July 2021 General Manager, Corporate Finance Division of the Company (to the present)</p> <p>June 2022 Appointed Senior Managing Officer and CFO of the Company</p> <p>June 2023 Appointed Senior Managing Officer and CFO (Director) of the Company (to the present)</p>		●		●	●	●	●	●
	<b>Michael J. Cicco</b> Director	<p>August 1999 Joined FANUC America Corporation ("FAC")</p> <p>November 2015 Appointed Vice president (Director) of FAC</p> <p>April 2016 Appointed President and COO (Director) of FAC</p> <p>June 2016 Appointed Managing Officer of the Company</p> <p>July 2016 Appointed President and CEO (Director) of FAC (to the present)</p> <p>June 2017 Appointed Senior Managing Officer of the Company</p> <p>June 2020 Appointed Director of the Company (to the present)</p>			●		●	●	●	●	
	<b>Naoko Yamazaki</b> Director Outside Director Independent Director Renominated	<p>April 1996 Joined the National Space Development Agency of Japan (currently Japan Aerospace Exploration Agency (JAXA))</p> <p>September 2001 Authorized as an astronaut to board the International Space Station</p> <p>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))</p> <p>March 2016 Appointed Outside Director of Nabtesco Corporation</p> <p>September 2017 Appointed Outside Director of OPTORUN Co., Ltd. (to the present)</p>	<p>June 2018 Appointed Outside Director of TOPCON CORPORATION (to the present)</p> <p>July 2018 Appointed Representative Director of Space Port Japan Association (to the present)</p> <p>June 2020 Appointed Director of the Company (to the present)</p> <p>June 2021 Appointed President of Young Astronaut Club-Japan (to the present)</p>			●	●	●	●		
	<b>Hiroto Uozumi</b> Director Outside Director Independent Director Nominated	<p>April 1975 Joined Hitachi, Ltd.</p> <p>April 2003 General Manager of Nuclear Power Systems Production Division, Nuclear Systems Division, Power and Industrial Systems Group, Hitachi, Ltd.</p> <p>April 2004 Deputy General Manager of Hitachi Works, Power Systems Group and Vice Division Director, Nuclear Power Systems Production, Hitachi, Ltd.</p> <p>April 2005 Deputy General Manager of Air-Conditioning Systems Division, Hitachi Plant Engineering &amp; Construction Co., Ltd.</p> <p>July 2007 Appointed Executive Vice President of Hitachi-GE Nuclear Energy, Ltd.</p>	<p>April 2011 Appointed President and Representative Director of Hitachi-GE Nuclear Energy, Ltd.</p> <p>April 2013 Appointed Vice President and Executive Officer, Hitachi, Ltd.</p> <p>April 2015 Appointed Chairman of the Board of Hitachi-GE Nuclear Energy, Ltd.</p> <p>April 2017 Senior Corporate Officer of Nuclear Energy Business Unit, Hitachi, Ltd.</p> <p>April 2020 Senior Corporate Officer of Nuclear Damage Compensation and Decommissioning Facilitation Corporation</p> <p>June 2021 Appointed President &amp; CEO of Atomic Energy Association (to the present)</p> <p>June 2022 Appointed Director of the Company (to the present)</p>		●	●	●	●	●	●	

