

Corporate Governance Report

Last update: July 7, 2023

Fujikura Ltd.

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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's basic view on corporate governance aimed at the steady implementation of this strategy is 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. The total number of Directors at the close of the Annual General Meeting of Shareholders held for the fiscal year ended March 31, 2023 was nine, consisting of four outside directors (all of whom were Audit and Supervisory Committee members) and five internal directors. The outside directors who make up nearly half of the Board of Directors are independent of Fujikura's management and possess management experience and expertise in finance, accounting, legal matters, and other areas. These outside directors with diverse insights and expert knowledge thoroughly discuss important matters concerning the company's management (e.g., formulation of medium and long-term strategy, business portfolio restructuring) with internal directors at the Board of Directors meetings and make decisions based on such discussions. The Board of Directors comprises three executive directors and six directors who do not execute business. The Chairperson of the Board of Directors who does not execute business presides over the proceedings of the Board of Directors meetings as its chair to strengthen the Board of Directors' oversight function.

(2) Operational Execution Structure

Fujikura adopted a system of appointing a Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Technology Officer (CTO), based on resolutions of the Board of Directors. The CEO (who may also be referred to as “Director, President and CEO” below) serves as the CEO of the corporate group consisting of Fujikura and its subsidiaries (hereafter, collectively referred to as the “Fujikura Group” while each subsidiary will be referred to as a “Group subsidiary”). The CFO is a person with ultimate responsibility for the area of finance which requires an extremely high level of expertise, while the CTO is a person with ultimate responsibility for the area of technological development, which similarly requires an extremely high level of expertise. This sort of *triumvirate* with the CEO at the top and whose functions being supplemented by the CFO and CTO enables Fujikura to operate its business based on more effective and sophisticated management decisions.

(3) Audit and Supervisory Committee

The Audit & Supervisory Committee consisted of five committee members in total as of the close of the Annual General Meeting of Shareholders held for the fiscal year ended March 31, 2023. These included one full-time internal director and four outside directors who are independent of Fujikura's 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.

[Supplementary Principle 2.4.1] Ensuring diversity in the appointment of core personnel and so forth

The Fujikura Group changed its remuneration system in 2017 from the system based on the functional classification assigned according to one's *ability* to perform their jobs (*shokunou-kyuu*) to the system based on the role and responsibilities one fulfills (*yakuwari-kyuu*). At the same time, the Group created its common human resources platform. At present, Fujikura is organizing an environment that will enable employees of not only Fujikura but also those recruited by its Group companies worldwide to move across the Group. To secure future managerial staff, Fujikura will utilize this structure to develop human resources through measures such as systemic transfers across Group companies within and outside Japan including transfers to key posts.

In addition, Fujikura promotes the building of an organization that will allow diverse human resources to unleash their potential regardless of their nationality, ethnicity, gender, religion, age, previous career or employment, among other factors, under the Fujikura Group's Declaration of Promoting Diversity. As its action plan developed pursuant to the Act on the Promotion of Women's Active Engagement in Professional Life, Fujikura aims to raise the ratio of women in managerial positions to 5.6% or more by the fiscal year 2025 (from 3.9% as of March 31, 2023). While promoting the recruitment, development, and promotion of women, Fujikura also proactively encourages male employees to take childcare leave to help both male and female employees to achieve a better work-life balance and to take part in childrearing.

<Human resources development policy and internal environment organization policy to ensure diversity>

Fujikura endeavors to create an environment where its employees can unleash their potential utilizing their individual characteristics, irrespective of their race, nationality, gender, sexual orientation, gender identification, age, disabilities, values, creeds, or religions. Fujikura always seeks to offer diverse workstyles respecting its employees' needs and to explore workstyle options that adapt to change based on the global conditions and conditions specific to each country to improve the value and engagement of its human resources.

<Organization status of an internal environment>

March 2015	Introduced the rehiring system (a system to rehire former employees who left Fujikura for personal reasons such as giving births and childrearing)
November 2016	Joined the IkuBoss Business Alliance (<i>IkuBoss</i> is defined as a boss who achieves business results while taking care of work-life balance of his/her staff and supporting their lives as well as enjoying his/her own work and private life.)
December 2016	Adopted the Fujikura Group's Declaration of Promoting Diversity
October 2017	Introduced the work-from-home system
February 2018	Launched daycare concierge services (to help employees with children find a daycare)
October 2019	Improved the system to support employees balancing work with nursing care

	responsibilities (Introduced a nursing care concierge service and a nursing care information website)
October 2019	Introduced leave entitlements that can be used in units of hours
January 2021	Introduced the teleworking system
June 2022	Introduced a training service to encourage male employees to take childcare leave
January 2023	Established rules on side jobs and double hatting

Please refer to the following website for details:

https://www.fujikura.co.jp/eng/resource/pdf/esg_data.pdf

[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/newsrelease/management/_icsFiles/afieldfile/2023/05/31/20230519_mmjen1.pdf

(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 and grade.

