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Last update: August 29, 2024

DMG MORI CO., LTD.

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Securities Code: 6141

https://www.dmgmori.co.jp/en/

The corporate governance of DMG MORI CO., LTD. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views

In order to enhance management transparency to shareholders, investors, business partners, employees, local communities, and society as a whole, and to ensure fair and efficient corporate management, the Company is working to enhance corporate governance and strengthen management oversight functions as its most important task.

The Company will continue to strive to enhance long-term stable corporate value and promote business activities rooted in higher corporate ethics.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

【Principle 4. 10: Use of Optional Approach】

Supplemental Principle 4.10.1

The Company has established a voluntary Compensation Committee consisting of 1 internal Director, 2 independent Outside Directors and 1 Outside Audit and Supervisory Board Member. This Compensation Committee reports to the Board of Directors in response to the latter’s inquiries regarding Directors' remuneration (the amount of remuneration for the President and CEO, policies regarding Directors' remuneration (evaluation indicators and total amount), and surveys of external environments such as remuneration at benchmark companies), and does not have the authority to make decisions on its own.

The appointment of Executive Officers and above is discussed by the Board of Directors, which consists of 7 Internal Directors including Directors of foreign nationals, 5 Outside Directors including 2 Female Directors, and 3 Audit and Supervisory Board Members including 2 Outside Audit and Supervisory Board Members (otherwise referred to as “Corporate Auditors.”) The Company believes that this system ensures highly transparent and vigorous discussions without relying on a structure such as a nominating committee in which only a few Directors participate.

Disclosure based on each Principle of the Corporate Governance Code

【Principle 1.4: Cross-Shareholdings】

The Company acquires and holds only such shares that it judges will contribute to medium- to long-term improvement of corporate value, taking into consideration the necessity for business operations, strengthening of business relationships between the Company and its customers in the manufacturing and sales sectors, and other reasons.

On the other hand, the Company constantly reviews the pros and cons of its policy shareholdings, and when there is no longer a need for policy shareholding, the Company strives to promptly reduce them in light of share price and market trends as appropriate.

In exercising voting rights for the shares it holds, the Company exercises its voting rights appropriately after comprehensively considering whether the shares contribute to the common interests of the shareholders of the investee company and whether they contribute to strengthening relationships with business partners.

【Principle 1.7: Related Party Transactions】

The Company's Board of Directors' Regulations stipulate that transactions involving conflicts of interest as defined by the Companies Act, such as transactions between the Company and the Company’s Board of Directors as an individual or transactions with other organizations or other companies represented by the Company's Director, must be discussed and approved by the Board of Directors.

【Principle 2.4: Ensuring Diversity, Including Active Participation of Women】

Supplemental Principle 2.4.1

When appointing managers, the Company considers the mission of the department, the candidate's abilities, and their growth potentials, and try to assign personnel in such a way that the assignment will lead to the growth of the company and the candidate.

In Japan, the percentage of women entering undergraduate and graduate schools of science and engineering is low, and the Company is also aware of the difficulties involved in recruiting excellent female personnel in the mechanical engineering labor market. Therefore, in order to enable its female employees to maximize their potential, the Company provides opportunities for growth through job rotation and internal and external training so that they can gain work experience regardless of their gender. Furthermore, in addition to the establishment of the “DMG MORI Nursery School,” the Company has established an internal environment that exceeds the requirements of laws and regulations, such as a child allowance that can be used until the child reaches the age of high school graduation, an allowance to subsidize childcare expenses for daycare centers, nurseries, and kindergartens, and parental leave that can be used until the child is up to two years old, thereby promoting a work environment that respects the diversity of each individual. The Company also actively encourages male employees to take childcare leave: in January 2020, the Company introduced a system that allows male employees who take childcare leave for 20 consecutive days or more to take the first 20 days with pay, and in 2022, the Company allowed employees to take 20 days of paid childcare leave in installments. With the goal of realizing an environment in which anyone can work comfortably regardless of gender, the Company has continued to maintain a high level of male employees taking childcare leave at more than 90% since 2022 by raising awareness among supervisors and establishing a support system in the workplace. At the same time, the Company aspires to play its part for the achievement of the SDGs goals of Japanese society and to make efforts to make the entire machinery industry less "male-dominated" by providing support for female researchers and engineers in science and engineering, in cooperation with educational institutions as necessary. As for the percentage of management positions occupied by women, the Company’s goal is to raise the current 7.9% to 15% or more by 2025.

The Company is also actively promoting the development and appointment of foreign nationals as core personnel. Specifically, the

Company runs the DMG MORI Global Leadership Program, a one-year internal leadership program for employees selected from its global offices. 161 employees from 18 countries have participated in the program since its launch in 2018, and 24 has completed the program in 2023.

【Principle 2.6: Roles of Corporate Pension Funds as Asset Owners】

The Company transitioned to a defined contribution pension plan in 2003 from its previous defined benefit pension plan. The current plan has no impact on the Company's financial position, since there is no investment of corporate pension plan reserves. The Company provides necessary information through briefings and internal newsletters in order to support employees' asset building via the defined contribution pension plan. In addition, each overseas subsidiary has introduced and operates an appropriate pension plan in accordance with the system of each country.

【Principle 3.1: Full Disclosure】

(1) The Company's website contains its Mission Statement.

(2) The Company's website contains its basic stance on corporate governance.

(3) The Company has adopted a policy that the remuneration of Directors, excluding Outside Directors, consists of a fixed salary portion, a variable portion, and long-term performance-linked remuneration, and by increasing the weight of the performance-linked portion over the fixed salary portion, the Company has adopted a system which evaluates management performance from the same perspective as shareholders.

(4) Directors' terms are limited to one year, and they are elected each year at the general meeting of shareholders following the Board of Directors' approval of a proposal for the general meeting of shareholders.
Executive Officers are also appointed for a term of one year, after deliberation by the Board of Directors each year.
Audit and Supervisory Board Members are elected by the general meeting of shareholders after following the Board of Directors' approval of a proposal for the general meeting of shareholders based on the consent of the Audit and Supervisory Board Members.

(5) Reasons for the appointment of candidates for Outside Director and Outside Audit and Supervisory Board Member are stated in the "Directors" and "Audit and Supervisory Board Member" section under "1. Organizational Composition and Operation" of "Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight" in this report.

In addition, individual biographies of candidates for Directors and Audit and Supervisory Board Members other than Outside Directors and Outside Audit and Supervisory Board Members are also listed in the Reference Documents of the "Notice of Convocation of the Annual General Meeting of Shareholders."

(6) Dismissal of executive management (Directors and Executive Officers) will be decided by the Board of Directors with reference to the following criteria.

(i) When a Director or Executive Officer commits an act in violation of laws and regulations or the Articles of Incorporation

(ii) When a Director or Executive Officer is unable to continue his/her duties due to health reasons

(ii) When the degree of achievement of individually set management targets is significantly low

Supplementary Principle 3.1.2

In response to requests from overseas investors and others, the Company has made its IR website available in English. When timely disclosure is made to the Tokyo Stock Exchange, an English translation is prepared and posted in the "IR News" section of this website for viewing.

https://www.dmgmori.co.jp/corporate/en/ir/ir_news/

Supplemental Principle 3.1.3

The Company is implementing initiatives in its overall business activities and products to achieve a sustainable society.

