

Environmental and Social Report

Forest-In Office 2021



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Editorial Policy

■ Editorial Policy

This content consists mainly of the environmental activities of AMADA CO., LTD. and the AMADA Group in Japan.

This report is intended for the various stakeholders of the company. The report is designed to provide an overview of the environmental activities and social contributions of the AMADA Group.

■ Referenced guidelines

Environmental Reporting Guidelines 2018 of the Japanese Ministry of Environment, ISO26000

■ Issues

Dec. 2021

■ Scope of the content

Reporting period: Fiscal 2020 (April 2020 to March 2021)

Relevant organizations: 16 domestic and 67 overseas companies

■ About the name “Forest-In Office”

“Forest-in” is a neologism created by AMADA.

AMADA seeks to be an office of the forest, rather than an office in the forest. The term thus refers to AMADA as “an office of the forest” that promotes activities that protects the natural environment.

■ About the “AMADA Group” Company Names

Due to a merger between AMADA HOLDINGS and AMADA as well as the structural reorganization that took place on April 1, 2020, the names of companies in the AMADA Group have changed as indicated below. In this report, new company names are represented in a uniform manner.

New company names (as of April 1, 2020)

- AMADA CO., LTD. (the company name changed from AMADA HOLDINGS CO., LTD., merging the former AMADA CO., LTD.)
 - AMADA MACHINERY CO., LTD. (Company name change from AMADA MACHINE TOOLS CO., LTD.)
 - AMADA WELD TECH CO., LTD. (Company name change from AMADA MIYACHI CO., LTD.)
 - AMADA PRESS SYSTEM CO., LTD. (Company name change from AMADA ORII CO., LTD.)
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■ An overview of disclosed information

The company’s financial and non-financial information, are as follows.

◆ Financial information

- IR information (website)
- Securities report
- Quarterly report
- Annual report (financial and non-financial information listed)

◆ Non-financial information

- A Report Regarding Corporate Governance
- Environmental and Social Report (this edition / the Data edition)
- Environmental and Social Contribution Activities (website)

AMADA Group Our Management Philosophy / Environmental Principles and Policy / Environmental Declaration

Management Philosophy

1. Growing together with our customers

Our company has been sharing this philosophy as a starting point for all of our business activities since its formation. We believe that the creation and provision of new values based on customers' perspectives will strengthen the relationship of mutual trust between our customers and the AMADA Group, and become a source of mutual development.

2. Contribute to the international community through our business

Our company recognizes that contributing to "manufacturing" conducted by our customers throughout the world leads to the development not only of local communities, but also the international community as a whole, and we conduct our business activities with the aim of providing the highest quality of solutions in each market around the world by optimally distributing our group's management resources.

3. Develop human resources who pursue creative and challenging activities

Rather than being content with the present situation, we are constantly in search of new and better ideas to put into action in order to improve and enhance our business activities. This is the AMADA Group's basic philosophy of human resource development, and we believe that AMADA's unique corporate culture will be further developed by continuing to practice this philosophy.

4. Corporate activities based on high ethics and fairness

We promote transparency and we comply with regulations in the AMADA Group's management and in all aspects of its business activities, and strive to further enhance its corporate value while conducting sound activities.

5. Take good care of people and the earth's environment

By treating the AMADA Group's stakeholders (such as shareholders, customers, business partners, employees and local residents) and the global environment with respect, we strive to continue to be a good company for both people and the earth.

Environmental Principles and Policy

◇ Environmental principles

AMADA Group thinks that preservation of the earth, a small planet in macrocosmos, for the next generation is the biggest theme for human beings. Based on this idea, AMADA Group positions environmental preservation as one of its important management issues, and is committed to contributing to a prosperous future for people around the world through eco-friendly manufacturing, in order to pass down this beautiful earth to our descendants.

◇ Environmental policy

1. Provision of products and services for preservation of the environment

Evaluate environmental load throughout the product life cycle, provide energy-saving and resource-saving products and services which are free of hazardous substances, and contribute to environmental preservation and the economy.

2. Reduction of environmental load in business activities

In every process of business activities, thoroughly pursue reduction of environmental load by promoting energy efficiency improvements, energy saving, resource saving and recycling. Also, aggressively promote green procurement and try to eliminate the use of hazardous substances.

3. Biodiversity activities

Grasp effects of business activities on the natural environment and contribute to building a biodiversity-nurturing society in concert with stakeholders.

4. Compliance with environment-related laws

Comply with environment-related laws and other agreements concluded with stake holders.

5. Continuous improvement of environment management system

Build an environment management system and make continuous improvement of it. Grasp the effects of business activities, products and services on the environment. Set environmental goals and targets and reduce environmental load as well as prevent contamination.

6. Enhancement of education about environment

Provide education aimed at environment preservation to improve employees' sense of responsibility as a member of the company and also boost awareness of environment preservation.

Environmental Declaration

AMADA Group aggressively promotes environmental preservation activities to its management in order to realize sustainable development of its business and society. AMADA will help to build a bright and prosperous future for people around the world by optimally utilizing the engineering capabilities we have cultivated, and by providing environmentally-friendly, energy-saving products as a general manufacturer of metalworking machinery.

"Linkage through Eco-conscious Manufacturing"

AMADA Group aspires to become a business enterprise to link with customers, society and the world through eco-conscious manufacturing.

Producing eco-friendly machine at eco-friendly business establishment

All AMADA Group's operations are carried out with the aim of achieving optimal compatibility between environmental preservation and business activities through promotion of energy -and resource- saving efforts.

Our eco-friendly merchandise assists customers to manufacture eco-friendly products

AMADA Group's eco-friendly products enable customers to manufacture energy savings and highly efficient products at their plants.

Creating eco-friendly environment at customers' plants

AMADA Group contributes to the creation of eco-friendly environments at customers' plants by utilizing its accumulated environmental know-how.

AMADA Group's Basic Policy on Sustainability

Basic Policy on Sustainability

AMADA Group, based on our management philosophy, environmental principles and policy and the code of conduct, we emphasize having dialogue with all stakeholders including our customers, suppliers, shareholders / investors, employees and local communities, and while proactively taking part in constructing a sustainable society, we will put effort into improving our corporate value.

1. Initiative for addressing environmental problems through our businesses

In every process of our business, AMADA addresses issues including, the reduction of CO₂ emission, the acceleration of reduction and reusing of wastes and protecting the global environment including its biodiversity, by also providing products and services considerate of the environment through our businesses, we contribute into actualizing a society that cares for the people and global environment.

2. Honoring human rights

Without regard to the attribution of each individual's gender and nationality, we emphasize the importance of respecting the human rights of each stakeholder including persons who stand on a socially vulnerable position, and we are promoting this by arranging a workplace where our diverse workers can actively put effort into their work while feel rewarded, as well as an environment where they can work feeling that their safety and health is secure, both mentally and physically.

3. Human resource cultivation

By arranging a personnel system and structure for education and trainings in order for the employees, an essential resource for the management as a source of innovation, to maximize their abilities, we are putting effort into developing workers who pursue creative and challenging activities.

4. Participating and contributing to the local community

In the region where we run our business, we are committed to actively participating in vitalizing the local community and enriching the living environment through our business and other social contribution activities such as our cultural projects.

5. Establishing trust from the society

By strictly complying to legislations and regulations, we will continue to run a honest and fair business that values fair competition, provide high-quality products, appropriate disclosure of products and corporate information, etc., and by strengthening the business foundation, we are committed to a management that will be highly trusted from the society.



The AMADA Group and SDGs

Sustainable Development Goals (or SDGs) agreed by the United Nations summit, lists 17 goals that will change the world to a better place by 2030.

The AMADA Group's corporate policy is to run a sound business valuing every person who we are connected to, as well as the global environment, and to contribute to the international society by developing alongside our customers and employees; we believe the goal we are aiming for is the same as what is meant to be accomplished by the SDGs.

The AMADA Group has established a Basic Policy on Sustainability. Based on the policy, we clarified the essential agendas that the AMADA Group must tackle, and efforts that need to be taken in order to solve the issues. With this, we decided eight SDGs that we are going to emphasize, while taking actions for the agendas.

The AMADA Group will play an active role in building a sustainable society through these actions, aiming to achieve the SDGs and improve our corporate value.

Essential Agendas of the AMADA Group	SDGs to Achieve	Actions Taken by the AMADA Group
Environment • Achieving a carbon neutral society		<ul style="list-style-type: none"> ◆ Reduce CO₂ emissions from the Group's works and plants • Install energy-saving equipment and promote the utilization of natural energy (LED lightings / solar power generation system, etc.) • Reduce work processes and improve facility operation to reduce energy consumption (Revising materials / methods / processes, and reducing standby power) • Contributing to CO₂ neutrality through forest preservation • Monitor the absorption balance from the environmental preservation status ◆ Reduce CO₂ emission from our customers' factories • Develop energy-saving machines that can be expected to reduce CO₂ emission • Develop an energy-saving technology • Expand the product ratio of AMADA ECO PRODUCTS and improve their sales ratio
Society • Create a rewarding workplace • Promoting diversity • Cultivation of human resources and develop the workers' abilities		<ul style="list-style-type: none"> • Promoting a personnel system and projects for employees that is rewarding • Woman's career support • Develop employees who will lead the next generation
Governance • Strengthen the business foundation • Comply to laws and legislations • Continue with the business and projects		<ul style="list-style-type: none"> • Reinforcing the corporate governance system which will be further trusted by the society • Arrange a structure or system that ensures compliance to laws and legislations • Strengthening the structure that enables the company to continue business under the occurrence of expected risks

Top Message

To achieve a carbon neutral society by 2050, we will contribute to achieve international goals.



**Representative Director, President
ISOBE Tsutomu**

Under the circumstance where the continued spread of COVID-19 is still causing a significant impact worldwide, I would like to give my most sincere appreciation to all the healthcare and essential workers all over the world who are supporting our lives.

The spread of COVID-19 caused great damage to many businesses, and at the same time, the circumstances required changes from conventional ideas in many fields, for example digitalization, responding to the environment, work-style reform, and changing values among people. For AMADA too, it was a year that made remarkable changes in the working environment, such as sales business and public exhibition being done online, and tele-work being introduced to many employees for their daily work. Especially because we are all in the midst of a crisis, corporate sustainability is now required more than ever.

For AMADA, sustainability means to play an active role in creating a sustainable society with all of our stakeholders and raising the AMADA corporate value itself by this, will make AMADA's existence indispensable for the future society. To play a role, as a first step to become a sustainable corporation, AMADA established a Basic Policy on Sustainability in July 2021, and we have selected the essential agenda to be tackled based on it.

In October 2020, the Japanese government announced the 2050 carbon neutral achievement goal. In April 2021, they raised the 2030 goal to 46% from the original 26% goal (compared to fiscal 2013). As efforts for climate change countermeasures and SDGs becoming a global trend, the AMADA Group will also respond to these requirements. Taking this as an opportunity, we will implement environment and eco-friendly measures to our products, factories, sales centers, etc. As a first step, the AMADA Group established the Group Environment Project, a new organization in charge of setting the decarbonization goal and strategic proposals for the whole Group. Currently, the project is setting the goal for 2030 and 2050 based on the SBT standard complying to the Paris Agreement, and working on the establishment of a specific plan to achieve them. Regarding the CO₂ emission (SCOPE1+2) at our works and plants, energy consumption is being reduced by taking energy-saving measures such as installing energy-saving lightings, a highly efficient air-conditioning system, etc., and by purchasing renewable and green energy, we are aiming to achieve the carbon neutral goal.

Also, considering the overall CO₂ emission related to the whole AMADA Group business, SCOPE 3 (indirect greenhouse gas emission related to business within the supply chain) takes the majority, and it is most important to reduce CO₂ emission during the start-up of our products as it is the largest part of it. Therefore, we are further promoting the replacement of CO₂ laser machines with fiber laser machines which would reduce energy consumption up to approximately 1/3, as part of our laser business strategy, and efforts to reduce CO₂ emission. In the second half of fiscal 2021, we announced that we will be introducing new fiber laser machine products (LC-VALSTER-AJ series) into the new market of plank(thick-sheet) shearing and steel-frame fabrication. It was common for this market to use plasma processing equipment, however, exchanging these to a fiber laser machine would largely decrease the amount of CO₂ emission. The issues of dust pollution scattering and noise that is produced during steel fabrication when handling medium to thick large plates can also be expected to be reduced, improving the work environment.

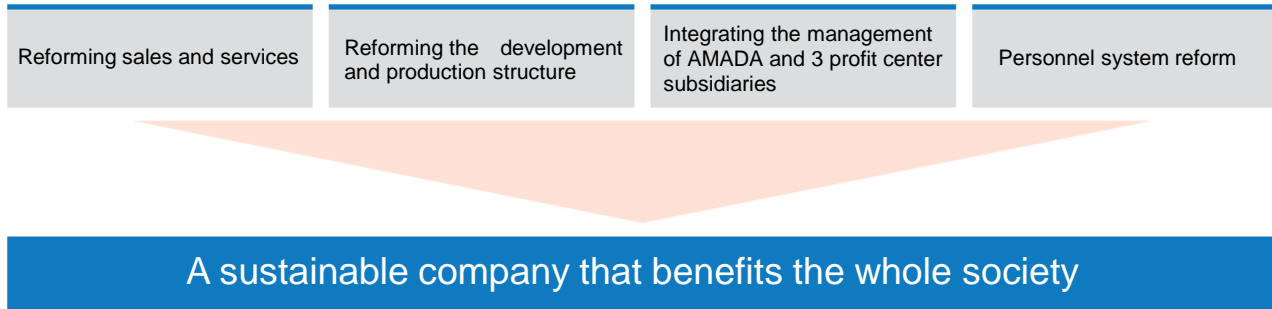
The efforts taken for the reduction of CO₂ emission will move the technological development for AMADA ECO PRODUCTS forward, and we will aim to contribute to the environment further by putting our efforts into promoting the reduction of components, revising the materials, longer life-span, recyclable design, etc.

