

Corporate Governance

CORPORATE GOVERNANCE

FUJITEC CO., LTD.

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FUJITEC CO., LTD.

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This document provides an overview of Fujitec Co., Ltd. corporate governance.

I. Corporate Governance Philosophy, Capital Structure, Corporate Attributes, Other Basic Information

1. Basic Concepts

Our Management Philosophy reads, “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.” We understand that it is essential we maintain relationships of trust with our stakeholders to carry out this mission. To secure positive appraisals of the Fujitec Group, meet the expectations of our stakeholders, and strengthen relationships of trust, we strive to build and maintain a corporate governance structure that ensures sound and transparent group management.

【Reasons for not implementing the principles in the Corporate Governance Code】

The Company has implemented all principles described in the June 2021 revision of the Corporate Governance Code.

【Disclosure based on corresponding principles in the Corporate Governance Code】 Updated

1. The Company has formulated a basic policy on corporate governance based on the principles of the Corporate Governance Code. We published this basic policy on our corporate website (*1). Refer to Basic Policy for matters requiring disclosure based on the following principles (*2).

*1 (Corporate Governance Guidelines) https://www.fujitec.com/ir/business_policy/governance

*2 [Principle 1-7], [Principle 2-6], and [Principle 3-1] (iii), (iv), and [Supplemental Principle 4-1-1], [Supplemental Principle 4-11-1], and [Supplemental Principle 4-14-2].

2. The matters requiring disclosure based on each principle are as follows.

【Principle 1-4】

- (1) 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 medium- 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.

【Supplementary Principle 2-4-1】

(1) Approach and voluntary and measurable goals for ensuring diversity in the appointment of women, non-Japanese nationals, and mid-career hires to management positions

While the Company has traditionally hired field engineers and other personnel regardless of gender or nationality, we pursue the further hiring of women, non-Japanese nationals, and career hires (mid-career hires) to accelerate global business development by leveraging the diversity of our human resources as a source of organizational strength. We promote career hires to management positions based on a comprehensive evaluation of experience, skills, and achievements. As of March 2025, the ratio of career hires to management positions was 20%, and we continue to promote career hires to increase this ratio. At the same time, the ratio of female and non-Japanese national employees in management positions was 2% as of March 2025. Additionally, there were no non-Japanese national employees in management positions. For the time being, we intend to strengthen human resources development and our internal environment with the goal of achieving a greater ratio and number of persons in said positions compared with the previous year.

(2) Human resources development, internal environment improvement policies and implementation status related to ensuring diversity

① Human resources development and internal environment improvement policy

- We strive to create an environment that accelerates the development of value systems that foster open-mindedness and energetic action, as well as attitudes that value diversity, encouraging employees to reach new levels of growth so as to serve as the foundation for new stages of Fujitec global growth.

② Implementation status

- We engage in ongoing global business leader development programs and various practical training programs for field engineers, as we have done in the past. We also intend to develop globally oriented management personnel and highly expert engineers by assigning increasing levels of responsibility.
- We offer various work systems, including flexible work hours (no core hours), paid leave on an hourly basis, childcare and nursing care leave, and shortened working hours. In addition, we endeavor to create environments that facilitate flexible work styles. These efforts include expanding the availability of remote work through the development of IT environments and allowing employees to report to and return home from work sites

directly. In this way, we encourage active communications not restricted by location or time, which we believe will lead to even stronger organizational capabilities.

- We increase opportunities for cross-border exchange, including the Global Field Engineering Skill Competition, which brings together employees from more than 10 countries. At the same time, we will continue to recruit, train, and promote non-Japanese national engineers in our Japanese organization.
- Given that roughly one-second of new hires are career hires, we will continue to increase the hiring of employees with diverse experience.

【Principle 3-1】

(i) The Company has established and published our Management Philosophy. We have also formulated and published a medium-term management plan. Refer to the following URL for details.

(Management Philosophy) <https://www.fujitec.com/corporate>

(Medium-Term Management Plan) https://www.fujitec.com/ir/business_policy/plan

(ii) Refer to *I. 1. Basic Concepts* in this report for more information on the Fujitec Group basic stance to corporate governance.

(v) The following describes reasons for Appointment as candidates" for directors proposed for election at the 78th Ordinary General Meeting of Shareholders. Refer to *II. 1. Matters Related to Institutional Structure and Organizational Operations* in this report for information on outside directors and outside members of the Audit and Supervisory Board.

(Directors)

Masayoshi Harada

In his second year as president, Mr. Harada continued to demonstrate strong leadership and organizational management skills, powerfully driving forward management reforms. Through his strong communication skills, he has effectively instilled the organizational vision throughout the company, enhancing employees' motivation to achieve their goals. As a result of these efforts, in the fiscal year ending March 2025, the Company achieved record highs in orders received, net sales, and operating profit. Despite challenges such as the sluggish Chinese market and the impact of tariffs, he remains a central figure in realizing the medium-term management plan, and therefore, the Company has nominated him as a candidate for director once again.

Takashige Nakajima

In his second term as Representative Director Senior Executive, Mr. Nakajima has promoted three key initiatives outlined in the medium-term management plan: "Field Margin Improvement," "Supply Chain and Manufacturing Optimization," and "Admin/Sales Operations Standardization & BPR." Specifically, he has been working on margin improvement through the development and introduction of new standard models for the domestic market and the development of labor-saving devices. Furthermore, he has actively engaged in all aspects of his role as a member of the Nomination and Compensation Advisory Committee. The Company believes that he is the most suitable person to continue overseeing current operations in order to steadily advance the medium-term management plan, and therefore, the Company has nominated him as a candidate for director once again.