First, with regard to initiatives in its overall business activities, the Company obtained certification for its greenhouse gas emission reduction targets from the Science Based Targets (SBT) Initiative in 2021, and is working to reduce emissions, including those from the supply chain that supports its business activities. The SBT Initiative is an organization formed by WWF, CDP, the World Resources Institute (WRI), and the UN Global Compact to support and certify companies in setting science-based targets to achieve the goal of limiting the global average temperature increase to 1.5 degrees Celsius. The targets the Company set are a 46.2% reduction in total Scope 1 and Scope 2 emissions by 2030 compared to the gross emission in base year of 2019, and a 13.5% reduction in total Scope 3 emissions by 2030 compared to the gross emission in base year of 2019. In 2024, the Company further increased both its short-term reduction target for Scope 3 emissions to 27.5% by 2030 and its long-term reduction target for Scope 1, Scope 2, and Scope 3 to 90% by 2050 and has been approved as net-zero committed company by SBT Initiative. As a result of the establishment of the Sustainability Promotion Department with the mission of achieving these goals and the review of all business activities including the supply chain, the Company was able to reduce the total emissions of Scope 1, Scope 2, and Scope 3 by 67% and 16.1%, respectively, in FY2023 compared to the base year. The Company strives to continue its efforts to achieve these targets by introducing solar and biomass power generation facilities, switching to green power procurement, and encouraging its suppliers to do the same. In July 2021, the Company announced its endorsement of the TCFD (Task Force on Climate-related Financial Disclosure) and has been disclosing information on the impact of climate change-related risks and opportunities on its business activities and earnings. These disclosures can be viewed at the following link.

https://www.dmgmori.co.jp/corporate/sustainability/en/esg/tcfd.html

Next, with regard to products, its mainstay 5-axis milling machines and mill-turn centers enable efficient use of energy resources, including electricity consumption, by replacing multiple machine tools with a single machine through process integration. The Company believes that the machining transformation (MX) the Company promotes, which is centered on "process integration → automation → DX (digital transformation)," will contribute to the realization of green transformation (GX), and by pursuing the deepening of its machine tool business, the Company will be able to respond to the global challenge of climate change. Based on its belief of "contributing to a sustainable society through machine tools," the Company will continue to develop products with low environmental impact and high productivity.

For more information on its sustainability initiatives, please visit the website which focuses on this matter.

https://www.dmgmori.co.jp/corporate/sustainability/en/

The Company continues to invest in human capital and intellectual property because the Company believes that these are fundamental management issues that support the continuation of its business activities and the competitive advantage of its products.

With regard to human capital, one of the Company's Mission Statement is to "Play hard and be dynamic to enrich our private lives, study continuously and be open to advance our professional careers, and work together and be innovative to bring innovation to the workplace," and the Company promotes employees' use of paid leave (17.9 days on average in FY2023 for Japanese employees), thoroughly manages the 12-hour work interval system, provides full range of medical examinations (abdominal echo for all employees, stomach and colonoscopy for employees of appropriate age, chest and abdominal CT, mammography, cervical cancer screening, etc.), and renovates and expands employee dormitories. As a result of these efforts, for the second year in a row, the Company was recognized as one of "White 500" enterprises selected for “2023 Certified KENKO Investment for Health Outstanding Organizations” under its large enterprise category This selection was made by the “Nippon Kenko Kaigi”. The Certified KENKO Investment for Health Outstanding Organizations Recognition Program is a program that recognizes companies that practice particularly excellent employee health management. In addition, in March 2024, the Company was selected by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) for "KENKO Investment for Health Stock Selection," which recognizes one company per industry among those which are certified as White 500, based on ROE (return on equity) and other financial indicators, and comprises of around 50 companies in Japan. The Company will continue its efforts to maintain and promote the health of its employees. The Company also places importance on employee development. In addition to conducting trainings depending on their job levels, the Company conducts training for managers to improve their leadership skills, holds an annual Global Development Summit attended by a total of approximately 250 people ranging from young engineers employees to executives in the R&D field in Japan, Germany, the U.S., Italy, and Poland, and provides opportunities to learn the latest engineering and information on artificial intelligence (AI), entrepreneurship development, next-generation communications, etc. at the Metaverse School of Engineering at the University of Tokyo, and offers schoolings for engineers at the DMG MORI Academy, Repair and Restoration Skills Training Center, and Machining and Measurement Skills Training Center, in the hope that the Company can cultivate human capital who can show their talents on a global scale.

With regard to investment in intellectual property, the Company plans to invest about JPY 100 billion in R&D over the three years from 2023 to 2025. In recent years, in particular, the Company has made industry-leading proposals in the digitization of products and machining processes. New technologies created in the course of R&D are protected as patent rights, a source of the Company’s future competitiveness, along with other intellectual property such as its trademarks, designs, know-how, and trade secrets, by the respective R&D Department and the Intellectual Property Department, as appropriate. In addition, by implementing measures such as supporting employees in obtaining doctoral degrees, conducting joint research and development with domestic and overseas universities and research institutes, providing skill-based pay to employees who have acquired specific qualifications, and developing knowledge management to pass on accumulated experience among employees from one generation to the next, the Company is building an intellectual foundation on which the development engineers (approximately 1,500 employees) and the application engineers (approximately 1,000 employees) of the entire Group can work together in friendly competition to create the technologies of the future.

【Principle 4.1: Roles and Responsibilities of the Board (1)】

Supplementary Principle 4.1.1

The Company's approach to delegation to management is that proposals that have a significant impact on the Company's business operations, such as investment projects above a certain amount or important personnel matters, are resolved by the Board of Directors, while other proposals are resolved by the Management Meeting. The scope of delegation is clearly defined in the Board of Directors Regulations.

Supplementary Principle 4-1-3

The Company has established a forum where young and mid-career employees and the executive team, with the help of outside experts, consider the Company's development over the next 10 to 20 years, and is working to develop future management executives.

In 2019, the Company introduced a divisional structure called the company system, and in 2021, the Company set up a different legal entity for its manufacturing division and appointed mid-career employees to lead the entity to gain experience and develop potential successors.

In addition to the above efforts in Japan, the Company is promoting the development of candidates for executives in the Americas, Europe, and other countries.

【Principle 4.2: Roles and Responsibilities of the Board (2)】

Supplementary Principle 4.2.1

Remuneration for Directors, excluding Outside Directors, consists of a fixed salary portion, a variable portion, and long-term performance-linked remuneration, and is paid appropriately in accordance with changes in the business environment and business performance, bearing in mind its relevance to employees' average salary (the maximum amount of compensation for the President and Representative Director is 50 times the estimated average annual salary of employees). The Company has introduced a restricted stock compensation plan as a compensation linked to the Company’s long-term performance.

【Principle 4.3: Roles and Responsibilities of the Board (3)】

Supplementary Principles 4-3-2 and 4-3-3

The election and dismissal of executive management (Directors and Executive Officers) is described in 【Principle 3-1. Full Disclosure】(6).

【Principle 4.9: Independence Standards and Qualification for Independent Directors】

In appointing Outside Directors and Outside Audit and Supervisory Board Members, the Company adopts the criteria of the Tokyo Stock Exchange for determining the independence of independent Directors and independent Audit and Supervisory Board Members.

【Principle 4.11: Preconditions for Board and *Kansayaku* Board Effectiveness】

Supplemental Principle 4.11.1

In order for the Company to continue to develop its business globally as a leader in the machine tool industry, the Company believes that it is important for the Board of Directors as a whole to possess skills in "corporate management," "global," "marketing," "engineering”, "legal & compliance,” and "finance and accounting."

With regard to the diversity and size of the Board of Directors, the Company's Board consists of 7 internal Directors including 3 Directors of foreign nationals, 5 outside Directors including 2 female Directors, and 3 Audit and Supervisory Board Members including 2 Outside Audit and Supervisory Board Members. The Company believes that the size of the Board of Directors, 12 members, is appropriate for rapid decision-making, while at the same time ensuring a diversity that enables open and vigorous discussions that reflect the knowledge, experience, abilities and global perspectives of each individual.