The AMADA Group will proceed with making environment related investments from a long-term point of view, and through environmental projects and social contribution such as the 2050 carbon neutral projects, we will grow to bring our vision of becoming a century old company to come true.

■ Management strategy for fiscal 2021

The theme for fiscal 2021 is “a year to secure the foundation of strategies for the next developmental stage, and strengthen the profit structure”, and we will take renovative actions globally with “offense-defense double wing management strategy”.

With our customers, and with our stakeholders, we would like to overcome this pandemic together. Based on the above, we will put our efforts into the four strategies shown below.



■ The AMADA Group’s prioritized environmental goals (2010 - 2020)

The AMADA Group’s prioritized environmental goals
<p>■ Preventing global warming</p> <p>【Product Development】</p> <ul style="list-style-type: none"> ·Contribute to the prevention of global warming by reducing CO₂ emissions throughout the entire lifecycle of a product <p>【Business Activities】</p> <ul style="list-style-type: none"> ·Reduce CO₂ emissions by reducing consumption of energy and resources
<p>■ Effective utilization of resources</p> <p>Contribute to our recycle-base society by promoting the efficient use of limited resources</p>
<p>■ Regulated Chemicals Control</p> <p>Bolster initiatives regarding management of regulated substances</p>
<p>■ Biodiversity</p> <p>Preserve and regenerate biodiversity to pass on this country, which is rich in the blessings of nature, in good shape to future generations.</p>

Response to the TCFD (Task Force on Climate-Related Financial Disclosures)

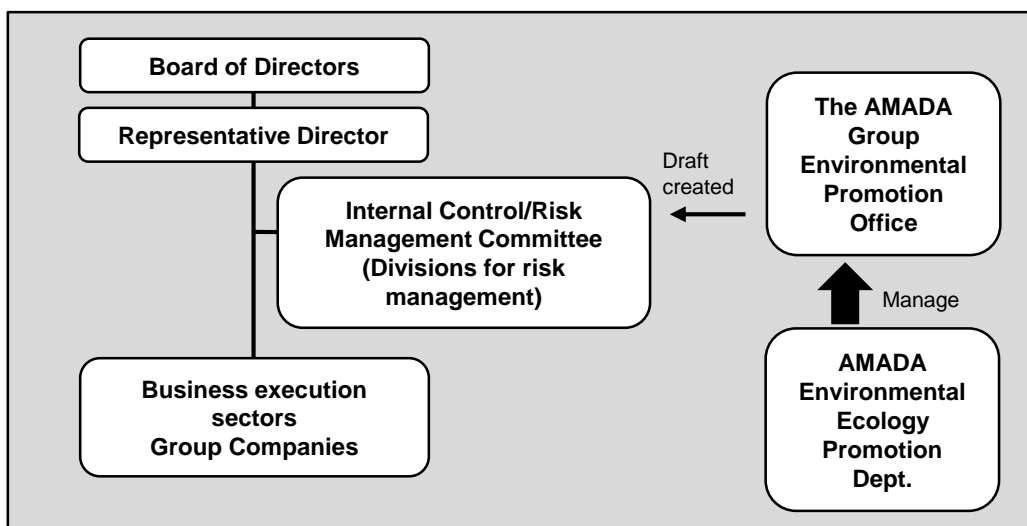
Based on the recommendation of the TCFD (Task Force on Climate-Related Financial Disclosures), the AMADA Group is now disclosing information that evaluated the effect of climate-related risks and opportunities on the management of the companies (scenario analysis) based on the TCFD framework.

◆ Governance and risk management

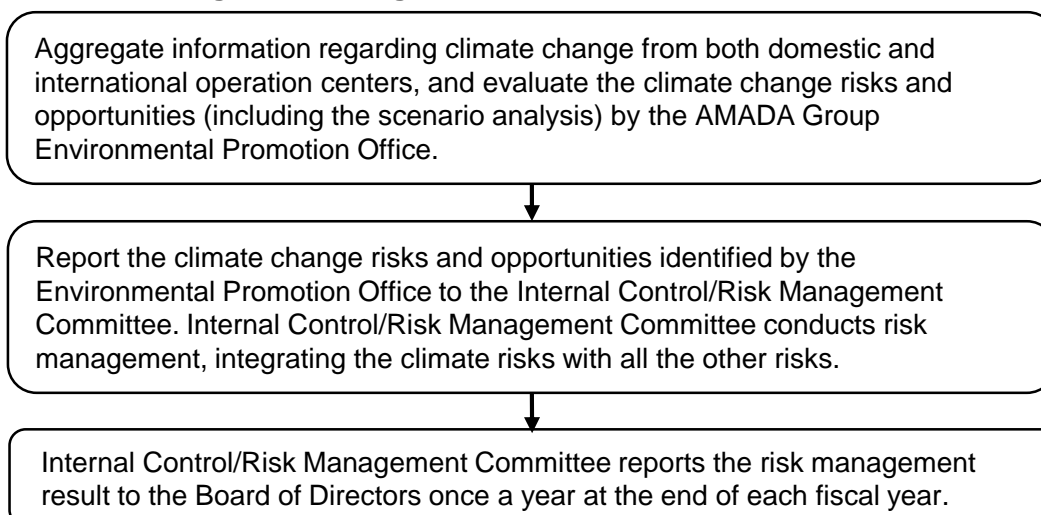
The AMADA Group recognizes that the risks and opportunities related to climate change is one of the most important agenda for its management. In order to prevent the event of a predicted risk that could crucially impact the group's management, and to minimize the damage if the event was to occur, the AMADA Group is putting effort into risk management, such as discussing the countermeasures, from ordinary times. The risk management regarding climate change is managed and responded to by the AMADA Group Environmental Promotion Office, led by the AMADA Environmental Ecology Promotion Dept. Identified risks and opportunities are reported to the Division for Risk Management of the Internal Control/Risk Management Committee (the representative director is the head of the committee). The Internal Control/Risk Management Committee determines the policies regarding significant risks from the group level (people, goods, capital, information, etc.), and they are managed while integrated with other risks. The risk management results are reported to the Board of Directors at the end of the fiscal year, to be utilized for the decision-making process for the management.

※ Please also refer to "Risk Management" (P35) for the AMADA Group's risk management system.

Climate change risk management structure



The flow for climate change risk management



◆ Strategy

When assessing risks and opportunities regarding climate change, it can roughly be sorted into two categories, one is the “transition” based on changes being made from new legislations and technologies due to the society aiming to achieve carbon neutrality and also changes in the market needs. The other is “physical” based on the rising temperature and extreme weather caused by it, and also chronic climate change. The AMADA Group evaluated the content, its impact to the businesses, time-period for the lasting effect, etc., depending on these two types of risks and opportunity framework; they are identified as listed below.

To identify the risks and opportunities mentioned above, we have analyzed several scenarios, and the results are reflecting those scenario analysis.

Major climate change related risks and opportunities

Items of risks and opportunities				Business impact		Evaluation
Scenario	Category	Sub-category	Further sub-category	Time period ※3	Consideration	
2°C scenario ※1	Transition risk	Political policies / regulations	Carbon pricing / emissions trading	Long-term	By carbon pricing and emissions trading being introduced, the production cost will increase.	Large
		Market	Energy and materials Rise of cost	Mid- to long-term	<ul style="list-style-type: none"> Rise of crude steel price as a response to decarbonization technologies Rise of electricity prices due to the increased price for renewable energy promotion surcharge 	Large
		Reputation	Changes of reputation from stakeholders (investors, etc.)	Short- to mid-term	<ul style="list-style-type: none"> Inadequate measures to address climate change will have a negative impact on the reputation of investors, the cost of complying with disclosure and reporting requirements in some countries, financial arrangements, and recruitment. Increased costs for complying to the ESG information disclosure standard from it being more strict 	Large
	Opportunities	Products and services	Diffusion of low-carbon products	Mid- to long-term	Creation of new AMADA ECO PRODUCTS (highly efficient energy-saving products). Increased profits by resolving the agendas regarding product creation, such as implementing fiber optical control technology and automatization in the laser business, energy-saving utilizing IoT and stable operation	Large
4°C scenario ※2	Physical risk	Chronic	Decreased productivity by water stress	Long-term	In case of a drought, the production cost could increase by the restriction of the use of water, and further investment may be required for system maintenance.	Low
		Acute	Intensified extreme weather	Long-term	<ul style="list-style-type: none"> Damage on factory(ies) of the AMADA Group due to a typhoon, etc., could require for it to shutdown, decreased production, further investment for facility recovery, etc. In the occurrence of a flood, etc., supply chains may be cut off, causing a shutdown or decreased production 	Medium

※1: The 2°C scenario mainly considers the transition risks and opportunities. As an external source scenario, we have referred to the SDS (Sustainable Development Scenario) of the IEA (International Energy Agency).

※2: The 4°C scenario mainly considers the physical risks. As an external scenario, we have referred to the RCP8.5 scenario of the IPCC (Intergovernmental Panel on Climate Change).

※3: Regarding the time period, short-term refers to one year, mid-term refers to 3 to 10 years, and long-term refers to over 10 years.

◆ Indicators and goals

The AMADA Group has established a mid- to long-term plan as an indicator for evaluating risks and opportunities regarding climate change and a goal for the management of risks and opportunities; we will continue to put effort into achieving the plan. Please refer to the “Mid-term environmental plan” on P17 for details.

Furthermore, regarding the volume of CO₂ emission for Scope 1~3, please refer to the “DATA” volume at “Detailed Data”(P04) and “Response to Scope 3” (P06).

Businesses of AMADA Group

We contribute to the future of manufacturing industry with the strength of our group.

As global manufacturer of metalworking machinery, the AMADA Group is mainly operating in the sheet metal fabrication machine business, metal cutting machine, grinding machine business, precision welding machine business, and press automation solution business. On April 1st, 2020, businesses of our group were reconstructed; businesses were centralized, allowing for the development of differentiated products and services based on customers' perspectives, aiming to contribute to the future of our customers who are ambitious for their manufacturing business.

■ AMADA CO., LTD.

- Sheet metal fabrication machine business

■ AMADA MACHINERY CO., LTD.

- Metal cutting machine business
- Metal cutting and grinding machine business
- General fabrication business
- NCC business

■ AMADA WELD TECH CO., LTD.

- Precision welding machine business

■ AMADA PRESS SYSTEM CO., LTD.

- Press automation solution business

■ Overseas AMADA Group companies

- Local affiliates in North America
- Local affiliates in Europe
- Local affiliates in other regions

■ Domestic Group companies

CUT / BEND / OPEN / ATTACH

Sheet metal fabrication machine business

Sheet metal parts are used not only in cell phones, smartphones, clips and mechanical pencils we use every day, but also in traffic signals, elevators, and aircrafts and rockets. AMADA's sheet metal fabrication machine business offers all solutions from machines through control software and peripheral devices to maintenance.

- Blanking machines
- Bending machines
- Welding machines
- Software
- Automation equipment



CUT / OPEN / GRIND

Metal cutting and grinding machine business

The machines of AMADA MACHINERY are at work in many and varied fabrication applications from minute precision parts for medical equipment to large steel frames for high-rise buildings, bridges and other structures.

- Band saw machines
- Structural steel fabrication machines
- Blades
- New material fabrication machines
- Grinding machines
- Electrical discharge machines
- Shearing Machine:
- Tapping machines
- Ironworkers
- Products for distribution (NCC brand)



DRAW / ATTACH

Precision welding machine business

AMADA WELD TECH is providing throughout the world welding and processing solutions for automotive body panels and electrical equipment, LCD displays, personal computers, medical devices, and other familiar products.

- Laser welders
- Laser markers
- Fine spot welders
- Systems



FORM

Press automation solution business

Pressed parts that are fabricated from thin sheets of metal are used for items that surround our life, such as bikes, home appliances and electronics.

- Stamping press machines
- Spring formers
- Press peripherals
- Stamping press machines, specific self-inspection



Introduction

Our Works

AMADA Group is a comprehensive manufacturer of metalworking machinery, a “total solution” company that contributes to the creation of products for global customers.

◆ Isehara Works (AMADA / AMADA TOOL and others)

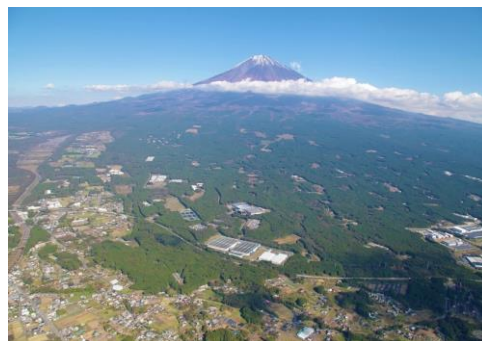
AMADA's Isehara Works, located near the center of Kanagawa Prefecture, is home to our head office as well as the AMADA Solution Center and manufacturing plants for punching, bending, set tools and their peripheral equipment. Since 2010, the Isehara Works has implemented a variety of policies for reducing CO₂ emissions. In 2017 there were also put into operation new facilities and a Disaster Management Energy Center with central roles regarding BCP measures equipped with photovoltaic and micro-generation power generation systems.



Isehara Works

◆ Fujinomiya Works (AMADA / AMADA PRESS SYSTEM)

AMADA's Fujinomiya Works (Fujinomiya City, Shizuoka Pref.), situated at a scenic location to the southwest of Mount Fuji, handles the development and production of sheet metal and presses for the AMADA Group. Approximately 60% of the Fujinomiya Works' grounds, or about 106 acres, has been preserved as forest land. The AMADA Group continually promotes efforts to preserve proactively maintained forests with abundant flora and fauna.



