

# Corporate Governance

## Basic Stance on Corporate Governance

Guided by our Group-wide corporate philosophy and management vision, the Company places top priority on increasing corporate value by having each Group company achieve sustainable and stable growth. To this end, the Group has a global business management system led by Japan that organically connects our five global manufacturing facilities and our sales and service operations around the world in order to make maximum use of their respective functions, and we are constantly enhancing our corporate governance framework to support this system.

## Governance Structure

### Directors, the Board of Directors, Operating Officers, and the Management Council

The Company's management structure consists of operating officers, four of whom concurrently serve as directors, and three outside directors (all of whom are independent directors). The Board of Directors functions as the decision-making body for important matters mandated by law and as a supervisory body for the execution of business operations. The Company has also adopted an operating officer system to expedite management decision-making and clarify lines of authority and responsibility. The Management Council—consisting of operating officers, including directors and others—deliberates and resolves important matters related to business execution, based on management policies decided by the Board of Directors, and strives to achieve a unified management purpose and swift execution of business operations. Outside directors attend important meetings of the Board of Directors, Management Council, and other bodies to develop a clear understanding of the current business status of the Company and

Group companies. They also provide valuable advice and suggestions on the Company's management from an objective perspective.

### Statutory Auditors and the Board of Auditors

The Company has three statutory auditors (including one standing statutory auditor), all of whom are outside auditors and independent officers. The statutory auditors attend important meetings of the Board of Directors, the Management Council, and other bodies in accordance with the audit plan to oversee the performance of duties by directors. They also ask questions and express opinions to help ensure the legality and appropriateness of decision-making by the Board of Directors and other bodies. In addition, they receive reports from the accounting auditor, listen to business reports, examine important documents, and conduct on-site inspections of the operations and assets of each Company division, in order to monitor and gain a clear understanding of the status of management operations.

The Company supports audits carried out by the statutory auditors by assigning staff from the Internal Control Audit Office, the Finance & Accounting Department, and other relevant administrative bodies.

### Remuneration for Directors and Statutory Auditors

In the fiscal year ended March 31, 2021, remuneration for the Company's directors and statutory auditors was as follows:

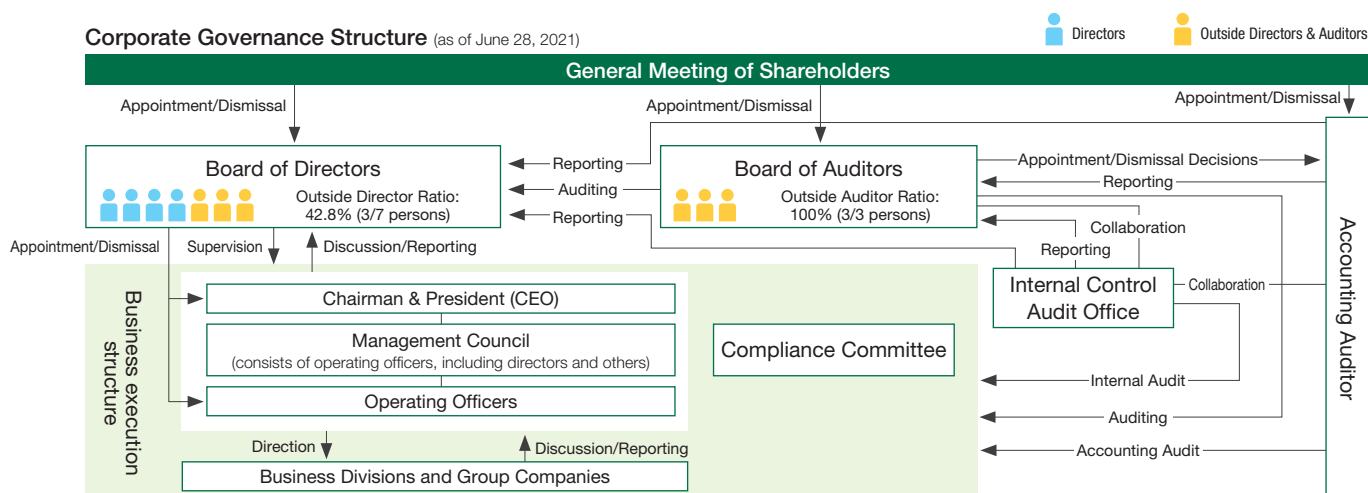
Officer Category	Number of Eligible Officers	Total Remuneration by Type (Millions of yen)				Total (Millions of yen)
		Monetary Remuneration			Non-Monetary Remuneration (Stock Compensation)	
		Basic Remuneration	Performance-Based Remuneration	Subtotal		
Directors (excluding outside directors)	6	127	59	187	22	209
Outside directors	3	25	—	25	—	25
Statutory auditors (all outside)	4	27	—	27	—	27

\* The above remuneration includes two directors and one statutory auditor who retired at the conclusion of the 85th General Meeting of Shareholders held on June 29, 2020.

