

Corporate Governance Report

Last update: July 9, 2021

Fujikura Ltd.

Director, President & CEO: Masahiko Ito

Contact: Corporate Strategy Planning Division

Stock Code: 5803

<https://www.fujikura.co.jp/eng/>

The status of our company's corporate governance is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

### **1. Basic Views**

Fujikura Ltd. established the basic strategy of focusing on an early business recovery in light of the rapid deterioration in performance in FY2019 and narrowed the key measures to “the unreserved selection and concentration of existing businesses” and the “strengthening of Group governance.” We are resolutely implementing business structural reform, management reorganization, and organizational restructuring based on the 100-Day Plan, an operational turnaround plan formulated in September 2020. The top priority mission of management is to switch to the phase of creating corporate value through sustained growth after achieving early completion of the operational turnaround. Our basic views on corporate governance aimed at steady implementation of this strategy are detailed below.

[Management Structure]

#### (1) Board of Directors

Fujikura adopted a “company with an Audit and Supervisory Committee” organizational structure in 2017 to separate the supervisory and executive functions. More than half of the internal directors resigned on March 31, 2021, creating a structure consisting of 10 directors in total, five of whom are outside directors (all Audit and Supervisory Committee members) and five of whom are internal directors. This raised the percentage of outside directors on the Board of Directors to 50%, strengthening the function of supervising the performance of duties by directors. The outside directors who make up half of the Board of Directors are independent of Company management and possess management experience and expertise in finance, legal matters, and other areas. These outside directors fully discuss important matters (formulation of medium and long-term strategy, business portfolio restructuring, etc.) concerning management with internal directors at Board of Directors meetings and make decision on them after sufficient debate.

#### (2) Operational Execution Structure

In Fujikura, the Board of Directors may designate a Chief Executive Officer (CEO) and a Chief Operating Officer (COO) from among the executive directors, in principle. The CEO (hereafter, “Director, President and CEO”) serves as the Chair of the Board of Directors and as the CEO of the Group consisting of Fujikura and its subsidiaries (hereafter, collectively called “the Fujikura Group”; each subsidiary is called a “Group subsidiary”). As the person who exercises overall control over the performance of duties in Fujikura, the Director, President and CEO assumes ultimate responsibility for the pursuit of business by each business division and structural reforms, as well as supervision and oversight of corporate divisions. The COO is responsible for overseeing the pursuit of the core businesses of the Fujikura Group.

#### (3) Audit and Supervisory Committee

The Audit and Supervisory Committee consists of six committee members in total. One committee member is a full-time internal director and five are outside directors who are independent of Company management. The Audit and Supervisory Committee Office was established and is staffed with exclusive, full-time personnel as the organization which supports the activities of the Audit and Supervisory Committee, at its direction.

(4) Nomination and Remuneration of Directors

When making decisions on the following matters concerning the nomination of directors, the Nominating Advisory Committee, an advisory body to the Board of Directors (having an outside director as Chair and outside directors as the majority of committee members), verifies the fairness and appropriateness of the Board of Directors' decision-making process.

- Draft proposals for resolutions of the General Meeting of Shareholders concerning election and dismissal of directors
- Criteria for election and dismissal of directors
- Successor plans
- Criteria for independence of outside directors

When making decisions on the following matters concerning remuneration of directors, the Remuneration Advisory Committee, an advisory body to the Board of Directors (having an outside director as Chair and outside directors as the majority of committee members), verifies the fairness and appropriateness of the Board of Directors' decision-making process.

- Director remuneration and the system for determining the amount thereof
- The amount of remuneration for each director

[Establishment of a System of Internal Controls by Executive Directors and Audits by the Audit and Supervisory Committee]

Executive directors are in charge of business divisions they are assigned by the Board of Directors and supporting organizations for business divisions, corporate divisions, or Group companies overseen by them or by an executive officer under their control. They assume responsibility for compliance with and implementation of Fujikura's system of internal controls. As members of the Board of Directors, which makes decisions on the system of internal controls, executive directors also assume responsibility for the appropriateness of the internal control system.

The Audit and Supervisory Committee supervises compliance with and implementation of the system of internal controls concerning the performance of duties by executive directors. The Committee therefore audits that status of compliance and implementation in Fujikura and in Group companies, as needed. In addition to checking and verifying the contents of information provided by the executive side, the Audit and Supervisory Committee requests direct explanations from executive directors and others responsible for execution. As members of the Board of Directors, which makes decisions on the system of internal controls, Audit and Supervisory Committee members also assume responsibility for the appropriateness of the internal control system.

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

Fujikura is implementing each of the principles laid out in the Corporate Governance Code.

**[Disclosure Based on the Principles of the Corporate Governance Code]**

[Principle 1.4] Cross-shareholding

1. Policy on cross-shareholding

Fujikura does not engage in cross-shareholding in principle. However, Fujikura may hold the shares of a company only if it is necessary for Fujikura to enter into a strategic business partnership in the course of its business activities and it will contribute to an increase in corporate value over the medium to long term. Fujikura sells off shares that it has decided to stop holding, and the Board of Directors receives reports on

the sell-off of these shares. At the same time, the Board of Directors treats the shares as part of the invested capital of each business division and decides whether to continue holding them after examining their utility.