The skills matrix of each Director is as follows. Brief biographies of each Director are included in the "Notice of Convocation of the Annual General Meeting of Shareholders " posted on the Company's website. Please refer to the following URL
https://www.dmgmori.co.jp/corporate/en/ir/stock/shareholders_meeting.html

	Corporate Management	Global	Marketing	Engineering	Legal & Compliance	Finance & Accounting
Masahiko Mori	●	●	●	●		●
Hiroaki Tamai	●	●			●	●
Hirotake Kobayashi	●	●				
Makoto Fujishima		●		●		
James Nudo		●			●	
Alfred Geissler	●	●		●		
Irene Bader		●	●			
Takashi Mitachi	●	●				●
Makoto Nakajima		●			●	
Hiroko Watanabe	●	●		●		
Mamoru Mitsuishi		●	●			
Eiko Kawai		●			●	●

Supplementary Principle 4.11.2
The concurrent positions of Directors and Audit and Supervisory Board Members with other listed companies are described in the "Notice of Convocation of the Annual General Meeting of Shareholders" posted on the Company's website, which can be found at the following URL
Please refer to the following URL: https://www.dmgmori.co.jp/corporate/ir/shareholders/meeting.html

Supplementary Principle 4.11.3
The effectiveness and appropriateness of the Board of Directors are analyzed and evaluated through deliberations at Board of Directors meetings, and the Company's Board of Directors makes appropriate decisions through constructive and active discussions and plays an effective role in enhancing corporate value over the medium to long term. Since the General Meeting of Shareholders in March 2017, the number of outside Directors has increased from 2 to 4, and since March 2023, the number has further increased to 5, and with the appointment of 1 female Director since March 2021 and 3 female Directors since March 2023, the Company believes that discussions can now take advantage of the diverse experience and expertise of each Director.

【Principle 4.14: Director and *Kansayaku* Training】
Supplementary Principle 4.14.2
The Company provides training to Directors and Audit and Supervisory Board Members in a timely and appropriate manner, but more than that, they practice on-the-job training by mutually providing each other with the superior knowledge and expertise that each of them possesses in our respective fields.

【Principle 5.1: Policy for Constructive Dialogue with Shareholders】

The Company engages in constructive dialogue with its shareholders to a reasonable extent.

【Principle 5.2: Establishing and Disclosing Business Strategies and Business Plans】

【Actions to achieve cost of capital and stock price conscious management】

The Company has formulated its “Medium-term Business Plan 2025”, in which it has set a target ROE of 12.0% or more for 2025.

In addition to strengthening its foundation as a company capable of providing a full range of solutions to its customers' processing needs, the Company intends to optimize its capital by making investment decisions based on a comprehensive consideration of the impact on profitability, capital efficiency, and the economic environment.

Details are disclosed in the presentation material regarding the Medium-term Business Plan and in the Integrated Report.

Medium-term Business Plan (https://www.dmgmori.co.jp/corporate/en/company/management/plan.html)

Integrated Report (https://www.dmgmori.co.jp/corporate/en/ir/ir_library/integrated_report.html)

2. Capital Structure

Foreign Shareholding Ratio	30% or more

[Status of Major Shareholders]

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	19,792,300	13.98
Custody Bank of Japan, Ltd. (trust account)	19,020,600	13.44
DMG MORI Employee Shareholders Association	4,490,549	3.17
MSIP CLIENT SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	4,140,030	2.92
Masahiko Mori	3,591,485	2.54
Custody Bank of Japan, Ltd. (Mori Manufacturing Research and Technology Foundation account)	3,500,000	2.47
JPMorgan Securities Japan Co., Ltd.	3,451,067	2.44
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch)	2,533,000	1.79
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2,231,300	1.58
THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Mizuho Bank, Ltd.)	2,143,300	1.51

Supplementary Explanation

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	---
Name of Parent Company, if applicable	None

Shareholding ratio is calculated excluding treasury stock.

1. In a change report made available for public inspection on June 6, 2024, Sumitomo Mitsui Trust Bank, Limited and two other joint holders are stated as holding the following shares as of May 31, 2024, but are not included in the above list of major shareholders because the Company is unable to confirm the actual number of shares held as of June 30, 2024.

(1) Name: Sumitomo Mitsui Trust Bank, Limited
Address: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Number of shares held: 3,500 thousand shares
Holding ratio of share certificates and other securities: 2.47%

(2) Name: Sumitomo Mitsui Trust Asset Management Co., Ltd.
Address: 1-1-1 Shiba-Koen, Minato-ku, Tokyo
Number of shares held: 4,622 thousand shares
Holding ratio of share certificates and other securities: 3.26%

(3) Name: Nikko Asset Management Co., Ltd.
Address: 9-7-1 Akasaka, Minato-ku, Tokyo
Number of shares held: 2,799 thousand shares
Holding ratio of share certificates and other securities: 1.97%

2. In a change report made publicly available on June 7, 2024, Baillie Gifford & Co. and one other joint holder are listed as holding the following shares as of May 31, 2024, but are not included in the above list of major shareholders because the Company is unable to confirm the actual number of shares held as of June 30, 2024.

(1) Name: Baillie Gifford & Co.
Address: Calton Square, 1 Greenside Row, Edinburgh EH1 3AN Scotland
Number of shares held: 3,140 thousand shares
Holding ratio of shares: 2.21%

(2) Name: Baillie Gifford Overseas Limited
Address: Calton Square, 1 Greenside Row, Edinburgh EH1 3AN Scotland
Number of shares held: 3,041 thousand shares
Holding ratio of share certificates and other securities: 2.14%

3. In a change report made publicly available on April 18, 2024, Nomura Securities Co., Ltd. and two other joint holders are listed as holding the following shares as of April 15, 2024, but are not included in the above list of major shareholders because the Company is unable to confirm the actual number of shares held as of June 30, 2024.

(1) Name: Nomura Securities Co., Ltd.
Address: 1-13-1 Nihon-bashi, Chuo-ku, Tokyo
Number of share certificates and other securities held: 13 thousand shares
Holding ratio of share certificates and other securities: 0.01%

(2) Name: NOMURA INTERNATIONAL PLC
Address: 1 Angel Lane, London EC4R 3AB, United Kingdom
Number of share certificates and other securities held: 293 thousand shares
Holding ratio of share certificates and other securities: 0.23%

(3) Name: Nomura Asset Management Co., Ltd.
Address: 2-2-1 Toyosu, Koto-ku, Tokyo
Number of shares held: 3,827 thousand shares
Holding ratio of share certificates and other securities: 3.04%

4. In a change report made publicly available on March 25, 2024, Global Alpha Capital Management Ltd. is listed as holding the following shares as of March 19, 2024, but is not included in the above list of major shareholders because the Company is unable to confirm the actual number of shares held as of June 30, 2024.

(1) Name: Global Alpha Capital Management Ltd.
Address: 1800 McGill College Suite 1300, Montreal, Quebec, Canada
Number of shares held: 6,398 thousand shares
Holding ratio of shares: 5.08%

5. In a substantial shareholding report made publicly available on March 22, 2024, BlackRock Japan Co., Ltd. and seven other joint holders are listed as holding the following shares as of March 15, 2024, but are not included in the above list of major shareholders because the Company is unable to confirm the actual number of shares held as of June 30, 2024.

(1) Name: BlackRock Japan Co., Ltd.
Address: 1-8-3 Marunouchi, Chiyoda-ku, Tokyo

Number of shares held: 2,546 thousand shares

Holding ratio of share certificates and other securities: 2.02%

(2) Name: BlackRock Advisors, LLC

Address: 251 Little Falls Drive, Wilmington, Delaware, U.S.A.

Number of shares held: 147 thousand shares

Holding ratio of share certificates and other securities: 0.12%

(3) Name: BlackRock Fund Managers Limited

Address: 12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom

Number of shares held: 267 thousand shares

Holding ratio of share certificates and other securities: 0.21%

(4) Name: BlackRock (Luxembourg) S.A.

Address: 35a Avenue JF Kennedy, L-1855, Grand Duchy of Luxembourg

Number of shares held: 298 thousand shares

Holding ratio of share certificates and other securities: 0.24%

(5) Name: BlackRock Asset Management Canada Limited

Address: 161 2500 Bay Street, Toronto, Ontario, Canada

Number of shares held: 173 thousand shares

Holding ratio of share certificates and other securities: 0.14%

(6) Name: BlackRock Asset Management Ireland Limited

Address: 1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, D04 YW83, Ireland

Number of shares held: 216 thousand shares

Holding ratio of share certificates and other securities: 0.17%

(7) Name: BlackRock Fund Advisors

Address: 400 Howard Street, San Francisco, California, U.S.A.

