

Corporate Governance

Basic Policy

Fujitec's Global Mission Statement is "Respecting people, technologies and products, we collaborate with people from nations around the world to develop beautiful and functional cities that meet the needs of a new age." To accomplish this mission, we believe that it is essential to gain stakeholders' trust and fulfill our social responsibilities. With our steadfast reputation, we will work to meet the expectations of all our stakeholders and to increase their trust in us. To this end, we will formulate and establish the corporate governance structure we require to ensure sound and transparent group management.

Management Structure

Fujitec is a company with a Board of Directors and an Audit & Supervisory Board. The Board of Directors is comprised of nine directors (including five outside directors) and is responsible for deciding on important matters relating to business management and overseeing directors' performance of their duties. At the same time, the Audit & Supervisory Board comprised of four Audit & Supervisory Board members (including three outside Audit & Supervisory Board members) audits the directors' performance of their duties.

The business execution framework of the Company and its subsidiaries is the subject of the important conferences of the Global Executive Committee, which meets on a quarterly basis to deliberate on important issues in Group management, including business promotion in Japan and abroad, and the Operating Officer Meeting, which is held on a monthly basis to deliberate on important issues regarding business in Japan. All operating officers

serving concurrently as directors attend the Global Executive Committee, including the standing Audit & Supervisory Board members. At the Operating Officer Meeting, all directors in Japan concurrently serving as operating officers attend. In addition, the proceedings and results of these important conferences are reported to outside directors following each meeting.

Response to Corporate Governance Code

The Company has been responding to the principles of Japan's Corporate Governance Code issued by the Tokyo Stock Exchange. We have not implemented the following principles at present, but we will consider implementation in the future as necessary.

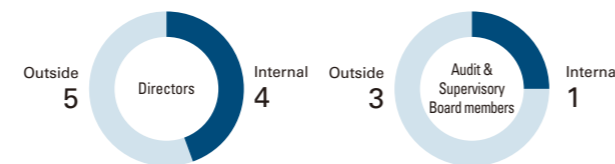
Principle 4.1 Roles and Responsibilities of the Board (1)

Supplementary Principle 4-1-3

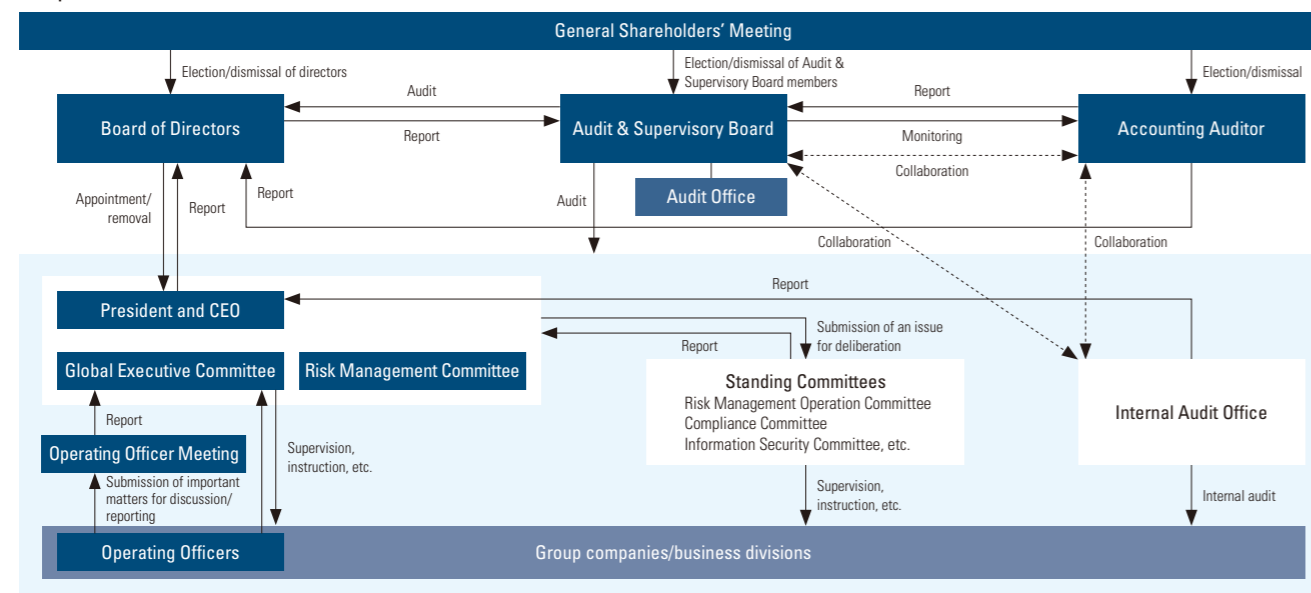
Based on a proposal by the president and consultation with independent outside directors and others designated by the Board of Directors, the Board of Directors shall discuss and, by resolution of the Board, determine and review succession planning for the president. When the president resigns or leaves office, the Board of Directors shall determine candidates for successor based on the succession planning set forth above.

Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans

In the new mid-term management plan, we set targets for net sales, operating income, operating margin and ROE. We have posted these targets on our website and in other media. In addition, we are currently continuing to consider specific plans for achieving the targets, including allocation of resources.



Corporate Governance Structure



Composition of Directors

Experience and Expertise of Directors

Name	Position	Independence (outside directors only)	Experience in corporate management and expertise (main points)					
			Corporate management		Expertise, etc.			
			Japan business	Global business	Economic policies	Finance/accounting	Corporate legal affairs	IR
Takakazu Uchiyama	Representative Director, President and CEO		●	●				●
Takao Okada	Senior Executive Operating Officer		●	●				
Yoshiichi Kato	Senior Executive Operating Officer			●		●		●
Takashi Asano	Senior Executive Operating Officer		●	●				
Terumichi Saeki	Director	●	●		●		●	
Nobuki Sugita	Director	●			●			
Shigeru Yamazoe	Director	●	●	●		●		
Kunio Endo	Director	●	●	●		●		
Keiko Yamahira	Director	●	●					●

Compensation for Executives

Policy Regarding the Determination of Compensation for Executives

A performance-based compensation system has been established for the remuneration of directors (excluding outside directors) in order to promote management awareness of and motivation for better performance. To enhance motivation for better performance in the short- to medium-term, the total amount of bonuses is calculated by adding to or subtracting from the amount paid in the previous fiscal year depending on the attainment level of the index set based on operating income. In addition, to enhance motivation for better performance on a sustainable basis, stock options are issued as stock compensation, and in the event the Company achieves its operating income target, the total amount of the issue price of such stock options is determined according to the degree of achievement.

Basic compensation and bonuses (subject to performance-based compensation) for each director (excluding outside directors) is calculated by adding to or subtracting from the amount of basic compensation and

bonuses paid in the previous fiscal year depending on the results of the domestic and international businesses or other operations in their charge, their contribution to the Company, and other factors. For outside directors, the amount of compensation is determined by taking into account the compensation and bonus levels of other companies, as well as their experience, insight, business activities, and other factors. A portion of the basic compensation paid to directors (excluding outside directors) is contributed to the Director Shareholding Association.*

For Audit & Supervisory Board members, the annual compensation limit is determined by resolution at the General Shareholders' Meeting. The amount of compensation is deliberated by Audit & Supervisory Board members taking in account factors such as whether or not he/she is a standing Audit & Supervisory Board member and distribution of duties.

* The policy for determining the ratio of performance-based compensation to other forms of compensation and the policy for determining the amount of executive compensation or the computation method based on position have not been set.

Compensation of Directors and Audit & Supervisory Board Members in the Fiscal Year Ended March 31, 2019

Position	Total remuneration (Millions of yen)	Compensation by type (Millions of yen)			Eligible officers
		Fixed compensation	Performance-based compensation	Stock options	
Directors (excluding outside directors)	224	156	67	-	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	14	14	-	-	1
Outside officers	50	50	-	-	7

Internal Control

The Fujitec Group has established and maintains the necessary internal control system to ensure sound management and to meet the expectations and earn the trust of its stakeholders. The Fujitec Group has enacted the Basic Policy on Internal Control by a resolution of the Board of Directors based on the Global Mission Statement, the Fujitec Philosophy of Human Resource Management and the Fujitec Corporate Action Rules. Based on this policy, Fujitec has established an Internal Control Department to promote related activities. This department also responds to evaluations and audits of the internal control system by working to understand the operation processes of each business execution division and upgrading the internal control system.

We have also established dedicated committees for compliance, risk management and information management systems, and these committees provide the necessary guidance and management for effective business execution.

