

April 27, 2021

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Notice Concerning Transition to a Company with Audit and Supervisory Committee and
Amendments to Parts of the Articles of Incorporation

FANUC CORPORATION would like to inform you that at the Board of Directors meeting held today, it was resolved that there would be a change to our company structure from the current “Company with Board of Statutory Auditors” to a “Company with an Audit and Supervisory Committee” on the condition that it would be approved at the 52nd Ordinary General Meeting of Shareholders on June 24, 2021. In addition, there will be discussions at the said meeting on the amendment of parts of the Articles of Incorporation that will accommodate the abovementioned change.

Details

1. About the Transition to a Company with an Audit and Supervisory Committee

(1) Reason for the Transition

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 will transition to Company with an Audit and Supervisory Committee, that allows us to establish an Audit and Supervisory Committee consisting of the directors who are Audit and Supervisory Committee Members and to expand the delegation of decision-making authority for business execution from the Board of Directors to directors. Thus, we will further endeavor to enhance corporate governance and increase corporate value.

(2) Date of Transition

The transition to a Company with an Audit and Supervisory Committee is planned to take place after necessary amendments to the Articles of Incorporation and other matters are approved at our Company's 52nd Ordinary General Meeting of Shareholders, which is scheduled to be held on June 24, 2021.

2. About Amendments to Parts of the Articles of Incorporation

(1) Purpose of Amending the Articles of Incorporation

- [1] In association with the transition from a “Company with Board of Statutory Auditors” to a “Company with an Audit and Supervisory Committee” amendments will be made where new rules will be established regarding the Audit and Supervisory Committee and its members required for the transition to a Company with an Audit and Supervisory Committee, delegation of authority to directors for decisions regarding execution of important business, and the deleting of rules concerning Statutory Auditors and Board of Statutory Auditors..
- [2] Changes will be made to the scope of the Directors with whom we can execute our liability limitation agreement so that non-executive Directors may be included. This will allow us to hire capable and diverse talent as well as create an environment where they can fully demonstrate their expected roles.
- [3] In addition to establishing new rules regarding Executive Officers to clarify their positions and responsibilities, this will also enable the election of a President from among not just Directors (except for Directors who are members of the Audit and Supervisory Committee) but also from among Executive Officers as well, enabling more flexible organizational operations.
- [4] Other required amendments such as amending of article numbering in association with the above amendments will also be made.

(2) Amendment Details

Amendment details are as shown in the attachment.

(3) Schedule

Holding of the General Meeting of Shareholders to discuss the amendments to the Articles of Incorporation: June 24, 2021 (Scheduled)

Effective date of the amendments to the Articles of Incorporation: June 24, 2021 (Scheduled)

End

(Attachment)

(Amended sections underlined.)

Current Text	Proposed Amendments
<p>Article 14. (Convocation) Unless otherwise provided for in laws and regulations, a General Meeting of Shareholders shall be convened by <u>the President according to the resolution of the Board of Directors. In case the President is prevented from so acting, one of the other</u> Directors in the order previously determined by the Board of Directors <u>shall act in his place.</u></p> <p>Article 19. (Minutes) A summary of the process and results, as well as other matters provided for by laws and ordinances, of the General Meetings of Shareholders shall be recorded in the minutes, which shall be <u>signed and sealed by the chairman and Directors in attendance and kept</u> by the Company.</p> <p>Article 21. (Number) The number of Members of the Board of Directors of the Company shall be no more than <u>eighteen (18).</u></p> <p>(Newly established)</p> <p>Article 22. (Election) Directors shall be elected at a General Meeting of Shareholders. For the election of Directors, it is necessary for shareholders who have one-third or more of the voting rights of shareholders entitled to exercise voting rights to attend the General Meeting of Shareholders. Resolutions for the election of Directors shall not be made by cumulative voting.</p>	<p>Article 14. (Convocation) Unless otherwise provided for in laws and regulations, a General Meeting of Shareholders shall be convened by <u>a</u> Director in the order previously determined by the Board of Directors.</p> <p>Article 19. (Minutes) A summary of the process and results, as well as other matters provided for by laws and ordinances, of the General Meetings of Shareholders shall be recorded in the minutes, which shall be kept by the Company.</p> <p>Article 21. (Number) <u>(1) The number of Members of the Board of Directors of the Company (except for Directors who are members of the Audit and Supervisory Committee) shall be no more than thirteen (13).</u></p> <p><u>(2) The number of Members of the Board of Directors of the Company who are also members of the Audit and Supervisory Committee shall be no more than five (5).</u></p> <p>Article 22. (Election) Directors shall be elected at a General Meeting of Shareholders <u>by separating those who are members of the Audit and Supervisory Committee and those who are not.</u> For the election of Directors, it is necessary for shareholders who have one-third or more of the voting rights of shareholders entitled to exercise voting rights to attend the General Meeting of Shareholders. Resolutions for the election of Directors shall not be made by cumulative voting.</p>