			Corporate Management	Research & Development	Internationality	ESG/Sustainability	HR/Labor/HR Development	Legal/Risk Management	Finance/Accounting
	<b>Yoko Takeda</b> Director Outside Director Independent Director Newly nominated	<p>April 1994 Joined Bank of Japan</p> <p>April 2009 Joined Mitsubishi Research Institute, Inc.</p> <p>April 2012 Chief Researcher, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc.</p> <p>October 2015 Deputy General Manager, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc.</p> <p>October 2017 General Manager, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc.</p>	<p>October 2020 Deputy General Manager, Planning and Administration Office, Think Tank Unit</p> <p>General Manager, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc.</p> <p>December 2021 Appointed Research Fellow (to the present)</p> <p>October 2022 Deputy General Manager, Think Tank Unit</p> <p>General Manager, Planning and Administration Office, Think Tank Unit</p> <p>General Manager, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc. (to the present)</p> <p>June 2023 Appointed Outside Director of Ricoh Company, Ltd. (to the present)</p> <p>Appointed Director of the Company (to the present)</p>			●	●	●	●
	<b>Toshiya Okada</b> Director who is an Audit and Supervisory Committee Member	<p>April 1984 Joined the Company</p> <p>August 1999 Manager, Legal Department of the Company (to the present)</p> <p>June 2012 Appointed Senior Vice President (<i>Director</i>) of the Company</p> <p>May 2014 Appointed Executive Vice President (<i>Director</i>) of the Company</p> <p>June 2016 Appointed Executive Managing Officer (<i>Director</i>) of the Company</p> <p>June 2019 Appointed Senior Managing Officer</p> <p>June 2020 Appointed Managing Officer</p>	<p>June 2023 Appointed Director (Audit and Supervisory Committee Member) of the Company (to the present)</p>				●	●	
	<b>Hidetoshi Yokoi</b> Director who is an Audit and Supervisory Committee Member Outside Director Independent Director Renominated	<p>April 1983 Lecturer, Institute of Industrial Science of University of Tokyo</p> <p>January 1985 Assistant Professor, Institute of Industrial Science of University of Tokyo</p> <p>July 1997 Professor, Institute of Industrial Science of University of Tokyo</p> <p>July 1998 Professor, Center for Collaborative Research of University of Tokyo</p> <p>April 2005 Director, Center for Collaborative Research of University of Tokyo</p> <p>April 2008 Professor, Institute of Industrial Science of University of Tokyo</p>	<p>May 2015 Field II Program Officer, Adaptable and Seamless Technology Transfer Program through Target-driven R&amp;D of Japan Science and Technology Agency</p> <p>March 2019 Retired as Professor, Institute of Industrial Science of University of Tokyo</p> <p>June 2019 Professor Emeritus of the University of Tokyo (to the present)</p> <p>Appointed Audit &amp; Supervisory Board Member of the Company</p> <p>June 2021 Appointed Director (Audit and Supervisory Committee Member) of the Company (to the present)</p>		●	●	●		
	<b>Mieko Tomita</b> Director who is an Audit and Supervisory Committee Member Outside Director Independent Director Renominated	<p>April 1980 Registered as lawyer (to the present) Joined Nishi and Iseki Law Office (currently Nishi &amp; Partners Attorneys and Counselors at Law)</p> <p>April 1995 Appointed Auditor of Kanagawa Learning Disability Research Association</p> <p>April 2001 Appointed Civil Conciliation Commissioner, Tokyo District Court (to the present)</p> <p>April 2004 Appointed Instructor, Showa Women's University</p> <p>October 2007 Appointed a member of the National Bar Examination Commission, Code of Civil Procedure</p>	<p>June 2012 Appointed External Audit &amp; Supervisory Board Member of MORINAGA MILK INDUSTRY CO., LTD.</p> <p>April 2017 Senior Partner, Nishi &amp; Partners Attorneys and Counselors at Law (to the present)</p> <p>June 2019 Appointed Outside Director (Member of the Audit &amp; Supervisory Committee) of Nishin Seifun Group Inc. (to the present)</p> <p>June 2020 Appointed Audit &amp; Supervisory Board Member of the Company</p> <p>June 2021 Appointed Director (Audit &amp; Supervisory Committee Member) of the Company (to the present)</p> <p>Appointed Outside Director of TEKKEN CORPORATION (to the present)</p>			●	●	●	
	<b>Shigeo Igashima</b> Director who is an Audit and Supervisory Committee Member Outside Director Independent Director Newly nominated	<p>October 1990 Joined Chuo Shinko Audit Corporation</p> <p>August 1995 Registered as a Certified Public Accountant (to the present)</p> <p>January 1997 Joined Yano Seisakusho Co., Ltd.</p> <p>August 2004 Representative of Igashima C.P.A. Office (to the present)</p> <p>November 2004 Registered as a Certified Public Tax Accountant (to the present)</p> <p>Representative of Igashima Shigeo Tax Accountant Office (to the present)</p> <p>June 2016 Appointed Outside Director (Audit &amp; Supervisory Committee Member) of AXELL CORPORATION (to the present)</p>	<p>December 2017 Appointed Outside Director of TAIYO BUSSAN KAISHA, LTD.</p> <p>June 2023 Appointed Director (Audit and Supervisory Committee Member) of the Company (to the present)</p>			●			●



## Three-way Conversation between Outside Directors

### FANUC's Value Creation as Seen from an External Perspective

At FANUC, Outside Directors are appointed in order to proactively incorporate an objective and external 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.



#### Meetings of the Board of Directors with Free and Open Discussion

**Yamazaki**—This is my fourth term as an Outside Director. After studying aerospace engineering and then working as an engineer at the Japan Aerospace Exploration Agency (currently JAXA), I participated in assembly and resupply missions at the International Space Station as an astronaut in 2010. Since my appointment at FANUC, I have always felt that the meetings of the Board of Directors have been extremely active affairs characterized by free and open discussion. I think it's wonderful that we are given such thoroughly analyzed materials and detailed explanations relating to each meeting item. Even before we transitioned to a company with an Audit and Supervisory Committee in June 2021, the Audit & Supervisory Board Members, who are currently Audit and Supervisory Committee Members, were already actively expressing their opinions, and that the same atmosphere has been reinforced ever since.