Kosuke Sato

In his second term as Director and In Charge of Administration, Mr. Sato has leveraged his extensive experience in corporate administration, including finance and corporate planning, to lead the promotion of the medium-term management plan with strong strategic planning and execution capabilities. He also possesses excellent and prompt decision-making skills based on logical thinking, contributing to the formulation of management strategies. Furthermore, he has spearheaded initiatives to strengthen governance, such as establishing the Executive Committee to enhance the decision-making framework, setting up the Governance Subcommittee, and revising the executive compensation system. Based on these achievements and with expectations for his continued contribution to the Company's management, the Company has nominated him as a candidate for director once again.

【Supplementary Principle 3-1-3】

Fujitec engages with ESG and the SDGs as important issues. We disclose important sustainability issues based on our Management Philosophy (materialities), the value creation process, and our sustainability policy in our Integrated Report. With regard to sustainability initiatives, we are working to implement our sustainability policy and materialities, striving to *develop beautiful and functional cities that meet the needs of a new age*, as we state in our Management Philosophy. We invest in human capital and intellectual property from a long-term perspective, identifying specific matters to address as materialities. The Sustainability Committee, chaired by the president of the Company, oversees the progress of materialities from the perspective of society toward sustainable corporate growth and deliberates governance systems. We also disclose relevant information on a proactive basis. We communicate our medium- to long-term strategies to enhance corporate value and our contribution to the sustainable development of society are communicated to our stakeholders in our Integrated Report.

In terms of scenario analysis of risks and opportunities related to climate change and other initiatives, we expressed support for the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). We also conducted risk and opportunity analyses related to climate change based on the TCFD framework, and implemented other related measures. The Fujitec Group discloses Scope 1, Scope 2, and Scope 3 (Japan only) greenhouse gas emissions. We also plan to calculate overseas Scope 3 GHG emissions going forward.

Furthermore, our medium-term management plan Move On 5 calls for a 46% reduction in GHG emissions by fiscal 2030, compared to fiscal 2019 Scope 1 and 2 emissions. We are committed to engaging in activities aimed at achieving this goal, primarily through a subcommittee linked to our mid-term strategies. Refer to the following URL for details of our medium-term management plan Move On 5 and specific initiatives related to sustainability. Refer to the following URL for more details on the Integrated Report.

(Medium-Term Management Plan) https://www.fujitec.com/ir/business_policy/plan

(Sustainability) <https://www.fujitec.com/sustainability>

(Integrated Report 2024) https://www.fujitec.com/uploads/2024/12/FUJITEC_Integrated_report2024_E.pdf

【Principle 4-8】

The Company appoints a majority of independent outside directors to the board of directors (six directors, consisting of Directors Umino, Gessner, Graninger, Shimada, Black and Ohara).

【Principle 4-9】

The criteria for determining the independence of the Company's independent outside directors are as described in Criteria for Appointment of Independent Directors under *II. Relationships with Independent Directors 1. Criteria for Appointment of Independent Directors* in our annual securities report

【Supplementary Principle 4-10-1】

Refer to *Status of establishment of voluntary committees, membership, and attributes of committee chairpersons (chairmen)* and *Supplementary explanations in II. Administrative Organizational Structure Covering Decision-Making, Execution, and Supervision in Management Activities, and Other*

【Supplementary Principle 4-11-1】

Refer to I. Corporate Governance Philosophy, Capital Structure, Corporate Attributes, Other Basic Information 1. Basic policy [disclosure based on corresponding principles in the Corporate Governance Code] 1. Basic policy in this report. The skills matrix listing the expertise, etc. of each director is provided in Reference Materials for the General Meeting of Shareholders in the Notice of Convocation of the General Meeting of Shareholders.

(Annual Meeting of Shareholders)

<https://www.fujitec.com/ir/stockholder>

【Supplementary Principle 4-11-2】

The status of concurrent positions held by Company directors and members of the Audit and Supervisory Board at other publicly traded companies is disclosed annually through the “Business Report” and “Reference Materials for the General Meeting of Shareholders” in the “Notice of Convocation of the General Meeting of Shareholders”, and the “Annual Securities Report”.

【Supplementary Principle 4-11-3】

Our board of directors assessed the effectiveness of the board in fiscal 2024 in accordance with the Corporate Governance Guidelines. A summary of the results is as follows.

(Summary of evaluation)

The Company conducts self-assessments and analyses of the effectiveness of its Board of Directors with the aim of improving its functioning and, ultimately, its corporate value.

For self-assessment and analysis, the following methods were used with the advice of external organizations.

A questionnaire was sent to all directors in January 2025. Anonymity was ensured by responding directly to an external organization. Based on a report of the aggregate results from the external organization, the results of the analysis were reported to the Board of Directors in April 2025. A summary of the results is as follows.

The majority of respondents generally had no problem with the “Composition of the board of directors.”

With regard to the “Operation of the Board of Directors,” there were some issues regarding the timing of the provision of materials for the Board of Directors meetings and the time for deliberation.

Regarding “Board Discussions,” there were issues regarding some agenda items. Discussions on management strategies and plans and sustainability were lower than the previous year. At the end of the fiscal year, the status of sustainability initiatives was reported to the Board of Directors for discussion. In addition, there were issues regarding DX promotion and oversight of efforts to invest in human capital and intellectual property, both of which were newly added to the agenda this year.