Number of shares held: 1,513 thousand shares

Holding ratio of share certificates and other securities: 1.20%

(8) Name: BlackRock Institutional Trust Company, N. A.

Address: 400 Howard Street, San Francisco, California, U.S.A.

Number of shares held: 1,766 thousand shares

Holding ratio of share certificates and other securities: 1.40%

6. In a change report made publicly available on May 22, 2024, Sumitomo Mitsui DS Asset Management Company, Limited and

two other joint holders are listed as holding the following shares as of May 15, 2024, but are not included in the above list of major shareholders because the Company is unable to confirm the actual number of shares held as of June 30, 2024.

(1) Name: Sumitomo Mitsui DS Asset Management Company, Limited
Address: Toranomon Hills Business Tower 26F, 1-17-1 Toranomon, Minato-ku, Tokyo
Number of shares held: 5,235 thousand shares
Holding ratio of share certificates and other securities: 4.06%

(2) Name: Sumitomo Mitsui Banking Corporation
Address: 1-1-2 Marunouchi, Chiyoda-ku, Tokyo
Number of shares held: 400 thousand shares
Holding ratio of share certificates and other securities: 0.31%

(3) Name: SMBC Nikko Securities Inc.
Address: 3-3-1 Marunouchi, Chiyoda-ku, Tokyo
Number of shares held: 729 thousand shares
Holding ratio of share certificates and other securities: 0.57%

3. Corporate Attributes

Listed Stock Market and Market Segment	Prime Market
Fiscal Year-End	December
Business Sector	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	JPY 100 billion or more but less than JPY 1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or more but fewer than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which May have a Material Impact on Corporate Governance

The Company owns 50.9% (2,988,000 shares) of the voting rights of TAIYO KOKI Co., Ltd. (, a company listed on the Standard Market of the Tokyo Stock Exchange).

TAIYO KOKI manufactures grinding machines, and its business is different from that of the Company in terms of products and demand cycle. Therefore, the Company considers that it is highly important to maintain a separate evaluation system for TAIYO KOKI as well as its listing to increase the motivation of its management team and employees. In fact, TAIYO KOKI has introduced a stock compensation system for its management team and employees, and the Company expects that this system will contribute to increasing the corporate value of TAIYO KOKI and, consequently, that of the Company. With regard to the protection of minority shareholders of TAIYO KOKI, two out of six Directors, or more than one-third of the Board of Directors, are composed of outside Directors, and intra-group transactions between TAIYO KOKI and the Company are determined fairly and appropriately after price negotiations on a case-by-case basis, taking market prices into consideration, as with other general business partners. The status of such transactions is regularly confirmed by the Company's Board of Directors.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*

*Referred to as "Company with *Kansayaku* Board" in the Corporate Governance Code reference translation

Directors

Number of Directors Stipulated in Articles of Incorporation	No upper limit
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	12
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	I	J	K

Takashi Mitachi	From another company								△			
Makoto Nakajima	From another company / Lawyer								△			
Hiroko Watanabe	From another company								○			
Mamoru Mitsuishi	Academic										△	
Eiko Kawai	From another company											○

*Categories for “Relationship with the Company”.

(Indicated by “○” when the Director presently falls or has recently fallen under the category; “△” when the Director fell under the category in the past; “●” when a close relative of the Director presently falls or has recently fallen under the category; and “▲” when a close relative of the Director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary

b. Person who executes business for or a non-executive Director of the Company's parent company

c. Person who executes business for a fellow subsidiary

d. Person/entity for which the Company is a major client or a person who executes business for said person/entity

e. Major client of the Company or a person who executes business for said client

f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a Director/Audit and Supervisory Board Member

g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)

h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to Director him/herself only)

i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to Director him/herself only)

j. Person who executes business for an entity receiving donations from the Company (applies to Director him/herself only)

k. Other

Outside Directors’ Relationship with company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reason for Appointment
Takashi Mitachi	○	Takashi Mitachi retired from the position of Senior Advisor of The Boston Consulting Group	Takashi Mitachi has rich experience and expertise as a management consultant and

		in December 2021. Whereas the Company engages in transactions with The Boston Consulting Group, the amounts transacted are negligible, and the Company has determined that this is not something that affects the independence of Takashi Mitachi.	manager with the Boston Consulting Group. As Takashi Mitachi is a person with rich managerial experience and has insight as a consultant and corporate executive, the Company has determined that he is capable of fulfilling his duties as Outside Director. In addition, the Company has appointed Takashi Mitachi as a member of the Compensation Committee, which has been established on a voluntary basis. The Company has also designated him as an independent Director based on its judgment that there is no risk of a conflict of interest with general shareholders.
Makoto Nakajima	○	In June 2016, Makoto Nakajima retired from the position of Representative Senior Managing Director of Sumitomo Electric Industries, Ltd. Whereas the Company engages in transactions with Sumitomo Electric Industries, Ltd., the amounts transacted are negligible, and the Company has determined that this is not something that affects the independence of Makoto Nakajima.	Makoto Nakajima has served in roles such as Commissioner of Japan Patent Office and Representative Director of Sumitomo Electric Industries, Ltd. during his career, and has qualifications as an attorney at law. As Makoto Nakajima is a person with rich managerial experience and has unique insight as practicing attorney, the Company has determined that he is capable of fulfilling his duties as Outside Director. The Company has also designated Makoto Nakajima as an independent Director based on its judgment that there is no risk of a conflict of interest with general shareholders.
Hiroko Watanabe	○	Currently, Hiroko Watanabe has assumed the position of President of Fuji Electronics Industry Co., Ltd. Whereas the Company engages in transactions with Fuji Electronics Industry Co., Ltd., the amounts transacted are negligible, and the Company has determined that this is not something that affects the independence of Hiroko Watanabe.	Hiroko Watanabe has rich experience and knowledge as a manager as well as a Director of industrial associations in the metal heat treatment industry, which like machine tools supports the manufacturing industry. As such, the Company has determined that she is capable of fulfilling her duties as Outside Director. We have designated Hiroko Watanabe as an independent Director based on its judgment

			that there is no risk of a conflict of interest with general shareholders.
Mamoru Mitsuishi	○	Mamoru Mitsuishi retired from the position of Executive Director and Vice President of the University of Tokyo in March 2021. Moreover, whereas the Company engages in transactions (joint research and donations) with the University of Tokyo, the amounts transacted are negligible, and the Company has determined that this is not something that affects the independence of Mamoru Mitsuishi.	Mamoru Mitsuishi has served as a professor and as the Dean of the Graduate School of Engineering and of the Faculty of Engineering at the University of Tokyo. As Mamoru Mitsuishi is a person with extensive knowledge and rich experience in fields such as precision mechanical engineering, the Company has determined that he is capable of fulfilling his duties as Outside Director. We have designated Mamoru Mitsuishi as an independent Director based on its judgment that there is no risk of a conflict of interest with general shareholders.
Eiko Kawai	○	---	As Eriko Kawai is a person with extensive knowledge and rich experience in international companies and organizations, the Company has determined that she is capable of fulfilling his duties as Outside Director. In addition, the Company has appointed Eriko Kawai as a member of the Compensation Committee, which is established on a voluntary basis, from fiscal 2024. In addition, the Company has designated Eriko Kawai as an independent Director based on its judgment that there is no risk of a conflict of interest with general shareholders.
Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee			*Not Established*

Audit and Supervisory Board Members

Establishment of Audit and Supervisory Board	Established

Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	No upper limit
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Department

Regarding the status of cooperation between Audit and Supervisory Board Members and the Internal Auditing Department, Audit and Supervisory Board Members receive regular reports from the Internal Auditing Department on the status of internal controls. Regarding the status of cooperation between Audit and Supervisory Board Members and the accounting auditors, in addition to regular quarterly meetings, meetings are held as necessary, and opinions and information are actively exchanged to ensure that appropriate and rigorous accounting audits are carried out.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	I	J	K	L	m
Yoshinori Kawamura	From another company							△						
Takahiro Iwase	From another company										△			

*Categories for "Relationship with the Company".