Fujinomiya Works

◆ Toki Works (AMADA / AMADA MACHINERY / AMADA TOOL)

AMADA's Toki Works (Toki City, Gifu Pref.) handles the development and manufacture of cutting machines and mechanisms as well as grinding machines and the manufacture of sheet metal machinery. On September 2020, in order to expand the manufacturing capability for sheet metal products, Toki Works built the T2 factory that enables one-step production including the welding process. In addition, the energy consumed in the Technical Center is renewable energy from solar power generation and other natural sources (energy creation), and with energy conservation such as using LED for all lighting, we have achieved zero carbon emissions.



Toki Works

◆ Ono Plant (AMADA MACHINERY)

Ono Plant is located in Ono City, Hyōgo Prefecture, at the center of the Higashi-Harima region, and this area is known for its metal industry from the old days as a the manufacturer of blades. Here the AMADA Group has located its band saw blade production base, handling everything from development through manufacture, as a key plant for our business in consumable goods. The Ono Plant puts effort into biodiversity initiatives as well, organizing volunteer-conducted activities such as the establishment of “green curtains,” or living walls, and the cultivation and distribution of rhinoceros beetles.



Ono Plant

◆ Fukushima Plant (AMADA AUTOMATION SYSTEMS)

Since it began operations, Fukushima Plant (Nihonmatsu City, Fukushima Pref.) has handled automated equipment for systems, and in the sheet metal system sector it has grown into a pioneering manufacturer of sheet metal system equipment, backed up by a wealth of experience and achievement.

In addition to activities to limit greenhouse gas emissions such as switching to LED lighting, the Fukushima Plant implements initiatives for the effective use of resources, such as the reduction of packaging material, river cleanup activities conducted in cooperation with local organizations and more.



Fukushima Plant

◆ Miki Plant (AMADA MACHINERY)

The Miki Works (Miki City, Hyōgo Pref.) manufacture cutting tools.

The Miki Plant, located in Miki City—a place long known as “the city of hardware”—is mainly in charge of developing and manufacturing metal cutting tools such as bandsaw blades, hole saws, and coils.



Miki Plant

◆ Noda Works (AMADA WELD TECH)

The Noda Works (Noda City, Chiba Pref.) handles the manufacture, sales and maintenance of laser welding and processing machinery and fine spot welders as a key base for AMADA WELD TECH, which deals with the global development of joining and processing solutions in minute detail- and precision-oriented fields.

Noda Works is actively involved in environment preservation activities, for example recycling tape cores and joining riverbank cleaning activities.



Noda Works

◆ Isehara-suzukawa Works (AMADA PRESS SYSTEM)

Isehara-suzukawa Works (Isehara City, Kanagawa Pref.), being the main center of the AMADA Group’s press automation solution business since October 2018, develops and manufactures robot lines and large coil line systems for press automation systems.

Isehara-suzukawa Works conducts one stop *monozukuri* (product creation) from the designing of press automation devices, machine fabrication, assembling, wiring and test operation.



Isehara-suzukawa Works

◆ Kawaguchi Works (AMADA PRESS SYSTEM)

Kawaguchi Works (Kawaguchi City, Saitama Pref.) is in charge of development, manufacturing and sales for the spring formers business of the AMADA Group. Spring formers of AMADA PRESS SYSTEM is beloved worldwide as the “MEC” brand, which is a top brand with the one and only technology in the field of precision spring.



Kawaguchi Works

Introducing AMADA ECO PRODUCTS



Super high speed 3-axis linear drive fiber laser machine REGIUS-AJ SERIES



※ REGIUS means *king* in Latin, which the name was given to show that this is AMADA's high-end machine equipped with the latest fabrication mechanics, high speed 3-axis linear drive, and state-of-the-art technology.

* ECO PRODUCTS Mark (See P19)



**Awarded the 63rd Nikkan Kogyo Shimbun
Top Ten New Product Award**



**Awarded the 51st Nikkan Kogyo Shimbun
Machinery Industrial Design Award**

REGIUS-AJ SERIES is equipped with three newly evolved technologies: "3-axis linear drive", "AMADA's original beam control technology" and "Laser Integration System (LIS)" which is a new feature that supports zero down-time and stable fabrication. It provides high-speed, high-precision and highly productive fabrication with the highest performance any AMADA laser machine can offer. Especially, by equipping LIS for the first time, it automizes the pre-operation inspection and reduces fabrication faulty, therefore it is a machine that anyone can easily use from powering it on until the end of fabrication. With the machine's performance being highly acclaimed, it was awarded at the Top Ten New Product Award (hosted by The Nikkan Kogyo Shimbun) in January 2021. Also, in July 2021 at the 51st Machine Design Award (hosted by The Nikkan Kogyo Shimbun), it was awarded the *Minister of Economy, Trade and Industry Award* which is the highest award of the event.

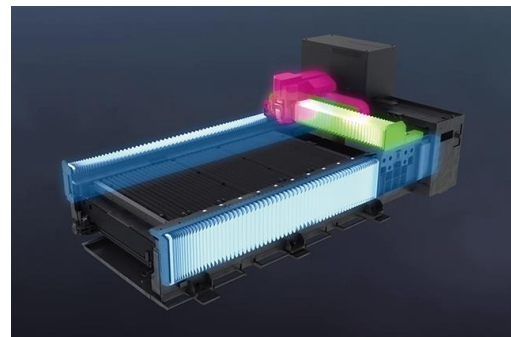
◆ Feature ① "Out-of-this-world level super high-speed and high-precision fabrication"

• 5G acceleration with a 3-axis linear drive

By adopting a 3-axis linear drive, it demonstrates both super high-speed and high-precision fabrication at an out-of-this-world quality. By minimizing the acceleration / deceleration time during the movement of the axis, it made 5G acceleration possible. By synergizing with fast movement speed, the total fabrication time can be quickened.

• Shortened takt time by optimizing the head control

The latest NC device AMNC 3i Plus optimizes the control of the head movement during fast forwarding and cutting, enabling a shortened takt time.



The speed of axis movement acceleration and deceleration increased with the 3-axis linear drive.

• Demonstrates both high-speed and high-precision by full-closed loop control

REGIUS-AJ that demonstrates an out-of-this-world super high-speed fabrication operates under a full-closed loop control by 3-axis linear drive, enabling highly precise positioning. Also, linear drives take minimal impact from aging therefore it can maintain a highly precise positioning for a long duration.

By this, it can demonstrate both super high-speed and high-precision fabrication.

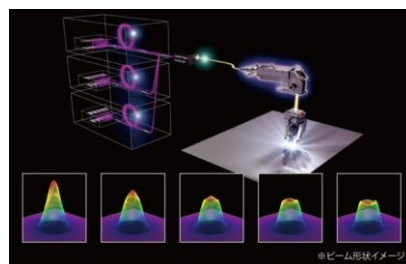
Introducing AMADA Eco Products

◆ Feature ② AMADA's original beam control technology

The beam quality can be controlled without steps with the "Variable Beam Control" unit, enabling to change the shape of the light and allows stable fabrication of either thin or thick plates.

By this, it demonstrates the following:

- dynamic but most appropriate control of the beam depending on the material and thickness of what is being fabricated;
- high performance with low energy;
- and a full-range fabrication without lens replacements

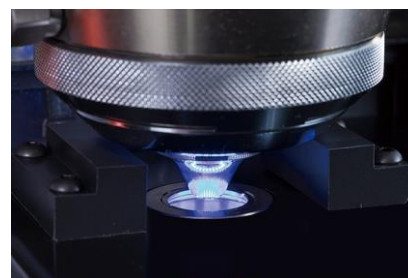


The shape of light is changeable with the variable beam control unit

◆ Feature ③ New function: Laser Integration System

By the new function, Laser Integration System (LIS), operation related to laser fabrication is automatized, eliminating quality variation caused by workers' experience levels, and also waiting time.

LIS supports zero down-time and stable fabrication, contributing to productivity improvement.



Automated nozzle inspection and centering by LIS

◆ REGIUS-AJ SEREIES energy-saving performance

	Rate of improvement		AMADA Eco Products eligibility criteria (In the case of Laser machines)
	6kW	9kW	
Energy-saving performance (Rate of electrical consumption reduction)	63%	45%	≥ 30%
Productivity (Rate of production cost reduction)	40%	65%	≥ 10%

※Comparison with AMADA's FOL-3015AJ

Interview with the department in charge of the technology

Office Director ASAMI Junichi, Technological Strategy Office, AMADA Head Dept. of Sheet Metal Development

REGIUS is our flagship machine that gathered AMADA's state-of-the-art technology, refined with many technicians who put all of their knowledge into the project. The machine also has a great design that has an eye-catching gull wing partition and front monitor visibility. Furthermore, the automatic set-up function that brings absolute productivity and does not require skillsets of an operator, as well as the sensing technology that doesn't stop the fabrication, supports our customers' stable fabrication.



AMADA ECO PRODUCTS at our customers

Nakanoya Stainless Co., Ltd.



Fiber laser machine for flat sheets, tubes and structural steels combined: ENSIS-RI+AS-3015G+STRI-3015 (Installed in 2019)

"Sheetmetal Machine & Soft" July 2021
Machinist Publishing

By Installing ENSIS-RI, the Electricity Bill Decreased by 35.9%

Nakanoya Stainless Co., Ltd. was founded in 1902 as Nakanoya Tin Shop, manufacturing tin containers for rationed formula milk. As the shop prospered in fabricating tinplates, they expanded their business to manufacturing and sales for tin sinks. As materials they handled changed from tinplate to stainless steel, the company changed its name to the current Nakanoya Stainless, and was incorporated in 1955.

In 2010, their main factory was moved to Ina Inter Industrial Estate, leaving the original main factory as their Futaba Factory. At their main factory, blanking, bending, welding, painting and assembling is done in one-step. At their Futaba Factory, the fiber laser welding system FLW-3000ENSIS is utilized for welding assembly, and they are also in charge of assembling work that overflowed from their main factory.

Devices related to automobiles and food processing machines that Nakanoya Stainless manufactures were delayed for delivery due to the effect of COVID-19 pandemic. For this reason, term results for sales in August 2020 had declined by 20% compared to their previous term. This term (August 2021) was impacted by the pandemic in the beginning, however, they are forecasting their sales to remain unchanged compared to their previous term.

Background for the Installation of ENSIS-RI

Three years ago, when they were interviewed in May 2018, the main machines used were EML-3610NT punch and laser combination machine and FO 3015NT (4kW) laser machine for blanking process, HG-2204 and HDS-2204NT for bending process, TIG welder and four semi-automatic welding robots, as well as FLW-ENSIS fiber laser welding system for welding process.

Later, in 2019, the company strengthened their equipment with FLW-300MT fiber laser handy welder and TS III-NT table spot welding machine was installed, moreover, as a replacement for FO, they installed a fiber laser machine for flat sheets, tubes and structural steels combined: ENSIS-RI+AS-3015G+STRI-3015.

Managing Director OSAKA Kenichi mentioned the background for the installation of ENSIS-RI: "We had been receiving more inquiries about structural steels, and because we wanted to fabricate shaped metals such as square pipes and C-shaped channels which is difficult with a FO, so we considered installing a laser machine that can fabricate pipes and structural steels".



Mr. OSAKA Kenichi, Managing Director

Company profile

Company Name: Nakanoya Stainless Co., Ltd.

President: OSAKA Hiroshi

Address: 2701-5 Nishi-Minowa, Ina-shi, Nagano

Phone: +81-(0)265-72-4413

Established: 1955

Number of employees: 32

Main products: coolant filtration device, architectural hardware, environmental equipment, washing device, signs and sink

URL: <http://www.nakanoyasus.co.jp/>

Main equipment

- Fiber laser machine for flat sheets, tubes and structural steels combined: ENSIS-3015RI (3kW)+AS-3015G+STRI-3015
- Punch and laser combination machine: EML-3610NT+AS-510RM+ULS-510RM
- Laser machine: LC-30155 II
- Bending machine: HG-2204, HDS-2204NT (x2), RG-80, RG-35S (x2), SPH-30 and SP-30
- Shearing machine: M-1245 and DCT-3065
- Fiber laser welding system: FLW-3000ENSIS
- Fiber laser handy welder: FLW-300MT
- Table spot welding machine: TSIII-NT
- YAG laser welding machine: YLM-500P
- Welding robots (x4)
- 3D-CAD: SolidWorks (x2)
- 2D-CAD/CAM: AP100 (x5)
- CAD for construction and sash work: TBCAD (x5)
- Sheet metal engineering system: VPSS 3i
- Blank processing CAM: VPSS 3i BLANK
- Bend CAM: VPSS 3i BEND
- FLW CAM: VPSS 3i WELD
- CAM for pipe index devices: Dr. ABE Tube
- Production control system: WILL

Performs with Significant Energy Efficiency: “ENSIS-3015RI” at Work

“There are two big reasons why we chose ENSIS-3015RI. The first, is that the fabrication speed is faster and energy consumption is lower compared to FOs. The second, is that it is equipped with a high performance rotary index system compatible for fabricating pipes and structural steels. To mention, our fabrication ratio is approximately 80% plates, and 20% pipes and structural steels, so it’s mainly plates. That’s why rather than investing in specialized machines for only pipes and structural steels, investing in ENSIS-RI would have brought much larger benefits as it could also fabricate plates”.

Mr. OSAKA had decided introducing ENSIS-RI by early 2019, and was granted with “Aid to Support Businesses for Energy Consumption Rationalization, etc.”.

Realizing its High Speed Fabrication and Low Running Cost

On November 2019, ENSIS-RI was introduced in their main factory with a pallet changer.

The fabricated materials are 60% iron, 40% stainless steel, and other materials including aluminum are nominal. Regarding the thickness, Nakanoya Stainless fabricates up to 4.5mm with EML, and with ENSIS-RI 4.5 to 16mm for iron, and 3 to 12mm for stainless steel. Unless a great volume of pipes and structural steels fabrication is requested, in which case they outsource, most fabrications are generally done within their facilities.