With regard to the “Monitoring function of the Board of Directors,” there were issues in supervising and monitoring the internal control system.

In general, the Board of Directors was evaluated to be functioning effectively.

The table below shows the status of addressing the issues set forth for FY2024 and the issues to be addressed in FY2025 and beyond.

	Tasks set for FY2024	Actions taken in FY2024	Ongoing issues for FY2025 and beyond
Board of Directors Operation	Clarify the issue Focus on the information need	Clarified the resolution. Efforts were made to submit agenda materials as soon as possible. Early collection of opinions on the content of the disclosure.	Provide agenda materials at an appropriate time to allow for advance review and sufficient time for deliberation
Board of Directors Discussion	Sustainability-related measures are implemented by subcommittees linked to the medium-term management plan strategy and reported to the Board of Directors as appropriate.	The headquarters in charge reported on the status of sustainability initiatives and discussed them.	We will continue to report regularly on the status of our sustainability efforts.

	Tasks set for FY2025
Board of Directors Discussion	Devise a method for following up on the progress of the medium-term management plan, taking into account the status of analysis and measures taken at management committee, etc. Provide appropriate oversight of efforts to promote DX and investment in human capital and intellectual property
Monitoring function of the Board of Directors	Strengthen supervision and monitoring of internal control systems

Although there were some issues that needed to be improved, the majority of respondents indicated that improvements were made to the issues raised in FY2024 and that overall there were generally no problems, and the effectiveness of the Board of Directors in FY2024 was evaluated as being secured.

(Future Initiatives)

The Board of Directors will discuss and share specific measures to address the issues identified this time and incorporate them into an action plan, which will be implemented to improve the effectiveness of the Board of Directors.

【Principle 5-1】

The Company established the following policies regarding the development of systems and initiatives to encourage constructive dialogue with

shareholders.

- (i) The Company considers dialogue with shareholders to be an important issue, and we consolidated the function for investor relations into IR Promotion Office , seeking to improve content and strengthen investor relations activities.
- (ii) The department in charge of investor relations handles request for dialogue, interviews, etc., from shareholders.
- (iii) The Company discloses explanatory materials regarding plans and financial results regularly, and provides briefings related to said information as appropriate. The president and/or responsible officers provide explanations at financial results presentations.
- (iv) The department responsible for investor relations summarizes opinions and other information received from shareholders as appropriate, reporting to the president and sharing information with the board of directors.
- (v) When engaging in dialogue with shareholders, the Company takes care to manage insider information, focusing on matters related to the Company's sustainable growth and improvement of corporate value over the medium to long term. We also take sufficient care to avoid material information disparities among shareholders.

Dialogues with shareholders are conducted as appropriate in accordance with the above policies, and the results are shared with the Board of Directors.

[Actions to Achieve Management Conscious of Cost of Capital and Stock Price are as follows]

Content Description	Updated	Disclosure of Initiatives (Initial)
English Disclosure	Updated	Yes

Supplementary Explanations for Applicable Items Updated

In the Medium-Term Management Plan “Move On 5”, the Company aim to enhance capital efficiency through debt utilization, cash compression, and opt. working capital, while balancing accelerated growth investments with high shareholder returns. We aim to achieve ROE of 18% and DOE of 15% in the final year of the plan, FY2028.

(1) Optimize working capital

- Improve the working capital turnover in each region to industry standards to curb capital outflow

(2) Leverage Liabilities

- While maintaining financial health, actively reduce cash on hand and increase debt utilization

(3) Drive Strategic investment

- Invest in high-growth regions
- Conduct M&A in areas of focus

(4) Higher shareholder return

- High-level shareholder returns with a target payout ratio of 80%
- Dynamically conduct share buybacks while ensuring strategic invest. for growth

Refer to the following URL for details of the Medium-Term Management Plan “Move On 5”.

(Medium-Term Management Plan) https://www.fujitec.com/ir/business_policy/plan

2. Capital Structure

Percentage of Shares Held by Foreign Nationals	30% or more
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[Major Shareholders] Updated

Name of Individual or Company	No. of Shares Held (Shares)	No. of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,994,600	10.24
Uchiyama International Co., Ltd.	5,043,969	6.46
GOLDMAN SACHS INTERNATIONAL	4,454,364	5.71
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	3,308,491	4.24
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	3,254,282	4.17
Resona Bank, Ltd.	3,079,338	3.95
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE SEGREGATION ACC FOR THIRDPARTY	3,050,000	3.91
MOJAVE INVESTORS LTD.	2,759,100	3.54
GOLDMAN, SACHS & CO. REG	2,528,138	3.24
OASIS JAPAN STRATEGIC FUND LTD.	2,472,000	3.17

Controlling Shareholder (Excluding Parent Company)	—
Parent Company	None

1. Major Shareholders noted above are as of March 31, 2025, including the supplementary explanation below.
2. Ratios in the table above represent the ratio of shares held to the total number of issued shares, excluding 852,666 shares in treasury stock.
3. While we have reported shareholdings by submitting a Report of Possession (Change) of Large Volume per the Financial Instruments and Change Act as described below, the actual number of shares held as of March 31, 2025, cannot be determined and therefore are not included in the table above.