## 2. Policy on exercise of voting rights

Fujikura properly exercises voting rights each year based on comprehensive decisions derived from the aforementioned strategic cross-shareholding policy and from the perspective of increasing corporate value over the medium to long term.

### [Principle 1.7] Related party transactions

Fujikura conducts surveys on transactions between related parties that involve its directors and the members of the Audit and Supervisory Committee to ensure that there is no conflict of interest with the company. Based on the results of these surveys, Fujikura discloses information concerning related party transactions in the Convocation Notice of the Annual General Meeting of Shareholders and the annual securities report.

### [Principle 2.6] Measures to ensure that corporate pension funds perform their role as an asset owner

Fujikura has established a corporate pension fund (the Fujikura Corporate Pension Fund) to which it has entrusted the management of Fujikura's pension assets. Fujikura Corporate Pension Fund subcontracts the entire management of the assets to asset management firms and monitors the management of those assets.

Fujikura takes care to provide the Fujikura Corporate Pension Fund with the necessary personnel and organizational structures to ensure that the fund can monitor the asset management firms (handling practical management) effectively.

### [Principle 3.1] Enhancement of information disclosure

#### (i) Corporate goals (corporate philosophy, etc.) and management strategies and plans

Fujikura has established the Fujikura Group corporate philosophy "Mission, Vision, & Core Value (MVCV)", and Mid-term Business Plan posted as links below. As of the submission of this document, we have posted a business recovery plan based on the management results of fiscal 2019.

Group corporate philosophy:

<https://www.fujikura.co.jp/eng/corporate/philosophy/index.html>

Mid-term Business Plan:

[https://www.fujikura.co.jp/eng/ir/management\\_policy/management\\_plan/index.html](https://www.fujikura.co.jp/eng/ir/management_policy/management_plan/index.html)

#### (ii) Basic stance and basic policy on corporate governance which reflect the principles of the Corporate Governance Code

See "1. Basic Views" above.

#### (iii) Policy and procedures followed by the Board of Directors to determine remuneration for executive management and directors

In addition to handling a large variety of products, Fujikura operates its business globally, and director duties are also highly complex and varied. Our basic policy is that the director remuneration should be at a level appropriate for outstanding human resources who are capable of accomplishing such duties. We have therefore classified director remuneration into the following three specific categories, based on the survey results from multiple research groups, mainly on listed companies. We have renewed our remuneration system based on objective indicators and evaluations while strengthening the linkage to performance.

Fujikura's Board of Directors determines the amount of remuneration for directors who are not audit and supervisory committee members after it has been discussed by the Nominating Advisory Committee, which is an advisory body to the Board of Directors (and consists of the director in charge of human resources and three outside directors, and chaired by an outside director). The Remuneration Advisory Committee evaluates the performance of each director, examines whether the level of compensation is in line with the market, and confirms that the decision-making process concerning the remuneration structure and specific remuneration is appropriate. It then reports the results to the Board of Directors. The Board of Directors

then takes these findings into consideration in determining the remuneration of directors who are not audit and supervisory committee members.

(1) Basic compensation

A fixed amount of compensation is allocated for the monitoring and supervision functions of each director, according to his/her rank.

(2) Short-term performance-based compensation

Compensation ranges from 0% to 200% of the basic compensation set by rank, according to corporate performance and performance of the division the director is in charge of, and performance is based on certain indicators (operating margin, ROE, ROIC). These indicators are used because they easily reflect management policy, strongly correspond to shareholder return, and are highly compatible with the Fujikura's growth strategy.

(3) Stock-based compensation

In addition to the monetary compensation in (1) and (2) above, Fujikura also grants shares of Fujikura Ltd. as compensation. This scheme is intended to enhance the motivation of directors to contribute to an increase in the corporate value of Fujikura by placing directors in a position to enjoy the advantage of a rising share price as well as to bear the risk of a falling share price, so that directors and shareholders share the advantages and disadvantages of such fluctuations.

In terms of overall compensation, compensation linked to performance and share price (short-term performance-linked compensation and stock-based compensation) is generally expected to be around 40%, at maximum. Compensation for non-executive directors is comprised exclusively a fixed amount as basic compensation, according to their duties, and does not include short-term performance-based compensation or stock-based compensation.

(iv) Policy and procedures followed by the Board of Directors to appoint or remove executive management and nominate candidates for the position of director and auditor

At Fujikura, when the Board of Directors makes decisions on proposed resolutions for the General Meeting of Shareholders concerning the election and dismissal of directors who are not audit and supervisory committee members (excluding outside directors), it does so after the Nominating Advisory Committee, which is an advisory body to the Board of Directors (consisting of the president & CEO, the director in charge of human resources (the president & CEO is currently serving concurrently in this position), and three outside directors, and chaired by an outside director), has discussed them. The Nominating Advisory Committee deliberates on the selection criteria for directors and the reasons for selecting each director, including their performance, based on the candidates originally proposed by the Board of Directors. The committee confirms that the process is fair and appropriate, and presents the results of its deliberations to the Board of Directors. Based on the advice of the committee, the Board then submits a proposal for director candidates to be voted upon at the General Meeting of Shareholders.