**Yokoi**—I was appointed as an Audit & Supervisory Board Member in June 2019, and became a Director who is an Audit and Supervisory Committee Member when we transitioned to a company with an Audit and Supervisory Committee. In my work as a professor at the University of Tokyo specializing in the area of production technology, I have served as Director of the Center for Collaborative Research at the University of Tokyo and as a Field II Program Officer for the Adaptable and Seamless Technology Transfer Program through Target-driven R&D of Japan Science and Technology Agency where I have built up a knowledge base and a wide range of experi-

ences through joint research initiatives with around 60 companies. At FANUC's Board of Directors, both Chairman Inaba and President Yamaguchi listen with the utmost sincerity to the points and suggestions we Outside Directors make. I feel that this is something that has contributed to the current lively atmosphere.

**Uozumi**—I have been serving as an Outside Director since 2022. I have worked for close to 50 years at manufacturers in energy-related fields, building up experience in design, development, factory operations, and business management. In all honesty, I was surprised by how free and open the discussions are at FANUC's Board of Directors. The other Outside Directors at the Company all come from a diverse range of backgrounds, able to have lively discussions and ask questions from various different perspectives. In fact, at the start, I was actually a little apprehensive as to whether I would be able to contribute. However, I now actually greatly look forward to the meetings of the Board of Directors.

In the evaluation of the effectiveness of the Board of Directors, I was interviewed by a third party for around one hour and asked questions from a wide variety of perspectives. I read the third party report, which had successfully incorporated the opinions and suggestions that had not been able to be aired during the discussions at the meeting of the Board of Directors, and I thought it was an interesting idea.

**Yokoi**—I also thought that I might have put forward too much in the way of positive encouragement, but I never thought all that would be put in the report. After reading the report, I was better able to understand what each of the outside members of the Board of Directors brought to the table and what their ideas were, as well more clearly understand the different perceptions of the internal directors, in-



● Outside Director (Chairman of Nomination and Remuneration Committee Member) Naoko Yamazaki

cluding both the Chairman and the President, as well as the differences with regard to awareness of particular issues. I thought that it was great that it allowed me to see the current position of the Board of Directors and that it brought problems to light.

**Yamazaki**—I also think it is a good thing that a third party is brought in to evaluate the effectiveness of the Board of Directors from a fair and impartial perspective. FANUC takes the opinions and points raised in these evaluations and thereupon quickly transitions to the discussion and improvement measures phases. Recently, the Company has taken steps to make further improvements, such as enhancing liaison meetings between Outside Directors and creating a space for greater exchange of opinions with the Chairman and the President than was available previously.

## Human Resource Development with a View to the Next Decade

**Yokoi**—I think that, among the issues for the Company as identified by the evaluations of the effectiveness of the Board of Directors, human resources strategies, and human resources development in particular, is vital, including the plan for fostering a successor. The reason for this is because it is essential that the Company develop quality human resources, find ways to place these resources in the right places, and allow them to work with energy if the Company is to continue to develop on into the future. What those in their 20s and 30s are looking for these days are educational programs for helping get them to their desired job positions, tips on how to impress their bosses, and easy-to-understand example cases and career paths. The better the talent, the more likely they will leave the Company if they do not think that we are an attractive company to work for in terms of human resources strategies and human resources development. I think this is a risk that we need to be aware of.

**Uozumi**—When you try evaluating across several axes using a radar chart, I think the Company comes out with near perfect marks on most metrics. Given our high-

end technology, increased income and profit for fiscal year 2023, strong financial position, internationality, and corporate culture, I have no doubt that we as a Company are one of the world's leading corporations. However, I think that all our stakeholders, including shareholders, are concerned as to whether the Company will still be receiving such excellent evaluations or whether it will be able to maintain its position near the top a decade out from now. What do we need to do in order to push for higher? What are the improvements that we should be making? I too am of the mind that human resources are the key to meeting these expectations and dispelling some of this unease.

**Yamazaki**—FANUC really is a unique company when you look at its history and the corporate culture it has fostered over the years. As we have grown into a global business, we have continued to evolve the organization pretty much every year in the time since Chairman Inaba and President Yamaguchi assumed their roles. With regard to the development of human resources, we are still only midway through the process, and I think it's necessary that we now sit down and have a thorough discussion on the matters. The Nomination and Remuneration Committee is currently in the process of discussing the formulation of a succession plan, but it is still very much in a trial-and-error phase at the moment, including in terms of our overall policy, and so I think it is important that we continue to discuss the issue.

**Uozumi**—The Nomination and Remuneration Committee is also discussing the remuneration system for Directors and I believe some considerable improvements have been made to it. However, I think it might be better if we were to discuss the system for evaluating Company employees, including in terms of the succession plan, in more open meetings or in forums geared towards the sharing of opinions rather than just having those issues discussed by the Nomination and Remuneration Committee alone.