Shareholders	No. of Shares Held and Ownership Ratio		Date of Reporting Obligation (Report Date)
Oasis Management Company Ltd.	23,173,461 shares	29.37%	January 30, 2025 (February 6, 2025)
Farallon Capital Management, L.L.C.	5,195,700 shares	6.59%	September 27, 2024 (October 4, 2025)

3. Corporate Attributes

Stock Exchange Listing and Section	Tokyo Prime Market
Fiscal Year End	March
Industry Sector	Machinery
Number of Employees at End of Previous Fiscal Year (Consolidated)	1,000 or more
Net Sales in the Previous Fiscal Year (Consolidated)	¥100 billion or more and less than ¥1,000 billion
Number of Consolidated Subsidiaries at the End of Previous Fiscal Year	10 or more and less than 50

4. Guidelines for Measures to Protect Minority Shareholders in Transactions With Controlling Shareholders

5. Other Special Conditions That May Have a Major Influence on Corporate Governance

II Administrative Organizational Structure Covering Decision-Making, Execution, and Supervision in Management Activities, and Other Corporate Governance Systems

1. Matters Related to Institutional Structure and Organizational Operations

Organizational Form	Company With Audit & Supervisory Board
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[Director Relationships]

Number of Directors Under Articles of Incorporation	11 persons
Director Term of Service Under Articles of Incorporation	1 year
Chairperson of the Board of Directors	Outside Director
Number of Directors	9 persons
Appointment of Outside Directors	Appointed
Number of Outside Directors	6 persons
Number of Outside Directors Designated as Independent Directors	6 persons

Relationships to the Company (1)

Name	Category	Relationship to the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kaoru Umino	Attorney											
Torsten Gessner	Member of another company											
Clark Graninger	Member of another company											

Shakil Ohara	○	-----	<p>In his first term as Director in 2024, Mr. Ohara has provided highly effective advice in a wide range of areas, including business planning, finance, and M&A, based on his international management experience. Drawing on his perspective as a former CEO and CFO, he offers realistic and rigorous opinions, earning the trust of the management team. He actively engages in all activities of the Nomination and Compensation Advisory Committee, including designing of compensation plans and the senior management evaluation. The Company expects his continued contribution to enhancing the Company's corporate value and has therefore nominated him as a candidate for director once again.</p> <p>We have designated Mr. Ohara as an independent director as he satisfies the Criteria for Appointment as an Independent Director as provided in <i>II. Relationships with Independent Directors 1. Criteria for Appointment of Independent Directors</i> in this report.</p>
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Establishment of an optional committee corresponding to a Nomination Committee or Compensation Advisory Committee	Yes
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Establishment of an optional committee, members of the committee, and attributes of the chairperson of the committee

	Committee Name	Total Number of Members	Number of Full-time Members	Number of Internal Directors	Number of Outside Directors	Number of Outside Experts	Other	Chairperson
Optional Committee Corresponding to the Nomination Committee	Nomination and Compensation Advisory Committee	3	0	1	2	0	0	Outside Director
Optional Committee Corresponding to the Compensation Advisory Committee	Nomination and Compensation Advisory Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation Updated

At the Board of Directors meeting held on March 24, 2023, Ms. Kaoru Umino was appointed Chairman of the Board of Directors and has continued to serve until the date of submission of this report.

To strengthen the supervisory function of the Board of Directors and increase transparency in the decision-making process, we have established the Nomination and Compensation Advisory Committee as a voluntary advisory committee under the Board of Directors. This committee is chaired by an independent outside director, and the majority of members are independent outside directors. The Nomination and Compensation Advisory Committee deliberates matters related to the election and dismissal of officers, succession plans for the president (chief executive officer), and corporate officer remuneration, reporting to the board of directors. At the Board of Directors meeting held on June 26, 2024, selected Ms. Ako Shimada as chair, Mr. Shakil Ohara and Mr. Takashige Nakajima as members of the Nomination and Compensation Advisory Committee and have continued to serve until the date of submission of this report.

[Audit & Supervisory Board Member Relationships]

Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board Members Under Articles of Incorporation	4 persons
Number of Audit & Supervisory Board Members	4 persons

Coordination Among Members of the Audit & Supervisory Board, Accounting Auditors, and Internal Audit Office

Members of the Audit & Supervisory Board, accounting auditors, and the internal audit office hold a three-way liaison meeting in May and November each year. In these meetings, the parties coordinate their respective audit plans, policies, implementation status, and results, etc. Members of the Audit & Supervisory Board and accounting auditors also communicate and exchange opinions, etc., as needed regarding each other's audit policies, implementation status, and results.

Members of the Audit & Supervisory Board receive reports, etc., regarding the implementation status and results of audits conducted by the internal auditing office as needed.

Appointment of Outside Members of the Audit & Supervisory Board	Appointed
Number of Outside Members of the Audit & Supervisory Board	2 persons
Number of Outside Members of the Audit & Supervisory Board Designated as Independent Directors	2 persons

Relationships to the Company (1)

Name	Category	Relationship to the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshiyuki Yamasaki	Certified Public Accountant													
Hiroyuki Hara	Certified Public Accountant													

* Categories of Relationships to the Company

* A ○ icon indicates a category applicable to said person currently or recently. A △ icon indicates a category applicable to said person in the past.

* A ● icon indicates a category applicable to a close family member currently or recently. A ▲ icon indicates a category applicable to a close family member in the past.

