

*June 21, 2019*

To whom it may concern

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### **Notice Concerning Amendment to Corporate Governance Guidelines**

Fujitec Co., Ltd. hereby announces that it has resolved at a meeting of its Board of Directors held on June 21, 2019 to amend the “Corporate Governance Guidelines” established on November 6, 2015, as per the attached document.

Remuneration, etc. of Directors (Article 18) have been amended.

(Please note that this English translation is only for reference purpose. When there are any discrepancies between Japanese version and English translation version, the original Japanese version always prevails.)

Established in November 6th, 2015  
Partially amended in May 12th, 2017  
Partially amended in November 9th, 2018  
**Partially amended in June 21st, 2019**  
(\* Underlined parts indicate amendment.)

Fujitec Co., Ltd.  
Corporate Governance Guidelines

Preamble

The Corporate Governance Guidelines (the “**Guidelines**”) set forth basic matters concerning corporate governance for Fujitec Co., Ltd. (the “**Company**”) and aim to contribute to the sustainable growth and improvement of the mid- to long-term corporate value of the Company. The Guidelines shall be disclosed in a timely and appropriate manner when amended.

Chapter 1. General Rules

(Basic Concepts)

- Article 1           The Company shall make efforts to improve its corporate governance in line with the following basic concepts:
- (1)           the Company shall respect shareholders’ rights and secure equal treatment of shareholders.
  - (2)           the Company shall take into account interests of stakeholders, including shareholders, and appropriately cooperate with them.
  - (3)           the Company shall disclose its information properly and ensure transparency.
  - (4)           the Company shall carry out effective oversight by the Board of Directors of execution of operations.
  - (5)           the Company shall engage in constructive dialogue with shareholders who have investment policies corresponding to the mid- and long-term interests of shareholders.

## Chapter 2. Securing the Rights and Equal Treatment of Shareholders

(Securing the Equal Treatment of Shareholders)

Article 2           The Company shall treat shareholders equally in accordance with their shares and make disclosure in a timely and appropriate manner so as to avoid any information gaps among them.

(Basic Strategy for Capital Policy)

Article 3           In order to achieve the sustainable growth and improvement of mid- to long-term corporate value of the Company, the Company shall implement its capital policy considering capital costs.

(Policy with respect to Cross-Shareholding and Standards with respect to Voting Rights as to Cross-Shareholding)

Article 4           When the Board of Directors reasonably determines that the acquisition and holding of shares issued by business partners, etc. will maintain and strengthen business relationships with such business partners, etc. and contribute to the sustainable growth and improvement of the mid-to long-term corporate value of the Company, the Company shall acquire and hold such shares.

2                   With respect to the shares held by the Company in accordance with the provision set forth in paragraph 1 hereof (the “**Cross-Shareholdings**”), the Board of Directors shall review and determine whether the Company continues to hold or reduces by disposition all or part of the Cross-Shareholdings through detailed examination of the advantages, risks, balance with capital costs, etc. associated with the holding of the Cross-Shareholdings, which is periodically conducted every year.

3                   The Company shall review and determine whether or not it exercises its voting rights as to the Cross-Shareholdings by taking into account the compliance with the provision set forth in paragraph 1 hereof and the contribution to the soundness in the management, sustainable growth and improvement of the corporate value of a company issuing shares, as well as considering and reviewing the contribution to the improvement of the corporate value and the mid-to long-term interests of the Company.

(Related Party Transactions)

- Article 5        When the Company engages in transactions with its directors or major shareholders, the Company shall ensure the reasonableness of terms and conditions of such transactions by resolution of Board of Directors, pursuant to law and the Company's internal regulations (including, but not limited to, Rules of the Board of Directors), in which independent directors and independent auditors shall participate.
- 2                The reasonableness of terms and conditions of such transactions shall be subject to post-audit by corporate auditors and/or accounting auditors.
- 3                The Company shall prevent situations where related party transactions would harm the interests of the Company or the common interests of its shareholders through prior or subsequent procedures set forth in this Article.