(Indicated by "○" when the Director presently falls or has recently fallen under the category; "△" when the Director fell under the category in the past; "●" when a close relative of the Director presently falls or has recently fallen under the category; and "▲" when a close relative of the Director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary

b. A non-executive Director or an accounting advisor of the Company or its subsidiaries

c. Person who executes business for or a non-executive Director of the Company's parent company

d. An Audit and Supervisory Board Member of a parent company of the Company

e. Person who executes business for a fellow subsidiary

f. Person/entity for which the Company is a major client or a person who executes business for said person/entity

g. Major client of the Company or a person who executes business for said client

h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a Director/ Audit and Supervisory Board Member

i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)

j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to the auditor him/herself only)

k. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the Director/auditor him/herself only)

l. Person who executes business for an entity receiving donations from the Company (applies to the person him/herself only)

m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Election
Yoshinori Kawamura	○	Yoshinori Kawamura served as a Director of Sumitomo Mitsui Banking Corporation. Although Sumitomo Mitsui Banking Corporation is the Company's main bank. Yoshinori Kawamura retired from the board of Sumitomo Mitsui Banking Corporation in April 2011 and no longer has any relationship with the bank, so there is no impact on his independence.	Yoshinori Kawamura has many years of business experience in the management of financial institutions, including as Director and Vice President of Sumitomo Mitsui Banking Corporation. As such, the Company has determined that he can be expected to provide opinions which will ensure the adequacy and appropriateness of decision-making and audit opinions from the perspective of corporate management, based on his abundant business experience and insight in the United States, one of the major markets for its products. In addition, the Company has appointed him as a member of the Compensation Committee, which has been established on a voluntary basis. The Company has designated Yoshinori Kawamura as an independent Director based on the judgment that there is no risk of a conflict of interest between him and general shareholders.
Takahiro Iwase	○	Takahiro Iwase served as Chairman and Representative Director of Aichi Steel Corporation until June 2020, after serving as an officer of Toyota Motor Corporation	Takahiro Iwase has rich experience and insight based on his many years having acted as a manager at Toyota Motor Corporation and other companies in the manufacturing industry.

		and Toyota Auto Body Co. Whereas the Company engages in transactions with Aichi Steel Corporation, the amounts transacted are negligible, and the Company has determined that this is not something that affects the independence of Takahiro Iwase.	As such, the Company has determined that he can be expected to provide valuable contributions to the auditing of the Company. The Company has designated Takahiro Iwase as an independent Director based on the judgment that there is no risk of a conflict of interest between him and general shareholders.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	7

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

All Outside Directors and Audit and Supervisory Board Members who meet the qualifications for independent Directors and independent Audit and Supervisory Board Members are designated as such.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Other

Supplementary Explanation for Applicable Items

○Implementation of Performance-Linked Remuneration System

Remuneration for Directors, excluding Outside Directors, consists of a fixed salary portion, a variable portion, and long-term performance-linked remuneration (restricted stock), and is paid appropriately in accordance with changes in the business environment and business performance, bearing in mind its relevance to employees' average salary. Basic remuneration, which is fixed remuneration, is determined in accordance with each Director's position and level of responsibility. Of the performance-linked remuneration, the bonus linked to performance for a single fiscal year is set at a maximum of 1.5 times the annual base remuneration (maximum of 1 time for all except the President and Representative Director), and is determined by a combination of consolidated performance indicators and individual performance evaluation. However, for the President, only consolidated performance indicators are used.

○Introduction of a restricted stock compensation plan

At the 70th Annual General Meeting of Shareholders held on March 22, 2018, a resolution was passed to introduce a restricted stock compensation plan (annual amount of up to JPY 300 million) for the purpose of providing Directors (excluding Outside Directors) with incentives to continuously improve the Company's corporate value and to further share value with shareholders.

Persons Eligible for Stock Options	

Supplementary Explanation

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

The amounts of remuneration paid to Directors and Audit and Supervisory Board Members for the fiscal year 2023 are as follows:

Masahiko Mori	JPY 404 million
Hiroaki Tamai	JPY 200 million
Hirotake Kobayashi	JPY 199 million
Christian Thönes	JPY 73 million (paid by DMG MORI AG)
Makoto Fujishima	JPY 132 million
James Nudo	JPY 196 million (partially paid by DMG MORI USA, Inc. and DMG MORI EMEA GmbH)
Irene Bader	JPY 81 million (paid by DMG MORI Global Marketing GmbH)
6 Outside Directors	JPY 120 million
Toshio Kawayama	JPY 7 million
Masahiro Yanagihara	JPY 27 million
2 Outside Audit and Supervisory Board Members	JPY 30 million

(1) At the 71st Annual General Meeting of Shareholders held on March 22, 2019, a resolution was passed to set the total amount of remuneration, etc. for Directors at "no more than JPY 2,000 million per year (of which, JPY 200 million for outside Directors).
(2) At the 59th Annual General Meeting of Shareholders held on June 28, 2007, a resolution was passed to set the total amount of remuneration, etc. for Audit and Supervisory Board Members at no more than JPY 100 million per year.
(3) The Company has introduced a restricted stock compensation plan for Directors (excluding Outside Directors) to give them incentives to continuously improve the Company's corporate value and to further share value with shareholders.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

To attract and retain personnel who will contribute to the sustainable enhancement of the Company's corporate value on a global scale, the remuneration system of Directors and Corporate Auditors shall be based on the short- and long-term business performance and be transparent and competitive as required of a public company in a global market.
The Company has adopted the highly transparent remuneration system of Germany, in which remuneration is disclosed regardless of the amount, as its benchmark, given the nature of the Company's business and that the Company appoints non-Japanese Directors and has DMG MORI AG, a listed company on the German stock market, as a part of the consolidated result. Accordingly, the remuneration, etc. consists of fixed and variable remuneration. The variable remuneration consists of a "bonus", based on the short-term business performance of a fiscal year, and a "stock compensation", based on the long-term business performance over multiple fiscal years.

However, outside Directors and Corporate Auditors who are independent from the execution of business shall only receive the fixed remuneration, which is the basic compensation.

The amount of remunerations, etc. of Directors is based on the resolution of the 71st annual general shareholders meeting on March 22nd, 2019, determining that the total annual amount of remuneration shall be within JPY 2 billion (including the annual amount of remuneration for outside Directors, which shall be no more than JPY 200 million). In addition, apart from the above, the 70th annual general shareholders meeting on March 22nd, 2018, determined that the total annual amount for transfer restricted shares shall be no more than JPY 300 million for internal Directors (and such remunerations shall not be granted to external Directors). The amount of remunerations, etc. for Corporate Auditors is in accordance to the decision made at the 59th annual general meeting of shareholders on June 28th, 2007, determining that the total annual amount shall be no more than JPY 100 million.

The policy and composition of remuneration for Directors are consulted with a voluntary remuneration committee consisting of one internal Director, two outside Directors and one external Corporate Auditor. Upon the opinion from the remuneration committee, the final decision is made in the Board of Director’s meeting including 5 outside Directors and 2 external Corporate Auditors. The evaluation of business performance and compensation for each Director is also consulted with the voluntary compensation committee. After receiving the report, the amount of remuneration for each Director is entrusted to and determined by President and representative Director Dr. Masahiko Mori. Upon the opinion from the remuneration committee, the amount and the process of its determination is reported and approved in the board of Directors meeting.