## Improving the Effectiveness of the Board of Directors

The Board of Directors conducts a self-evaluation questionnaire-based survey once a year for all directors and all statutory auditors, including those from outside the Company. Based on the results of the survey, we analyze the current situation, identify issues, and utilize the results to improve the operation of the Board of Directors and thereby increase the effectiveness of the Board as a whole. The results of the fiscal year ended March 31, 2021 survey confirmed that the effectiveness of the Board of Directors as a whole has been generally assured. For example, the survey revealed certain improvements in items recommended in the previous effectiveness evaluation, such as the enhancement of Board of Directors meeting materials.

### Corporate Governance Structure (as of June 28, 2021)



Details on corporate governance and the status of the Company's implementation of Japan's Corporate Governance Code are described in the Corporate Governance Report. <https://www.aida.co.jp/en/ir/management/governance.html>

## Internal Control System

### Ensuring Appropriate Business Execution

To ensure appropriate and efficient business execution, the Board of Directors and the Management Council deliberate and share information on important matters that could significantly affect the Company's management, and also discuss potential countermeasures as necessary. In the fiscal year under review, the Board of Directors and Management Council were convened 11 times and 12 times, respectively. In addition, each business division takes the lead in addressing risks related to day-to-day operations. We also have various cross-Group committees to address potential risks related to safety, product quality, export regulatory control, product liability, and the like.

### Group Company Management Structure

Processes for both decision-making by Group companies and approval by the parent company are set forth in the AIDA Global Management Regulations. The Internal Control Audit Office takes the lead in monitoring whether actual operations are in line with the regulations in order to ensure the appropriateness of business operations at each Group company.

Each Group company presents monthly performance reports to the Board of Directors and the Management Council. Details of management meetings held regularly at each Group company are also shared with the Company's management. Moreover, we also hold AIDA Global Business Plan Meetings twice a year, where top management from the Company and individual Group companies gather to report progress in achieving performance objectives. They also share information on issues and risks faced by each Group company and discuss countermeasures.

In addition, the Internal Control Audit Office regularly monitors the internal control and compliance status of each Group company. Statutory auditors and the Internal Control Audit Office also conduct on-site audits at each Group company.

## Compliance

To ensure legal compliance and high ethical standards in the conduct of its business, the Company formulated the AIDA Corporate Philosophy and the AIDA Group Action Guidelines. Our action policy states that we shall respect the dignity and basic human rights of all stakeholders and build a corporate culture brimming with a spirit of human respect. We distribute relevant language versions of the AIDA Corporate Philosophy and the AIDA Group Action Guidelines to domestic and overseas Group companies to ensure they are fully understood.

### Compliance Framework

The Company established the AIDA Group Compliance Hotline\*, a communication channel that provides access to an outside attorney and the whistleblower desk within the Internal Control Audit Office. The Company also has a system in place to receive reports from domestic and overseas Group companies regarding the status of compliance, and we are working to ensure appropriate operation and enhance the effectiveness of legal compliance.

Hotline reports are initially consolidated and presented to the executive officer in charge of internal controls. Depending on their importance, matters are also reported to the Compliance Committee and the Board of Directors. These bodies discuss responses and recurrence prevention measures, and issue directions. Meanwhile, the Internal Control Audit Office conducts

various types of internal training to help ensure that all Group employees fully understand the AIDA Corporate Philosophy, the AIDA Group Action Guidelines, and the AIDA Group Compliance Hotline.

#### \* AIDA Group Compliance Hotline:

A system for reporting actual/potential compliance violations—including legal infringements and improper conduct—to the whistleblower desk. It was established to reinforce the AIDA Group's compliance management efforts.

