

Last update: September 25, 2020

Fujikura Ltd.

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. (hereafter, “Fujikura”) believes the corporate governance system discussed herein is optimal for achieving the company’s growth strategies. Fujikura has adopted a “company with Audit and Supervisory Committee” organizational structure to establish such a corporate governance system.

(1) Enhancing decision-making by the Board of Directors

The Company thinks it important to build a structure that enables the Board of Directors to make decisions after sufficient, thorough deliberation of the annual and mid-term business plans, large M&A deals, and other matters that are central to the policy and growth strategy of the Company. We therefore elect multiple outside directors who possess a broad range of expertise and independent stance uninfluenced by internal company circumstances, in addition to electing internal executive directors who are well-versed in and oversee the business of each in-house company. We think this enables the Board of Directors to engage in sufficient, thorough deliberation in making decisions on important matters.

At present, there are five outside directors: Three with corporate management experience (in finance, manufacturing, and legal affairs, respectively) and two others (one attorney and one certified public accountant).

(2) Delegation of authority to executive directors

The main businesses of Fujikura are organized into two in-house Companies (the Power & Telecommunication Systems Company, and the Electronics, Automotive & Connector Business Company). An executive director is assigned to each in-house company to handle oversight. Fujikura believes that a flexible system needs to be put in place to facilitate quick and decisive decision-making by these executive directors on items exclusive to the in-house company and on matters posing a relatively minimal degree of risk. Fujikura therefore delegates a significant amount of authority to the executive directors in charge of management of the in-house companies. Fujikura is working to strengthen the structure for business execution further in light of the losses incurred in business operations in past years. One of the steps we are taking is to build a system that enables Fujikura to predict risks, analyze and thoroughly investigate them, and mount a rapid response when a risk materializes.

(3) Strengthening the supervisory function of the Board of Directors

The Company has established an effective system of internal controls to ensure the legality and appropriateness of the performance of duties by each executive director to whom the Board of Directors has delegated broad authority.

The Board of Directors also aims to strengthen the supervisory function of its executive directors over business execution by appointing multiple outside directors who are independent from the company's management.

Furthermore, the Board of Directors believes that objectivity and transparency in the decision-making process are critical in evaluating the performance of its executive directors and help strengthen the Board's supervisory function.

To achieve this, Fujikura has established a Nominating Advisory Committee and a Remuneration Advisory Committee, the majority of members of which are outside directors. The Board of Directors makes decisions on nomination and remuneration of executive directors after such matters have been discussed in these committees.

[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 capital invested in each in-house company 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 the previous fiscal year (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

(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, 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 a significant amount of authority to the executive directors in charge of management of the in-house companies 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

*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 4.11.1] 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 nine (9) 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, manufacturing and legal sectors), one who is an attorney, and one who is a certified public accountant. Two of these are women.

[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) 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.

[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 condition, corporate governance, and on rules and other matters related to their posts.

After taking up their posts, newly-appointed outside directors attend briefing sessions and office tours/inspections so that they can get an idea of Fujikura's business activities, industry trends, and the business environment 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 of 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 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 and the director 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 10% to less than 20%
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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)	28,981,300	10.48
Japan Trustee Services Bank, Ltd. (Trust Account)	16,715,131	6.05
TAIJU LIFE INSURANCE COMPANY LIMITED	10,192,000	3.69
Sumitomo Mitsui Banking Corporation	8,456,236	3.06
Japan Trustee Services Bank, 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	5,220,973	1.89
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,911,800	1.78
JP MORGAN CHASE BANK 385781	4,607,949	1.67

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

Supplementary Explanation

1. In addition to the shares above, there were 19,454,193 shares of treasury stock as of the base date.

2. Japan Trustee Services Bank, Ltd. changed its name to Custody Bank of Japan, Ltd. on July 27, 2020.

3. 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 June 30, 2020 for any of these.

①BlackRock Japan Co., Ltd. and six other companies held the following shares as of April 15, 2020 as of the 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%

②Sumitomo Mitsui Trust Bank, Limited and two other companies held the following shares as of March 31, 2020 as listed in the amended joint large shareholding report made available for public perusal on April 6, 2020.