The fixed remuneration, which is the basic compensation, is based on each Director's position and level of responsibility and is set at a ratio of 4 : 2: 1.4 : 1 for president and representative Director, executive vice president and representative Directors, vice president and Directors, and other Directors. With regard to the remuneration related to business performance, the bonus bound to the result of one fiscal year cannot exceed 1.5 times the basic compensation and depends on the consolidated performance indicators and the individual performance evaluation. However, the bonus of the president and representative Director only takes the consolidated business performance indicators into account. Furthermore, the remuneration of the president and representative Director shall not exceed 50 times the average annual salary of the general employee. With regard to stock compensation, stock compensation with transfer restrictions is granted irregularly and is determined by the Board of Directors on a case-by-case basis.

The Compensation Committee met three times in FY2023, and the attendance of individual Directors and Audit and Supervisory Board Members was as follows.

Position	Name	Attendance
Committee Chairman:	Masahiko Mori	3/3 times
Committee Member:	Takashi Mitachi	3/3 times

Committee Member: Yoshinori Kawamura 3/3 times

- The Compensation Committee makes resolutions and deliberates on matters related to compensation. Concrete matters considered at the Compensation Committee in FY2023 were as follows:

Major Matters

- Consideration of the setup of remuneration for FY2023
- Evaluation of remuneration related to short-term performances for FY2023
- Issues and revisions of executive remuneration

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

Materials are sent to Outside Directors several days prior to the Board of Directors meetings, and secretariat staff and others provide support by directly explaining the contents of the meeting as necessary.

At least one full-time staff member is assigned to the Audit and Supervisory Board Member's Office to support the activities of the outside Audit and Supervisory Board Members.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company has adopted the Company with *Kansayaku* Board (Audit and Supervisory Board) system. Based on auditing by the proven Audit and Supervisory Board Member system, the Company's basic policy is to conduct business operations in a flexible and efficient manner through a top-down approach.

As of March 28, 2024, the Board of Directors consists of 12 Directors, 5 of whom are Outside Directors (42% Outside Director ratio) and 3 of whom are female Directors (25% female Director ratio). Given the nature of the machine tool industry, where market conditions and technological trends change rapidly, the Company has built a management structure consisting of Directors and supporting Executive Officers, with the goal of prompt decision-making. Since 2015, the Company has promoted the appointment of Outside Directors, giving management structure even greater transparency and objectivity. Outside Directors of the Company are professionals in organizational management and have a wide range of expertise and a broad perspective, including a background in technology. In March 2019, the top management of DMG MORI AG and DMG MORI USA, INC. became members of the Board of Directors, and in March 2021, the first female Outside Director became a member of the Board of Directors and the Company strives to build an executive team that reflects more diverse opinions.

The Board of Directors discusses important strategies for the future of the Company, while day-to-day business execution is discussed at the Executive Officers Meeting and the Management Meeting. The contents of the meetings of the Executive Officers Meeting and the Management Meeting are reported to and discussed by the Board of Directors, thereby ensuring transparency to the Board of Directors without compromising the agility of the execution of matters by the Board of Directors.

The Audit and Supervisory Board consists of a full-time Audit and Supervisory Board Member who has experience as an Executive Officer and is well versed in internal affairs, and highly independent Outside Audit and Supervisory Board Members. In accordance with the Audit and Supervisory Board Member's audit policy, Audit and Supervisory Board Members attend Board of Directors Meetings, Executive Officers Meetings, Management Meetings, and other important meetings and expresses their opinions, inspects important documents, and conducts rigorous audits of head offices, campuses and related subsidiaries,

including those located overseas. In this way, the Company promotes Directors to make prompt decisions and invigorates the Board of Directors, while enhancing fairness and transparency in management and establishing an efficient corporate governance system.

The Company has not established any criteria or policies regarding for determining the independence for appointing Outside Directors and Outside Audit and Supervisory Board Members, but when appointing them, the Company refers to the criteria for determining the independence of independent Directors and independent Audit and Supervisory Board Members of securities exchanges and other institutions.

The Company held 10 Board of Directors meetings in FY2023, and the attendance of individual Directors and Audit and Supervisory Board Members was as follows.

Representative Director and President	Masahiko Mori 10/10
Representative Director and Vice President	Hiroaki Tamai 10/10
Representative Director and Vice President	Hirotake Kobayashi 10/10
Director and Vice President	Makoto Fujishima 10/10
Director and Vice President	James Nudo 10/10
Director	Irene Bader 7/7
Outside Director	Takashi Mitachi 10/10
Outside Director	Makoto Nakajima 10/10
Outside Director	Hiroko Watanabe 10/10 times
Outside Director	Mamoru Mitsuishi 7/7 times
Outside Director	Eriko Kawai 7/7 times
Full-time Audit and Supervisory Board Member	Masahiro Yanagihara 7/7 times
Outside Audit and Supervisory Board Member	Yoshinori Kawamura 9/10 times
Outside Audit and Supervisory Board Member	Takahiro Iwase 10/10 times

The Board of Directors makes resolutions and reports on important matters as required by law, the Articles of Incorporation, and the Regulations of the Board of Directors. In fiscal year 2023, specific matters considered by the Board of Directors, other than matters related to the Companies Act and the Corporate Governance Code, are as follows:

- Review of the progress of the Medium-term Business Plan
- Examination of potential M&A
- Report and review the status of export control system
- Consideration of tax policy
- Consideration of employee health management
- Status of intellectual property strategy

3. Reasons for Adoption of Current Corporate Governance System

The Outside Directors and Outside Audit and Supervisory Board Members have no personal, business relationship or other special conflict of interest with the Company and maintain a high degree of independence.

The Company has a strengthened management monitoring and supervisory functions by having five outside Directors.

Each Outside Audit and Supervisory Board Member deliberates and determines the audit policy, audit plan, audit methods, and work assignments, and conducts audits throughout the year in cooperation with the Full-time Audit and Supervisory Board Member and based on the audit policy. In addition, the auditors regularly exchange opinions with top management and Directors, and conduct on-site inspections of plants and group companies as appropriate. Regular meetings are held with the accounting auditors to share information.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The 2023 Annual General Meeting of Shareholders was held on March 28, 2024.
Electronic Exercise of Voting Rights	The Company implements a system for exercising voting rights via the Internet (PC, smartphone or cell phone).
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepares and posts an English version of the Notice of Convocation of the Annual General Meeting of Shareholders (in its redacted form together with its Reference Documents) on its website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company shall strive to disclose information promptly, accurately, and fairly so that our shareholders, investors, and other stakeholders	

	can deepen their understanding of the Company. It also strives to gain their understanding and trust in the Company through IR and other communication activities. For details, please refer to the "Disclosure Policy" on its website at the following URL (Japanese only) https://www.dmgmori.co.jp/corporate/ir/disclosure/policy.html	
Regular Investor Briefings held for Individual Investors	Video-recorded financial briefings are made available on a quarterly basis.	Yes
Regular Investor Briefings held for Analysts and Institutional Investors	Video-recorded financial briefings are made available on a quarterly basis.	Yes
Regular Investor Briefings held for Overseas Investors	In-person meetings as well as online meetings are held for the European, the American, and Asian financial markets, respectively	Yes
Online Disclosure of IR Information	The following IR materials are available on the Company's website (https://www.dmgmori.co.jp/corporate/en/ir/) Information for shareholders, including financial results, timely disclosure materials other than financial results, annual securities reports, or first half financial reports, integrated reports, notice of convocation of the annual general meeting of shareholders, and shareholder newsletters.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The IR Department has been established in the Accounting and Finance Division as a dedicated department for investor relations.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company's "Mission Statement" stipulates that it will contribute to the community and society as a responsible corporate citizen.