(v) Explanations of individual appointments and nominations when appointing or removing executive management and nominating director and auditor candidates in accordance with (iv) above

An explanation of individual director candidate nominations is disclosed in the reference documents of the "Convocation Notice of the Annual General Meeting of Shareholders."

[Supplementary Principle 4.1.1] Matters for resolution by the Board of Directors and the scope of authority delegation from the Board of Directors to the executive directors

As indicated in "1. Basic Views," the Board of Directors delegates broad authority to the executive directors to establish a flexible system that facilitates quick and resolute decision-making. Meanwhile, the Board of Directors makes decisions on important matters, including the annual and Mid-term Business Plans, which are the core of our growth strategies, and large-scale M&A deals. To accomplish this, Fujikura also appoints several outside directors to take advantage of their diverse knowledge and independent stance

uninfluenced by Fujikura's internal state of affairs, and also facilitating sufficient discussion, in addition to the internal executive directors, who are well-versed in Fujikura's businesses.

Details of the aforementioned allocation of authority over decision-making (the Board of Directors and executive directors) are determined by the Board of Directors and defined in the rules for responsibilities and authority of directors.

[Supplementary Principle 4.9] Standards and qualifications for determining the independence of independent outside directors

The following are criteria for determining independence of outside directors at Fujikura.

Note that Fujikura has determined that the five (5) outside directors satisfy all of the following requirements to serve as an independent outside director.

Candidates are not deemed independent (do not satisfy independence standards and qualifications) if they, their spouse and children (dependents), and/or relatives to the second degree either currently meet or have met one of the following criteria in the most recent three-year period.

- a. A major client of the Fujikura Group<sup>\*1</sup> or a person who executes business for a major client of the Fujikura Group<sup>\*2</sup>
- b. A person/company for which the Fujikura Group is a major client or a person/company that executes business for said person/company
- c. A shareholder with 10% or more of total voting rights in Fujikura or a person who executes business for said shareholder
- d. A person receiving substantial contributions<sup>\*3</sup> from Fujikura or one of its subsidiaries, in addition to remuneration as an outside director or a person executing business for said person

\*1: Major client refers to a person/company that accounts for 1% or more of Fujikura's consolidated net sales or a person/company that earns 1% or more of their consolidated net sales from Fujikura

\*2: Person/company executing business on someone's behalf refers to a director engaging in the execution of business operations or an employee working under said director

\*3: Substantial contributions refers to annual amounts in excess of ¥10 million yen

The number of companies in which outside directors serve in concurrent positions shall be limited to four, including Fujikura. This will ensure that they are able to direct sufficient time and effort to the operations of the Fujikura Group.

[Supplementary Principle 4.11.1] View on the appropriate knowledge, experience, and ability balance of the Board of Directors as a whole, diversity, and board size

The Board of Directors consists of members that have engaged in practical operations for many years, are well-versed in Fujikura's actual conditions, and have a certain degree of general management knowhow. At times, they are nominated to serve as executive directors depending on Fujikura's business portfolio and key measures. At present there are four (4) executive directors sitting on the Board. One of these executive directors is a U.S. citizen. Fujikura appoints several outside directors who have diverse knowledge and specialized expertise, taking into consideration the balance with the number of executive directors on the Board. At present, there are five (5) outside directors: three with management experience (financial and manufacturing), one who is an attorney, and one who is a Certified Public Accountant. One of these is a woman.

[Supplementary Principle 4.11.2] Policy for cases where directors and auditors also serve as directors at other listed companies

Outside directors concurrently serving elsewhere as an executive, including director or member of the Audit and Supervisory Committee, can serve in principle at no more than four companies, including Fujikura, to ensure that they can devote sufficient time and effort to their work at Fujikura and fulfill their obligations to Fujikura shareholders. Information on key concurrent positions is disclosed annually in the

Reference Documents and Business Report contained in the “Convocation Notice of the Annual General Meeting of Shareholders,” and other documents.

[Supplementary Principle 4.11.3] Analysis and evaluation of the effectiveness of the Board of Directors

A survey is conducted on the effectiveness of the Board of Directors and applies to all directors. The survey includes questions on the adequacy of Board meetings overall (time, frequency, management of meeting proceedings, minutes, etc.), adequacy of agenda items (timing, importance, volume of information, etc.), aspects of Board members (participation in discussions, etc.), and executive office function. Fujikura considers the results of the survey and takes remedial measures as necessary.

Based on the findings of this survey, Fujikura works to strengthen the structure to specifically ensure that 1) various materials are improved and explanations are provided to outside directors to give them a deeper understanding of the company and further enhance deliberations by the Board of Directors; 2) strengthen the structure to enable prediction, analysis, and investigation of risks, and rapid response when a risk materializes in operating divisions, to take the risk of incurring losses in business operations into consideration; and 3) review the agenda criteria for Board of Directors meetings to reduce the number of items related to normal business execution, allowing a greater focus on more important areas such as medium-to-long-term strategy.

