

Corporate Governance and Compliance

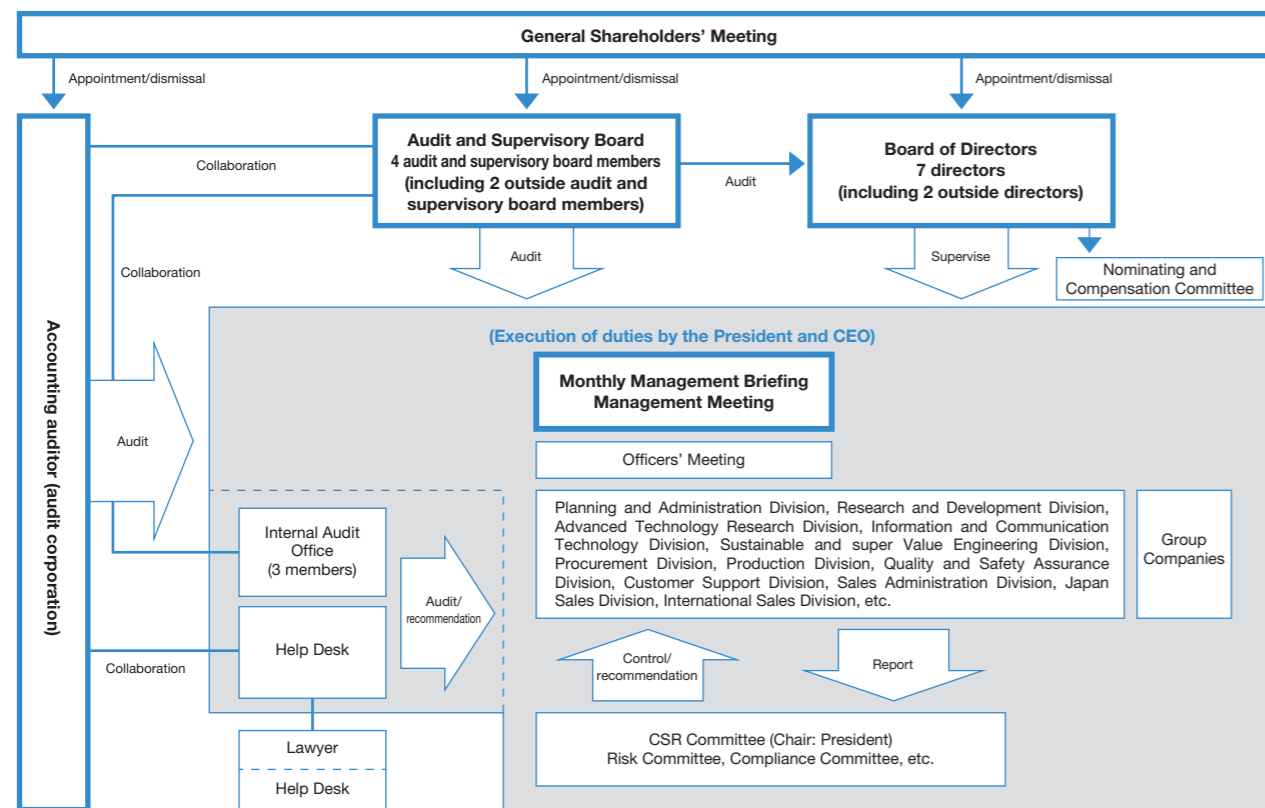
Corporate Governance: Tadano's Basic Policy

The company places corporate governance as one of the important management issues in order to ensure transparency, soundness, and efficiency of our management. For corporate governance to function effectively, we believe we need to foster a sound corporate culture based on our corporate philosophy and develop a mechanism in which corporate management (and managers) are governed by such a culture. Equally important is to ensure that auditing is conducted properly by

improving the auditing environment and expanding the role of the audit and supervisory board members.

To realize sustainable growth and a mid- to long-term enhancement of corporate value, we have established the Corporate Governance Guidelines, which set forth the Tadano Group's basic approach to corporate governance.

Corporate Governance Structure Chart



Changes in Corporate Governance Structure

Date	Detail
Apr. 1999	Introduced the executive officer system
Oct. 2005	Established the CSR Committee, Risk Committee, and Compliance Committee
Apr. 2006	Established the Internal Control Office
May 2006	Introduced the Tadano Group CSR Charter and Tadano Group CSR Guidelines, adopted the internal reporting system, and established the basic policy for the development of an internal control system
Apr. 2008	Established the J-SOX Committee and developed the J-SOX Company directors evaluation system
Jun. 2008	Elected 2 outside directors
Sep. 2014	Introduced the Tadano Group Management Regulations