## Risk Management System

Risks related to the execution of management strategies are analyzed by the relevant business units, which also consider appropriate countermeasures. These matters are also discussed by the Board of Directors and Management Council as necessary. Inherent risks in daily operations are usually addressed by the respective business units. Depending on the nature of the risk, we also have a flexible management system in place to respond. This system includes committees for health and safety, product liability, export regulatory control, risk assessment promotion, and other cross-functional committees, as well as specific project teams.

In addition, our Global Operation Promotion Office undertakes cross-functional and centralized management of risks that could significantly impact the management of the entire Group. These include risks related to product liability, export regulatory control, compliance, information security, and protection of intellectual property rights.

## Information Security Initiatives

The Company formulates and implements its Corporate Secrets Management Regulations and AIDA Information Network System Management Regulations as measures to prevent the leakage of information from inside. The Company manages software used for business operations, monitors and restricts internet access, and adopts software to monitor in-house personal computers for viruses, unauthorized access, and other problems. In addition, we administer remote access to in-house systems from overseas Group companies.

To protect technical information, the Company restricts employee access to confidential drawing data, and when third parties require access to such information, we conclude non-disclosure agreements beforehand. Moreover, all of our drawing data is encrypted and thus cannot be retrieved by external devices.

To protect intellectual property, the Company works actively to obtain patents in Japan and overseas.

The Company has advanced technological assets, and any leaks of technology and know-how, or infringement of intellectual property rights, could threaten its fundamental management foundation. As described above, we have information security measures in place and work meticulously to protect technical information and intellectual property rights, which support our business strategy efforts.

## Board of Directors



Representative Director,  
Chairman and President (CEO)

### Kimikazu Aida

- 1976 Joined AIDA ENGINEERING, LTD.
- 1989 Representative Director (current position)
- 1992 President (current position)
- 2001 Chief Executive Officer (CEO) (current position)
- 2011 Division Manager, Research & Development Headquarters (current position)
- 2012 Chairman, AIDA AMERICA CORP. (current position)  
Chairman, AIDA S.r.l. (current position)
- 2018 Chairman (current position)



Representative Director,  
Executive Vice President (COO)

### Toshihiko Suzuki

- 2011 Joined AIDA ENGINEERING, LTD.
- 2015 Director
- 2017 Chairman, Reliance Electric Limited (currently REJ Co., Ltd.) (current position)
- 2020 Representative Director (current position)  
Executive Vice President (current position)  
Chief Operating Officer (COO) (current position)  
Division Manager, Sales Headquarters (current position)  
Division Manager, Production Headquarters (current position)



Director,  
Managing Executive Officer

### Yap Teck Meng

- 1996 Joined AIDA MANUFACTURING (MALAYSIA) SDN. BHD. (currently AIDA ENGINEERING (M) SDN. BHD.)
- 2011 Chairman and Managing Director, AIDA GREATER ASIA PTE. LTD. (current position)
- 2013 Director (current position)
- 2014 Managing Executive Officer (current position)
- 2015 Chairman, AIDA PRESS MACHINERY SYSTEMS CO., LTD. (current position)
- 2017 Chairman, AIDA ENGINEERING (M) SDN. BHD. (current position)
- 2020 Chairman and Managing Director, AIDA ENGINEERING CHINA CO., LTD. (current position)



Director, Operating Officer

### Hiromitsu Ugawa

- 1984 Joined The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)
- 2012 General Manager, Agent Business Office, Investment Business Administration Department, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
- 2014 Joined AIDA ENGINEERING, LTD.
- 2015 Deputy Division Manager, General Administration Headquarters
- 2016 Operating Officer  
Division Manager, General Administration Headquarters (current position)
- 2018 Managing Executive Officer
- 2020 Director (current position)  
Operating Officer (current position)



Outside Director (Independent)

### Hirofumi Gomi

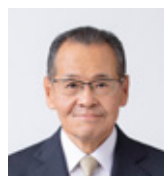
- 1972 Joined the Ministry of Finance
- 2000 Secretary-General, Executive Bureau, Securities and Exchange Surveillance Commission, Financial Services Agency
- 2001 Director-General, Inspection Bureau, Financial Services Agency
- 2002 Director-General, Supervisory Bureau, Financial Services Agency
- 2004 Commissioner, Financial Services Agency
- 2009 Visiting Professor, Aoyama Gakuin University (current position)
- 2011 Auditor, MIROKU JYOHO SERVICE CO., LTD.
- 2014 Advisor, NISHIMURA & ASAHI
- 2015 Senior Advisor, THE BOSTON CONSULTING GROUP (current position)  
Director, AIDA ENGINEERING, LTD. (current position)
- 2016 Director, Infoteria Corporation (currently Asteria Corporation) (current position)  
Director, MIROKU JYOHO SERVICE CO., LTD. (current position)
- 2017 Director, SBI Holdings, Inc.
- 2019 Director, ZUU Co., Ltd. (current position)
- 2020 Director, THE FUKUSHIMA BANK, LTD.