Chapter 3. Taking into Account the Interests of Stakeholders

(Relationship with Stakeholders)

- Article 6        In order to achieve the sustainable growth and improvement of mid- to long-term corporate value of the Company, the Board of Directors shall take into account the interests of not only the Company's shareholders but also other stakeholders, including but not limited to, the Company's employees, customers, business partners, creditors, local community, and other relevant parties.
- 2                In order to properly operate and manage a defined benefit pension plan, the Company shall establish a Pension Investment Committee consisting of members, etc. (nominated from the Finance and Personnel Departments) headed by the General Manager of the Finance Department.
- 3                By referring to the suggestion of an investment consulting company from the standpoint of its expertise and conflict of interests, the Pension Investment Committee shall determine the Company's basic policies and its operational guidelines with respect to the Company's investment, select investment products, and conduct periodic evaluation of investing institutions to ensure the operational status of their investment.

(Actions for Sustainability)

Article 7 Recognizing that the implementation of the Company’s global mission statement represents the genuine essence of the Company’s CSR, the Company shall collaborate with its stakeholders to carry out diverse CSR activities, including but not limited to, initiatives for safety, development of human resources and transmission of technologies, activities contributing to society, environmental activities, and other activities in order to coexist harmoniously with society and nature, realize a sustainable society, and become a valuable company.

(Whistle-Blowing)

Article 8 The Company shall promote the establishment and utilization of the “Compliance Hotline” on a Group-wide basis in its offices, including but not limited to, the main offices of its subsidiaries, to collect information from its employees that could not be collected easily through its organizational ladder and to conduct investigations into such information and, if the Company identifies a violation or suspected violation of laws and regulations, the Company shall take appropriate measures to rectify or remedy such violation or suspected violation.

2 The Company shall not treat any employee unfavorably on the ground that he or she consults with or reports to the “Compliance Hotline” set forth above.

Chapter 4. Ensuring Appropriate Information Disclosure and Transparency

(Disclosure of Policies Concerning Risk Management, Internal Control System, and Other Matters)

Article 9 Pursuant to the Companies Act and other applicable laws and regulations, the Board of Directors shall establish and disclose in a timely and appropriate manner policies concerning risk management of corporate group, internal control system, compliance with laws and regulations, and other relevant matters.

2 Pursuant to the Companies Act, Financial Instrument and Exchange Act and other applicable laws, as well as the regulations and rules of

Financial Instrument Exchange, the Board of Directors shall disclose finance and business-related matters in a fair, detailed and direct manner.

## Chapter 5. Responsibilities of the Board of Directors

### (Roles of the Board of Directors, Delegation to Management)

Article 10       Based upon its fiduciary duty to shareholders who have entrusted management to the Board of Directors, the Board of Directors shall implement efficient and effective corporate governance for all shareholders who shall ensure the promotion of their own interests through maximization of the mid- to long term corporate value, and the Board of Directors shall further be responsible for the sustainable growth and improvement of mid- to long-term corporate value of the Company

2               In fulfilling the responsibilities set forth in Article 10.1, the Board of Directors shall ensure fairness and transparency of management by exercising its monitoring function over the entire management and make the best decisions for the Company through decisions relating to the execution of the Company's important business which are legally required to be made by the Board of Directors.

3               Decisions on such execution of the Company's business other than set forth in Article 10.2 shall be delegated to lower level meetings, including but not limited to, global executive committees and/or operating officers meetings, or other meetings, and the Board of Directors shall supervise the execution of duties by such meetings and/or operating officers, or others.

### (Roles of Independent Directors)

Article 11       In order to achieve the sustainable growth and improvement of mid- to long-term corporate value of the Company, independent outside directors shall, from the standpoint of the common interest of shareholders, monitor execution of the Board of Directors and the management and conflicts of interest between the Company and the management and also conduct other monitoring functions.

(Composition and Diversity of the Board of Directors)

Article 12        The number of the Board of Directors shall be eleven (11) or less, as prescribed in the Company's Articles of Incorporation.

2                    Considering the importance of independent outside directors for corporate governance, at least two (2) directors out of the Board of Directors set forth above shall be independent outside directors.