**Yokoi**—Based on my experience working for a long time in research and development, I know that it is important for companies who engage in innovation and development to develop a spirit of always seeking new challenges and for a system to support and encourage this to be built into its human resources system. Without this, employees cannot grow. The Company's three current businesses of FA, ROBOT, and ROBOMACHINE are part of an unbroken chain within the Company, and, thanks to the excellent business model, have been able to develop stably over the years. However, we cannot take it for granted that our competitors will not make some big breakthrough and eventually end up catching up with and overtaking us. In order to help protect against this, we need new human resources who can develop new technologies that can increase added value and who can add to our knowledge base so as to ensure that the gap between us and our competitors does not shrink. What we need in particular is engineers who have experience in building up businesses from scratch, including as part of in-house ventures, as well as a strong entrepreneurial spirit. I believe that focusing our attentions on fostering such human resources and building the Company together with a systematized succession plan will serve as an important initiative for ensuring the development of human resources that will support FANUC's success over the next decade and beyond.

**Yamazaki**—One of FANUC's strengths is having major technological and development capacities on home soil, and it has made efforts to maintain this. It is my opinion that, in addition to efforts to develop human resources over the long-term, it is also important that we have human resource strategies in place with a view to the medium-term and that we maximize and effectively utilize the capabilities of each of our employees. To that end, what I would like us to focus on is having a diverse human resources base as part of efforts toward ensuring diversity and inclusion. We



● Outside Director (Nomination and Remuneration Committee Member) **Hiroto Uozumi**



● Outside Director (Audit and Supervisory Committee Member) **Hidetoshi Yokoi**

are seeing at the moment female employees of FANUC taking it upon themselves to discuss things the Company could do to make itself an even better business. Such things are really great to see and I expect that they will lead to tangible improvements in the Company. I also think that we should not just limit this movement to our female employees, but also look to proactively expand in other areas, such as the recruitment of experienced personnel, foreigners, and alumni (people who have retired). These efforts would all be in service of building a company with a working environment amenable to people from a wide range of backgrounds and of having everyone work together to increase our corporate value.

### one FANUC over the Medium- to Long-Term

**Yokoi**—Climate change, which is part of the Materiality, is also an issue requiring urgent attention. And, in order to help us meet the imposing targets demanded of businesses, such as achieving carbon neutrality by 2050, I think that we must build a robust organization and develop a medium- to long-term plan that can be applied across the entire Group.

**Uozumi**—This is a matter of environmental management. Generally speaking, what is often done is the appointment of young people from various business divisions to build a project team who then formulate company-wide goals and schedules for meeting these goals, or a medium- to long-term plan, which is then broken down for each business division. This is something that FANUC should be improving its efforts on from here on out.

**Yamazaki**—One recent phenomenon we are seeing is the emergence of a risk that consumers, particularly in Europe, will not use electricity or products unless they are produced in a more environmentally friendly way. This is something we should address with absolute sincerity as it is something that is directly connected to the performance of our businesses.

**Yokoi**—There is the slogan “one FANUC” which symbolizes the cross-company coming together of the three businesses of FA, ROBOT, and ROBOMACHINE and the evolution of such into a system which can create synergies. While it is important to work together on issues of environmental management, if we are to respond to changes in the business environment, such as the rapid popularization of IoT, DX and AI, it is also important that we develop systems and software that connect products together and aim for delivering on one FANUC from the perspective of achieving medium- to long-term growth.

**Uozumi**—Aiming for one FANUC that looks beyond the current businesses. We want all of our employees to work together to take on various new ambitious challenges. And we would like for all our stakeholders to look over us as we try to achieve this.

**Yamazaki**—FANUC’s vision is to provide indispensable values in the field of factory automation through unceasingly creating technological innovations. In future, it is expected that the concept of what a factory is will expand beyond its current definition, that automation will expand into a variety of other sectors and the number of fields in which FANUC can contribute will increase. We will maintain a wide perspective as we strive to make ongoing contributions to the world, while we will also explore a variety of collaborations, not least in the challenge of achieving one FANUC, aiming to increase our corporate value.

**Yokoi**—FANUC’s basic principles of “Genmitsu (Strict Preciseness)” and “Tomei (Transparency)” are a wonderful choice of words and one that has supported the Company’s growth thus far. Our goal moving forward will be to achieve the vision of one FANUC through machines that will unlock the next generation and systems that incorporate such machines, based on the ideas of unearthing new possibilities, developing innovative technologies, and innovation. We should also be aiming to become a company that will survive through to the future by contributing to the automation of the world’s factories and many other areas. We Outside Directors shall continue to discuss ways to achieve this and shall investigate matters thoroughly in terms of ideals and reality.