- a Executive of a listed company or its subsidiary
- b Non-executive director or accounting advisor of a listed company or its subsidiary
- c Executive or non-executive director of the parent company of a listed company
- d Audit & Supervisory Board member of the parent company of a listed company
- e Executive of a fellow subsidiary of a listed company
- f Person of a listed company considered major client, or an executive of said company
- g Major client of a listed company or an executive of said company
- h Consultant, accounting expert, or legal expert receiving a large monetary sum or other property other than corporate officer remuneration
- i Major shareholder of a listed company (if the major shareholder is a corporation, an executive of said corporation)
- j Executive (said person only) of a client (not covered by items f, g, and h) of a listed company
- k Previous executive (said person only) with connection to the mutual appointment of an outside corporate officer
- l Previous executive (said person only) of a listed company making donations
- m Other relationships

Relationships to the Company (2)

Name	Independent Directors	Supplementary Explanations for Applicable Items	Reason for Election
Yoshiyuki Yamasaki	○	_____	Although Mr. Yamasaki has never been involved in corporate management other than as an outside director, he has been engaged in accounting auditing services as a certified public accountant for many years, and we believe that he will be able to perform duties as an outside member of the Audit & Supervisory Board appropriately by utilizing the wealth of knowledge he has cultivated. We have designated Mr. Yamasaki as an independent director as he satisfies the Criteria for Appointment as an Independent Director as provided in <i>II. Relationships With Independent Directors 1. Criteria for Appointment of Independent Directors</i> of this report.
Hiroyuki Hara	○	_____	While Mr. Hara has no prior involvement in corporate management, He has been engaged in auditing and taxation services as a certified public accountant and tax accountant for many years. We believe he will leverage his abundant knowledge in performing the duties of a member of the Audit & Supervisory Board appropriately. We have designated Mr. Hara as an independent director as he satisfies the Criteria for Appointment as an Independent Director as provided in <i>II. Relationships With Independent Directors 1. Criteria for Appointment of Independent Directors</i> of this report.

[Independent Director Relationships]

Number of Independent Directors	8 persons
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Other Items Related to Independent Directors

1. All outside directors who satisfy the criteria for independent directors have been designated as independent directors.

2. Standards for appointment of independent directors

Having provided an explanation to independent directors at a meeting of the board of directors, the Company may, upon gaining the understanding, recommendation, or agreement of said independent directors, appoint an individual as independent director who is not subject to any of the items below. The Company may also appoint such an individual who is subject to any of the items b. through h. below if the Company has reason to believe said individual possesses the ability to make appropriate independent decisions in light of the individual's character, expertise, etc., said individual may be appointed independent director pursuant to a resolution of the board of directors, under the condition that said reasoning has been explained externally.

- a An executive director, executive officer, or manager or other employee of the Company or any of its subsidiaries (or a person who has held an equivalent position within the past 10 years)
- b (i) A person who is a shareholder owning 10% or more of Company voting shares, or, when said shareholder is a corporation owning 10% or more of Company voting shares, a director, member of the Audit & Supervisory Board, accounting advisor, executive officer, executive director, or manager or employee of said parent company or important subsidiary (or person who has held an equivalent position within the past five years)
- (ii) A person who is a director, member of the Audit & Supervisory board, accounting advisor, executive officer, executive director, or manager or employee of a company of which the Company owns 10% or more of voting shares

- c (i) A person who has paid the Company an amount representing 2% or more of the Company's consolidated net sales related to business transactions with the Company in the current fiscal year (or a party who has paid an equivalent or greater annual amount in any of the most-recent three fiscal years of the Company)
(ii) A person to whom the Company or a Company subsidiary has paid an amount representing 2% or more of said person's consolidated net sales related to business transactions with said person in the current fiscal year (or a person to whom the Company has paid an equivalent or greater annual amount in any of the most-recent three fiscal years of said person)
(iii) In the case where the person related the transaction referred to in (i) or (ii) above is a corporation, the executive director, executive officer, corporate officer, or manager or other employee of the said company, its parent company, or important subsidiary
- d Directors, officers, or employees in charge of business execution at public interest foundations, public interest incorporated associations, non-profit corporations, or other organizations that have received donations or grants from the Company or its subsidiaries in excess of an average of 10 million yen per year or 30% of the annual total expenses of said organization, whichever is greater, over the past three years
- e Directors, corporate auditors, accounting advisors, executive officers, or corporate officers of companies or their subsidiaries that accept full-time or part-time directors from the Company or its subsidiaries
- f Directors, corporate auditors, accounting advisors, executive officers, corporate officers, managers, or other employees of financial institutions or other major creditors, or their parent companies or important subsidiaries, who are indispensable to the Company's financing and on whom the Company depends to the extent that there is no substitute available (or who have held an equivalent position in the past three years)
- g (i) A representative, partner, or employee (or person involved in actual, not auxiliary, services) of an audit corporation of the Company or Company subsidiary or certified public accountant, tax accountant, audit corporation, or tax accountant corporation involved in the accounting of the Company or Company subsidiary (or person who has held an equivalent position within the past three years)
(ii) Lawyers, certified public accountants, tax accountants, or other consultants not subject to (i) above, who have received monetary or other financial benefits from the Company or company subsidiary in the amount of 10 million yen or more per year on average for the past three years
(iii) A person who is a representative, partner, associate, or employee of a law firm, audit corporation, tax accountant corporation, consulting firm, or other professional advisory firm not subject to either (i) or (ii) above, who has received payments from the Company or Company subsidiary in an amount of 2% or more of total net sales on average over the past three years
- h A spouse, relative within the second degree of kinship, or relative living in a household with a person subject to any of the items a. through g. above, or a person whose spouse, relative within the second degree of kinship, or relative living in the same household is subject to any of the items a. through g. above
- i A person who may have a permanent and substantial conflict of interest with the Company's general shareholders for reasons other than those considered in items a. through h. above