Outside Director (Independent)

### Mikio Mochizuki

- 1978 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation)
- 2011 Executive Officer, IHI Corporation  
President & CEO, IHI INC. (Regional Headquarter for the Americas)
- 2014 Managing Executive Officer, General Manager of Finance & Accounting Division, IHI Corporation
- 2016 Director, Managing Executive Officer, General Manager of Finance & Accounting Division, IHI Corporation
- 2017 Director, Managing Executive Officer, President of Industrial Systems and General-Purpose Machinery Business Area, IHI Corporation
- 2018 Director, IHI Corporation  
Adviser, IHI Corporation
- 2021 Director, AIDA ENGINEERING, LTD. (current position)



Outside Director (Independent)

### Isao Iguchi

- 1977 Joined Mitsubishi Electric Corporation
- 2008 Corporate Executive, General Manager, Industrial Products Marketing Division, Factory Automation Systems Group, Mitsubishi Electric Corporation
- 2010 Corporate Executive, Senior General Manager, Chubu Branch Office, Mitsubishi Electric Corporation
- 2012 Executive Officer, Vice President, Corporate Marketing Group, Mitsubishi Electric Corporation
- 2016 Senior Vice President, Group President, Automotive Equipment Group  
Deputy Senior General Manager, ITS Business Development Group, Mitsubishi Electric Corporation
- 2019 Senior Corporate Adviser, Mitsubishi Electric Corporation (current position)
- 2021 Director, AIDA ENGINEERING, LTD. (current position)

## Statutory Auditors



Outside Standing Statutory Auditor (Independent)

### Shigeo Matsumoto

- 1999 General Manager, Operation Audit Dept., The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)
- 2001 Standing Auditor, The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)
- 2002 Standing Statutory Auditor, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)  
Standing Statutory Auditor, Fuji Research Institute Corporation
- 2004 Standing Statutory Auditor, Mizuho Information & Research Institute, Inc.
- 2010 Standing Statutory Auditor, AIDA ENGINEERING, LTD. (current position)



Outside Statutory Auditor (Independent)

### Noriyuki Katayama

- 1990 Admitted to practice law in Japan  
Joined Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu)
- 1996 Admitted to practice law in New York  
Joined Tokyo City Law & Tax Partners
- 2003 Partner, City-Yuwa Partners (current position)
- 2004 Statutory Auditor, Deutsche Asset Management (Japan) Limited (currently DWS Investments (Japan) Limited) (current position)
- 2005 Statutory Auditor, Deutsche Securities Junbi K.K. (currently Deutsche Securities Inc.)
- 2006 Outside Director, Accordia Golf Co., Ltd.
- 2009 Visiting Professor, Graduate School of Law, Toyo University
- 2013 Supervisory Director, SIA REIT, Inc. (currently One REIT, Inc.)
- 2014 A member of the Committee of Bar Examiners in charge of the commercial and corporate law portion of the National Preliminary Qualifying Bar Examination  
Outside Statutory Auditor, Nissan Chemical Industries, Ltd. (currently Nissan Chemical Corporation) (current position)
- 2017 Supervisory Director, HEIWA REAL ESTATE REIT, Inc. (current position)
- 2018 Inspection Commissioner, Director, Nippon Denka, Ltd. (current position)
- 2019 Outside Statutory Auditor, Livesense Inc. (current position)
- 2021 Statutory Auditor, AIDA ENGINEERING, LTD. (current position)



Outside Statutory Auditor (Independent)