Workers leave the materials on ENSIS-RI as they leave at the end of their working hours, and the machine continues to operate overnight. Because the fabrication speed is so fast, Mr. OSAKA commented that fabrication of thin sheets finishes right away.

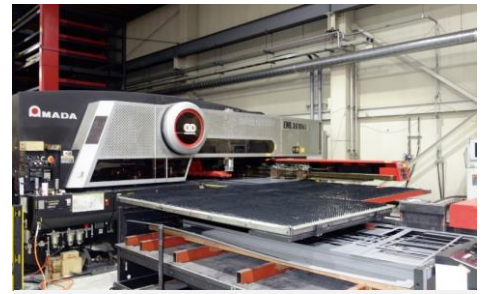
“On the day we installed ENSIS-RI, we set the materials on 12 rows of pallet changer AS-3015G before going home. We were all curious as it was its first day, so we saw it together; it was a volume that would have taken all night with the FO we had been using, however, it was all done in just about an hour. HG-2204 is one of the machines that are supporting our bending work.

It was so fast that the worker in charge of blanking came up to me and said *since it can be done this fast, I can take two days off per week right?* I was simply stunned.”

“Regarding the electricity bill, by comparing each machine, changing to ENSIS from FO made it 60% lower. In our case, because FO was the large part of the whole, the electricity bill for the whole factory decreased by 35.9%. In yen, it makes a 4.7 million yen difference over a year”.

“Comparing CO₂ lasers and fiber lasers, I can’t deny that CO₂ lasers demonstrate better quality when you see the cutting surface; especially for stainless steel, it makes a difference on how drosses appear. But even with that, the impact of how ENSIS-RI can lower the cost is big.”

“I believe we are entering the age where customers are going to ask us how much CO₂ is being emitted to produce one item, considering the carbon-neutral policy aiming for 2050. I sure am thinking about the future that’s a little far away and contributing in the actualization of a carbon neutral society by lowering energy used in our business, is going to help our company grow in the end.” (Mr. OSAKA, Managing Director)



Punch and Laser combination machines EML-3610NT+AS-510RM+ULS-510RM



HG-2204 is one of the machines that are supporting their bending work.

【AMADA Eco Products in use】



Fiber laser machine for both plates and pipes

ENSIS 3015 RI

ENSIS-3015RI (3kW)

Rotary index that enables highly precise fabrication of pipes and structural steel is equipped on the ENSIS series featuring AMADA’s original beam control technology. All surface on the plate as well as both pipes and structural steels can be fabricated; this almighty machine provides the best environment for v-mix v-lot production.

- Feature ①: This one machine can fabricate all - thin sheets, thick sheets and pipes
- Feature ②: Further evolved rotary index
- Feature ③: Enables further precision for fabricating pipes and structural steels
- Feature ④: Easy to operate

※ The ENSIS-AJ series was awarded the Agency of Natural Resources and Energy Director’s Award at the 36th Energy-Efficient Machinery Awards hosted by the Japan Machinery Federation (JMF) for its excellent energy-saving performance.

Mid-Term Environmental Plan

	Themes of activities	Goals for FY 2020
Preventing global warming	<p>【Product Development】 Contribute to the prevention of global warming by reducing CO₂ emissions throughout the entire lifecycle of a product</p>	<ul style="list-style-type: none"> Reduce average CO₂ emissions of all products sold annually by 25% by 2020 (Benchmark year: 2009) Goal for 2020: 25% reduction
	<p>【Business Activities】 Reduce CO₂ emissions by reducing consumption of energy and resources</p>	<ul style="list-style-type: none"> We will cut CO₂ emission of our plants and offices by 25% in intensity target value by March 2020. Compliance with the Revised Energy Conservation Act: 1% reduction/year (5%/5 years) (Isehara / Fujinomiya / Toki / Ono / Fukushima) Goal for FY 2020: 25% reduction (Intensity: 1.00→0.75 compared to 2007) Reducing the total emission volume of CO₂ to 10,000t-CO₂*1
Effective utilization of resources	Contribute to our recycle-base society by promoting the efficient use of limited resources	<p>Achievement of zero-emissions at plants</p> <ul style="list-style-type: none"> Achievement of zero-emission ratio of 1% or less for the entire group by 2020 (1% or less of annual landfilled waste, by waste material weight) (2009 standard value: 6.78%) <p>Initiatives aimed at creating a clean factory</p> <ul style="list-style-type: none"> Reduction of waste materials generated during the manufacturing process
Regulated chemicals control	Bolster initiatives regarding management of regulated substances	<p>Product development with green procurement (Reduce the use of RoHS directive chemicals)</p> <p>"Appropriately control chemical substances, and reduce their use within the manufacturing process"</p> <ul style="list-style-type: none"> 【Group-wide】 RoHS compliance Target: new products 100% / overall 100%
		<p>Reduce the use of regulated chemicals</p> <p>"Appropriately control chemical substances, and reduce their use within the manufacturing process"</p> <p>(PRTR⁴, VOC⁵)</p>
Biodiversity	Preserve and regenerate biodiversity to pass on this country, which is rich in the blessings of nature, in good shape to future generations.	<p>Initiatives that contribute to biodiversity conservation</p> <p>"Maintenance and protection for richer biodiversity than current state by 2020"</p> <ul style="list-style-type: none"> Quantitative evaluation of each site Activation of regional collaboration
Environmental management	Respond faithfully to voices of stakeholders, particularly customers, to fulfill social responsibility as a company	<p>Enhancing group environmental administration</p> <ul style="list-style-type: none"> ISO14001: 2015 group certification <p>Promoting CSR initiatives</p> <ul style="list-style-type: none"> Active fulfillment of accountability Enhancement of communication with stakeholders

*1: Benchmark year: FY2007

*2: RoHS : Stands for "Restriction of Hazardous Substances." A directive that specifies hazardous substances contained in electrical equipment and electronics and prohibits their use.

*3: RoHS compliance in all products: 100%: for machine parts of AMADA that may come into contact with our customers' product.

*4 : PRTR :Stands for "Pollutant Release and Transfer Register," in which the emissions and movements of environmental pollutants are registered. A system for compiling and announcing the emission volumes and travel distances of hazardous chemicals.

*5 : VOC: Stands for volatile organic compounds. Regarded as a cause for chemical sensitivity syndrome and sick building syndrome.

Mid-Term Environmental Plan

	FY 2020 Performance	Mid-to-long-term goals (FY2030)
Preventing global warming	Reduction of CO ₂ through the release and sales promotion of eco-friendly products (Reduction rate: Overall: -20.5% sheet metal machine: -41.7%, stamping press: -17.1%, metal cutting / machine tool: -12.8%, grinding: -10.3%, : achievement rate: 93.8%)	<ul style="list-style-type: none"> ■ Full commodity CO₂ emissions -50% (FY2013 ratio) ※SCOPE3-C11
	<ul style="list-style-type: none"> • Comply with the Revised Energy Conservation Law (reduce intensity by 1%/year) (Isehara / Fujinomiya / Toki / Ono / Fukushima) • AMADA Group's CO₂ emission intensity: 1.038 (could not reach 38%) for 0.75 target Total CO₂ emission 10,756t-CO₂ reduced (achieved 107%) 	<ul style="list-style-type: none"> ■ CO₂ emissions from all offices and plants: -50% (FY2013 ratio) ※SCOPE1+2
Effective utilization of resources	<ul style="list-style-type: none"> • Maintaining of zero-emission plants (Fujinomiya: 0.00%, Isehara ATP: 0.00%, Toki: 0.00%, Fukushima: 0.84%, Noda: 0.82%) • Initiatives towards achieving zero-emission plants (Ono: 1.43%, Miki: 3.74%) • AMADA Group's zero-emission ratio: 0.57% 	Effective Use of Resources <ul style="list-style-type: none"> ■ Total amount of waste -10% (FY2019 ratio) ■ Total landfill volume -10% (FY2019 ratio) ■ Total water use -10% (FY2019 ratio)
Regulated Chemicals Control	Product development with green procurement (Reduce the use of RoHS directive chemicals) "Appropriately control chemical substances, and reduce their use within the manufacturing process" <ul style="list-style-type: none"> • Result: new products 100% / overall 100% - goal achieved! *1 • Reduction of specific chemical substances: intensity 0.6066kg/million yen for 0.7505kg/million yen target (Fujinomiya) • Reduction of specific chemical substances: regarding goods sold, intensity 0.43kg/million yen for 0.33kg/million yen target (Toki) • Revised for TX-free paints: the TX content 23.5% for 23.9% target (Fukushima) 	Proper management and reduction of regulated chemical substances (Japan) <ul style="list-style-type: none"> ■ Hazardous chemical substances -10% (Fujinomiya) FY 2019 standard value: 36,395 kg ■ Elimination of mercury-using equipment (fluorescent lamps)
Biodiversity	<ul style="list-style-type: none"> • Implemented quantitative evaluation in line with JBIB's Ikimono Symbiosis Office guidelines (Noda) • Continuing to be aware of the ecological status (animals and plants) within the Fujinomiya Works property (Fujinomiya) • Preserving green areas within the Toki Works property (Toki) • Promoted wild birds preservation activities (Fukushima) • Grew green curtains with passion fruits (Ono) 	Conserve and regenerate biodiversity by capturing nature-related risks and opportunities (Japan) <ul style="list-style-type: none"> ■ FY2030: Forest Plan (Fujinomiya) and Green Infrastructure (each office and plant)
Environmental management	Implemented CSR communication <ul style="list-style-type: none"> • Issue the environmental and social report "Forest-In Office 2020" (Japanese and English) • Answered to CDP's Climate Change and Water Security Questionnaire 	<ul style="list-style-type: none"> • Promoted the environmental consideration awareness among supply chain

*1: Measures taken for products on areas where our customers may directly touch

Addressing Prioritized Issues



Preventing Global Warming (Reducing CO₂ Emissions Associated with our Products)

The AMADA Group works to reduce CO₂ emissions in our products' life cycles and contributes to the prevention of global warming. As the AMADA Group products are industrial goods, the reduction of CO₂ emissions in our products' life cycles during times of use by our customers is of particular importance. We will promote product development with high technological skills, and will create highly ecological products that are productive but can also conserve energy (AMADA Eco Products).

The Amada Group operates with two systems to evaluate the ecological features of its products, which are product assessment and AMADA Eco Products certification.

◆ Product assessment system

The product assessment system is a process of conducting a design review (DR)^{*1} during every product development stage, aimed to prevent providing our customers with products with a large environment load compared to conventional machines. A total of 25 evaluation items are set from eight different criteria for the product assessment to evaluate ecological features of products, such as energy consumption (the amount of CO₂ emission) when using the product.

The assessment is applied to every new product being developed, and we have established a general rule that the products that do not reach the standard cannot be released.

◆ AMADA Eco Products certification system

The AMADA Eco Products certification is a system that certifies a product as one of the AMADA Eco Products if it passes the company's "energy-saving improvement rate" and "productivity improvement rate" standards compared to a comparative machine (or a past model), examined after the completion of product assessment conducted after the final design review (DR). Certified products are granted the AMADA Eco Products mark.

From the time planning and design is conducted for new products, AMADA Eco Products take into consideration new technologies meant to improve environmental performance, including resource conservation, noise reduction and energy-saving performance. The AMADA Eco Products certification system examines the effectiveness of these efforts.

The following 4 items provide the definition of AMADA Eco Products:

- ① Achieves energy conservation at the time of use compared with conventional models.
 - ② Achieves increased productivity as well compared with conventional models.
 - ③ Lowers running costs for product processing and reduces manufacturing costs through energy conservation and increased productivity, enabling the product to generate profit.
 - ④ Enables provision of proposals for new product processing methods through the use of new processing technology.
- (Recommended requirements)

① and ② are evaluated using processing samples from actual processing carried out by customers.

The assessment method involves actually processing the processing samples with both conventional models and new products and evaluating their improvements of environmental performance based on their rates of energy-saving performance improvement and productivity improvement.

^{*1} Design Review (DR): A review of the design proposal created by the design department that all of the departments involved in the product evaluate from their own standpoint and give opinions and request improvements as needed, in order to develop products that satisfy our customers.

ECO PRODUCTS Mark



Trademark
#4631897

The green color symbolizes the protection of the environment, while the mark depicts a new leaf bud formed from the letters 'E' and 'P' (standing for 'eco products')



Resource-Saving Machine: Indicates a machine that saves natural resources by consuming less oil, gas etc. than conventional models.



Low-Noise Machine: Indicates a machine that produces less noise during use than conventional models.



Energy-Saving Machine: Indicates a machine that saves energy by consuming less power than conventional models.



Preventing Global Warming (Reducing CO₂ emissions associated with our business activities)

The AMADA Group works to promote the conservation of energy and resources in business processes to reduce CO₂ emissions. We will work to further promote efforts to optimize the use of energy and to conserve energy and resources at all our works. As we go forward, the works in our group will continue to further promote operation process efficiency and energy/resource-saving strategies.

◆ Achieving environmentally responsible workplaces

The main manufacturing facilities of the AMADA Group pursue efficiency in business and production processes, implementing energy and resource saving and making constant and drastic improvements to reduce the environmental impact of our factories. Furthermore, we regard the use of renewable energy to be an important theme, and we incorporate it actively in the design of new works and plants.