[Incentives]

Remunerative Incentives for Directors

Adoption of Performance-Linked Compensation Plan, Other

Supplementary Explanations for Applicable Items

Indicators related to performance-linked compensation, the reasons for selecting such indicators, and the method for determining the amount of performance-linked compensation are as described under *Information Disclosure for Regarding Policy for Determining Compensation Amount and Method of Calculation in II. Relationships with Independent Directors 1. Matters Related to Director Compensation*. To improve corporate value on a sustainable basis, as well as to encourage a greater sense of shared value with shareholders, the Company adopted a restricted stock remuneration plan for directors (excluding outside directors) in replacement of the stock option plan. The new plan was approved at the 74th Ordinary General Meeting of Shareholders held June 22, 2021. Of those stock acquisition rights already granted as stock options, the unexercised portion will remain effective; however, no new stock options will be granted.

The Company has also adopted a restricted stock remuneration plan for executive officers who do not serve concurrently as directors. At the extraordinary general meeting of shareholders held on February 24, 2023, shareholders resolved to grant post-delivery stock-based remuneration to outside directors as medium-term incentive compensation. No share price conditions have been said set for said post-delivery stock-based remuneration.

Persons Eligible for Stock Options

Supplementary Explanations for Applicable Items

[Matters Related to Director Compensation]

Disclosure of Individual Director Compensation

The Company does not disclose individual compensation.

Supplementary Explanations for Applicable Items

The Company discloses total compensation, etc., by category of officer, by total amount of remuneration, etc., by type of remuneration, etc., and the number of eligible officers.

Policy for Determining Compensation Amount and Method of Calculation

Updated

Yes

Information Disclosure for Regarding Policy for Determining Compensation Amount and Method of Calculation

(Policy for Determining Director Compensation Amount and Method of Calculation)

In regard to policy for decisions on systems related to director compensation and agenda submission to the General Meeting of Shareholders, the

Company shall make decisions after consulting with the Nomination and Compensation Advisory Committee, which is chaired by an independent outside director and has a majority of independent outside directors as its members, and based on its reports, via resolution of the Board of Directors, the majority of which shall be comprised of independent outside directors. The basic policy will be one of providing incentives improving the corporate value of the Company on an ongoing basis, as well as of encouraging a greater sense of shared value with shareholders. An overview of this decision-making policy for directors (excluding outside directors) for the fiscal year under review is as follows.

(i) Performance-linked compensation (bonuses) and remuneration other than performance-linked (basic compensation and grants of restricted stock) will be allocated at a ratio of approximately 1:2.

(ii) Basic remuneration to be paid to each director as fixed monthly monetary remuneration shall be calculated by taking into account other companies' examples, and in accordance with the responsibilities (e.g., position) of each director's assigned duties.

(iii) Restricted stock equivalent to a standard amount corresponding to the responsibilities (e.g., position) of each director's assigned duties will be granted according to timing and conditions as determined by resolution of the board of directors.

(iv) As performance-linked compensation, to enhance linkage with the achievement status of commitments such as the medium-term management plan and annual plan, the individual bonus amount to be paid within four months after the end of the current fiscal year shall be determined within a fluctuation range of 0-200% of a standard amount set by position, using consolidated net sales and consolidated operating profit margin as performance indicators (KPIs) based on their achievement level.

Additionally, for outside directors' remuneration (excluding basic remuneration and post-delivery stock-based compensation), the amount is determined by taking into account their experience, knowledge, and activity status, in addition to the amount determined with reference to examples of amounts paid at other companies. Furthermore, the basic remuneration for outside directors is set at 12,500,000 yen per fiscal year per person, based on the resolution of the extraordinary general meeting of shareholders held on February 24, 2023.

(Name and title of the person authorized to make decisions on Policy for Determining Director Compensation Amount and Method of Calculation, and the details and scope of his or her authority and discretion)

With respect to the determination of the amount and calculation method of director remuneration, etc., the Board of Directors shall deliberate and determine these policies based on the results of consultations and reports received from the Nomination and Compensation Advisory Committee (*i). As for the amount of remuneration, etc., for individual directors, the Board of Directors determines these amounts within the scope of the annual amount of remuneration, etc., per resolution of the General Meeting of Shareholders (*ii) We have also consulted with the Nomination and Compensation Advisory Committee and received their response to ensure appropriateness and transparency. In April 2023, the Board of Directors consulted with the committee and received reports. The Board resolved to pay individual basic remuneration to outside directors who will be in office after March 2023, an amount calculated on a monthly basis based on 12,500,000 yen per director per fiscal year.

(Reasons supporting the board of director determination that the details of remuneration, etc., for each individual director is in line with the policy determined)

The details of remuneration for individual directors described above have been discussed at a meeting of the Board of Directors, consisting of a majority of independent outside directors, subsequent to consultation with the Nomination and Compensation Advisory Committee and having received a report from said committee having conducted a comprehensive review, including consistency with the decision-making policy. As a result, the Board of Directors has decided to respect the content of the report received, deeming said content in line with said decision-making policy.