However, some opinions submitted indicated the need for more discussion of medium and long-term strategy, issues, and the vision for the company.

[Supplementary Principle 4.14.2] Disclosure of training policy for directors and auditors

Fujikura conducts training (both internal and outside training and seminars, etc.) and provides information as necessary to ensure that directors and members of the Audit and Supervisory Committee can fulfill their roles and responsibilities appropriately.

In the case of newly-appointed outside directors, Fujikura briefs them on the company’s overview, corporate philosophy, business conditions, corporate governance, and on rules and other matters related to their posts.

After taking up their posts, newly-appointed outside directors receive briefings so they can become familiar with Fujikura’s business activities, industry trends, and the business environment and other aspects aimed at deepening their understanding of the company.

[Principle 5.1] Policy on constructive dialogue with shareholders

(i) Fujikura promotes initiatives by which the president and senior management can engage in dialogue with shareholders and investors as a means to achieve sustainable growth and increase corporate value over the medium to long term.

(ii) Fujikura places a director in charge of handling constructive dialogue to ensure the effectiveness of dialogue and information disclosure. This director oversees the IR Group in the Corporate Strategy & Planning Division, which cooperates with related departments to conduct timely, fair and appropriate disclosure of information.

(iii) Other ways in which Fujikura discloses information include its periodic conferences for analysts and institutional investors held four times a year (May, August, November, February), plant tours, and publications such as business reports and annual reports. The president and the director in charge of investor relations (the president & CEO is concurrently serving as the director in charge of investor relations from April 1, 2021) directly visit institutional investors in Europe, North America, and Asia to provide a rundown of business operations, give briefings on earnings performance, and present an explanation of the Mid-term Business Plan. In addition, extensive dialogue is carried out through pertinent visits with investors allowing opportunities to exchange opinions on matters such as the agenda of the General Meeting of Shareholders, the corporate governance structure, and ESG.

(iv) The president & CEO and the director in charge of investor relations (the president & CEO is serving concurrently in this position at present) provide adequate feedback on the results of interviews with the

aforementioned shareholders and investors to directors.

(v) Fujikura has established a quiet period to prevent the leakage of financial information and ensuring fairness. During this quiet period, Fujikura does not comment on its financial information and does not respond to questions about this information. , Fujikura also works to prevent the leakage or spreading of important information, and prevent insider trading, under its rules on internal information management.

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Held	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,750,300	11.49
Custody Bank of Japan, Ltd. (Trust Account)	19,492,133	7.05
TAIJU LIFE INSURANCE COMPANY LIMITED	10,192,000	3.69
Sumitomo Mitsui Banking Corporation	8,456,236	3.06
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retirement Benefit Trust Account)	6,777,000	2.45
Dowa Metals & Mining Co., Ltd.	6,563,750	2.37
The Shizuoka Bank, Ltd.	5,788,725	2.09
Fujikura Employees Shareholding Association	4,844,358	1.75
Custody Bank of Japan, Ltd. (Trust Account 5)	3,655,500	1.32
JP MORGAN CHASE BANK 385781	3,414,809	1.24

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

### Supplementary Explanation

- In addition to the shares above, there were 19,455,441 shares of treasury stock as of the base date.
- The following large shareholding reports and amended large shareholding reports were made available for public perusal. However, they are not included in the Status of Major Shareholders shown above because we were unable to verify the actual number of shares held as of March 31, 2021 for any of these.

- ① Sumitomo Mitsui Trust Bank, Limited and two other companies held the following shares as of February 26, 2021 as listed in the joint amended large shareholding report made available for public perusal on March 4, 2021.

(Legal name or trade name / Number of shares held / Percentage of shares held)

- Sumitomo Mitsui Trust Bank, Limited / 6,778,000 shares / 2.29%
- Sumitomo Mitsui Trust Asset Management Co., Ltd. / 7,713,400 shares / 2.61%
- Nikko Asset Management Co., Ltd. / 8,493,100 shares / 2.87%

Total: 22,984,500 shares, 7.77%

- ② Nomura Securities Co., Ltd. and two other companies held the following shares as of July 15, 2020 as listed in the joint amended large shareholding report made available for public perusal on July 21, 2020.

(Legal name or trade name / Number of shares held / Percentage of shares held)

- Nomura Securities Co., Ltd. / 448,781 shares / 0.15%
  - NOMURA INTERNATIONAL PLC / 404,100 shares / 0.14%
  - Nomura Asset Management Co., Ltd. / 20,573,400 shares / 6.95%
- Total: 21,426,281 shares, 7.24%

③ BlackRock Japan Co., Ltd. and five other companies held the following shares as of April 15, 2020 as listed in the joint amended large shareholding report made available for public perusal on April 21, 2020.