Current Text	Proposed Amendments
<p>Article 23. (Term of Office)</p> <p>The term of office of Directors shall be until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year that ends within one year after they are elected. <u>The Directors who are appointed as substitutes or appointed due to an increased number of seats on the board shall serve until the end of the other incumbent Directors' term.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>Article 24. (Compensation And Other Benefits)</p> <p>Compensation, bonuses, and other economic benefits payable to Directors by the Company as compensation for the performance of duties <u>(hereinafter called "compensation and others")</u> shall be set by a resolution at a General Meeting of Shareholders.</p>	<p>Article 23. (Term of Office)</p> <p><u>(1) The term of office of Directors (except for Directors who are members of the Audit and Supervisory Committee) shall be until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year that ends within one year after they are elected.</u></p> <p><u>(2) The term of office of Directors who are members of the Audit and Supervisory Committee shall be until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year that ends within two years after they are elected.</u></p> <p><u>(3) The term of office of Directors who are appointed as substitutes to replace a member of the Audit and Supervisory Committee who retires before the end of their term of office, shall be until the end of the term of office of the retired Director.</u></p> <p>Article 24. (Compensation And Other Benefits)</p> <p>Compensation, bonuses, and other economic benefits payable to Directors by the Company as compensation for the performance of duties shall be set by a resolution at a General Meeting of Shareholders <u>by separating Directors who are members of the Audit and Supervisory Committee and those who are not.</u></p>

Current Text	Proposed Amendments
<p>Article 25. (Representative Director and Directors with Executive Powers)</p> <p><u>The Board of Directors, by its resolution and from among Directors, shall appoint one President and, if necessary for the Company's business, may appoint one Chairman of the Board of Directors, one Vice Chairman, several Senior Mnaging Directors and Senior Vice Managing Directors. Among them, a few Directors including the President, and the Chairman (if any), shall be elected as Representative Directors.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>Article 25 (Representative Director and <u>Executive Officers, Etc.</u>)</p> <p><u>(1) The Board of Directors by its resolution and from among Directors (except for Directors who are members of the Audit and Supervisory Committee) shall elect a few Directors as Representative Directors.</u></p> <p><u>(2) The Board of Directors by its resolution and from among Directors (except for Directors who are members of the Audit and Supervisory Committee) may appoint one Chairman of the Board of Directors.</u></p> <p><u>(3) The Company may appoint Executive Officers and have them split and execute business.</u></p> <p><u>(4) The Board of Directors by its resolution and from among Directors (except for Directors who are members of the Audit and Supervisory Committee) and Executive Officers shall appoint one President.</u></p>
<p>Article 26. (Notice of Convocation of a Meeting of the Board of Directors)</p> <p>The notice of convocation of a Meeting of the Board of Directors shall be dispatched to each Director <u>and Statutory Auditor</u> at least three (3) days prior to the date of the meeting. However, this period may be shortened in urgent cases.</p>	<p>Article 26. (Notice of Convocation of a Meeting of the Board of Directors)</p> <p>The notice of convocation of a Meeting of the Board of Directors shall be dispatched to each Director at least three (3) days prior to the date of the meeting. However, this period may be shortened in urgent cases.</p>

Current Text	Proposed Amendments
<p>Article 29. (Release of Directors' Liabilities) (1) (Text omitted)</p> <p>(2) In compliance with Paragraph 1, Article 427, of the Company Law, the Company can conclude a contract with <u>Outside Directors</u> to reduce their liabilities to compensate for damages caused by the negligence of duty within the limits set by laws and ordinances. However, the maximum amount of their liabilities after reduction under the relevant contract shall be the statutory minimum amount set by Paragraph 1, Article 425, of the Company Law.</p> <p>(Newly established)</p> <p style="text-align: center;">Chapter V <u>Statutory Auditors and the Board of Statutory Auditors</u></p> <p><u>Article 30. (Statutory Auditors And Board of Statutory Auditors)</u> <u>The Company shall have Statutory Auditors and a Board of Statutory Auditors.</u></p> <p><u>Article 31. (Number)</u> <u>The number of Statutory Auditors of the Company shall not be more than five (5).</u></p> <p><u>Article 32. (Election)</u> <u>Statutory Auditors shall be elected at a General Meeting of Shareholders. For the election of Statutory Auditors, it is necessary for shareholders who have one-third or more of the voting rights of shareholders entitled to exercise voting rights to attend the General Meeting of Shareholders.</u></p>	<p>Article 29. (Release of Directors' Liabilities) (1) (No change)</p> <p>(2) In compliance with Paragraph 1, Article 427, of the Company Law, the Company can conclude a contract with <u>Directors (except for Executive Directors)</u> to reduce their liabilities to compensate for damages caused by the negligence of duty within the limits set by laws and ordinances. However, the maximum amount of their liabilities after reduction under the relevant contract shall be the statutory minimum amount set by Paragraph 1, Article 425, of the Company Law.</p> <p><u>Article 30. (Delegation of Decisions on the Execution of Important Business)</u> <u>In compliance with Paragraph 6, Article 399-13, of the Company Law, the Company can delegate part or all of the decisions on the execution of important business (except for those matters listed in Paragraph 5 of the same Article) to Directors by a resolution of the Board of Directors.</u></p> <p style="text-align: center;">Chapter V <u>Audit and Supervisory Committee</u></p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>