Implementation of Environmental Preservation Activities and CSR Activities, etc.	With regard to its environmental protection activities, the Company is working on measures toward a sustainable society, a decarbonized society and a resource-recycling society. In 2021, the Company achieved carbon neutrality in all of its global production processes, from parts procurement to product shipment. Furthermore, in 2021, the Company obtained certification from the Science Based Targets (SBT) Initiative for its greenhouse gas emission reduction targets, and it aimed to achieve a 46.2% reduction in total Scope 1 and Scope 2 emissions by 2030 compared to the gross emission in base year of 2019, and a 13.5% reduction in total Scope 3 emissions by 2030 compared to the gross emission in base year of 2019. In 2024, the Company further increased both its short-term reduction target for Scope 3 emissions to 27.5% by 2030 and its long-term reduction target for Scope 1, Scope 2, and Scope 3 to 90% by 2050 and has been approved as net-zero committed company by SBT Initiative. Specifically, the Company is adopting green power, planning to install solar panels on plant roofs (13.4MW at Iga Plant and 2.9MW at Nara Plant), and introducing small biomass power generation facilities. In addition to effective use of waste heat, the Company is using thinned wood from the surrounding area for fuel chips, and thus contributing indirectly to forest improvement and forestry promotion. In addition, the Company is also involved in efforts to promote greening, such as cultivating grapes for wine in abandoned fields around the Iga Plant and planting cherry trees in the vicinity of the Nara Plant. With regard to CSR activities, we support R&D and human resource development, as well as projects related to local cultural and environmental development, with the aim of contributing to the development of the machine tool industry and global environmental preservation. The Mori Manufacturing Research and Technology Foundation was established in March 2016 for the purpose of promoting these CSR activities. The various activities supported by the Company are described in detail on the website dedicated to sustainability on its website; please refer to the following URL https://www.dmgmori.co.jp/corporate/sustainability/en/
Formulation of Policies, etc. on Provision of Information to Stakeholders	In addition to providing IR-related information as described in "2. Status of IR-related Activities," the Company hosts factory tours for shareholders, distributes newsletters to customers, briefings for trading companies and distributors, and briefings for suppliers, respectively. In January 2012, the Company launched "Tsunagari," a public relations magazine based on the basic concept of connections (or “Tsunagari” in Japanese) supports society, and disseminates information. In addition, briefings by the President or other Directors on management policies and business performance are regularly held for employees.

Other	The Company aims to improve productivity by supporting a variety of work styles. The Company aims to promote more efficient work styles and reduce overtime by introducing a core time system and shift system. In addition, the Company has allowed each department to create divisional annual attendance calendars considering its unique busy periods and events, and is reviewing how daily working hours should be. The firm separation of "on" and "off" work is vital to the vitality of the work of its employees. In addition, since 2017, the Company has further strengthened its company-wide efforts to reform the way employees work, benchmarking the work styles of employees in Germany and other European countries within the DMG MORI Group, raising awareness toward zero overtime, expanding telecommuting, establishing in-house childcare centers, and introducing a core time system. The Company is actively working to create a work-life balance and improve productivity and efficiency.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company's Board of Directors has resolved and implemented the following "Basic Policies for Internal Control".

1. System to Ensure that the Execution of Duties By directors and Employees Complies with Laws and Regulations and the Articles Of Incorporation

The Company clearly defines the standards of judgment that lead to specific actions by Directors, Executive Officers, managers and employees through various codes of conducts, policies and rules, including the Mission Statement, Employee Handbook, Export Control Program, Environmental, Occupational Health and Safety, and Quality Management System, and Tax Policy.

The Company has established a Management Meeting, which is chaired by the President and Representative Director and is responsible for the maintenance of such codes of conducts, promotion of compliance, education of officers and employees, and cross-sectional supervision.

The Company has a basic policy of taking a firm stand against organized violence by antisocial groups and eliminating antisocial forces as an organization.

2. System to Store and Manage Information Related to the Execution of Duties by directors

The Company manages and stores minutes of the General Meeting of Shareholders, Board of Directors meetings, Management Meetings, Executive Officers Meetings, and divisional meetings, as well as information on daily decision-making and business execution through an electronic approval document system. In addition, the Company has a system that allows Directors and Corporate Auditors to view such information in writing or on electromagnetic media at any time.

The Company has established a "Policy regarding Storage and Management of Information Related to Execution of Duties by Directors" to further clarify the system for storage and management of information related to execution of duties.

3. Policies and Other Systems to Manage Risk of Loss

The Company practices environmental, occupational health and safety, and product quality risk management through its management system, risk management concerning the reliability of financial reporting, risk management through its export control program, and risk management in daily operations through its electronic approval document system.

The Company has established a Management Meeting, which is chaired by the President and Representative Director, where the President and Representative Director appoints a Director with overall responsibility and a Director responsible for each category, and the Meeting works to create a system that enables comprehensive and integrated management of risks for the entire Group.

4. System to Ensure Efficient Execution of Duties by Directors

The Company uses the following management control system to ensure the efficiency of the execution of duties by Directors. In addition, the Company has introduced an Executive Officer system for the purpose of assisting Directors to make decisions more promptly and execute their duties more efficiently.

(1) Prompt decision-making through the use of an electronic approval document system

(2) Reporting on the status of execution by Directors, Executive Officers, and senior managers at the Board of Directors Meetings, Management Meetings, Executive Officers Meetings, or divisional meetings, and monitoring of the execution of duties by Audit and Supervisory Board Members

(3) Establishment of business plans, performance targets and budgets for each division based on the business plans, and implementation of monthly and quarterly performance management utilizing IT at the Board of Directors Meetings, Management Meetings, Executive Officers Meetings, or divisional meetings

(4) Review of monthly performance and implementation of improvement measures at the Board of Directors Meetings, Management Meetings, Executive Officers Meetings, or divisional meetings

5. System to Ensure Appropriateness of Operations by the Group Consisting of the Company and its Subsidiaries

The Company's subsidiaries apply or comply with the same management systems as the Company, depending on the nature and scale of the subsidiary, to ensure the efficient execution of duties by the Directors, etc. of the subsidiary.

In addition, the Company strives to understand the operations of its subsidiaries and affiliated companies and ensure their appropriateness through the operation of the electronic approval documents, weekly report system on a consolidated basis, various regular meetings on a consolidated basis, regular and irregular visits by the President and Representative Director and the Director in charge, and regular internal audits of subsidiaries.

Specifically, one or more of the Company's Directors concurrently serves as a Director or Audit and Supervisory Board Member of a subsidiary, enabling them to attend the Board of Directors' Meetings and other important meetings of the subsidiary and to obtain reports on the execution of operation from the employees in charge of the subsidiaries' operations.

The Company’s Internal Auditing Department conducts audits of the status of risk management of subsidiaries using reasonable methods appropriate to the nature and size of the subsidiary. In addition, the Company has established a system to obtain information on reports from subsidiaries, either during an Audit and Supervisory Board Member's audit of the subsidiary or at an Audit and Supervisory Board Member's liaison meeting held with the Audit and Supervisory Board Member, etc. of the subsidiary.

Based on the aforementioned reporting and auditing systems, the Company has a system that appoints the departments directly under the President and Representative Director, the Administration Division, the Human Resources Division, and the Accounting and Finance Division as the divisions or departments in charge of internal control for the entire Group, which enables efficient discussions, information sharing, and communication of instructions and requests concerning internal control among the Company

and group companies.

6. Matters concerning Employees to Assist Audit and Supervisory Board Members in Performing Their Duties when Requested by a Audit and Supervisory Board Member, and Matters concerning the Independence of Such Employees from the Director They Report to

The Company has at least one full-time employee assigned to assist the Audit and Supervisory Board Member. Personnel changes, evaluations, etc. of the assistant are subject to the consent of the Audit and Supervisory Board Members, and the Company regularly exchanges opinions with the Audit and Supervisory Board Members regarding a system to enhance audit effectiveness and ensure its independence.

7. System for Directors and Employees to Report to Audit and Supervisory Board Members, Other Systems for Reporting to Audit and Supervisory Board Member, and System to Ensure that the Person who Made the Report will not be Treated Disadvantageously Because of the Report

The Company's Audit and Supervisory Board Members attend regular important meetings such as Board of Directors Meetings, Management Meetings, Executive Officers Meetings, and divisional meetings to hear resolutions and reports, and request reports from Directors, Executive Officers, or managers and employees as necessary.