3                    The Company recognizes that diversity on the Board of Directors is one of the important factors for enhancing the effectiveness of the Board of Directors and realizing sustainable growth of the Company. In selecting candidates for its directors, the Company shall take into account the diversity of their skills, experiences and viewpoints, irrespective of their gender, age, or similar factors.

(Qualifications and Nomination Procedures of Directors)

Article 13        Candidates for the Company's directors must have excellent personalities, insight, competence and abundant experience, as well as high ethical standards to supervise and execute Company's management in an appropriate, fair and effective manner.

2                    In order to fulfill their monitoring function, candidates for the Company's independent outside directors must have deep insight and abundant experience in the areas of business management, risk management, and internal control, including legal compliance, corporate ethics, management quality, global management, macroeconomic policy, and other areas. Additionally, the candidates for the Company's independent outside directors must meet criteria for selection of Independent officers, which are determined and disclosed separately.

3                    All of the Company's directors shall be subject to election by a resolution at the general shareholders meeting held on an annual basis.

4                    In accordance with this Article, candidates for new directors, including substitute directors, shall be appointed and selected by the Board of Directors through consultation with certain director(s) designated by the Board of Directors and proper and transparent discussion of the Board of Directors.

5                    In the event that any of the Company's directors becomes unable to

supervise and execute or faces difficulty in supervising and executing Company's management in an appropriate, fair and effective manner, the Board of Directors discuss the policy of such dismissal of him/her, and depending on the result of such discussion, the director may be subject to dismissal by a resolution at the general shareholders meeting.

(Qualifications and Nomination Procedures of Corporate Auditors)

Article 14 Candidates for corporate auditors of the Company must have excellent personalities, insight, competence and abundant experience as well as high ethical standards to monitor directors' execution of their duties in an appropriate, fair and effective manner. In addition, at least one (1) corporate auditor must have appropriate expertise with respect to finance and accounting.

2 In order to fulfill their monitoring function, candidates for the Company's independent outside corporate auditors must have deep insight and abundant experience in the areas of business management, risk management, and internal control, including legal compliance, corporate ethics, management quality control, global management, macroeconomic policy, and other areas. Additionally, candidates for independent outside corporate auditors must meet criteria for independence of outside corporate officers, which are determined and disclosed separately.

3 In accordance with this Article, candidates for new corporate auditors of the Company, including substitute corporate auditors, shall be appointed and selected by the Board of Directors through consultation with certain director(s) designated by the Board of Directors, proper and transparent discussion of the Board of Directors, and shall be subject to the consent of the Board of Corporate Auditors.

4 In the event that any of the corporate auditors of the Company becomes unable to audit or faces difficulty in auditing its directors' execution of their duties in an appropriate, fair and effective manner, the Board of Directors and the Board of Corporate Auditors shall discuss the policy of such dismissal of him/her, and depending on the result of such discussion, the corporate auditor may be subject to dismissal by a resolution at the general shareholders meeting.

(Chairperson of the Board of Directors)

Article 15 The Chairperson of the Board of Directors shall endeavor to enhance the quality of discussions of the Board of Directors and facilitate the Board of Directors meetings in an efficient and effective manner. To carry out these duties, the Chairperson shall make arrangements for securing adequate time for all proposals and shall make appropriate information available to respective directors in a timely manner.

(Duties of Directors)

Article 16 The Company's directors shall collect information sufficient to fulfill their duties, proactively express their opinions, and have thorough discussions.

2 In fulfilling their duties toward the Company, the Company's directors shall make full use of their abilities and spend the necessary amount of time.

(Access to the Company's Information by Independent Directors and Corporate Auditors)

Article 17 Whenever deemed necessary or appropriate, the Company's independent outside directors and/or corporate auditors may request executive directors, operating officers and employees of the Company to provide explanations, reports, and/or or submit internal materials.

2 The Company's corporate sections (namely, Finance HQ, Administration HQ, Corporate Planning HQ, Secretarial Office, etc.) shall support independent outside directors so that they can perform their duties appropriately.