Current Text	Proposed Amendments
<p><u>Article 33. (Term of Office)</u> <u>The term of office of Statutory Auditors shall be until the end of the Ordinary General Meeting of Shareholders relating to the last fiscal year that ends in the four (4) years after they are elected. The term for Statutory Auditors who are appointed as a substitute for a Statutory Auditor retiring before the expiry of the term of office shall be until the date of expiry of the term of the retired Statutory Auditor.</u></p>	(Deleted)
<p><u>Article 34. (Compensation And Others)</u> <u>Compensation and others payable to Auditors shall be set by a resolution at a General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>Article 35. (Standing Statutory Auditors)</u> <u>The Board of Auditors shall elect a standing Statutory Auditor by a resolution of the Board of Statutory Auditors.</u></p>	(Deleted)
<p><u>Article 36. (Notice of Convocation of a Meeting of the Board of Statutory Auditors)</u> <u>The notice of convocation of a Meeting of the Board of Statutory Auditors shall be dispatched to each Statutory Auditor at least three (3) days prior to the date of the meeting. However, this period may be shortened in urgent cases.</u></p>	(Deleted)
<p><u>Article 37. (Rules Governing the Board of Statutory Auditors)</u> <u>Matters relating to the Board of Auditors shall be regulated by rules governing the Board of Auditors determined at a meeting of the Board of Auditors unless otherwise provided by laws, ordinances, or the Articles of Incorporation.</u></p>	(Deleted)

Current Text	Proposed Amendments
<p><u>Article 38. (Release of Statutory Auditors' Liabilities)</u></p> <p><u>(1) In compliance with Paragraph 1, Article 426, of the Company Law, the Company can release a part of the liabilities of Statutory Auditors (including former Statutory Auditors) to compensate for damages caused by negligence of duty within the limits set by laws and ordinances and in compliance with a resolution of the Board of Directors.</u></p> <p><u>(2) In compliance with Paragraph 1, Article 427, of the Company Law, the Company can conclude a contract with Outside Statutory Auditors to reduce their liabilities to compensate for damages caused by the negligence of duty within the limits set by laws and ordinances. However, the maximum amount of their liabilities after reduction under the relevant contract shall be the statutory minimum amount set by Paragraph 1, Article 425, of the Company Law.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>(Deleted)</p> <p>(Deleted)</p> <p><u>Article 31. (Audit and Supervisory Committee)</u> <u>The Company shall have an Audit and Supervisory Committee.</u></p> <p><u>Article 32. (Standing Audit and Supervisory Committee Members)</u> <u>The Audit and Supervisory Committee, by its resolution and from among its members, may elect standing Audit and Supervisory Committee members.</u></p> <p><u>Article 33. (Notice of Convocation of Meeting of the Audit and Supervisory Committee)</u> <u>The notice of convocation of a meeting of the Audit and Supervisory Committee meeting shall be dispatched to each Audit and Supervisory Committee member at least three (3) days prior to the date of the meeting. However, this period may be shortened in urgent cases.</u></p>

Current Text	Proposed Amendments
<p>(Newly established)</p> <p><u>Article 39 ~ 45</u> (Text Omitted)</p> <p>(Newly established)</p>	<p><u>Article 34. (Rules Governing the Audit and Supervisory Committee)</u> <u>Matters relating to the Audit and Supervisory Committee shall be regulated by rules governing the Audit and Supervisory Committee determined at a meeting of the Audit and Supervisory Committee unless otherwise provided by laws, and regulations, or the Articles of Incorporation.</u></p> <p><u>Article 35 ~ 41</u> (No change)</p> <p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>Article 1 (Transitional Measures for Release of Statutory Auditors' Liabilities, Etc. Before the Transition to a Company with an Audit and Supervisory Committee)</u> <u>Article 38 of these Articles of Incorporation shall apply to the release of statutory auditors' (including those who were previously statutory auditors) liabilities and Agreement Limiting Liability with Outside Auditors (including those who were previously Outside Auditors), regarding their actions prior to the conclusion of the 52nd Ordinary General Meeting of Shareholders to be held in June 2021, which are described in Paragraph 1, Article 423, of the Company Law.</u></p>

End