If any Director, Executive Officer, manager or employee discovers a fact that may cause significant damage to the Company, he/she is required to immediately report such fact to the Audit and Supervisory Board or Audit and Supervisory Board Member, and the Company has established "Rules for Ensuring the Effectiveness of Audit and Supervisory Board Member Audits" to clearly state the details. In addition, the Audit and Supervisory Board or Audit and Supervisory Board Member may request reports from Directors, Executive Officers, managers or employees.

The Company prohibits any disadvantageous treatment of the Group's managers or employees who report to Audit and Supervisory Board Members on the basis of the report, and ensures that all managers and employees of the Group are fully aware of this prohibition.

8. Matters concerning Procedures for Prepayment or Reimbursement of Expenses Incurred in the Performance of Audit and Supervisory Board Member's Duties and Other Policies concerning the Treatment of Expenses or Liabilities Incurred in the Performance of Such Duties

When an Audit and Supervisory Board Member requests the Company to pay expenses in advance for the execution of their duties or made similar requests, the Company shall promptly dispose of such expenses unless such expenses or liabilities are deemed unnecessary for the execution of their duties.

9. Other Systems to Ensure the Effective Implementation of Audit and Supervisory Board Member's Audits

The Audit and Supervisory Board or Audit and Supervisory Board Member practices periodic and ad hoc exchanges of opinions with the President and Representative Director and accounting auditors, respectively. The Company will maintain and continue such a system in the future.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Group takes a firm stand against organized violence by antisocial groups.

1. Clearly set forth the basic policy to eliminate antisocial forces.
2. Respond to threats by antisocial forces in cooperation with the police and other authorities.
3. Work with industry associations and local businesses to eliminate antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

【Outline of Timely Disclosure System】

The Company believes that providing information to customers, employees, shareholders, and other stakeholders in a timely and appropriate manner is one of the most important management issues, and is committed to proactive disclosure of corporate information.

【Roles of Related Departments】

1. Departments Directly under the President, the Accounting and Finance Division and the Administration Division

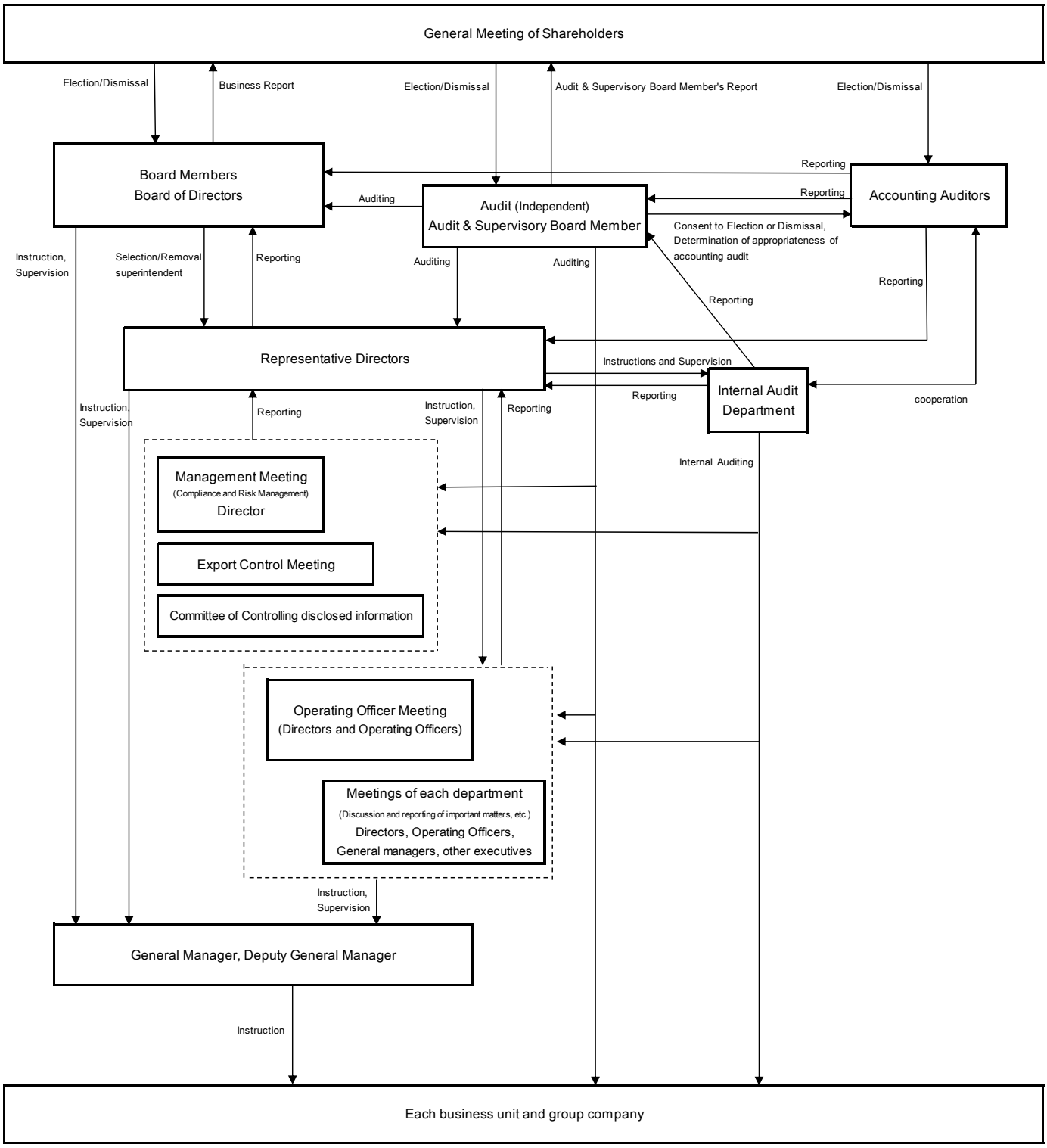
The President's Office, the Accounting and Finance Division, and the Administration Division collect information related to timely disclosure in a centralized manner and prepare disclosure materials. In addition, other disclosure-related tasks such as filing with stock exchanges, issuing press releases, and updating the website, as well as company-wide education on timely disclosure and insider trading regulations, are also conducted.

2. Committee of Controlling disclosed information

The Committee of Controlling disclosed information, attended by the Directors, Audit and Supervisory Board Members, accounting personnel in charge of timely disclosure, or IR personnel, determines whether or not disclosure is required.

3. Audit and Supervisory Board and Internal Auditing Department

The Audit and Supervisory Board and the Internal Auditing Department monitor the internal system for timely disclosure through independent Audit and Supervisory Board Member audits and internal audits.


General Meeting of Shareholders
Election/Dismissal
Business Report
Election/Dismissal
Audit & Supervisory Board Member's Report
Election/Dismissal
Board Members
Board of Directors
Reporting
Auditing
Audit (Independent)
Audit & Supervisory Board Member
Reporting
Accounting Auditors
Consent to Election or Dismissal,
Determination of appropriateness of
accounting audit
Instruction,
Supervision
Selection/Removal
superintendent
Reporting
Auditing
Auditing
Reporting
Reporting
Representative Directors
Instructions and Supervision
Reporting
Internal Audit
Department
cooperation
Instruction,
Supervision
Reporting
Instruction,
Supervision
Reporting
Internal Auditing
Management Meeting
(Compliance and Risk Management)
Director
Export Control Meeting
Committee of Controlling disclosed information
Operating Officer Meeting
(Directors and Operating Officers)
Meetings of each department
(Discussion and reporting of important matters, etc.)
Directors, Operating Officers,
General managers, other executives
Instruction,
Supervision
General Manager, Deputy General Manager
Instruction
Each business unit and group company

process	Internal System and Workflow for Disclosure of Corporate Information
Official announcement Analysis and Judgment Monitoring Information gathering Education	