Solar panels on the Disaster Management Energy Center rooftop (Isehara Works)



All-LED lighting: winner of 2012 "Lighting Design Award" (Toki Works)

Effective Use of Resources

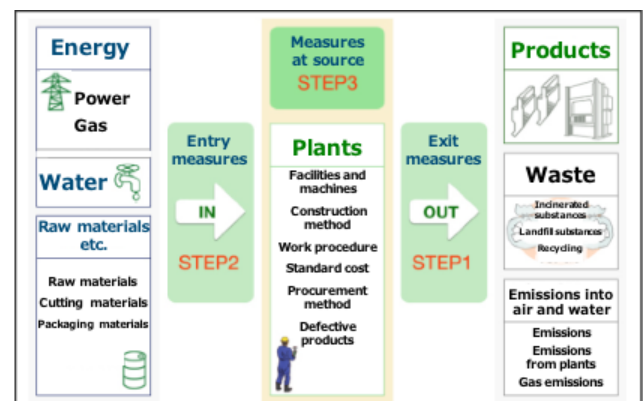


The AMADA Group promotes the effective use of limited resources to make contributions to realizing a recycling-oriented society. Regarding domestic production centers, we are promoting activities to actualize zero-emission factories taking the transition to a sustainable society seriously, aiming to make them clean factories.

◆ Zero-emission factories

Five of AMADA Group's manufacturing bases in Japan have achieved zero-emission factories: Isehara Works (AMADA TOOL PRECISION), Fujinomiya Works, Toki Works, Noda Works, and Fukushima Plant. We have stipulated our achievement standard for a zero-emissions at plants to be, "less than 1% (zero-emission rate) of all waste used as landfill for a continuation of at least one year," through efforts according to three steps of activity.

The AMADA Group achieved a Group-wide zero-emission rate of under 1% (0.81%) for fiscal 2019. It was maintained under 1% (0.57%) in fiscal 2020, and this effort is to be continued.





Regulated Chemicals Control

The AMADA Group has bolstered initiatives regarding regulated chemical substances in order to give our customers peace of mind in using our products. We will implement suitable information management for chemical substances to promote initiatives enabling customers to use safe machinery utilizing safe materials.

◆ Green Procurement

AMADA Group positions “green procurement,” procuring materials with small environmental loads, as one of its important environmental preservation activities for providing environmentally-friendly products to customers.

We request our suppliers for chemical substance analysis and information on materials being used in parts based on the “AMADA Group Green Procurement Guidelines”^{*1} that we established in April 2004.

◆ Chromate Treatments

With regard to surface treatment of in-house design mechanical parts, we have shifted from hexavalent chromium, which has a large environmental burden, to the more environmentally-friendly trivalent chromate.

◆ Oils

All oils marketed by the AMADA Group, including hydraulic fluid, lubricants and cutting oil, are RoHS compliant. Information on their GHS^{*2} physical and health/environmental hazard classifications is stated on the SDS^{*3}.

◆ RoHS^{*4} Compliance

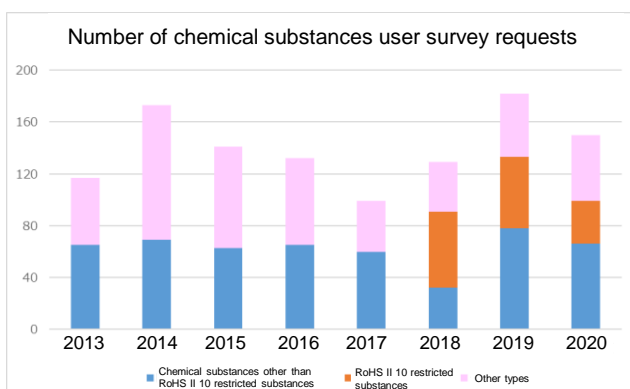
The AMADA Group’s principal products are classified in the Exempted Product Category of LSSIT (large-scale stationary industrial tools) in RoHS directives. Still, in order to give our customers peace of mind in using our equipment, as an initiative of our own we have completed compliance with the standards laid out in Category 11, as published on July 22, 2019, for parts of our equipment with which customers come in direct contact.

◆ Safety management and control of chemical substance use in the manufacturing process

In addition to products supplied to customers, all of the AMADA Group’s manufacturing plants are working to reduce the amount of regulated chemical substances during the manufacturing process, based on the mid-term environmental plan.

◆ Number of chemical substances user survey requests

The graph below aggregates trends in the number of customer survey requests concerning chemical substance content and other matters.



- Chemical substances other than RoHS 10 restricted substances
The items include a certificate of non-use, composition table, PCB, asbestos, MSDS, etc.
- RoHS 10 restricted substances
Since the list of restricted substances has been expanded to 10 as of July 22, 2019, an increase was seen in inquiries in the previous year of fiscal 2018 concerning 4 appended substances. These are 4 phthalate esters: DEHP, BBP, DBP and DIBP.
- Other types:
Environment surveys, CSR, questions concerning ISO 14001 certification and REACH, etc.

*1 The AMADA Group Green Procurement Guidelines are revised according to amendments in the laws.

*2 GHS: abbreviation for “Globally Harmonized System of Classification and Labeling of Chemicals”

*3 SDS: A Material Safety Data Sheet (SDS) is a document mentioning the hazardous and harmful chemical substances of a product, and is delivered when the product is given or provided to another company.

*4 RoHS: RoHS II (Directive 2011/65/EU) RoHS directive is an EU law regarding the limited use of specific toxic substances, such as electric and electronic equipment (EEE).



Biodiversity

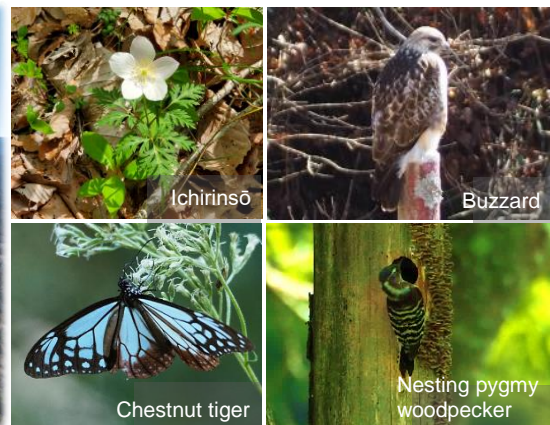
The AMADA Group works to promote “AMADA Forest Creation” efforts contributing to the preservation of biodiversity. We are proceeding with biodiversity-targeting initiatives at each of our operations bases within Japan.

◆ Fujinomiya Works / AMADA's Forest

Approximately 60% of the Fujinomiya Works premises, or roughly 43 hectares is left as forest. About 80% of that is man-made cypress forest. It has already been 40 to 50 years since reforestation and AMADA is making positive improvements, proceeding systematically in order to transform it into a forest rich in animals and plants.



Forestland at Fujinomiya Works (Fujinomiya, Shizuoka Prefecture)



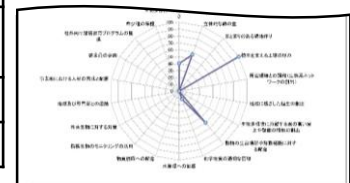
Creatures confirmed at Fujinomiya Works (in part)

◆ Quantitative Evaluation of Biodiversity

AMADA Group’s domestic works strive to make systematic improvements by conducting quantitative evaluations in order to gain a concrete understanding of the progress in their biodiversity initiatives and to clarify such questions as, “What types of positive possibilities there are within the premises?” and “Where are the main factors of environmental load?”

The approach was evaluation using the tools promoted by the Office of the Symbiosis of Living Things from the Japan Business Initiative for Biodiversity. By improving the score, we aim to promote initiatives in biodiversity. In fiscal 2020, this initiative was implemented and evaluated at Noda Works.

Year of Evaluation	Target of Evaluation
2015	Isehara Works
2016	Ono Plant
2017	Fujinomiya Works
2018	Fukushima Plant
2019	Toki Works
2020	Noda Works



Noda Works biodiversity quantitative evaluation table

◆ Participation in removal activities for specific nonindigenous species (Noda Works)

Noda Works participates with the general public in the “Tone Canal bur cucumber removal” (organized by the Tone Canal Council) to remove bur cucumber, which is designated as a nonindigenous plant. The “bur cucumber” (*Sicyos angulatus*) is a plant in the gourd family that is native to North America. Cultivation of the plant is prohibited by law in Japan. In order to protect the precious creatures of the Tone Canal, Noda Works will continue to work with the region in an effort to eradicate specific non-native plants.



Tone Canal bur cucumber removal activity held in July 2019

* The “Tone Canal bur cucumber removal” event in fiscal 2020 was cancelled as a countermeasure for the spread of COVID-19.

Activities, Fiscal 2020

Preventing Global Warming

(Reducing CO₂ emissions associated with our products)



Introducing AMADA ECO PRODUCTS
(added in 2020)

◆ Fiber Laser Machine

REGIUSAJ SERIES



◆ Fiber Laser Welding System

FLW ENSIS



	Rate of improvement		AMADA Eco Products eligibility criteria (laser machines)		Rate of improvement	AMADA Eco Products eligibility criteria (laser machines)
	6kW	9kW				
Energy-saving performance (Rate of electrical consumption reduction)	63%	45%	≥ 30%		51%	≥ 30%
Productivity (Rate of production cost reduction)	40%	65%	≥ 10%		37%	≥ 10%

※Comparison with AMADA's FOL-3015AJ

※Comparison with AMADA's YLR series

Preventing Global Warming

(Reducing CO₂ Emissions Associated with our Business Activities)



• Toki Works

■ Suppressing power consumption by reducing man-hours for assembling

The Department of Assembling and Manufacturing Division I is working on reducing CO₂ emission by suppressing power consumption by reducing man-hours for assembling. From a QCD point of view, a turnable assembly table was made to be used for the assembling of a punch lifter ASSY for the bending machine HRB-1003 ATC module. By turning the table during the work, workers can now work on the down side of the machine from an ordinary position which improves the workability, while contributing to the reduction of man-hours spent on assembling. Other than this table, a total of 37 changes were made to improve the man-hours being spent, aiming to reduce CO₂ emission from the assembling work overall.



HRB ATC module punch lifter assembly table

• Isehara-suzukawa Works

■ Reduced CO₂ emission by reducing man-hours for the wiring

Conventionally, the specification of wiring work for large and special press machine feeding systems differed per order, and this caused a gap on quality and time required for the wiring work depending on the workers' experience. In fiscal 2020, the wiring procedures were revised, and a standard procedure manual was arranged. By the manual, workers with less experience are now able to work on the wiring with the same procedure and quality as experienced workers, therefore reduced the overall working hours of the workers significantly.



Stamping press machines feeder

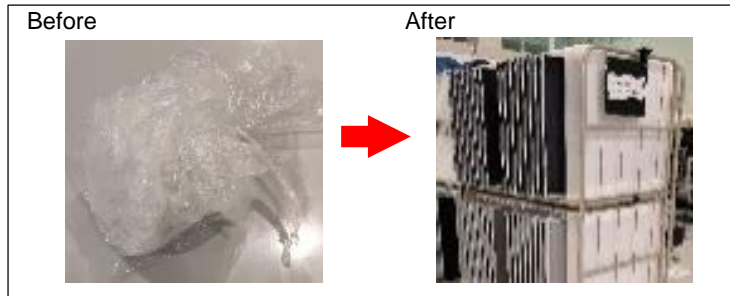
Effective Use of Resources



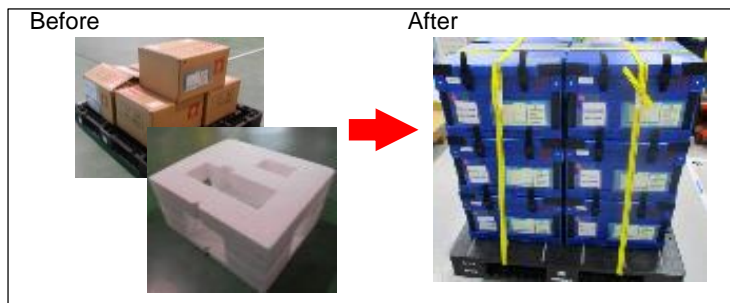
• Fujinomiya Works

At Fujinomiya Works, a few conventional transportation methods for laser oscillator parts required a lot of cushioning and wrapping of materials, and they were causing the disposal of many wastes. As these methods also required time to unpack, the packaging method for delivery was revised. As a result, they successfully reduced wastes.

- Introducing a specialized roll box pallet: reducing packing materials



- Returnable containers (Reusing cushioning materials)



• Isehara-suzukawa Works

To prioritize the recovery of our customers' production facility in case of the failure of control parts, the machine recovery process is done by exchanging each part with the appropriate inventory. The collected failed part(s) is repaired by the original manufacturer, and each repaired part is stored in the inventory to be used for another case of possible failure. In fiscal 2020, the persons in charge of reused items were assigned by each management process, and succeeded in improving the reused rate of control parts from 91% to 98%.



Collected part

Repaired part to be reused

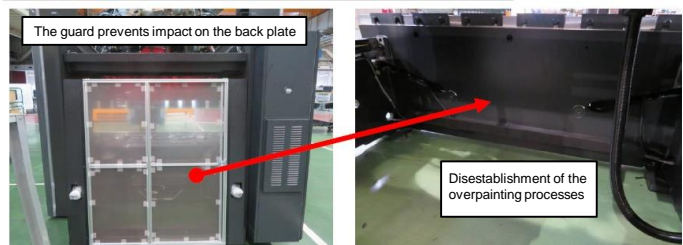
Regulated Chemicals Control



• Fujinomiya Works

By revising the overpainting process for bending products, etc., the volume of paint used were reduced due to the disestablishment of some parts during the painting process.

By this, the chemical substances used by the facility were largely reduced.



The volume of chemical substances used were reduced by disestablishing the overpainting processes on some parts

Assessment of Water-Related Risks



Actions for Water Resources

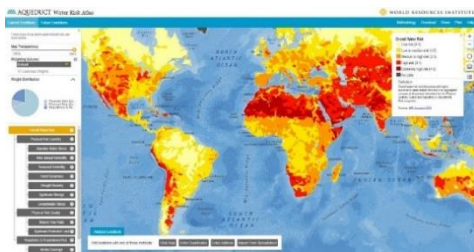
The AMADA Group believes, as the world is facing frequent floods, drought, etc., predicting water-related risks that could connect to direct operational risks is essential to continue our corporate activities.