(Legal name or trade name / Number of shares held / Percentage of shares held)

- BlackRock Japan Co., Ltd. / 3,906,200 shares / 1.32%
  - BlackRock Fund Managers Limited / 398,101 shares / 0.13%
  - BlackRock Asset Management Ireland Limited / 414,590 shares / 0.14%
  - BlackRock Fund Advisors / 2,563,800 shares / 0.87%
  - BlackRock Institutional Trust Company, N. A. / 3,633,800 shares / 1.23%
  - BlackRock Investment Management (UK) Limited / 443,206 shares / 0.15%
- Total: 11,359,697 shares, 3.84%

④ Nippon Life Insurance Company and two other companies held the following shares as of April 15, 2019 as listed in the joint amended large shareholding report made available for public perusal on April 22, 2019.

(Legal name or trade name / Number of shares held / Percentage of shares held)

- Nippon Life Insurance Company / 2,679,000 shares / 0.91%
  - Nissay Asset Management Corporation / 416,500 shares / 0.14%
  - TAIJU LIFE INSURANCE COMPANY LIMITED / 10,337,100 shares / 3.49%
- Total: 13,432,600 shares, 4.54%

⑤ LSV Asset Management held the following shares as of February 22, 2019 as listed in the joint amended large shareholding report made available for public perusal on February 28, 2019.

(Legal name or trade name / Number of shares held / Percentage of shares held)

- LSV Asset Management / 11,867,900 shares / 4.01%

⑥ Mizuho Securities Co., Ltd. and two other companies held the following shares as of February 15, 2018 as listed in the joint amended large shareholding report made available for public perusal on February 22, 2018.

(Legal name or trade name / Number of shares held / Percentage of shares held)

- Asset Management One Co., Ltd. / 12,830,400 shares / 4.34%
  - Asset Management One International Ltd. / 672,500 shares / 0.23%
- Total: 13,502,900 shares, 4.56%

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Nonferrous Metals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From \100 billion to less than \1 trillion



Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300
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**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances which may have Important Impact on Corporate Governance**

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

### 1. Organizational Composition and Operation

Organization Form	Company with an Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	13
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors	10
Nomination of Outside Director(s)	Nominating candidate(s)
Number of Outside Directors	5
Number of Independent Directors	5

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yoshio Shirai	From another company											△	
Hamako Hanazaki	Attorney												
Keiji Yoshikawa	From another company											△	
Yoji Yamaguchi	From another company											△	
Kozo Meguro	Certified Public Accountant (CPA)												

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category

"▲" when a close relative of the director fell under the category in the past

- Executive of a listed company or its subsidiaries
- Non-executive director or accounting advisor at a listed company or its subsidiaries (in the case of an outside Audit & Supervisory Board member)
- Executive or non-executive director of the parent company of a listed company
- Audit & Supervisory Board member of the parent company of a listed company (in the case of outside Audit & Supervisory Committee member)
- Executive of a sister company of a listed company
- Party whose major client or supplier is a listed company or an executive thereof
- Major client or supplier of a listed company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides remuneration as a director/corporate auditor
- Major shareholder of a listed Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of a listed company (which does not correspond to f, g, or h) (the director himself/herself only)

- k. Executive of a company, between which and a listed company, outside directors/corporate auditor are mutually appointed (the director himself/herself only)
- l. Executive of a company or organization that receives a donation from a listed company (the director himself/herself only)

Outside Directors' Relationship with the Company (2)

Name	Designation as member of Audit & Supervisory Committee or other committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoshio Shirai	○	○	Yoshio Shirai served as an executive at Toyota Motor Corporation, Hino Motors, Ltd., and Toyota Tsusho Corporation. However, both the sales and purchase transactions between Fujikura and each company account for less than 1% of the consolidated net sales of Fujikura and each company. These companies therefore do not constitute significant business partners under the standards of independence specified by Fujikura. Mr. Shirai also resigned from his executive position at each company by 2015.	Yoshio Shirai possesses rich experience and insights as an executive, having served as a director of Toyota Motor Corporation, Hino Motors, Ltd., and Toyota Tsusho Corporation. He also has experience as an outside director, including as an outside auditor at Seiko Epson Corporation from 2016. As an outside director, he has participated in discussions at Board of Directors meetings and utilized his rich business experience and insights to provide appropriate advice. Fujikura believes he is qualified to serve as an outside director. In addition, he has no conflict of interest with Fujikura.
Hamako Hanazaki	○	○	N/A	Hamako Hamazaki has extensive expertise as an attorney and has sufficient knowledge of corporate management from her many years of working on corporate legal matters. As an outside director, she has participated in discussions at Board of Directors meetings and provided appropriate advice on legal risks and compliance. Fujikura believes she is qualified as an outside director. In addition, she has no conflict of interest with Fujikura.
Keiji Yoshikawa	○	○	Keiji Yoshikawa previously served as an executive at Nippon Sheet Glass Company, Limited (NSG). However, both the sales and purchase transactions	As the CEO of a global company, Keiji Yoshikawa led management restructuring and built one of the best governance systems in Japan. He is knowledgeable and has sufficient experience in strengthening corporate management and corporate governance