Risk Management

To reduce various operating risks, the Company has established the Risk Management Committee, chaired by the CEO. The committee works to promote compliance, including risk management at all Group companies, and information security measures, as well as to achieve early detection of risk factors that could have a major social impact, such as ensuring product safety, and countermeasures for those factors. Underneath the committee there are standing committees that investigate and study each risk factor.

The Risk Management Operation Committee collects information swiftly and accurately and ensures proper direction and the management of business execution to ensure that risk management functions effectively throughout the Company.

Compliance

The Compliance Committee promotes compliance with the laws, regulations and corporate ethics necessary for promoting appropriate corporate activities, and disseminates these to Group employees and other concerned persons as cohesively as possible. The Committee formulates the Compliance Action Plan every year and promotes compliance activities. As part of these activities, in addition to Group training for all employees or on-demand education through e-learning, the Company holds seminars, etc., for employees according to their position and department as necessary to ensure that laws and regulations are made known to employees together with the implementation of activities to raise employee awareness.

The Company has also established an internal reporting system to curb fraud. This includes a Compliance Consultation Desk as an internal reporting mechanism related to compliance that allows all employees to consult directly regardless of organizational lines. It also receives employee reports.

Information Management (Information Security)

To protect information assets with a view toward maintaining and improving security, the Information Security Committee formulates the security policy and countermeasure standards. Also, upon deliberating and discussing the use, handling and management of information networks, systems and devices, the committee provides instruction and promotes educational activities in these areas.

Auditing System

Internal Auditing

To raise the effectiveness of the internal control system, the Internal Audit Office, which is composed of internal auditors with appropriate knowledge on finance and accounting, formulates the auditing plan for each fiscal year based on the Internal Audit Basic Regulations decided by a resolution of the Board of Directors and implements internal audits centered on the examination and assessment of risk at Group companies.

Auditing by Audit & Supervisory Board Members

Audit & Supervisory Board members determine audit standards, policies and plans at Audit & Supervisory Board meetings. Standing Audit & Supervisory Board members properly audit the execution of business duties by directors by attending the Global Executive Committee, which convenes each quarter and deliberates on important matters concerning management and the implementation of businesses in Japan and overseas, as well as by reviewing reports on the status of the execution of business duties.

As the secretariat for Audit & Supervisory Board members and the Audit & Supervisory Board, we have set up the Audit Office, which is independent from business execution departments and exclusively plays an ancillary role in audit operations, and established a structure for promoting smooth audit operations.

Mutual Collaboration among the Internal Auditors, Audit & Supervisory Board Members and Accounting Auditors and Relationship with the Internal Control Department

The Audit & Supervisory Board members, accounting auditors and Internal Audit Office regularly hold liaison meetings for formulating audit policies and plans for each fiscal year, and share auditing information with audited departments and implement measures for carrying out effective audits.

The results of the internal audit are reported to the Board of Directors as well as the Audit & Supervisory Board and the Internal Control Department. The Internal Control Department cooperates with the Internal Audit Office and the accounting auditors, while undertaking activities to raise the level of internal control. Each half year, it reports on plans and the status of these efforts to the Board of Directors, in which outside directors and outside Audit & Supervisory Board members participate.

Directors, Audit & Supervisory Board Members and Operating Officers (As of June 30, 2019)

Directors



Takakazu Uchiyama

Representative Director, President and CEO
General Manager of Global Business HQ; General Manager of Japan Business HQ; In charge of North America and East Asia
Apr. 1976 Joined the Company
Jun. 2002 Representative Director and President (current)
Jul. 2005 Chief Executive Officer (current)



Terumichi Saeki

Outside Director
Apr. 1968 Registered as an attorney (Osaka Bar Association)
Jun. 2010 Outside Director of IwaiCosmo Holdings, Inc. (current)
Jun. 2012 Outside Audit & Supervisory Board Member of Watabe Wedding Corporation (current)
Jun. 2014 Director of the Company (current)
Mar. 2016 Outside Audit & Supervisory Board Member of Toyo Tire & Rubber Co., Ltd. (now Toyo Tire Corporation) (current)



Takao Okada

Director
Deputy General Manager of Global Business HQ; General Manager of Global Operations; In charge of China; Deputy General Manager of Japan Business HQ
Apr. 1976 Joined the Company
Apr. 2012 Senior Executive Operating Officer (current)
Jun. 2012 Director of the Company (current)