(2) Short-term performance-based compensation

Compensation ranges from 0% to 200% of the basic compensation set by rank and grade, 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 principle, the Directors who are not Audit and Supervisory Committee members receive such shares when they resign as director.

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 60%, 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 president & CEO. 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 3.1.3] Sustainability initiatives

Fujikura issues the Fujikura Group Integrated Report annually to report on the details of Fujikura's sustainability activities to our stakeholders. The Report is also available on Fujikura's website.

URL for the Fujikura Group Integrated Report on Fujikura's website:

https://www.fujikura.co.jp/eng/esg/integrated_report/index.html

Disclosures on investments in human resources and intellectual properties:

https://www.fujikura.co.jp/eng/esg/social/human_resource.html

<https://www.fujikura.co.jp/eng/esg/governance/intellectual.html>

Fujikura expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) in 2019, and for

the GX League Basic Concept led by the Ministry of Economy, Trade and Industry of Japan (METI) during the fiscal year 2022 and participated in it from April 2023. At the same time, Fujikura established a new GHG emissions reduction target as the Fujikura Group, obtained certification from the Science Based Targets initiative (SBTi), and is working on the required disclosures. Fujikura is endeavoring to improve its disclosures through, for instance, identifying climate change-related risks and opportunities in the Fujikura Group Integrated Report.

[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^{*1} or a person who executes business for a major client of the Fujikura Group^{*2}
- 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^{*3} from Fujikura or one of its subsidiaries, in addition to remuneration as an outside director or a person executing 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 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

[Supplementary Principle 4.10.1] Disclosure on the composition, authorities, and roles of advisory committees and approach to their independence

Fujikura has established the Nominating Advisory Committee and Remuneration Advisory Committee chaired by an outside director and whose majority are outside directors. Their details are explained in “(4) Nomination and

Remuneration of Directors” in [Management Structure] in 1. Basic Views above.

[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

As a manufacturing company, Fujikura considers it important that the company formulates its strategy backed by a high level of technological prowess and establishes a financial foundation that supports such a strategy. With this view, Fujikura appoints a CFO and a CTO, in addition to a CEO, as its business executives. In the areas of technology and finance, it is especially vital that Fujikura promotes human resources who have a high level of expertise and extensive experience and who can formulate strategy and execute businesses from a company-wide perspective. Fujikura’s system enables its CEO to promote company-wide strategy unreservedly, with its functions being supported and supplemented by the functions of the CFO and CTO, who have expertise in finance and technological development.

Meanwhile, as the oversight function over its management, Fujikura appoints two or more outside directors with diverse knowledge and expertise to its Board of Directors, taking into consideration the balance with the number of executive directors on the Board. As of the close of the Annual General Meeting of Shareholders held for the fiscal year ended March 31, 2023, there were four outside directors: two with corporate management experience (finance and manufacturing), one attorney, and one certified public accountant. One of them is a woman. In addition, the Chairperson of the Board of Directors, who is not directly involved in business operations, is appointed to chair the Board of Directors meetings and preside over its proceedings.

In selecting director candidates, the Nominating Advisory Committee identifies the skills required of a director in view of the current status of, and the direction that should be taken by, Fujikura, before starting discussions. An outline of such skills is disclosed as the skills matrix in the Convocation Notice of the General Meeting of Shareholders.

[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

To improve the effectiveness of the Board of Directors, Fujikura conducts an annual survey of all its Directors on the adequacy of the Board meetings as a conference body (e.g., time, frequency, management of meeting proceedings, minutes), adequacy of its agenda items (e.g., timing, importance, volume of information), performance of the Board members (e.g., participation in discussions), and the structure of the executive office. Fujikura continues making improvements on the issues raised in the survey. More specifically, Fujikura has taken the following actions:

- 1) Improve various meeting materials and provide explanations to outside directors to 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, to avoid or mitigate losses incurred in business operations
- 3) Review the agenda criteria for the Board of Directors meetings

Through these actions, Fujikura has improved the Board’s structure to enable the Board to mainly discuss medium- and long-term management strategy and other important issues.

As future challenges, the Board is required to further improve its medium- and long-term strategic discussions and discussions on non-financial information. Meanwhile, the noticeable increases in the frequency and deliberation time of the Board meetings have highlighted the needs for preparing briefing materials with a clearer focus on key discussion points and for earlier information provision to directors so that discussions can take place more efficiently.

