

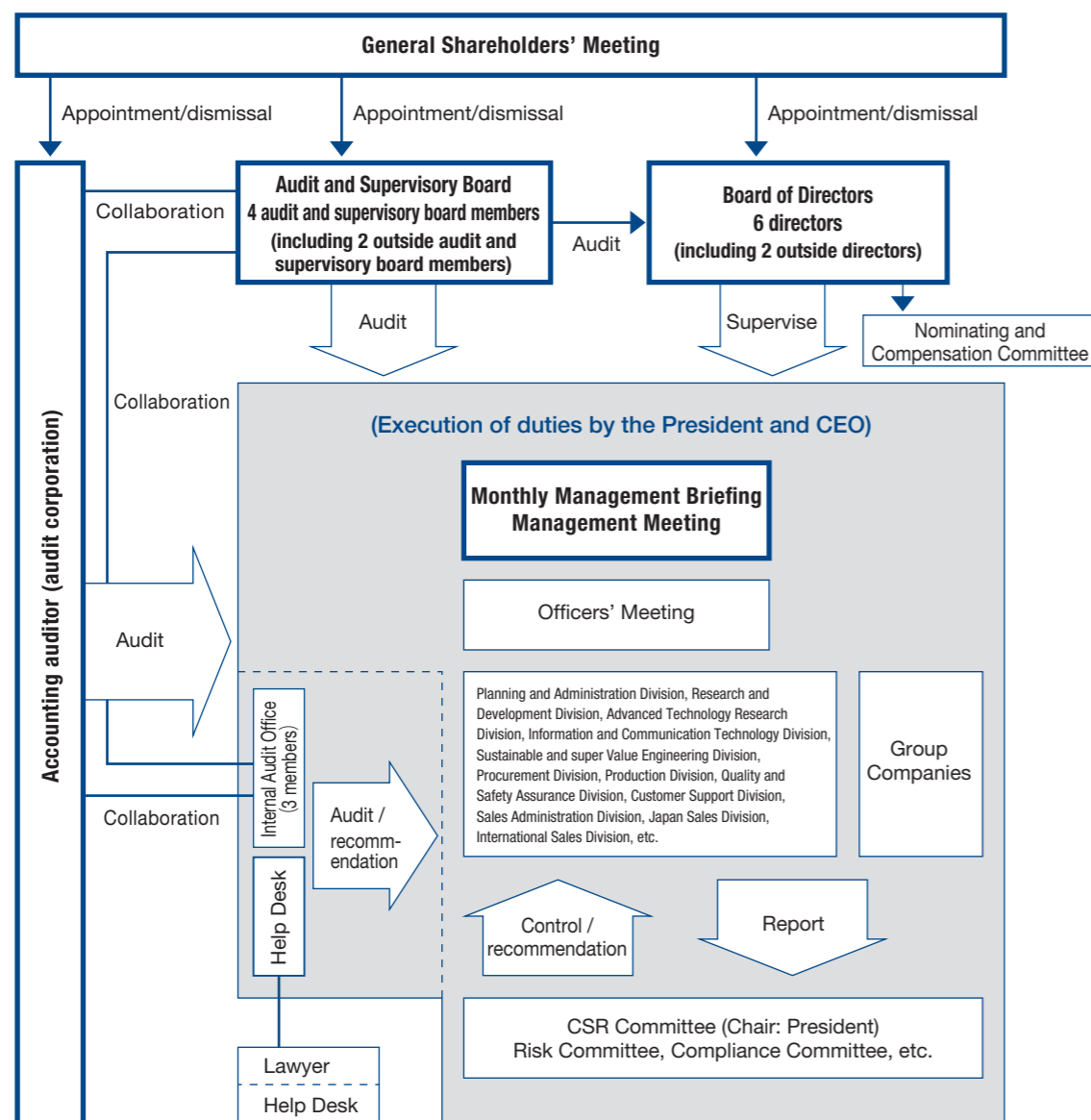
## Corporate Governance: Tadano's Basic Policy

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.

## Organizational Chart



## Description of Meeting Bodies and Committees

### Board of Directors

Comprised of six 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 and the Management Meeting are attended by directors, officers, and audit and supervisory board members. These meetings are held once a month as a committee to assist the president's decision-making. 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.

### 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.

### 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.

## Evaluating the Effectiveness of the Board of Directors

Article 32 of the Corporate Governance Guidelines indicates matters concerning evaluation of effectiveness of the Board of Directors. In fiscal year 2017, 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 and at the Management Meeting held once a month on management strategies, is appropriate in composition, role, and operation, and that outside directors are contributing to the effectiveness in the series of

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 succession planning.

## Compliance Initiatives

### Compliance assurance system

In keeping with the Tadano Group CSR Charter and CSR Guidelines, 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 Manual, 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 (in Japan)

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. Serious violations are reported to the president and the Compliance Committee, and the chair of the committee reports the operation status of the internal reporting system to the Board of Directors on an as-needed basis.