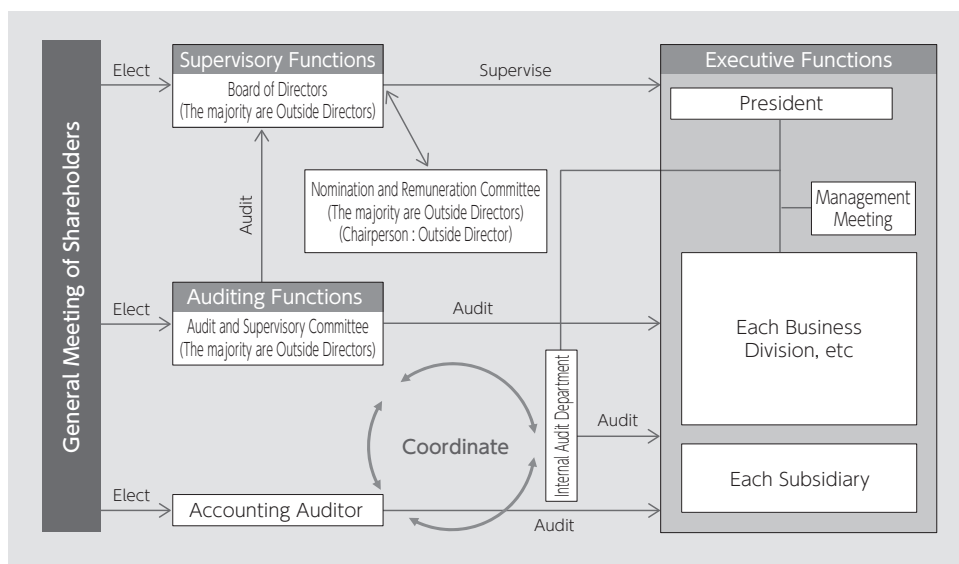


# Enhancing Corporate Governance

## 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



## 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 three female directors and one non-Japanese director.
- Three of the four 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.

### Frequency of Board of Directors, Audit Committee Meetings and Nomination and Remuneration Committee

- 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 FY2022)
- Attendance of individual Directors at meetings of the Board of Directors and other meetings is as follows (FY2022).

	Board of Directors meetings	Audit & Supervisory Board meetings	Nomination and Remuneration Committee
Kenji Yamaguchi	12 of 12	-	4 of 4
Yoshiharu Inaba	12 of 12	-	4 of 4
Michael J. Cicco	12 of 12	-	-
Kazuo Tsukuda	12 of 12	-	4 of 4
Masaharu Sumikawa	2 of 2	-	1 of 1
Naoko Yamazaki	12 of 12	-	4 of 4
Hiroto Uozumi	10 of 10	-	3 of 3
Katsuo Kohari	12 of 12	14 of 14	-
Katsuya Mitsumura	12 of 12	14 of 14	-
Yasuo Imai	12 of 12	14 of 14	-
Hidetoshi Yokoi	12 of 12	14 of 14	-
Mieko Tomita	11 of 12	13 of 14	2 of 2

(Notes) 1. Masaharu Sumikawa retired at the 53rd Ordinary General Meeting of Shareholders of June 29, 2022, hence why his attendance record and number of meetings held differs from those of other directors.

2. Hiroto Uozumi was newly appointed at the 53rd Ordinary General Meeting of Shareholders of June 29, 2022, hence why his attendance record and number of meetings held differs from those of other directors.



## 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 Naoko Yamazaki (Chairman)

Outside Director Hiroto Uozumi

Outside Director Yoko Takeda

Outside Director who is an Audit and Supervisory Committee Member Mieko Tomita

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.

The performance indicator selected as the basis for calculation of amounts of performance-based remuneration is net income attributable to owners of parent. This performance indicator was chosen so that Directors (except for Directors who are Audit and Supervisory Committee Members) could share with shareholders the benefits of upturns in performance and the risks of downturns in performance. Position, duties and other factors are comprehensively considered in the calculation of the amounts of performance-linked remuneration.

Furthermore, the actual performance of the indicator relating to performance-linked remuneration for fiscal 2022 was net income attributable to owners of parent of ¥155.3 billion in fiscal 2021. Performance-linked remuneration is not tied to the degree to which targets for indicators relating to performance-linked remuneration are met, and so therefore we did not set any targets for indicators relating to performance-linked remuneration.

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) stockbased 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. Evaluation Policy

In order to provide indispensable values throughout the world and to continue to be a company that is trusted by all stakeholders, we place great importance on corporate governance and thoroughly adhere to our basic principles, "Genmitsu (Strict Preciseness) and Tomei(Transparency)," making every effort to further strengthen supervisory functions, expedite decisions on business execution and improve management efficiency. As part of this effort, we evaluate the effectiveness of the Board of Directors every year.

### 2. Evaluation Process

The evaluation for the current fiscal year was conducted based on insights given by external consultants for the purpose of understanding issues recognized by each director related to issues to be addressed, for example, matters deemed key to the effective fulfillment of roles and responsibilities of the Board of Directors (such as the structure and management of the Board of Directors and discussions on strategies), and also for the purpose of objectively confirming whether the Board of Directors is effectively fulfilling its role as expected by our shareholders and other stakeholders.

In the evaluation, external consultants conducted a questionnaire survey and interviews of all directors, and then based on the results of analysis compiled by those consultants, our Board of Directors conducted reporting and discussions.