Date	Detail
Apr. 2015	Established the Internal Audit Office ("Internal Control Office" was renamed "Internal Audit Office" to strengthen auditing functions)
Dec. 2015	Established the Corporate Governance Guidelines (in accordance with the Corporate Governance Code)
Apr. 2016	Established the non-statutory Nominating Committee
Apr. 2017	Reorganized the non-statutory Nominating and Compensation Committee
Jan. 2019	Introduced the Tadano Group Compliance Regulations Appointed Compliance Officers
Jul. 2019	Established the Compliance Office

Description of Meeting Bodies and Committees

Board of Directors

Comprised of seven directors, including two outside directors, Tadano's Board of Directors develops and executes management plans and strategies with the goal of maximizing the company's corporate value and making improvements such as in earning capabilities and asset efficiency. The board also establishes an internal control system and a risk management system to support appropriate risks taken by directors as a part of management decisions, thereby properly fulfilling its role and responsibilities.

Monthly Management Briefing/ Management Meeting

The Monthly Management Briefing is held to report on business activities and to share information, while the Management Meeting is convened to discuss management strategies. These advisory committee meetings are held once a month to assist the president's decision-making and are attended by directors, officers, and audit and supervisory board members.

Risk Committee

The goal of the Risk Committee is to enhance the company's risk management capabilities. The Committee meets biannually to identify and evaluate internal risks, implement solutions by assigning each risk to a department, and to conduct reviews on the results.

Evaluating the Effectiveness of the Board of Directors

Article 34 of the Corporate Governance Guidelines stipulates matters concerning evaluation of effectiveness of the Board of Directors. In fiscal year 2018, the Board of Directors concluded that the mechanism of Board of Directors meetings, which are conducted based on discussions at the Officers' Meeting held at least twice a month with outside directors in accordance with Article 25 of the Guidelines to reinforce officers' execution of duties and strengthen collaboration among officers and at the Management Meeting held once a month to discuss management strategies, is appropriate in composition, role, and operation, and that outside directors are contributing to the effectiveness in the series of

Audit and Supervisory Board

Composed of four audit and supervisory board members including two outside audit and supervisory board members, the Audit and Supervisory Board maintains a system which allows audit and supervisory board members to audit business execution of directors by exercising their authority and appropriate judgment from an objective perspective based on the high level of expertise and information held by each audit and supervisory board member.

Nominating and Compensation Committee

This Committee is comprised of five members: two internal directors, two outside directors, and one outside audit and supervisory board member. Serving as an advisory body for the Board of Directors, the Committee discusses the nomination of directors and audit and supervisory board members and the appointment of officers, as well as decisions concerning remuneration for directors, and reports the details of the discussion to the Board of Directors with the goal of ensuring fairness and transparency. In addition, as an advisory body for the president, the Committee discusses and reports to the president decisions concerning remuneration for officers with the goal of ensuring fairness and transparency.

Officers' Meeting and Officers' Camp

The Officers' Meeting is held at least twice a month to facilitate business execution by officers and to enhance collaboration among officers. The Officers' Camp is held twice a year as an opportunity for intensive discussion on management strategies.

discussions, including Board of Directors meetings. This conclusion was made based on the analysis and discussion on results for questionnaires on the evaluation of the Board of Directors collected from all directors and audit and supervisory board members.

As such, the company confirms that the effectiveness of the Board of Directors is adequately ensured. We will continue to deliberate on the diversity of the Board of Directors and the compensation system, which functions as an incentive.

Compliance Initiatives

Compliance assurance system

In keeping with the Tadano Group CSR Charter and the Tadano Group Compliance Regulations, all employees of the Tadano Group engage in transparent, sound, and honest business activities in compliance with relevant laws and regulations and social norms, as well as high ethical standards. In addition to appointing Compliance Officers, we periodically hold the Compliance Committee, consisting of members representing each division.

Compliance Committee

The Compliance Committee raises awareness of compliance through education and trainings on regulatory compliance using educational tools and other materials, and strengthens the compliance system by providing assistance such as for implementation of regulatory compliance measures.

Promoting compliance (in Japan)

All employees are given a copy of the Compliance Book, which describes compliance issues encountered in daily operations, and read through it line by line whenever appropriate during gatherings held at each workplace, such as morning meetings. Compliance seminars are held for employees each month using e-learning, and group workshops are organized on specific themes when needed.

Internal reporting system

We have established an internal reporting system so that employees can report illegal and inappropriate actions to the company. We have set up an internal hotline as well as an external hotline (an outside law firm) to receive reports from whistleblowers. Tadano's internal regulations protect whistleblowers by ensuring their anonymity and prohibiting any unfair treatment of them. Violations of laws and regulations, if confirmed, are reported to the Compliance Committee. If the violation is deemed serious, the Committee immediately provides its opinions on countermeasures based on the results of investigation and reports the violation and the countermeasures to the president and audit and supervisory board members.