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Receipt of the Special Investigation Committee Report and Our Actions Going Forward

As described in the “Notice of the Possibility of FANUC ROBOCUT for Europe being Subject to Tests which were Non-Compliant with EMC Harmonized Standards and Establishment of a Special Investigation Committee,” dated April 24, 2024 and “Notice of the Appointment of a Member of the Special Investigation Committee,” dated May 10, 2024, there were suspicions that ROBOCUT (FANUC’s wire electrical discharge machine) products manufactured and sold by FANUC, had been tested in a manner that did not conform to the European harmonized standards of the EMC Directive. Since then, shipments of ROBOCUT to the European market were suspended. Furthermore, we decided to set up a Special Investigation Committee, which was comprised of experts from outside the company and commissioned an investigation into the above-mentioned suspicions and whether there are any similar cases.

Today, we have received the investigation report from the Special Investigation Committee and would like to inform you of the following. Please note that, as stated in the “Notice of Resuming Shipments of ROBOCUT Products (FANUC’s wire electrical discharge machine),” dated July 29, 2024, and August 27, 2024, shipments of the European-specification ROBOCUT products with the relevant countermeasures, had already been resumed.

We deeply apologize for the situation that has resulted in the loss of trust from our customers and stakeholders due to inappropriate actions related to ROBOCUT products. We would like to inform you that we sincerely accept the facts, cause analysis, and recommendations for preventive measures identified by the Special Investigation Committee, based on which, we have decided on our response measures. Moving forward, in order to ensure that such incidents never

occur again, the entire company will work together to implement, thoroughly enforce, and continuously review and improve preventive measures.

Details

1. Investigation Results of the Special Investigation Committee

The English version of the “Investigation Report (Public Version)” is currently being prepared, so please wait a little longer for its release.

2. Actions Going Forward

We sincerely accept the investigation results and recommendations of the Special Investigation Committee, and we will implement the following preventive measures.

(1) Further enhancing compliance awareness and continuously conducting education and training, etc.

- ① Aiming to further enhance compliance awareness, we will once again build awareness of compliance as first priority through continuous education and training on morals and ethics.
- ② In parallel with continuous education and training on applicable laws, regulations, and standards, including the EMC Directive, we will further strengthen our compliance system by recruiting and developing personnel with relevant expertise.
- ③ Further disseminate and enforce internal rules for compliance with the EMC directives and related laws and standards.

(2) Strengthening the compliance system for laws and mandatory standards related to the EMC directives, etc.

- ① In order to ensure the objectivity of certification tests such as EMC tests, thoroughly implement the attendance and involvement of departments independent of research and development departments during the tests.
- ② In order to clearly explain the technical basis for the legality of the adopted methods and conditions for the EMC test etc., reconstruct, and disseminate and enforce rules for the proper recording and safekeeping of the necessary information, including test data.

- ③ Reconstruct the system to ensure that the measures taken for test equipment during the research and development stage to comply with EMC directives and other laws and standards are fully applied during the mass production stage.
- ④ Ensure opportunities to objectify specialized knowledge of EMC directives, etc., through interactions and communications with external research institutions and organizations etc.

(3) Strengthening the quality audit system

- ① With the risk of quality fraud in mind, focus on expanding audit checklist items that are designed to detect quality fraud during quality audits.
- ② Ensure the independence of the internal quality audit department and strengthen its authority.

(4) Enhancements and improvements in personnel policies

- ① Mitigate and resolve the stagnation of personnel assignments through transfers and other measures.
- ② Clarify the perspectives of compliance and quality control in our company's personnel evaluation criteria.

(5) Improvement of the overall organizational culture, etc.

- ① It is executives that should take personally the occurrence of inappropriate actions such as those in this case and continue to lead by example in practicing compliance and quality control.
- ② Through the continuous implementation of measures such as compliance training for entire company including executives and senior employees, foster a corporate culture that not only values compliance and quality control but also ensures that negative information is appropriately reported, creating a more open and transparent environment.

3. Reduction of executive compensation

We took this incident seriously and have decided to reduce the monthly compensation of the relevant executives as follows.

Director, Chairman	30% of monthly compensation × 2 months
Representative Director, President and CEO	30% of monthly compensation × 2 months
Senior Managing Officer, General Manager, Robomachine Research & Development Division	20% of monthly compensation × 2 months

4. Impact on Financial Results

The impact of this matter on our consolidated financial results is minimal. If it is determined that it will have a significant impact on future financial results, we will inform you promptly.

We have upheld the basic principles of “Genmitsu (Strict Preciseness) and Tomei (Transparency). “Genmitsu (Strict Preciseness)” means that a company will last forever and be sound with strict preciseness, and “Tomei (Transparency)” means that the corruption of an organization and downfall of a company start from a lack of transparency. These principles indicate the importance of maintaining strict standards in all aspects of management, promptly reporting bad news to the top management, and mobilizing the entire company’s resources to address and resolve issues. In light of the recent situation, as pointed out in the investigation report, we sincerely acknowledge that we have not been able to fully penetrate and enforce these fundamental principles. With a strong emphasis on compliance as first priority, we will strive to create an open organization where even bad news can be easily reported. The entire company will work together to prevent recurrence.

We would like to apologize deeply to our customers and all stakeholders for causing much distress and inconvenience.

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