			between Fujikura and NSG account for less than 1% of the consolidated net sales of Fujikura and NSG. NSG therefore does not constitute a significant business partner under the standards of independence specified by Fujikura. Mr. Yoshikawa also resigned his executive position at NSG in June 2015.	systems. He has also served as an outside director of Kansai Paint Co., Ltd. since 2018, and is experienced in management oversight. Fujikura believes he is qualified as an outside director. In addition, he has no conflict of interest with Fujikura.
Yoji Yamaguchi	○	○	N/A	Yoji Yamaguchi possesses considerable knowledge of finance and accounting from his many years in key positions at a major city bank and has sufficient experience and knowledge of corporate management. He also served as a full-time auditor at Sumitomo Mitsui Financial Group during the 2008 financial crisis in which the survival of banks was threatened. Mr. Yamaguchi possesses extensive knowledge of management and oversight during a crisis and Fujikura believes he is qualified as an outside director. In addition, he has no conflict of interest with Fujikura.
Kozo Meguro	○	○	Kozo Meguro served as a representative partner of PricewaterhouseCoopers Aarata LLC, which is the accounting auditor for Fujikura. However, he was not involved in auditing Fujikura when he worked there and resigned his position as a representative partner of the company in June 2013.	Kozo Meguro possesses extensive expertise as a Certified Public Accountant (CPA) and has worked on numerous corporate audits over many years. He has sufficient knowledge of corporate management. He also possesses experience in operational audits as an outside auditor at Kyowa Exeo Corporation, and Fujikura believes he is qualified as an outside director. In addition, he has no conflict of interest with Fujikura.

**[Audit and Supervisory Committee]**

**Committee Configuration and Attributes of the Chairperson**

	Total members	Full-time members	Internal directors	Outside director(s)	Chair
Audit and Supervisory Committee	6	1	1	5	Internal director

Are there directors or employees that assist with Audit and Supervisory Committee duties	Yes
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**Matters related to Independence of Directors and Employees from Executive Directors**

Fujikura established the Audit and Supervisory Committee Office to support the Audit and Supervisory Committee and has assigned dedicated staff to that office. The Audit and Supervisory Committee Office and its staff are independent of the executive function and report directly to the Audit and Supervisory Committee. The office provides support as directed by the Audit and Supervisory Committee.

**Cooperation between Audit and Supervisory Committee, Accounting Auditors, and Internal Audit Department**

The Audit and Supervisory Committee receives a report from the accounting auditors on the audit plans for the accounting audit at the beginning of year and confirms them. The committee receives reports from the accounting auditors on the results of the interim and year-end audits based on those plans. The committee also discusses the content and structure of accounting audits with the accounting auditors several times a year and exchanges opinions with them as appropriate.

In addition to this, the committee convenes meetings with the internal Audit Division at least 2 times a month, receives reports on the status of activities, and when needed, the committee issues an audit request to the internal Audit Division. It also exchanges opinions with and receives reports from other divisions involved in internal controls when necessary.

The committee also establishes opportunities to exchange opinions with the auditors at Group companies and works with them to share information and conduct organizational audits using internal controls.

Fujikura established the Audit and Supervisory Committee Office to support the Audit and Supervisory Committee and staffed it with full-time staff members. The Audit and Supervisory Committee Office is also independent from the executive function and supports the Audit and Supervisory Committee under the direct instruction and control of the Audit and Supervisory Committee.

Three-way audit conferences were established to provide opportunities for the Audit and Supervisory Committee to work with the accounting auditors and the internal Audit Division on ensuring the effectiveness of audits. These conferences are convened quarterly, in principle, and members share information on the operational status of internal controls and the various audits and exchange opinions on reducing the risk of fraud, and other matters.

**[Voluntary committees]**

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Establishment of Voluntary Committee, Member Configuration, and Attributes of the Chairperson

	Name of committee	Total members	Full-time members	Internal directors	Outside director(s)	Outside expert	Other	Chair
Voluntary Establishment of Committee Corresponding to Nomination Committee	Nominating Advisory Committee	4	0	1	3	0	0	Outside director
Voluntary Establishment of Committee Corresponding to Remuneration Committee	Remuneration Advisory Committee	4	0	1	3	0	0	Outside director

Supplementary Explanation

The Nominating Advisory Committee provides advice to the Board of Directors as requested on draft resolutions for the General Meeting of Shareholders on establishing, amending, and abolishing standards for director selection, and matters concerning the election and dismissal of directors. The Board of Directors discusses and decides these matters based on the recommendations of the Nominating Advisory Committee.

The Remuneration Advisory Committee provides advice to the Board of Directors as requested on the remuneration of each director excluding members of the Audit and Supervisory Committee. It discusses and provides recommendations on the amount of compensation paid to each director, and considers amendments to the rules on determining the amount of director compensation (including share-based compensation).

A majority of members on both committees are outside directors, and the committee chairs are selected from among the outside directors.

The status of Nominating Advisory Committee and Remuneration Advisory Committee activities is reported in the annual securities report.