3 In order for the Board of Corporate Auditors or respective corporate auditors to perform their duties appropriately, the Company shall establish a bureau of the Board of Corporate Auditors (corporate auditors' office) with proper human resources and budget.

(Remuneration, etc. of Directors)

Article 18 Performance-based compensation structure shall be established for the remuneration, etc. of directors (excluding independent directors) in order to promote the directors' management awareness and motivation for better performance, and, in order to enhance

motivation for better performance in the short and medium terms, the total amount of bonus shall be calculated by adding to or subtracting from the amount paid in the previous business year depending on the attainment level of the index set based upon the operating profits of each business year. Additionally, in order to enhance motivation for better performance on a sustainable basis, stock options shall be issued as stock compensation, and in the event the Company's performance achieves its operating profits target of each business year, the total amount of the issue price of such stock option shall be determined according to the degree of such achievement.

2 Basic remuneration and bonus (which is subject to the performance-based remuneration) of respective directors (excluding outside directors) shall be allocated by adding to or subtracting from the amount of the basic remuneration and bonus paid in the previous business year depending on domestic and international businesses and other businesses in their charge, their contribution to the Company, and other factors. In the case of outside directors, the amount of remuneration, etc. shall be determined by taking into consideration other companies' remuneration and bonus levels as well as their experience, insight, business activities and other factors. A certain amount of the basic remuneration paid to directors (excluding outside directors) shall be provided to the directors' shareholding association.

3 In addition to the matters specified in the preceding paragraphs, the amount of the remuneration, etc. of directors and the method of its calculation shall be determined through discussion by the Board of Directors in which all outside directors participate so that appropriate advice and involvement of the said outside directors are obtained. Directors present at the said Board of Directors may be delegated to determine, by a resolution of the said Board of Directors, the amount of the remuneration, etc. of respective director within the annual amount of the remuneration, etc. set by a resolution of a general shareholders meeting and in accordance with the policy determined by the Board of Directors.

(Succession Planning)

- Article 19       Based on a proposal by the President (CEO) and consultation with certain director(s) designated by the Board of Directors, the Board of Directors shall discuss and, by the resolution of the Board of Directors, determine and review succession planning for the President (CEO).
- 2                When the President (CEO) resigns or leaves his/her office, the Board of Directors shall determine candidate(s) for the successor of the President (CEO) based on the succession planning set forth above.

(Directors and Corporate Auditors Training)

- Article 20       According to their insights, skills, experience, and other attributes, the Company's directors and corporate auditors shall participate in training programs provided by lawyers, certified public accountants and other professionals related to business management, and receive explanations by the President (CEO) and/or operating officer(s) designated by the President (CEO) related to the Company's business strategy, financial conditions and other important matters.
- 2                To fulfill their respective roles, the Company's directors and corporate auditors shall collect necessary information proactively and make efforts toward self-improvement with respect to the Company's financial condition, legal compliance, corporate governance and other matters.

(Effective Utilization of Independent Outside Directors)

- Article 21       In order to enhance their ability to collect information while maintaining their independence, the Company's outside directors shall hold regular meetings with corporate auditors, including independent auditors.

(Evaluation of Effectiveness of the Board of Directors)

- Article 22       At the end of each business year, the Company shall conduct a questionnaire survey of all of the Company's directors, including outside directors, with respect to matters which include validity of the composition of the Board of Directors, sufficiency of agenda materials for the Board of Directors meetings, sufficiency of explanations from the management of the Company in relation to each item of agenda of

the Board of Directors meetings, validity of the proceedings of the Board of Directors meetings, validity of frequency of the Board of Directors meetings and discussion times for each agenda item, and based upon the results of such questionnaire survey, the Company shall evaluate the effectiveness of the Board of Directors in its entirety.

## Chapter 6. Dialogue with Shareholders

### (Dialogue with Shareholders)

Article 23        In order to realize the sustainable growth and improvement of mid- to long-term corporate value of the Company, the Company shall engage in constructive dialogue with major shareholders who have investment policies corresponding to the mid- to long-term interests of shareholders.

2                    The Company shall establish and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogue with shareholders.