◆ Leveraging global tools to assess water-related risks

The AMADA Group owns a total of 19 manufacturing factories within and out of the country. Regions where these plants are located varies, therefore possible water-related risks vary. It is the AMADA Group's responsibility to analyze the risks regarding water resources that accompanies our corporate activities, and to release the status of how we are responding to these risks.

Just as the previous year, we have confirmed and have understanding on water-related risks of each manufacturing factory, as we have conducted an outlined evaluation of water-related risks with the global evaluation tool "Aqueduct" of the World Resources Institute for all 19 factories^{*1}

^{*1} all 19 factories (of the AMADA Group): All group manufacturing factories dealing with production (7 within Japan, 12 overseas)



Aqueduct, a water-related risk assessment tool

* We adopt the use of Aqueduct, a tool used by many of the countries responding to the CDP Water Security Questionnaire, due to its ability to offer comprehensive, side-by-side assessment of water-related risks for our production bases, which are scattered throughout the world.

◆ Results of water-related risk assessment

The results of the water-related risks evaluation showed that the plants in Japan, North America and China were at high risk for "water stress" and "frequency of flooding", as it did the previous year.

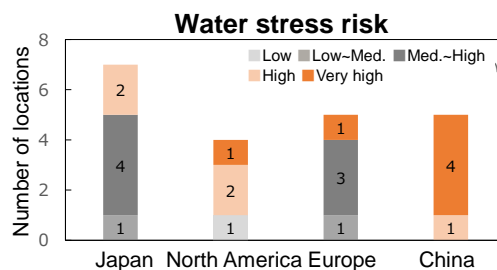
Water stress, calculated as the level of demand for water considered against the level of available water resources, indicates a region's degree of water shortage. Some AMADA Group production bases were found to be located in regions at high risk. We identified a particularly high level of risk for water stress in China.

As with water stress, some regions were found to be at high risk with regard to the frequency of flooding. We identified particularly high levels of risk for water stress in North America and China. As precipitation patterns are forecast to undergo changes due to climate change, we will continue to pay attention to these regional risks of flooding frequency in the future.

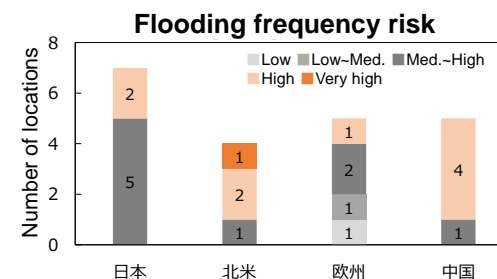
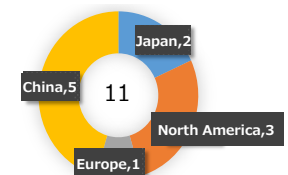
◆ Investigation for internal cause

This year, in addition to the outlined investigation on external causes that was done with Aqueduct, we conducted an internal investigation, analyzing the causes of risks for water environments at nine domestic factories^{*2}. The investigation looked at the volume of water used in the manufacturing process and the effect of draught and floods, etc. within the past 10 years. We will continue to analyze the results of external and internal causes, tying it to future business strategies of water-related measures. In the current fiscal year, we carried out a summary assessment of external factors using global tools.

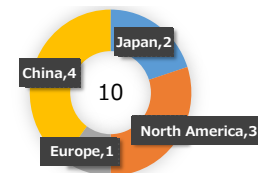
^{*2} Investigated at nine factories in Japan, including two plants of Amada Press System (former Amada Orii)



Locations with high water stress risk



Locations with high flooding frequency risk



Mr. FUKUDA Tatsuya, Laser and Combination Machines Arrangement Group, Department of Laser Production, AMADA CO., LTD.

FUKUDA Tatsuya of Fujinomiya Works, AMADA CO., LTD., the Shop Leader of the Laser and Combination Machines Arrangement Group, Department of Laser Production was announced the award winner for *Minister of Health, Labour and Welfare's Special Award for Outstanding Foremen and Forewomen in Occupational Safety, Fiscal 2020*, hosted by the Ministry of Health, Labour and Welfare.

This award is given by the Minister of Health, Labour and Welfare to honour *shokuchō* (foremen / forewomen) with remarkable skills and experience who gave excellent results while securing safety in the workspace at the worksite and/or department they are in charge of.

While victims of work accidents who were required to take time off of work for over 4 days surpassed 120 thousand (as of 2019), the award is aimed to accelerate safety activities within the workplace and communities led by their *shokuchō* by honoring excellent *shokuchō*s with high safety awareness, who has provided appropriate safety instructions. After starting in 1998, this was its 23rd announcement of winners.

※Traditionally, a ceremony was held for the award, however, this year's ceremony was cancelled as part of the COVID-19 countermeasure.

※ *Shokuchō* (or foreman / forewomen) is a supervisor who actualizes *safety* from the front lines of a workplace that directly instructs and directs their workers, and are in charge of securing safety while executing the work to be done. As a standard for the reward, the conditions include over 10 years of actual experience as a *shokuchō*, and there has not been a work accident that caused the worker to take over four days off within the past five years.



▲Due to the cancellation of the awarding ceremony, the award was handed by the company's Safety and Health Committee.

Communication



With our customers

The AMADA Group conducts activities within Japan and worldwide in order to offer industry support and social contributions.

Europe



Joining the local exhibition for vocational high schools
AMADA AUTOMATION EUROPE (Finland)



Cooperating to provide vocational training for local high schools
AMADA EUROPE S.A. (France)



Collaborating with the vocational school "G Marconi"
AMADA ITALIA S.r.l (Italy)

Asia



Donating epidemic prevention masks to the
Lianyungang Red Cross Society
Tianjin Lianyungang Machinery Co. Ltd. (China)



Supported to build an emergency hospital ward
AMADA SOFT (INDIA) PVT.LTD.



Donating for scholarships at a local school
Amada (Thailand)

America



Hosting a community event
AMADA Marvel INC. (U.S.)



Supporting the student robotics team, Wave Robotics
AMADA Marvel INC. (U.S.)

With our customers

AMADA SCHOOL

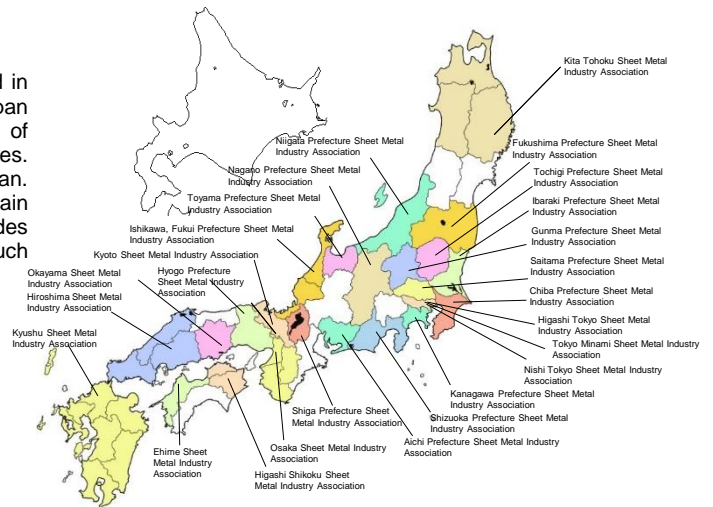
The AMADA SCHOOL was established in 1978 as Japan's first vocational training corporation dedicated to metalworking machinery and education that takes advantage of the wealth of technology and cutting-edge facilities available. The school is built upon the two pillars of skills education (manufacturing) and support education (personnel development) and teaches students about machines, CAD/CAM operation, and the fundamentals of sheet metal processing. In addition, the school offers preparatory courses for the National Trade Skill Test (factory sheet metal work) theory and practical examinations. The school also provides courses with the goal of supporting human resource development for new employees, administrative staff, and supervisory staff at small- and medium-sized businesses and offers lectures on education courses, for managerial successors.



Subsidized JMC educational course for managerial successors (JMC)

Support for Sheet Metal Industry Associations

Sheet metal industry associations are groups of companies involved in the sheet metal processing industry established in each region of Japan by to promote the planning, proposal, implementation, and research of activities for the prosperity and global expansion of member companies. To date, 26 such industry associations have been established in Japan. To help improve the skills of all association member companies, train human resources, and promote industry development, AMADA provides assistance through the industry association secretariats and takes such measures as dispatching lecturers for workshops.



We hold seminars and various other events



Skill Examination

The Precision Sheet Metal Technology Fair

The Precision Sheet Metal Technology Fair is a competition established in 1989 by the AMADA SCHOOL to promote the improvement of sheet metal processing technology and skills. Currently, the school starts soliciting products from five categories in around May each year and, following judgment, holds an award ceremony the following March. The award winners of the 33rd Precision Sheet Metal Technology Fair were announced in March 2020. 288 entries were submitted, of which 98 were submissions from overseas, with 25 submissions from students. Outstanding works received the Minister of Labour, Health and Welfare Award, the Minister of Economy, Trade and Industry Award, the Kanagawa Prefecture Governor's Award, the Japan Vocational Ability Development Association Chairman's Award, the Nikkan Kogyo Shimbun Award, the Japan Society for Technology of Plasticity President's Award, the Overseas Best Award, the Judging Committee's Special Award and the AMADA Award. Additionally, superior works in the Sheet Metal Parts, Sheet Metal Assembly Parts, Welding Fabrication and Formative Arts Fabrication categories were awarded the Grand Prix, and, in the Student's Fabrication category, Gold, Silver and Bronze prizes.



The Precision Sheet Metal Technology Fair awards ceremony

※The 33rd Precision Sheet Metal Technology Fair awards ceremony was cancelled due to the spread of COVID-19.

The Main Award Winners



Winner of the Minister of Labour, Health and Welfare Award



Winner of the Minister of Economy, Trade and Industry Award

With our employees



Human resource development of the AMADA Group

The basics of human resource development for the AMADA Group is “develop human resources who pursue creative and challenging activities” which is a part of our management philosophy. While developing workers who will continue to take on a challenge of creating a never-before-seen value, we aim to foster corporate culture where employees can reach self-actualization through work.

The AMADA Group is taking initiative to create a workplace where our workers can exert their maximum performance and feel rewarded, and arranging a personnel system and structure for human resource cultivation to make this possible. Regarding human resource cultivation, we are putting our efforts into cultivating global human resources as the business ratio is growing overseas, and also of new generations as a vision for becoming a century old company. Also, we are working proactively on work style reform to support our workers for the betterment of work-life balance and for them to balance their career and family time, while also developing a personnel policy that considers the decline in the working population, for example by strengthening diversity.

Creating a rewarding workplace

The AMADA Group believes that creating an appropriate working environment depending on diverse values and/or life-stage of the workers, and providing fair evaluation and treatment is the first step for the workers to feel rewarded.

To enable work-life balance, we started a project to improve the rate of our workers to take their paid leave with the “Personally Planned Paid Leave” program, where the employees plan the days they will use their paid leave at the beginning of the fiscal year in order for them to take at least four paid leaves per year. Furthermore, regarding an employee who has not taken five paid leaves, their supervisors are periodically asked by the company to encourage the employee to take them.

Also, in order to encourage male workers to take parental leave, we created a guidebook to recommend male workers to take parental leave, whereas it is being utilized to have the company’s recommendations known to the employees who are interested.

The AMADA Group commits to work style reform, by arranging projects to create an ideal workplace with improved productivity, improve the rate of employees taking their paid leave, and improve the rate of male workers’ rate of taking parental leave to equalize the rate with female workers.

		2018	2019	2020
The rate of workers taking their paid leave		50.2%	59.7%	52.5%
The rate of male workers taking their parental leave	Male	0.0%	14.7%	22.5%
	Female	100.0%	100.0%	80.0%



The image of the guideline to recommend male workers to take parental leave

[Interview with a worker who took paternity leave] AMADA: Sales Management (age: 30s)

As the kindergarten shut down, I took paternity leave for about a month for my 5-month-old child. I didn't hesitate because I had always taken care of my child and done housework, but after actually taking a paternity leave and taking care of my child all day long, it made me realize that it is hard work. Some might think taking care of a baby is easy because they're always sleeping but it's not the case at all. It's actually what is most time consuming, and they don't often leave enough time for housework. However, I feel that it was a very rewarding month.

Promoting diversity

■ Promoting Support for Childcare

In order to achieve the SDGs, the AMADA Group is taking initiative in giving women career support as a highly prioritized task.

The employment rate of new graduates was 25% for women in fiscal 2020. Although the female ratio was 7.8% for a full-time position, we will continue to work on promoting women actively, developing an environment where they can strive, and increase the employment ratio.

The Group acknowledges there is a large gap with the actual society, as the ratio of female managers was 1.2% for fiscal 2020. Therefore, we are strengthening the career development program for female manager candidates along with providing leader cultivation trainings to young and mid-career female workers, aiming to improve the ratio of female managers.

■ Employment of persons with disabilities

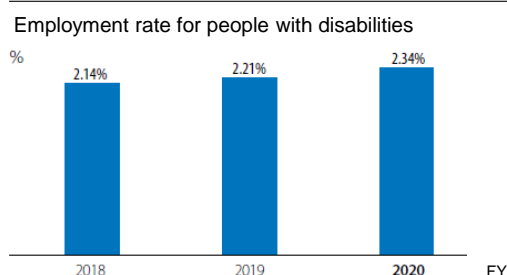
The AMADA Group has established a special subsidiary where it provides a place to help employees with a disability to self-sustain and strive, and to help these employees to further participate in more projects, we established "The AMADA Group Employment Management Committee".

The purpose of the committee is mainly to expand the scope of posts for our employees with intellectual disabilities, and to secure the numbers of employees with a disability. The present available posts are cleaning, mail delivery and assistant work at the manufacturing site.

The Group will continue to expand the scope where employees with disabilities can strive in; we are all-in for helping as many as we can reach to support them self-sustain.