### Fusakazu Kondo

- 1983 Joined The Dai-ichi Mutual Life Insurance Company (currently The Dai-ichi Life Insurance Company, Ltd.)
- 2004 General Manager, Profit Management Department, The Dai-ichi Mutual Life Insurance Company
- 2010 General Manager, Corporate Finance Department, The Dai-ichi Life Insurance Company, Ltd.
- 2012 Senior Audit and Supervisory Board Member (Full-Time), The Dai-ichi Life Insurance Company, Ltd.
- 2016 Director (Audit and Supervisory Committee Member (Full-Time)), Dai-ichi Life Holdings, Inc. (current position)
- 2020 Statutory Auditor, AIDA ENGINEERING, LTD. (current position)

## Activity Status of Outside Directors and Outside Statutory Auditors

Outside Directors	Name	Attendance at the Board of Directors Meetings	Attendance at the Board of Auditors Meetings	Reason for Appointment
	Hirofumi Gomi	100% 11/11 times	—	Mr. Gomi has an objective point of view based on his abundant experience and advanced expertise as a former commissioner of Japan's Financial Services Agency, where he was involved in the financial administration of the nation, and the Company anticipates that he will provide advice and suggestions to ensure the adequacy and appropriateness of decision-making by the Board of Directors and others. For this reason, Mr. Gomi has been appointed as an outside director of the Company since June 2015.
	Mikio Mochizuki * Newly appointed	—	—	Mr. Mochizuki has a wealth of experience and extensive knowledge of press machines and other aspects of the industrial machinery business, as well as keen insight into corporate management. We anticipate that he will reflect these attributes in the Company's management and supervise management from an independent and objective standpoint. For this reason, Mr. Mochizuki was appointed as an outside director of the Company in June 2021.
	Isao Iguchi * Newly appointed	—	—	Mr. Iguchi has a wealth of experience and extensive knowledge of the automated machinery and factory automation business, on which the Company focuses, as well as keen insight into corporate management. We anticipate that he will reflect these attributes in the Company's management and supervise management from an independent and objective standpoint. For this reason, Mr. Iguchi was appointed as an outside director of the Company in June 2021.

Outside Statutory Auditors	Name	Attendance at the Board of Directors Meetings	Attendance at the Board of Auditors Meetings	Reason for Appointment
	Shigeo Matsumoto	100% 11/11 times	100% 10/10 times	Mr. Matsumoto has an objective point of view based on his wide-ranging knowledge about finance and management and his abundant experience—including overseas work and internal auditing at major financial institutions—and the Company anticipates that he will play an instrumental role in supervising the execution of duties by directors and executive officers. For this reason, Mr. Matsumoto has been appointed as an outside statutory auditor of the Company since June 2010.
	Fusakazu Kondo	100% 8/8 times (After being appointed on June 29, 2020)	100% 8/8 times (After being appointed on June 29, 2020)	Mr. Kondo has an objective point of view based on his abundant experience and excellent knowledge in multiple fields. These include his time at a life insurance company, where he mainly engaged in finance-related work and also performed audit work as a member of that company's Senior Audit and Supervisory Board (full-time) and an Audit and Supervisory Committee (full-time). Accordingly, the Company anticipates that he will play an instrumental role in supervising the execution of duties by directors and executive officers. For this reason, Mr. Kondo has been appointed as an outside statutory auditor of the Company since June 2020.
	Noriyuki Katayama * Newly appointed	—	—	As an attorney at law for many years, Mr. Katayama has extensive experience and advanced expertise in all aspects of business law, including international transactions, corporate acquisitions, corporate legal affairs, corporate governance, and financial legal affairs. The Company anticipates that he will monitor and supervise the business execution of directors and executive officers from an independent and objective standpoint. For this reason, Mr. Katayama was appointed as an outside statutory auditor of the Company in June 2021.

## Reasons for Choosing the Current Corporate Governance System

The Company has a Board of Directors consisting of seven members (including three outside directors, all of whom are independent officers) to ensure swift decision-making. It also has a Board of Auditors with three members (all of whom are outside statutory auditors and independent officers) to strengthen management oversight. In addition, we have introduced an operating officer system to speed up management decision-making and clarify lines of authority and responsibility. We also established a Compliance Committee to enhance internal control and, as part of our risk management system, we have set up various other committees, including a Health & Safety Committee, Product Liability Committee, Export Regulatory Control Committee and Risk Assessment Promotion Committee.

The Company selected its current governance system in order to strengthen the functions of a fair and sound management system, expedite decision-making by management and ensure its transparency. This is achieved through the appointment of multiple highly independent outside directors and outside statutory auditors, as well as our operating officer system and the initiatives of various committees to improve governance.