**[Independent Officers]**

Number of Independent Officers	5
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Matters related to Independent Officers

Fujikura designates all outside directors that satisfy the criteria for independent officers as independent officers.

(Criteria for independence)

An individual does not have independence if any of the following applies, has applied in the most recent three-year period, or applies to a spouse, or to a first or second-degree relative.

- Major business partner of the Fujikura Group\*1, or a person who executes business for said business partner\*2
- Person for which the Fujikura Group is a major business partner, or a person who executes business for said person
- Shareholder with 10% or more of total voting rights in Fujikura, or a person who executes business for said shareholder
- Person who receives substantial compensation\*3 in money or other forms from Fujikura or its subsidiaries, other than compensation received as an outside officer, or a person who executes business for said person

The number of companies in which outside directors serve in concurrent positions shall be limited to four, including Fujikura. This will ensure that they are able to direct sufficient time and effort to the operations of the Fujikura Group.

\*1 Major business partner: Person or company that accounts for 1% or more of Fujikura’s consolidated net sales, or person or company that earns 1% or more of its consolidated net sales from Fujikura

\*2 Person who executes business: Executive director or employee working under said director

\*3 Substantial compensation: Annual amounts in excess of 10 million yen

**[Incentives]**

Incentive Policies for Directors	Introduce a performance-based compensation scheme, other
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Supplementary Explanation about Applicable Items

- The introduction of performance-linked compensation is described in Principle 3.1. (iii).

Recipients of Stock Options	
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Supplementary Explanation about Applicable Items

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**[Director Remuneration]**

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure
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Supplementary Explanation about Applicable Items

Total annual director remuneration is 415 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

- The calculation for remuneration is stipulated in Principle 3.1. (iii).
- The total amount of remuneration was approved at the 169<sup>th</sup> General Meeting of Shareholders, held on June 29, 2017.

Monetary remuneration

Directors that do not sit on the Audit and Supervisory Committee: Up to 600 million yen a year

Directors that sit on the Audit and Supervisory Committee: Up to 100 million yen a year (of which the portion for outside directors is within 70 million yen a year)

Stock-based compensation

Up to 120 million yen a year and 285,000 shares (However, limited to director that do not sit on the Audit and Supervisory Committee, excluding outside directors)

**[Supporting System for Outside Directors]**

- Outside directors at Fujikura are all members of the Audit and Supervisory Committee. The Audit and Supervisory Committee Office supports the members of the Audit and Supervisory Committee. Dedicated staff is positioned at the Audit and Supervisory Committee Office. They are independent of the executive function. The office provides support in line with direct instructions from the Audit and Supervisory Committee.
- Matters solely decided by executive directors and matters discussed by business division management committees (committees that hold meetings in each business division for discussing important matters in the business division) are recorded in a specific database and the members of the Audit and Supervisory Committee can view this database anytime. Furthermore, the Corporate Strategy Planning Division Legal Department, and Audit and Supervisory Committee Office work together to confirm the information saved in the database, and when necessary, gather additional information and report it to the Audit and Supervisory Committee members.
- In addition, materials of the Board of Directors and the Audit and Supervisory Committee, on which the members of the Audit and Supervisory Committee sit, are distributed in advance.

**[Status of Former President & CEOs]**

Former President & CEOs who hold adviser positions in Fujikura

Name	Position	Role service rendered /	Work conditions (full-time / non-full-time, remunerated / not remunerated)	Date resigned as President & CEO	Term of office
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Total number of CEOs who hold adviser positions in Fujikura	0
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Other relevant matters
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Fujikura abolished the position of consultant and advisor on March 31, 2020. Retired presidents and CEOs are allowed to use the title Honorary Advisor (no duty or compensation).
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## 2. Matters concerning Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration

### Decisions (Overview of Current Corporate Governance System)

Fujikura switched to a company with an Audit and Supervisory Committee upon approval at the annual General Meeting of Shareholders held on June 29, 2017, from the existing organizational structure of a company with a board of corporate auditors.

(Matters related to operational execution)

Matters related to operational execution are stipulated in “I-1. Basic Views”.

(Matters related to auditing and supervision)

Matters related to auditing and supervision are stipulated in “II-1. Audit and Supervisory Committee”.

(Matters related to nomination and remuneration decisions and other items)

Matters related to nomination and remuneration decisions and other items are stipulated in “II-1. Voluntary Committees”.

(Status of Board of Directors activities)

The status of Board of Directors activities is disclosed annually in the Reference Documents and the Business Report in the Convocation Notice of the Annual General Meeting of Shareholders.

(Accounting audit status)

PricewaterhouseCoopers Aarata LLC has been appointed accounting auditor. The audits are led by Certified Public Accountants (CPAs) Tsuyoshi Saito and Hideki Godai, assisted by seven fellow CPAs, three trainee-CPAs, and 13 other members.

(Contents of Limited Liability Agreements)

Fujikura concludes a limited liability agreement with all of its directors as stipulated in the Companies Act. The contents of those agreements specify the maximum limit on liability as the minimum limit on liability specified in the laws and regulations.