[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 appoints an executive director in charge of investor relations (IR) directly reporting to its President & CEO to ensure the effectiveness of dialogues and information disclosure. Under the initiative of the section in charge, Fujikura appropriately and fairly discloses information in a timely manner in collaboration with relevant sections.

(iii) Fujikura discloses information through means such as quarterly financial briefings held in May, August, November, and February and the publication of business reports and integrated report. Overseas, Fujikura's President & CEO and the executive officer in charge of IR take initiative in visiting Europe, North America, and Asia to explain Fujikura's business conditions, financial results, medium-term management plans, and so on, to overseas institutional investors. 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 Corporate Officer in charge of investor relations 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)	53,731,700	19.44
Custody Bank of Japan, Ltd. (Trust Account)	19,108,088	6.91
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
BNYM AS AGT / CLTS NON TREATY JASDEC	5,739,422	2.08
THE BANK OF NEW YORK MELLON 140044	3,837,599	1.39

Fujikura Employees Shareholding Association	3,730,005	1.35
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Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

1. In addition to the shares above, there were 19,457,845 shares of treasury stock as of the base date.
2. 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, 2023 for any of these.

① SMBC Nikko Securities Inc. Limited and two other companies held the following shares as of May 13, 2022 as listed in the joint amended large shareholding report made available for public perusal on May 20, 2022.

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

- Sumitomo Mitsui Banking Corporation / 8,456,236 shares / 2.86%
 - Sumitomo Mitsui DS Asset Management Company, Limited / 9,503,1008 shares / 3.21%
- Total: 17,959,336 shares, 6.07%

② Nomura Securities Co., Ltd. held the following shares as of December 15, 2021 as listed in the joint amended large shareholding report made available for public perusal on December 22, 2021.

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

- Nomura Asset Management Co., Ltd. / 18,312,900 shares / 6.19%
- Total: 18,312,900 shares, 6.19%

③ Sumitomo Mitsui Trust Bank, Limited and two other companies held the following shares as of November 15, 2021 as listed in the joint amended large shareholding report made available for public perusal on November 19, 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. / 7,329,300 shares / 2.50%
 - Nikko Asset Management Co., Ltd. / 8,460,800 shares / 2.86%
- Total: 22,631,100 shares, 7.65%

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime
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	50 or more and less than 100 companies
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4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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

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	Chairperson (unless the Chairperson concurrently serves as the President)
Number of Directors	9
Nomination of Outside Director(s)	Nominating candidate(s)
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
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
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 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.	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 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	5	1	1	4	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	5	0	2	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	4
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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

[Director Remuneration]

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

Total annual director remuneration is 358 million yen.
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Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

<ul style="list-style-type: none"> • The calculation for remuneration is stipulated in Principle 3.1. (iii). • The total remuneration of Directors who are not Audit and Supervisory Committee members and the total remuneration of Directors who are Audit and Supervisory Committee members were determined as below at the 169th Annual General Meeting of Shareholders held on June 29, 2017, and 174th Annual General Meeting of Shareholders held on June 29, 2022, respectively. <p>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 150 million yen a year (of which</p>
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the portion for outside directors is within 100 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

Other relevant matters

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).

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 , Hideki Godai and Takahiro Oikawa, and 18 other members.

(Contents of Limited Liability Agreements)

Fujikura allows the conclusion of agreements with its non-executive directors to limit their liability (hereinafter, the “Limited Liability Agreements”) as stipulated in the Companies Act of Japan. The contents of such agreements limit the liability of the relevant directors to the amount specified as the minimum liability amount in laws or ordinances. Fujikura enters into the Limited Liability Agreements with all its non-executive directors.

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.

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	On June 7, 2023, before the statutory due date for the sending of invitations to its 175th Annual General Meeting of Shareholders scheduled on June 29, 2023, Fujikura began electronically providing invitations to its shareholders, while written invitations were sent out on June 14, 2023.
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 financial results briefings each quarter. In addition, Fujikura has regular one-on-one meetings with domestic and overseas institutional investors.	Yes
Regular Investor Briefings for Overseas Investors	Fujikura holds meetings for overseas investors. The President & CEO or Corporate Officer 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 financial highlights, medium-term business plans, annual reports, timely disclosure materials, and other information in the Japanese and English languages on its website.	
Establishment of Department and/or Manager in Charge of IR	Division in charge: Corporate Strategy Unit Corporate Strategy & Planning Division Director in charge :Toru Hamasuna, Corporate Officer General Manager of Corporate Strategy Unit and General Manager of 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. Refer to the following URL : https://www.fujikura.co.jp/eng/esg/index.html</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 : https://www.fujikura.co.jp/eng/esg/index.html</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
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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.