A machine operated by a female worker



Human resource cultivation

■ Cultivating the leaders of the next generation

In addition to the globalization of the society and economy, the spread of COVID-19 last year further accelerated technological innovations and the speed of corporate reformation. In this time when corporate environments are changing dramatically, for AMADA to reach sustainable growth, it is a necessity for each one of the AMADA Group employees to continue to take on challenges of creating new values, and to build reliance between all stakeholders, especially our customers. New employees are given a full-scale training for them to be able to start their work smoothly at where they are positioned, including basic education as a business person, practice with machines and factories to learn the basics of *monozukuri* craftsmanship and factory training. Also, trainings are given to the workers depending on their career stage, for example a career development training for mid-career employees and trainings for managers aiming to improve their skills.

TOPICS

COVID-19 countermeasures

The AMADA Group has an established COVID-19 Countermeasure Headquarters. By manualizing the response to a case of an employee getting a fever or being tested positive for the virus, and complying with it, we are continuing with the effort to minimize the spread of COVID-19.

The Countermeasure Headquarters are surveilling not only domestically, but the whole Group by confirming the virus situation in all global bases. If an employee is tested positive in Japan, we respond in cooperation with the health center. Identifying persons who have been in close contact with the employee tested positive from a wide range, we encourage them to take a PCR test immediately to contribute in stopping the virus to spread. Furthermore, the countermeasures that the employees are asked to take are revised periodically, and they are communicated to them each time in order to raise awareness regarding the virus among the employees.

Currently, we are cooperating with the workplace vaccination program to protect the employees and their family members from the threat of COVID-19.

Communication: With our Employees

Safety Management

With regard to occupational health and safety in the AMADA Group, a General Safety and Health Committee is jointly formed with each company within the Works. A Safety Division, Health Division, Disaster Prevention Division, and Transportation Division are established as expert organizations and group companies, including sales offices are jointly organized to systematically solve problems across the group.

In fiscal 2020, AMADA took made efforts under the slogan “With awareness of each and every one of us! Let’s aim for a *zero-accident* workplace”.

■ The content of the initiatives taken by the special committees

1. The Safety Committee: “continuing to strengthen the safety management structure for the offices, and assessing risks for factories” The Exhibition Committee: “assessing the risks of the exhibition hall and continuing with the PDCA cycle”.
2. The Health Committee: “receiving the *White 500* title by the Certified Health & Productivity Management Outstanding Organizations Recognition Program”.
3. The Disaster Prevention Committee: “strengthening the initial action to take in the event of a disaster occurring”.
4. The Traffic Committee: “assessing the preventative measures for traffic accidents utilizing the GPS driving evaluation”.

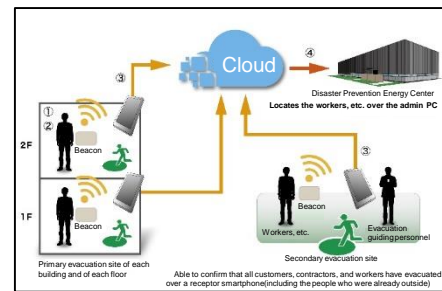


Disaster initial response drill

Establishment of the “BCP location system”

A new system was installed to locate every person inside the facility in realtime, which conventionally had to rely on actual calls by the workers. If, by any possibility, someone went missing during a disaster, the system will locate where they are, using the information for the initial response to save their lives.

Just as the system was able to locate the workers inside the facility during the period when we took measures against COVID-19 with staggered working hours and telework mandates, it can be utilized for improving work efficiency and maintaining a safe working environment.



The BCP location system (image)



With our local community

Community cleanup activities at the various works

Our works located in Japan are involved in social contribution activities in cooperation with local organizations. Noda Works participated in fundraising activities of the Chiba Environment Revitalization Fund sponsored by the Chiba Environment Foundation. The fund is used as a grant for environmental activities to protect Chiba's nature. The Works also participates in river cleanup activities in cooperation with local organizations. In addition, locations including the Fujinomiya Works (Fujinomiya City, Shizuoka Pref.), Ono Plant (Ono City, Hyōgo Pref.), Miki Plant (Miki City, Hyōgo Pref.), Fukushima Plant (Nihonmatsu City, Fukushima Pref.) and Isehara-suzukawa Works (Isehara City, Kanagawa Pref.) carry out regional cleanup activities as well.



Volunteering for local cleaning (Ono Plant)

Co-sponsoring the Nikkei Hoshi Shinichi Award

The AMADA Group is a co-sponsor of the Nikkei Hoshi Shinichi Award organized by Nikkei Inc. "Demonstrate the full extent of your scientific inventiveness and write a story that will stimulate readers' hearts and minds"—This is the concept behind the Nikkei Hoshi Shinichi Award. As a company engaging in *monozukuri* (product creation), we have continually co-sponsored the award since its inception in order to spread awareness of AMADA's business activities to a great number of people, including those possessed of scientific understanding.



The Nikkei "Hoshi Shinichi Award" trophy

Co-sponsored local sports competitions

The AMADA Group actively co-sponsors local sports competitions. We have co-sponsored the Yokohama Marathon from when it was first held in 2015 (2020 was held online). Many of our employees support the tournament by participating as operational volunteers. We also co-sponsor the Ōyama Hiking Marathon held each year (Canceled in March 2021) in Isehara City, Kanagawa Pref., where AMADA's head office is located, as well as a number of sports competitions, such as a local ekiden road relay race.



YOKOHAMA MARATHON (Held in 2019)

Co-sponsored and held local events

The Ono Plant (Ono City, Hyōgo Pref.) hosts a local social exchange called the "Hanami-cation" for blossom viewing every April, hosting their 10th such event in fiscal 2019 (Canceled in fiscal 2020). In addition, the AMADA Group co-sponsors events such as the Isehara Tourism Dōkan Festival (Isehara City, Fukushima Pref.) held each October, the Ōiso Nagisa Festival (Ōiso-machi, Naka-gun, Kanagawa Pref.) and the National Tree-planting Festival (Sōma City, Fukushima Pref.) as well (All events in fiscal 2020 was cancelled as a countermeasure for the spread of COVID-19).



The 10th annual Hanami-cation (Held in 2019, Ono Plant)

Supporting "Shonan Bellmare"

Since February 2020, the AMADA Group is officially supporting the J League professional soccer team "Shonan Bellmare" as the 2020 Official Club Partner.

Shonan Bellmare is a team based in several cities across Kanagawa Prefecture, including Isehara City where the AMADA Group headquarters is located. Our Group will support Shonan Bellmare with all the people in the region while taking proactive measures for a rich future and development of the region and society.



Corporate Governance



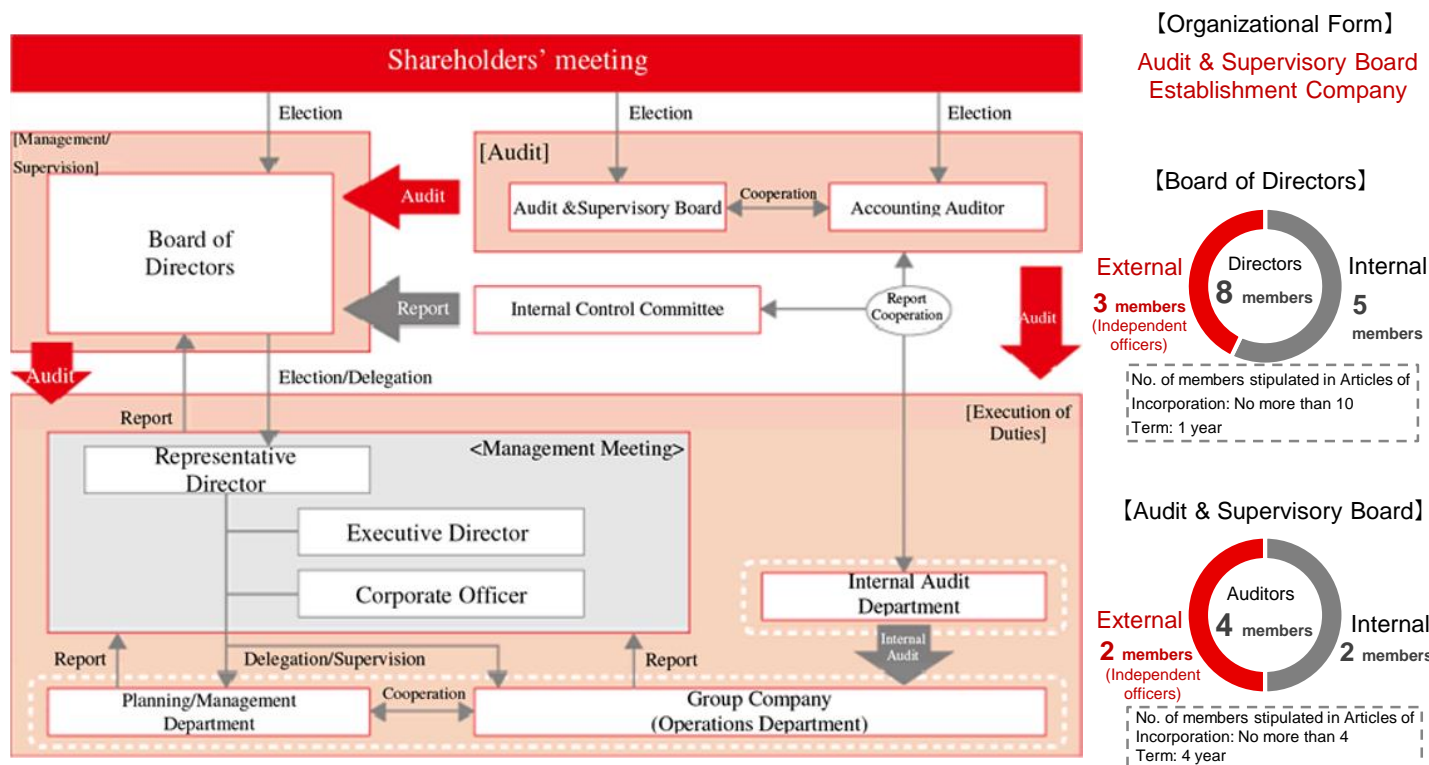
The AMADA Group believes that sound activities based on high ethical standards and fairness are crucial. AMADA Group will work to enhance corporate governance built on ensured transparency and thorough compliance with laws and regulations throughout management and operations, in line with the following philosophy.

Basic concept of corporate governance

- (1) Strive to ensure the rights and equitable treatment of shareholders.
- (2) Strive to engage in appropriate collaboration with stakeholders other than shareholders.
- (3) Strive to ensure appropriate disclosure and transparency of information.
- (4) Strive to have the Board of Directors appropriately fulfill their roles and responsibilities with a clear understanding of fiduciary duty and accountability to shareholders.
- (5) Strive to engage in constructive dialogue with shareholders.

Structure of corporate governance

Employing the services of an audit & supervisory board establishment company, we have established a Board of Directors and Audit & Supervisory Board as well as a Management Meeting as an advisory committee for major issues with regard to the execution of business. Also, in order to clarify the separation between executive and supervisory bodies and enhance maneuverability of business execution, we have adopted an executive officer system.



AMADA has adopted this system with the aim of realizing optimal corporate governance in order for the AMADA Group to maintain sustainable growth, increase the Group's long-term corporate value and thereby enable all stockholders to maintain long-term holding of AMADA shares.

Board of Directors

With its number of members stipulated in the Articles of Incorporation to be no more than 10, the Board of Directors is currently made up of 8 directors, including 3 external directors who are independent officers. We have a policy of maintaining 2 or more independent external directors who have independence and neutrality on the Board of Directors in order to link external viewpoints to strengthened decision-making and supervisory functions. Out of a viewpoint based in making effective use of independent external directors, we have adopted a system featuring the inclusion of 3 independent external directors as of the 78th Ordinary General Meeting of Shareholders held on June 28, 2016.

The Board of Directors makes determinations on items stipulated by laws and regulations as well as other important business matters. With its role as a body supervising the execution of business operations as well, the Board of Directors convenes as necessary and is structured so as to be able to make administrative judgments with speed and flexibility.

Audit & Supervisory Board

AMADA has adopted a corporate audit system, with the number of auditors stipulated in the Articles of Incorporation to be no more than 4. We have a policy of maintaining a number of independent external auditors who have independence and neutrality equal to at least half of directors on the Audit & Supervisory Board. Currently the Board is made up of 4 members, of whom 2 are independent external auditors. The Audit & Supervisory Board is structured so as to be independent from company management. It performs the auditing of business execution by company directors and employees, including operating officers, as well as of the internal control system, accounting and so on.

Also, in order to ensure the independence and quality of auditing of financial auditors, we have formulated criteria for the proper assessment of presently appointed financial auditors, and we make periodic reviews to determine whether such criteria are being satisfied or not.

Management Meeting

AMADA holds management meetings on a timely basis in order to further strengthen the Board of Directors' function and increase managerial efficiency. At these management meetings, deliberations on important matters with regard to business execution are carried out and time is taken to conduct discussions on a narrowed-down list of themes.

Assessment of the Board of Directors' Effectiveness

AMADA conducts assessments of the entire Board of Directors on a yearly basis based on our "Corporate Governance Guidelines." At the Board of Directors' meeting held on August 6, 2021, the effectiveness of the entire Board of Directors in fiscal 2020 was analyzed and assessed, and discussions were carried out on present issues and policies to be developed.

At the end of the meeting, the Board of Directors confirmed that the company's Board of Directors system is functioning appropriately in general due to the following reasons: "the Board is constructed appropriately from its size and the independency of the independent external directors point of view, maintaining a structure to appropriately supervise the decision-making and execution of operation processes that are critical for the company's management", "an environment for the members to freely speak their opinion is secured, and continuous provision of information to the external directors such as prior explanations regarding the Board of Directors meeting agenda and having meetings with a specific theme, is contributing to the vitalization of discussions among the Board of Directors", and "the establishment of the voluntary Nominating Committee and Compensation Committee has deepened the discussions regarding the compensation system and nomination / dismissal of managers, therefore is contributing to the improvement of the supervisory function of the Board of Directors system".