### 3. Summary of Evaluation Results

Considering the results of analysis compiled by external consultants, our Board of Directors analyzed and evaluated the effectiveness of the Board of Directors as follows:

- Considering the current business environment facing company, our Board of Directors is particularly expected to "supervision of execution" and "presentation of opinions and multi-dimensional discussions about, for example, issues that are key to execution and issues that are deemed important by stakeholders." The fact that our Board of Directors is composed of an ideal number of directors for holding discussions to fulfill these functions was highly rated. High ratings were also given to, among others, the diversity of Board members and their rich experience as well as the active discussions that are conducted based on a relationship of mutual trust between the supervisory and execution sides. Accordingly, our Board of Directors was confirmed as functioning effectively.

- On the other hand, it was understood that in order to further enhance effectiveness of the Board of Directors, we need to prioritize the following points.

- (i) Supervision of the performance of duties by the execution side and presentation of opinions to strengthen the organizational structure to respond to significant changes in the external environment.
- (ii) Supervision of the performance of duties by the execution side and presentation of opinions to create a corporate culture and atmosphere that respect the spirit of challenge for sustainable growth of the Company

Our Board of Directors will constructively address these matters and aim to contribute to sustainable growth of the Company.

## 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

Our basic policy for distributing profits to shareholders is as follows:

### 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.

## Share Buyback

FANUC CORPORATION resolved the buyback of its common shares for the period from April 1, 2022 to March 31, 2023, with the maximum total buyback amount of 50 billion yen.

However, as a result of the share buybacks made over the relevant period while taking stock market trends into consideration, FANUC CORPORATION has completed the buyback of approximately 25 billion yen of its common shares, but has not reached the limit of 50 billion yen.

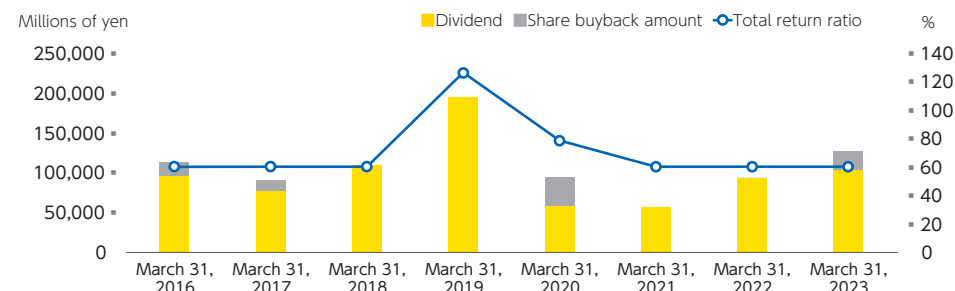
Therefore, FANUC CORPORATION resolved the buyback of its common shares in order to continue the buyback of the remaining 25 billion yen of its common shares.

Class of shares for buyback	Common shares
Total number of shares for buyback	Up to 6.25 million shares
Aggregate amount of shares for buyback	Up to 25 billion yen
Buyback Period	April 1, 2023 - March 31, 2024

## Cancellation of Treasury Shares

Date of cancellation	Number of shares to be cancelled	% of the shares outstanding before cancellation
May 31, 2023	6,472,996 shares	0.64%

## Dividend payout ratio and total return ratio



# Consolidated Financial Statements

## Consolidated Statement of Income (unit: Millions of yen)

Years ended March 31	2022	2023
<b>Net sales</b>	¥ 733,008	¥ 851,956
<b>Cost of goods sold</b>	437,374	526,549
<b>Gross profit</b>	295,634	325,407
<b>Selling, general and administrative expenses</b>	112,394	134,048
<b>Operating income</b>	183,240	191,359
<b>Non-operating income</b>		
Interest income	2,055	3,840
Dividends income	1,137	1,921
Equity in earnings of affiliates	23,126	32,371
Miscellaneous income	5,956	5,093
Total non-operating income	32,274	43,225
<b>Non-operating expenses</b>		
Removal expenses of noncurrent assets	644	1,287
Loss on sales and retirement of noncurrent assets	410	1,182
Donations	397	307
Litigation settlement	288	—
Miscellaneous expenses	380	481
Total non-operating expenses	2,119	3,257
<b>Ordinary income</b>	213,395	231,327
<b>Extraordinary losses</b>		
Loss from money transfer scam at foreign subsidiary	478	—
Impairment loss	—	1,224
Total extraordinary losses	478	1,224
<b>Income before income taxes</b>	212,917	230,103
<b>Income taxes-current</b>	57,721	66,853
<b>Income taxes-deferred</b>	(3,294)	(10,664)
<b>Total taxes and others</b>	54,427	56,189
<b>Net income</b>	158,490	173,914
<b>Net income attributable to non-controlling interests</b>	3,217	3,327
<b>Net income attributable to owners of parent</b>	¥ 155,273	¥ 170,587