*i. Activities of the board of directors and Nomination and Compensation Advisory Committee in the process of determining the amount of corporate officer remuneration, etc.

The Nomination and Compensation Advisory Committee ensures the objectivity, transparency and fairness of its members, the majority of whom are independent outside directors, in accordance with procedures established by resolution of the Board of Directors. From this perspective and in response to inquiries from the Board of Directors, committee members will review and confirm consistency with the decision-making policy, after deliberations, etc., as necessary, regarding the agenda items for general meetings of shareholders, proposals for revisions to the decision-making policy, etc., for director remuneration, etc., as well as details of the evaluations of the amount of basic remuneration and bonuses for individual directors in consultation with the Board of Directors, in addition to the issue price, timing and terms of restricted stock remuneration. During the fiscal year ending March 2025, committee members met 4 times for deliberations, etc., confirming and reviewing these factors. The committee determined that there were no inconsistencies with respect to the details of the matters in question or with the decision-making policy.

*ii. The date and details of the resolution of the general meeting of shareholders concerning corporate officer remuneration, etc.

At the 75th Ordinary General Meeting of Shareholders, held on June 23, 2022, shareholders approved remuneration for company directors up to an amount of 550 million yen per annum (of which, the annual amount for outside directors is 100 million yen; excluding employee salaries of employee-directors). As of the conclusion of the Ordinary General Shareholders' Meeting in question, Fujitec had nine directors (six of whom were outside directors). The amount of the annual retainer for members of the Audit & Supervisory Board was set at 60 million yen or less at the 60th Ordinary General Meeting of Shareholders held on June 27, 2007. As of the conclusion of the Ordinary General Shareholders' Meeting in question Fujitec had three members of the Audit & Supervisory Board.

Separate from this monetary remuneration, a resolution was passed at the 74th Ordinary General Meeting of Shareholders held on June 22, 2021 to grant restricted stock compensation to the Company's directors (excluding outside directors) in accordance with the activities of their duties and their contribution to the Company's business performance, etc. The amount of restricted stock compensation and the number of shares to be granted shall be no more than 100 million yen per year (not including employee salaries for directors who also serve as employees) and no more than 200,000 shares per year. With this resolution, the stock compensation-type stock option plan approved at the 66th Ordinary General Meeting of Shareholders held on June 25, 2013 (under which stock acquisition rights shall be issued at an annual amount not exceeding ¥100 million) was abolished, except for those shares already granted. As of the conclusion of the 74th Ordinary General Meeting of Shareholders, Fujitec had four directors (excluding outside directors).

Furthermore, at the extraordinary general meeting of shareholders held on February 24, 2023, it was resolved to set the amount of base remuneration per outside director elected by the resolution of the same general meeting of shareholders at 12,500,000 yen per fiscal year, and to grant stock-based remuneration to outside directors as medium-term incentive remuneration with a three-year vesting period and no share price conditions. As of the conclusion of the ordinary general meeting of shareholders in question, Fujitec had six outside directors.

[Support System for Outside Directors (and Outside Members of the Audit & Supervisory Board)]

Materials to be used in board of director meetings distributed in advance.

2. Matters on Functions Related to Business Execution, Auditing and Supervision, Appointments, and Remuneration (Overview of Current Corporate Governance System) Updated

As a company with Audit & Supervisory Board, the Company has a board of directors consisting of nine directors (including six outside directors), which makes decisions on important management matters and supervises the execution of duties by directors. At the same time, the Audit & Supervisory Board, which consists of four members (including two outside members), audits the execution of duties by directors.

To strengthen the supervisory function of the board of directors and increase transparency in the decision-making process, we have established the Nomination and Compensation Advisory Committee as a voluntary advisory committee to the board of directors under, organized under the board. This committee is chaired by an independent outside director, and a majority of members are independent outside directors. The roles and composition of the committee are described in *Establishment of an optional committee corresponding to a Nomination Committee or Compensation Advisory Committee under II. Administrative Organizational Structure Covering Decision-Making, Execution, and Supervision in Management Activities, and Other Corporate Governance Systems I. Matters Related to Institutional Structure and Organizational Operations*.

With respect to the business execution structure, the Company shall delegate the business execution authority of directors to operating officers. The Company shall clarify the duties and responsibilities of operating officers in accordance with resolutions of the board of directors and internal rules. Further, the Company shall establish an appropriate and efficient operating officer system. With respect to important issues that must be addressed to achieve the Company's management goals, operating officers, etc., shall share and communicate information to the Executive Committee and the Management Committee. Reports or proposals shall be submitted to the board of directors as necessary, after considering and deliberating on various measures related to the issues noted above. The Company established the Management Committee July 2024 by integrating the Operating Officer Meeting and the Global Management Committee. The purpose of the Management Committee is to report on the achievement of management targets based on the medium-term management plan and to manage the progress of company-wide measures across the Fujitec Group. The Executive Committee meets on a monthly basis. As an internal decision-making body, the committee deliberates in advance on proposals to be submitted to the board of directors and discusses various issues.

We established the standing Risk Management Committee to reduce various business risks. The committee is chaired by the president and seeks to detect and respond to risk factors that have a significant impact on society, such as compliance, information security measures, and product safety, as well as investigating and considering risk factors subordinate to this committee. The committee is responsible for risk management across the entire group. The Risk Management Steering Committee encourages and enforces the prompt and accurate collection of information, as well as guidance and management in the execution of business operations. In this way, risk management functions on a company-wide basis.