On the other hand, "the proposing of business strategies from mid- to long-term point of view and its execution, as well as the strengthening of the framework for monitoring the business progress" was raised as an issue. Also, it was agreed that "it is preferred to vitalize discussions on the required skill sets of the Board of Directors and how to create a structure that will contribute to bringing more diversity to this company".

The Board of Directors, based on the results of the present evaluation, will continue to discuss a proposal of business strategies from mid- to long-term point of view, and to strengthen the monitoring framework, aiming for the improvement of the effectiveness of the Board of Directors as a whole. Furthermore, the Board will level up the discussion that contributes to improve the corporate value in the mid- to long-term, for example response to SDGs, ESG and risk management, as well as improving diversity within the Board of Directors.

Voluntary Advisory Committees

The AMADA Group has established a "Nominating Committee" and "Compensation Committee" in April 2020 with an independent external director as the head of these committees, as a voluntary advisory organization for the Board of Directors; these are aimed for the group to fully appreciate the knowledge and advice of external directors and to also further strengthen the functions of the Board of Directors: independency, objectivity and accountability. Each committee consists of four members; the majority (three) are independent external directors.

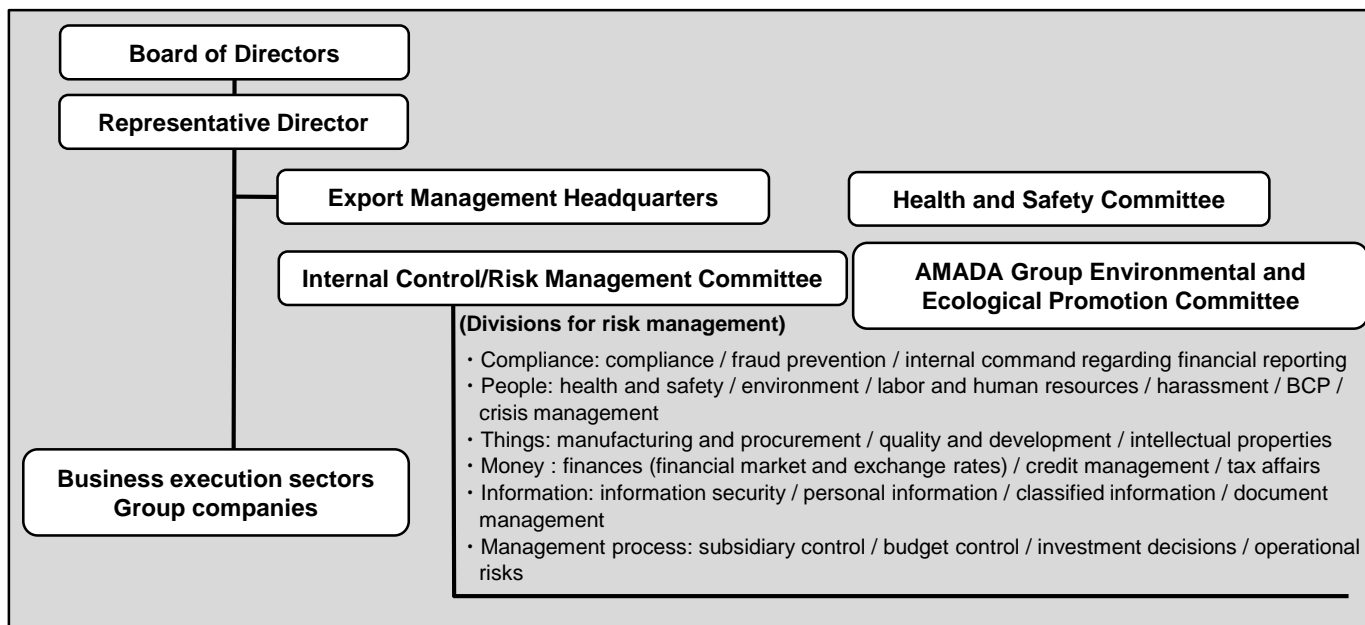
The Nominating Committee deliberates over the appointment, dismissal, etc. of company directors. The Compensation Committee deliberates over remuneration policies, its contents, etc. for company directors and other workers of higher positions. After consideration, they are to report with advice and recommendations.

Risk Management

Risk Management Structure

In order to prevent risks that could significantly impact the management of the AMADA Group, or to minimize its effect if these risks were to occur, AMADA is putting their best efforts into risk management, for example considering risk countermeasures before a conflict actually occurs. Each of these risks are managed and responded to by specialized committees such as the “Health and Safety Committee,” the “Export Management Headquarters,” and “The AMADA Group Environmental and Ecological Promotion Committee.” In addition, the risk management division of the Internal Control Committee establishes policies for significant risks related to the categories of people, things, money, information, etc. Furthermore, when a significant event or case occurs, they are responded to in a timely manner with the establishment of emergency headquarters, etc., for risk management.

The Risk Management Structure



Disaster Prevention Structure

The AMADA Group is operating production and sales centers globally. If these centers experienced a devastation for example earthquakes, floods and other natural disasters, the widespread outbreak of a disease, or a conflict and/or terrorist attack, and if the reconstruction and recovery from these devastations were to continue for a long period of time, it could also impact the group’s results.

As part of the business continuity plan (BCP), some of the Isehara Works buildings are installed with seismic isolators, and a Disaster Prevention Energy Center is constructed with an independent generator and emergency water and food supplies. Also, the group is promoting the expansion of manufacturing centers in Japan and overseas, to lower the risks of centralized production and supply.

Responding to COVID-19

The AMADA Group’s responses to COVID-19 are the following.

① Regarding sales

Each office provides their usual sales activities and services. The customer’s comments and requests are followed under thorough countermeasures from the spread of the virus.

② Regarding supplies

Domestic production bases including ones in Fujinomiya, Toki, Fukushima, are under operation as usual. Toolings and blade factories and parts centers that provide consumables are opened under sufficient countermeasures from the spread of the virus in order to bring our customers with products without delay.

③ Response for the workers

In the event of a State of Emergency being issued, the workplace concerned by the region subject to restriction continues business over telework as much as possible. For office duties, staggered working hours are arranged and workers are asked whenever possible to avoid business trips in order to reduce their risk of contracting the virus.

The AMADA Group puts effort into continuing to provide products and services to our customers, while taking appropriate measures for preventing the spread of COVID-19, considering the health and safety of the Group’s workers, their family and our customers first.

Status of Responding to Stakeholders

Stakeholders	Main responsibilities and issues	Main point of contact	Main method of communication
Customers	• Improving the customers' satisfaction	<ul style="list-style-type: none"> • Sales • Services • Quality assurance • Environmental promotion • AMADA SCHOOL 	Contact (HP / each office), sales activities, website, showrooms, events, exhibitions, customer questionnaire, and providing job training with the use of metal fabrication machines (AMADA SCHOOL)
	• Providing safe and high quality products		
	• Highly-rated customer support		
Workers and their families	• Promotion of a safe working environment and healthy management	<ul style="list-style-type: none"> • Human resources • General affairs 	Whistleblowing system, intranet, corporate newsletters, trainings, workers' awareness survey, daycare center, etc.
	• Respecting human rights / personalities / individualities		
	• Cultivating and utilizing human resources		
	• Fair employment and treatment / respecting diversity		
Government / autonomous body / business entities	• Legal compliance / reporting / notifying	<ul style="list-style-type: none"> • Management planning • Public relations • General affairs 	Joining municipal committees and its meetings, joining the activities of industrial and/or economic organizations, and supporting the Sheet Metal Association
	• Responding to regulations		
	• Activities and cooperation for the growth of the industry		
NGO / NPO / civic groups	• Cooperate to solve social issues	<ul style="list-style-type: none"> • General affairs • Environmental promotion • AMADA SCHOOL 	Volunteering, joining social and environmental dialogues, and providing job training for the use of metal fabrication machines (AMADA SCHOOL)
	• Environmental dialogues		
Business partners and suppliers	• Building a relationship with fair transactions	<ul style="list-style-type: none"> • Materials 	Green Procurement briefings, suppliers' environmental survey, etc.
	• Reducing the environmental load among the supply-chain		
Local society	• Activities for social contribution	<ul style="list-style-type: none"> • General affairs • Public relations 	Activities for social contribution (cooperating with autonomous bodies, volunteering, etc.), sponsoring sports events, research funding, factory tours, and sponsoring cultural events
Shareholders and investors	• Appropriate disclosure of information / pursuit for accountability	<ul style="list-style-type: none"> • IR 	Results briefings (four times a year), general shareholders' meeting (once a year), IR events / meetings with individuals, information disclosure on the website, responding to interviews, briefings for organizational investors and analysts, briefings for independent investors
	• Appropriate profit return		
	• Improving the corporate value		
	• Constructive dialogue with shareholders		
	• Responding to the ESG investment / evaluation		
Others (University, educational research institution, etc.)	• Contribution to research activities	<ul style="list-style-type: none"> • Research and development • AMADA SCHOOL 	Industrial-academic cooperation, research funding, information center, educational programs and events
	• Joint research		
	• Providing educational opportunities		

ISO26000 Comparative Table

The below table was created for this report to verify that we are engaging in activities and information disclosure in line with the core subjects of the international standard ISO26000 (guidance on social responsibility), which was published in November 2010.

Core subjects of ISO26000	Subjects	Mention in this report	Page number
Organizational governance	Organizational governance	<ul style="list-style-type: none"> •Basic Policy on Sustainability •Top Message •Corporate Governance •Risk Management 	P04 P05 P33-34 P35
Human rights	<ol style="list-style-type: none"> 1. Due Diligence 2. Crisis regarding human rights 3. Avoidance of complicity 4. Complaint resolution 5. Discrimination and the socially vulnerable 6. Civil and political rights 7. Economic, social, and cultural rights 8. Basic principles and rights at work 	<ul style="list-style-type: none"> •Basic Policy on Sustainability •With our employees •With our local community 	P04 P29-31 P32
Labor practices	<ol style="list-style-type: none"> 1. Employment and employment relationship 2. Working conditions and social protection 3. Social dialogue 4. Health and safety at work 5. Human resource development and training in the workplace 	<ul style="list-style-type: none"> •Basic Policy on Sustainability •With our employees 	P04 P29-31
Environment	<ol style="list-style-type: none"> 1. Prevention of pollution 2. Use of sustainable resources 3. Climate change mitigation and adaptation 4. Environmental protection, biodiversity, and restoration of natural habitats 	<ul style="list-style-type: none"> • AMADA Group Our Management Philosophy / Environmental Principles and Policy / Environmental Declaration •Basic Policy on Sustainability •Reducing CO₂ emissions associated with our products •Reducing CO₂ emissions associated with our business activities •Effective use of resources •Regulated chemicals control •Biodiversity •Activities, Fiscal 2020 •Assessment of water-related risks •Data 	P03 P04 P19 P20 P20 P21 P22 P23 P25 * Separate volume, "Data"
Fair operating practices	<ol style="list-style-type: none"> 1. Prevention of corruption 2. Responsible political involvement 3. Fair competition 4. Promotion of social responsibility in the value chain 5. Respect for property rights 	<ul style="list-style-type: none"> • AMADA Group Our Management Philosophy / Environmental Principles and Policy / Environmental Declaration •Basic Policy on Sustainability •Corporate Governance •Risk Management 	P03 P04 P33-34 P35
Consumer issues	<ol style="list-style-type: none"> 1. Fair marketing 2. Protection of consumers' health and safety 3. Sustainable consumption 4. Consumer service and support / resolution of complaints and disputes 5. Consumer data protection and privacy 6. Access to essential services 7. Education and raising awareness 	<ul style="list-style-type: none"> • AMADA Group Our Management Philosophy / Environmental Principles and Policy / Environmental Declaration •Basic Policy on Sustainability •Reducing CO₂ emissions associated with our products •With our customers •Risk Management 	P03 P04 P19 P27-28 P35
Community involvement and development	<ol style="list-style-type: none"> 1. Participation in the community 2. Education and culture 3. Job creation and income creation 4. Technology development and access to technology 5. Creation of wealth and income 6. Health 7. Social investment 	<ul style="list-style-type: none"> •With our customers •With our employees •With our local community •Status of Responding to Stakeholders 	P27-28 P29-31 P32 P36

SDGs Response Chart

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AMADA Group Our Management Philosophy / Environmental Principles and Policy / Environmental Declaration	P03																	
AMADA Group's Basic Policy on Sustainability	P04				●	●		●	●	●			●	●				●
Top Message	P05-P06																	●
Response to TCFD	P07-08													●				
Businesses of AMADA Group	P09-10																	
Our Works	P11-12																	
Special Feature No. 1: Introducing AMADA Eco Product REGIUS- AJ SERIES	P13-14							●		●				●				
Special Feature No. 2: AMADA Eco Products at our Customers (Nakanoya Stainless Co., Ltd.)	P15-16							●		●				●				
Mid-term environmental plan	P17-18																	
Preventing global warming (Reducing CO ₂ emissions associated with our products)	P19							●		●				●				
Preventing global warming (Reducing CO ₂ emissions associated with our business activities)	P20							●		●				●				
Effective use of resources	P20											●	●					
Regulated chemicals control	P21			●								●	●					
Biodiversity	P22															●		
Activities, Fiscal 2020	P23-24			●				●		●		●	●	●				
Assessment of water-related risks	P25						●					●	●					
Special Feature No.3: Awarded with the Minister of Health, Labour and Welfare's Special Award for Outstanding Foremen and Forewomen in Occupational Safety, Fiscal 2020	P26															●		
Communication: With our customers	P27-28				●					●								●
Communication: With our employees	P29-31		●		●				●		●							
Communication: With our local community	P32														●			●
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