## Consolidated Statement of Comprehensive Income (unit: Millions of yen)

Years ended March 31	2022	2023
<b>Net income</b>	¥ 158,490	¥ 173,914
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1,706)	(1,486)
Foreign currency translation adjustment	30,969	26,277
Remeasurements of defined benefit plans	2,414	(827)
Share of other comprehensive income of affiliates accounted for using equity method	11,090	5,762
Total other comprehensive income	42,767	29,726
<b>Comprehensive income</b>	¥ 201,257	¥ 203,640
<b>Comprehensive income attributable to:</b>		
Owners of parent	196,917	200,124
Non-controlling interests	4,340	3,516



## Consolidated Balance Sheet (unit: Millions of yen)

Years ended March 31	2022	2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank deposits	¥ 423,515	¥ 512,528
Notes receivables, trade	25,707	24,824
Accounts receivable, trade	124,488	137,961
Marketable securities	177,700	16,700
Finished goods	114,228	157,888
Work in progress	80,006	92,098
Raw materials and supplies	55,330	100,591
Other current assets	14,996	20,549
Allowance for doubtful accounts	(1,024)	(1,399)
<b>Total current assets</b>	<b>1,014,946</b>	<b>1,061,740</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings, net	326,459	325,102
Machinery and equipment, net	56,665	55,089
Land	155,369	158,055
Construction in progress	24,292	33,102
Other, net	15,348	17,348
<b>Total property, plant and equipment</b>	<b>578,133</b>	<b>588,696</b>
Intangible assets	8,933	10,855
Investments and other assets		
Investment securities	135,709	159,500
Deferred tax assets	34,607	46,461
Net defined benefit asset	7,809	5,444
Others	4,252	1,302
Allowance for doubtful accounts	(425)	(462)
<b>Total investments and other assets</b>	<b>181,952</b>	<b>212,245</b>
<b>Total noncurrent assets</b>	<b>769,018</b>	<b>811,796</b>
<b>Total assets</b>	<b>¥ 1,783,964</b>	<b>¥ 1,873,536</b>

Years ended March 31	2022	2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payables, trade	¥ 49,473	¥ 56,935
Accrued income taxes	37,572	25,736
Warranty reserves	10,739	11,222
Other current liabilities	79,818	90,062
<b>Total current liabilities</b>	<b>177,602</b>	<b>183,955</b>
<b>Long-term liabilities</b>		
Net defined benefit liability	51,693	55,201
Other long-term liabilities	4,790	6,825
<b>Total long-term liabilities</b>	<b>56,483</b>	<b>62,026</b>
<b>Total liabilities</b>	<b>234,085</b>	<b>245,981</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	69,014	69,014
Capital surplus	96,082	96,265
Retained earnings	1,441,559	1,515,662
Treasury stock, at cost	(105,950)	(130,206)
<b>Total shareholders' equity</b>	<b>1,500,705</b>	<b>1,550,735</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	15,204	13,718
Foreign currency translation adjustment	36,087	67,937
Remeasurements of defined benefit plans	(16,187)	(17,014)
<b>Total accumulated other comprehensive income</b>	<b>35,104</b>	<b>64,641</b>
<b>Non-controlling interests</b>	<b>14,070</b>	<b>12,179</b>
<b>Total net assets</b>	<b>1,549,879</b>	<b>1,627,555</b>
<b>Total liabilities and net assets</b>	<b>¥ 1,783,964</b>	<b>¥ 1,873,536</b>

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

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

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	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	69,014	95,995	1,373,018	(106,008)	1,432,019	16,910	(4,849)	(18,601)	(6,540)	10,075	1,435,554
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
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					—	(1,706)	40,936	2,414	41,644	3,995	45,639
Total changes during the year	—	87	68,541	58	68,686	(1,706)	40,936	2,414	41,644	3,995	114,325
Balance at March 31, 2022	69,014	96,082	1,441,559	(105,950)	1,500,705	15,204	36,087	(16,187)	35,104	14,070	1,549,879

### Year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	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, 2022	69,014	96,082	1,441,559	(105,950)	1,500,705	15,204	36,087	(16,187)	35,104	14,070	1,549,879
Changes during the year:											
Dividends of surplus			(96,484)		(96,484)						(96,484)
Net income attributable to owners of parent			170,587		170,587						170,587
Purchase of treasury stock				(24,439)	(24,439)						(24,439)
Disposal of treasury stock		183		183	366						366
Retirement of treasury stock					—						—
Net change except shareholders' equity during the year					—	(1,486)	31,850	(827)	29,537	(1,891)	27,646
Total changes during the year	—	183	74,103	(24,256)	50,030	(1,486)	31,850	(827)	29,537	(1,891)	77,676
Balance at March 31, 2023	69,014	96,265	1,515,662	(130,206)	1,550,735	13,718	67,937	(17,014)	64,641	12,179	1,627,555