## 3. Reasons for Adoption of Current Corporate Governance System

The reasons for choosing the current system of corporate governance are explained in I.1. Basic Views.
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### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	A Notice of Invitation to Fujikura's 173 <sup>th</sup> Annual General Meeting of Shareholders held on June 30, 2021 was sent on June 3, 2021.
Allowing Electronic Exercise of Voting Rights	The exercise of voting rights via the Internet has been allowed since fiscal year 2006.
Participation in the Voting Right Electronic Exercise Platform, and Other Efforts to Improve Institutional Investors' Voting Rights Exercise Environment	An electronic voting platform for institutional investors operated by ICJ Corporation has been utilized since fiscal year 2008.
Providing Convocation Notice in English	English translations of the Convocation Notice of the Annual General Meeting of Shareholders are posted on Fujikura's website (on the same date of distribution of the Convocation Notice [Japanese version] to shareholders).
Other	The Convocation Notice of the Annual General Meeting of Shareholders and other information are posted on Fujikura's website to ensure wide availability.

#### 2. IR Activities

	Supplementary Explanations	Explanation by the director in charge
Regular Investor Briefings for Analysts and Institutional Investors	Fujikura holds periodic conferences for analysts and institutional investors four times a year (May, August, November and February). In these conference meetings, Fujikura explains quarterly business results.	Yes
Regular Investor Briefings for Overseas Investors	Fujikura holds meetings for overseas investors. The President or director in charge of IR has direct dialogue with investors in the EU, North America, and Asia explaining our business outline, account settlement explanation, Mid-term Business Plan, and providing information to overseas institutional investors and enhancing dialogue.	Yes
Posting of IR Materials on Website	Fujikura posts IR information such as brief announcements of the most recent financial statements, the Mid-term Business Plan and annual reports on its website.	
Establishment of Department and/or Manager in Charge of IR	Division in charge of IR: Corporate Strategy & Planning Division Director in charge of IR: Masahiko Ito, Director, President & CEO IR Contact: Futoshi Kubori, Manager of IR Group, Corporate Strategy & Planning Division	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>In April 2009, the Fujikura Group CSR Philosophy, Fujikura Group CSR Basic Policies, and Fujikura Group CSR Activities Guidelines were enacted. Fujikura engages in appropriate communication with six stakeholders that intrinsically linked to Fujikura (“customers”, “employees (including families)”, “investors/shareholders”, “business partners”, “local community”, and “environmental groups and government organizations”). We think it is important to utilize stakeholder expectations and opinions in future management of the group to fulfill our corporate social responsibilities.</p> <p>Details are uploaded to our corporate website.</p> <p>Refer to the following URL : <a href="https://www.fujikura.co.jp/eng/esg/index.html">https://www.fujikura.co.jp/eng/esg/index.html</a></p>
Implementation of Environmental Activities, CSR Activities etc.	<p>Fujikura is implementing a broad range of activities related to the environment, society, and corporate governance, the three elements of ESG. Fujikura compiles an Integrated Report annually to report on these activities that is available on the Fujikura corporate website. Fujikura plans to continue to convey the concepts of our ESG activities, the undertakings and initiatives being carried out, and other news to a wide range of stakeholders.</p> <p>Refer to the following URL : <a href="https://www.fujikura.co.jp/eng/esg/index.html">https://www.fujikura.co.jp/eng/esg/index.html</a></p>

## **IV. Matters Related to the Internal Control System**

### **1. Basic Views on Internal Control System and Progress on System Development**

As stated in I 1. Basic Views.

### **2. Basic Views on Eliminating Anti-Social Forces**

Fujikura defines as a basic policy in the “Fujikura Code of Conduct” that Fujikura takes a resolute attitude against any undue claims and actions by anti-social forces or groups.

Fujikura makes every effort to keep its directors, executive officers and employees informed of this basic policy.

In addition, Fujikura defines the department and personnel responsible for addressing issues related to anti-social forces and facilitates cooperation with external specialized institutions, including consultations with lawyers or other professional advisors and participation in the Federation on Special Organized Crimes within Jurisdiction of the Tokyo Metropolitan Police Department for collecting information.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	

### 2. Other Matters Concerning to Corporate Governance System

The following is an overview of recently implemented measures aimed at enhancing corporate governance.

<Summary of Timely Disclosure System>

Fujikura formulated the “Internal Information Management Rules” and “Fujikura Risk Management Rules” as internal rules and regulations, defined the management standards concerning the manner of collection, communication and disclosure of important material information within Fujikura, and organized a structure whereby the Chief Information Officer (General Manager, Corporate Strategy & Planning Division) controls disclosure management in an appropriate manner. In particular, material facts that might arise pertaining to Fujikura and any important matters that might require determination by Fujikura shall be initially collected by the Chief Information Officer (General Manager, Corporate Strategy & Planning Division) in compliance with the internal rules and regulations. Then, the facts and matters that may have a direct impact on Fujikura’s business performance will be managed by the Finance & Accounting Division, and those other than the above will be handled by the Legal Department, for the purpose of making disclosure in a timely and appropriate manner.