Nobuki Sugita

Outside Director
Jun. 1995 Chief, Office of Public Affairs, Planning Division, Director General's Secretariat at the Economic Planning Agency
Aug. 2009 Professor at the Faculty of School of Economics, Nagoya University
Jun. 2013 President of Economic and Social Research Institute, Cabinet Office, Government of Japan
Apr. 2015 Professor at the College of Economics, Ritsumeikan University (current)
Jun. 2017 Director of the Company (current)



Yoshiichi Kato

Director
General Manager of Finance HQ
Apr. 1977 Joined the Company
Apr. 2012 General Manager of Finance HQ (current)
Apr. 2017 Senior Executive Operating Officer (current)
Jun. 2017 Director of the Company (current)



Shigeru Yamazoe

Outside Director
Apr. 1978 Joined Marubeni Corporation
Apr. 2012 Senior Managing Executive Officer of Marubeni Corporation
Apr. 2015 Senior Executive Vice President of Marubeni Corporation
Jun. 2018 Vice Chairman of Marubeni Corporation (current)
Director of the Company (current)
April 2019 Outside Audit & Supervisory Board Member of Mizuho Capital Partners Co., Ltd. (current)



Takashi Asano

Director
General Manager of Product Development HQ; President of Fujitec Shanghai Technologies Co., Ltd.
Apr. 1977 Joined the Company
Oct. 2012 General Manager of Product Development HQ, Global Business HQ (current)
Apr. 2017 Senior Executive Operating Officer (current)
Jun. 2017 Director of the Company (current)



Kunio Endo

Outside Director
Apr. 1981 Joined Honda Motor Co., Ltd.
Nov. 2010 President and Director of American Honda Finance Corporation
President and Director of Honda Canada Finance Inc.
Jun. 2013 Full-time Audit & Supervisory Board Member of Honda Motor Co., Ltd.
Jun. 2019 Director of the Company (current)



Keiko Yamahira

Outside Director
Apr. 1983 Joined Kubota House Co., Ltd. (now Sanyo Homes Corporation)
Jun. 2015 President and Director of Sanyo Homes Corporation
Apr. 2017 Chairman and Representative Director of Sanyo Homes Community Corporation
Jun. 2019 Outside Director of Joshin Denki Co., Ltd. (current)
Director of the Company (current)

Audit & Supervisory Board Members

Haruo Inoue Audit & Supervisory Board Member (Standing)
Apr. 1976 Joined the Company
Apr. 2009 Operating Officer of the Company
Jun. 2016 Audit & Supervisory Board Member of the Company (current)

Kenichi Ishikawa Outside Audit & Supervisory Board Member (Standing)
Apr. 1985 Joined Daiwa Bank, Ltd. (now Resona Bank, Ltd.)
Jun. 2014 Audit & Supervisory Board Member of the Company (current)

Tatsuo Ikeda Outside Audit & Supervisory Board Member
Apr. 2004 Professor at Osaka University Law School
Nov. 2005 Registered as an attorney (current)
Jun. 2016 Audit & Supervisory Board Member of the Company (current)

Satoshi Hiramitsu Outside Audit & Supervisory Board Member
Apr. 1990 Joined Tokai Bank, Ltd. (now MUFG Bank, Ltd.)
Nov. 1993 Joined Chuo Audit Corporation
Jun. 2012 Outside Audit & Supervisory Board Member of ARATA CORPORATION (current)
Nov. 2014 Representative Member of Tax Accounting Corporation, TAS (current)
Jun. 2019 Audit & Supervisory Board Member of the Company (current)

Operating Officers

President and CEO
Takakazu Uchiyama*
Senior Executive Operating Officer
Takao Okada*
Senior Executive Operating Officer
Yoshiichi Kato*
Senior Executive Operating Officer
Takashi Asano*
Executive Operating Officer
Keiji Tsuyama
Executive Operating Officer
Yasuo Utsunomiya
Executive Operating Officer
Masayoshi Harada
Executive Operating Officer
Masashi Tsuchihata
Executive Operating Officer
Kenji Tomooka
Executive Operating Officer
Hiroshi Maruyama

Operating Officer
Kunihiko Tsutsui
Operating Officer
Asami Araki
Operating Officer
Yasuhiko Kimura
Operating Officer
Tadahisa Nakayama
Operating Officer
Ikuo Masuda
Operating Officer
Shiro Adachi
Operating Officer
Masayoshi Nakao
Operating Officer
Hiroki Tokunami
Operating Officer
Yusuke Uchiyama

* Concurrently serving as a director