## Consolidated Statement of Cash Flows (unit: Millions of yen)

Years ended March 31	2022	2023	Years ended March 31	2022	2023
<b>Cash flows from operating activities</b>			<b>Cash flows from investing activities</b>		
Income before income taxes	¥ 212,917	¥ 230,103	Payments into time deposits	¥ (29,199)	¥ (70,000)
Depreciation and amortization	47,077	49,189	Proceeds from withdrawal of time deposits	12,012	44,483
Impairment losses	–	1,224	Purchases of property, plant, and equipment	(34,363)	(47,066)
Increase (decrease) in allowance for doubtful accounts	195	355	Other	(2,379)	(5,415)
Increase (decrease) in net defined benefit liability	1,851	3,053	Net cash used in investing activities	(53,929)	(77,998)
(Increase) decrease in net defined benefit asset	(2,232)	3,105	<b>Cash flows from financing activities</b>		
Interest and dividend income	(3,192)	(5,761)	Purchases of treasury stock	(234)	(24,436)
Equity in (earnings) losses of affiliates	(23,126)	(32,371)	Dividends paid	(86,799)	(96,485)
(Increase) decrease in receivables, trade	(14,498)	(3,375)	Other	(2,121)	(7,003)
(Increase) decrease in inventories	(74,740)	(91,119)	Net cash used in financing activities	(89,154)	(127,924)
Increase (decrease) in payables, trade	2,758	4,632	<b>Effect of exchange rate changes on cash and cash equivalents</b>		
Other	12,445	1,027		14,238	8,715
Subtotal	159,455	160,062	<b>Net increase (decrease) in cash and cash equivalents</b>		
Interest and dividends received	8,056	17,546		(3,264)	(97,702)
Income taxes paid	(43,332)	(78,480)	<b>Cash and cash equivalents at beginning of year</b>		
Other	1,402	377		577,919	574,655
Net cash provided by operating activities	¥ 125,581	¥ 99,505	<b>Cash and cash equivalents at end of year</b>		
			¥	574,655	¥ 476,953

# Corporate Profile

## Outline

<b>Company Name</b>	FANUC CORPORATION										
<b>Established</b>	1972										
<b>Principal Sites</b>	<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 (Kikuyomachi, Kikuchi-gun, Kumamoto Prefecture)</td> </tr> <tr> <td>Factories</td> <td>Headquarters Factory (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture), Mibu Factory (Mibumachi, 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 (Kikuyomachi, Kikuchi-gun, Kumamoto Prefecture)	Factories	Headquarters Factory (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture), Mibu Factory (Mibumachi, 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 (Kikuyomachi, Kikuchi-gun, Kumamoto Prefecture)										
Factories	Headquarters Factory (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture), Mibu Factory (Mibumachi, Shimotsuga-gun, Tochigi Prefecture), Tsukuba Factory (Chikusei City), Hayato Factory (Kirishima City)										
Training	FANUC ACADEMY (Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture)										
<b>Number of employees</b>	The Company 4,515 The FANUC Group 9,432										
<b>Principal Subsidiaries</b>	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										
<b>Principal Affiliated Companies</b>	BEIJING-FANUC Mechatronics CO., LTD., SHANGHAI-FANUC Robotics CO., LTD.										

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

<b>Total number of shares authorized to be issued by the Company</b>	400,000,000 shares
<b>Total number of issued shares</b>	201,909,397 shares
<b>Number of shareholders</b>	55,455

### The ten largest shareholders:

Name	Number of shares (In thousands)	Percentage of equity participation (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,972	24.1
Custody Bank of Japan, Ltd. (Trust Account)	19,678	10.3
Citibank, N.A. - NY, as Depositary Bank for Depositary Shareholders	4,518	2.4
JPMorgan Chase Bank 380055	4,273	2.2
State Street Bank West Client - Treaty 505234	3,497	1.8
SSBTC Client Omnibus Account	3,365	1.8
BNYM AS AGT/CLTS NON TREATY JASDEC	3,012	1.6
The Bank of New York Mellon 140042	2,888	1.5
JPMorgan Chase Bank 385781	2,564	1.3
State Street Bank and Trust Company 505103	2,200	1.2

Note: The percentages of equity participation are calculated after subtracting the number of treasury shares (11,325 thousand shares) from the total number of issued shares.



## 国内サービス拠点

### 本社

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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  
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### 名古屋支社

〒485-0077 愛知県小牧市西之島1918-1  
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### 名古屋サービスセンタ

〒485-0802 愛知県小牧市大草5409-2  
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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 熊本県菊池郡菊陽町津久礼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3580  
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

## 海外サービス拠点

### ■ 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.

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CNC, ROBOT, ROBOT system and ROBOMACHINE sales and services; LASER services

#### PT. FANUC INDONESIA

Jakarta, Indonesia Tel. (62) 21-4584-7285  
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#### 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~)



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.

- MSCI Japan ESG select leaders index (2022~)



- MSCI Japan SRI Indexes (2022~)

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



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## Sustainability Assessment

- MSCI

In 2023, Fanuc received a MSCI ESG rating of AAA.



THE USE BY FANUC CORPORATION OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF FANUC CORPORATION BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

- 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 25.9 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 2023

FANUC 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 fourth time the Company has received this honor.



## **FANUC CORPORATION**

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