(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. / 6,703,700 shares / 2.27%
 - Nikko Asset Management Co., Ltd. / 8,099,200 shares / 2.74%
- Total 21,580,900 shares, 7.29%

③Nomura Securities Co., Ltd. and two other companies held the following shares as of October 31, 2019 as listed in the joint large shareholding report made available for public perusal on November 6, 2019.

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

- Nomura Securities Co., Ltd. / 29,377 shares / 0.01%
 - NOMURA INTERNATIONAL PLC / 1,189,412 shares / 0.40%
 - Nomura Asset Management Co., Ltd. / 19,667,500 shares / 6.65%
- Total 20,886,289 shares, 7.06%

④Nippon 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%

⑤LSV 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%

⑥Mizuho 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

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	19
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors	15
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	
Masaaki Shimojima	From another company									△			
Kenichiro Abe	Certified public accountant (CPA)												
Yoshio Shirai	From another company									△			
Tsuneko Murata	From another company									△			
Hamako Hanazaki	Lawyer												

* 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

a. Executive of a listed company or its subsidiaries

b. Non-executive director or executive of a parent company of a listed company

c. Executive of a fellow subsidiary company of a listed company

d. Party whose major client or supplier is a listed company or an executive thereof

e. Major client or supplier of a listed company or an executive thereof

f. 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

g. Major shareholder of a listed Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of a listed company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and a listed company, outside directors/corporate auditor are mutually appointed (the director himself/herself only)

- j. Executive of a company or organization that receives a donation from a listed company (the director himself/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as member of audit or other committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Masaaki Shimojima	○	○	Masaaki Shimojima previously worked at the Sumitomo Mitsui Banking Corporation, which is our main bank but he retired from the bank in June 2003.	Masaaki Shimojima has considerable knowledge concerning finance and accounting owing to many years of experience in a key position at a major commercial bank and has sufficient experience in corporate management. There are no conflicts with our qualifications for independence so Fujikura believes he is qualified to serve as an outside corporate auditor, a position which requires independence from Fujikura. In addition, he has no conflict of interest with Fujikura.
Kenichiro Abe	○	○	N/A	Kenichiro Abe possesses a high-level of specialized expertise as certified public accountant, has been engaged in the auditing of corporate finances of numerous companies for many years and has sufficient knowledge in corporate management. There are no conflicts with our qualifications for independence so Fujikura believes he is qualified to serve as an outside corporate auditor, a position which requires independence from Fujikura. In addition, he has no conflict of interest with Fujikura. Kenichiro Abe previously was a representative partner of PricewaterhouseCoopers Arata LLC, which is our accounting auditor but he did not participate in audits of our company while an employee there and left PricewaterhouseCoopers Arata LLC in June 2012.
Yoshio Shirai	○	○	Yoshio Shirai served as a business executive at Toyota Motors, Ltd., Hino Motors, Ltd., and Toyota Tsusho Corporation in the past. Both the sales and purchasing transactions between each of these	Yoshio Shirai possesses rich experience and insights as an executive, having served as senior managing director of Toyota Motor Corporation, president of Hino Motors, Ltd., and vice chairman of Toyota Tsusho Corporation. He also has experience as an outside director, including as an outside auditor at Seiko

			companies and Fujikura comprised less than 1% of the consolidated net sales of both Fujikura and each company. These companies therefore do not constitute significant business partners under the standards of independence specified by Fujikura.	Epson Corporation from 2016. There are no conflicts with our qualifications for independence so Fujikura believes he is qualified to serve as an outside corporate auditor, a position which requires independence from Fujikura. In addition, he has no conflict of interest with Fujikura.
Tsuneko Murata	○	○	Tsuneko Murata was a person who executes business for Panasonic Corporation; however, she resigned from the said company in September 2013. Moreover, sales and purchases between the Company and Panasonic Corporation account for less than 1% of the consolidated net sales of the Company and said company, and thus the company does not qualify as a major business partner as set forth in the Company's Independence Standards.	Tsuneko Murata has a wealth of experience and knowledge regarding compliance and corporate governance, having served as the person in charge of the legal division within the Panasonic Group. In addition, she possesses experience in both management and auditing as Executive Director and Auditor at Japan Pension Service. There are no conflicts with our qualifications for independence so Fujikura believes she is qualified to serve as an outside director, a position which requires independence from Fujikura. In addition, she has no conflict of interest with Fujikura.
Hamako Hanazaki	○	○	N/A	Hamako Hanazaki has long been involved in corporate legal affairs as an attorney and highly specialized expertise and extensive knowledge of corporate management. There are no conflicts with our qualifications for independence so Fujikura believes she is qualified to serve as an outside director, a position which requires independence from Fujikura. In addition, she 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	Yes
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that assist with Audit and Supervisory Committee duties	
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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 positioned 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 Function

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 once 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 subsidiaries 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.

The Audit and Supervisory Committee has established three-way audit conferences that provide opportunities to work with the accounting auditors and the internal Audit Division on ensuring the effectiveness of audits. These conferences formalize the former exchange of opinions on an as-needed basis as formal meetings that are convened quarterly. 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	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

*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 433 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

- The calculation for remuneration is stipulated in Principle 3.1. (iii).
- The total amount of remuneration was approved at the 169th 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, owing to the delegation of authority by the Board of Directors, and matters discussed by in-house company executive committees (meeting held at each in-house company for discussing important matters at an in-house company) are recorded in a specific database and the members of the Audit and Supervisory Committee can view this database anytime. Furthermore, Corporate divisions (Corporate Strategy Planning Division and Legal Department) and the Audit and Supervisory Committee Office work together to confirm the information saved in the database, and when necessary, they 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 Arata LLC has been appointed accounting auditor. The audits are led by Certified public accountants (CPAs) Shinichi Kishi and Hideki Godai, assisted by eight fellow CPAs, three trainee-CPAs, and ten 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.

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 172 nd Annual General Meeting of Shareholders held on September 16, 2020 was sent on August 21, 2020.
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: Shigeo Sekikawa, Senior Vice President & Member of the Board of Directors 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. Details are uploaded to our corporate website.</p> <p>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

1. Basic views (Body responsible for the management system and internal control system)

Fujikura is a company with an Audit and Supervisory Committee. The Board of Directors is comprised of 15 directors in total, nine of whom are not audit and supervisory committee members (hereafter, “executive directors”) and six of whom are audit and supervisory committee members (hereafter, “audit and supervisory committee members”). There are five outside directors, all of whom are audit and supervisory committee members.

By resolution of the Board of Directors, Fujikura may appoint one director & chairman, one president & CEO, and a number of executive vice presidents and senior vice presidents who are members of the board as executive directors. The president serves as the chair of the Board of Directors and is the chief executive officer (CEO) of the corporate group consisting of Fujikura Ltd. and its subsidiaries (hereafter, collectively referred to as the “Fujikura Group;” each subsidiary is called a “Group company”). Executive directors other than the president are in charge of the main business segments that are organized as in-house companies or indirect divisions other than in-house companies that perform company-wide management functions in Fujikura such as the corporate function, the R&D function, and other functions (hereafter, “corporate and other functions”). Fujikura also appoints executive directors to be in charge of group companies of significant size compared to the in-house companies on the head office side.

The company is managed by each of the executive directors who are responsible of the areas mentioned above, in structure overseen by the president as the CEO.

The Audit and Supervisory Committee consists of six committee members: One internal director and five outside directors. The internal director position is full-time position. The Audit and Supervisory Committee Office, which reports directly to the Audit and Supervisory Committee, has been established to support the Audit & Supervisory Committee in its activities.

Executive directors are responsible for implementation of and compliance with the internal control system for the in-house companies, corporate and other functions, and group companies they oversee. As members of the Board of Directors, which determines the internal control system, executive directors are also responsible for the adequacy of the internal control system.

The Audit and Supervisory Committee performs audits by confirming and verifying that executive directors are implementing and complying with the internal control system in the performance of their duties. To accomplish this, Audit and Supervisory Committee members personally investigate conditions at Fujikura and group companies, or confirm and verify information provided by the executive function. The committee also requests direct explanations from executive directors and others responsible for execution, as necessary. In addition to the responsibilities described above, audit and supervisory committee members are responsible for the adequacy of the internal control system as members of the Board of Directors.

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.