The Compliance Committee pursues appropriate compliance-related corporate activities by ensuring employees are fully aware of the need to comply with laws, regulations, and corporate ethics. As part of these activities, the committee conducts group training or on-demand training via e-learning, encouraging the holding of appropriate seminars in each job classification and department as appropriate to familiarize employees with reference cases, relevant laws and regulations, and to conduct educational activities. In addition, we have established a Compliance Consultation Desk as an internal reporting system for compliance, allowing any employee to report and consult directly without having to submit questions through regular reporting lines. In this way, the Company strives to prevent improper activities.

The Information Security Committee established security policies and standards to protect information assets by maintaining and improving the security of All-Fujitec. The Committee also examines and deliberates on the use, handling, and management of information networks, systems, and devices to offer guidance, education, and initiatives aimed at raising awareness. Specifically, in order to strengthen the Group's business infrastructure and improve its security levels, the Committee provides information security training based on the examples of security incidents and cyberattacks from outside the Company, conducts drills in which all employees in Japan are sent mock e-mails simulating hypothetical attacks, and carries out information security audits of our global operations. Furthermore, we have organized and put in place the Computer Security Incident Response Team (CSIRT) to respond to information security incidents and accidents. The Team is also responsible for conducting security awareness raising activities during normal times, investigating contingencies, analyzing causes, implementing recovery measures, and liaising with internal and external stakeholders.

The Company has established the Sustainability Committee, chaired by the president, to formulate companywide policies and targets related to sustainability. Through this committee, the Company has established and maintains a system to put sustainability policies and targets into practice, monitoring the implementation of various measures. The Materiality Response Team is the first of two management teams organized under the Sustainability Committee to determine materiality implementation plans and monitor progress. The Climate-related Financial Disclosures Team is the second of two management teams under the Sustainability Committee, responsible for collecting Company information related to the environment, gathering information on climate-response activities, and disclosing the financial impact of risks and opportunities related to climate change in line with the TCFD framework. The agenda and results of Sustainability Committee meetings are reported to and discussed by the board of directors.

3. Reasons for Selecting Current Corporate Governance System

I Based on the basic concepts of Section 1, we are strengthening guidance and management related to our business execution structure through risk management and other standing committees. At the same time, directors who serve concurrently as executive officers monitor the status of business execution by attending important meetings. The Company strives to optimize our governance structure to ensure the roles and functions of each committee operate effectively. These efforts include reporting the agenda and results of important meetings so outside directors can provide appropriate advice, and encouraging information sharing among members of the Audit & Supervisory Board, accounting auditors, and internal auditors, which are entities independent of business execution. In addition, we have established a voluntary Nomination and Compensation Advisory Committee, the majority of whose members are independent outside directors. This committee raises the level of objectivity and transparency in the procedures for determining the nominations and compensation of directors, enhancing the Company's corporate governance structure.

III Measures for Shareholders and Other Stakeholders

1. Efforts to Boost Participation in General Shareholder Meetings and to Facilitate Exercise of Voting Rights Updated

	Supplementary Explanation
Early Sending of General Meeting of Shareholders Convocation Notice	Our basic policy is to send convocation notices 22 days prior to the date of the general meeting of shareholders.
Scheduling Meetings to Avoid Peak Meeting Day	The annual general meeting of shareholders has been held on June 22, 2021, June 23, 2022, June 21, 2023, June 26, 2024 and June 26, 2025, avoiding days on which many other companies hold their meetings as soon as possible.
Electronic Exercise of Voting Rights	Shareholders may exercise voting rights via the internet.
Improve Voting Environment for Institutional Investors (Participation in the Electronic Voting Platform, Etc.)	We make use of the platform for the electronic exercise of voting rights operated by ICJ, Inc.

Invitations (Overview) Sent in English	An English translation of the notice of convocation is prepared and made available on the Company's official website.
Other	The convocation notice is disclosed on the Company's website prior physical sending via post to facilitate the exercise of voting rights.

2. Investor Relations Activities Updated

	Supplementary Explanation	Explanation from Representative
Regular Investor Briefings for Analysts and Institutional Investors	The Executive Committee held the financial results and business plan briefings for domestic and foreign analysts and institutional investors. The committee also responded to individual interviews in person and online with the company president and executives.	Yes
Posting of IR Materials on Website	We publish financial results, shareholder newsletters, securities reports, semiannual securities reports, financial highlights, integrated reports, etc., on our investor relations webpage.	
Establishment of Investor Relations Department	IR Promotion Office	

3. Respecting the Position of Stakeholders Updated

	Supplementary Explanation
Respect for the Position of Stakeholders Stipulated in Internal Rules and Regulations	Our Management Philosophy states the basic philosophy that we strive to increase the trust and satisfaction of our stakeholders. To set an example and achieve management, human resources, and corporate conduct in line with this basic philosophy, we established the Management Human Resources Philosophy and Corporate Code of Conduct. The Sustainability section of our corporate website (https://www.fujitec.com/sustainability) provides information on how we accomplish our corporate social responsibility for sustainable development through fair, clear judgments and open communication with stakeholders. This is detailed in our Sustainability Policy and Multi-Stakeholder Policy on the website. We also provide a comprehensive list of our communications with stakeholders. (https://www.fujitec.com/sustainability/governance)
Implementation of Environmental Protection Activities and CSR Activities	We participate in cleanups and environmental beautification activities, as well as CO ² reduction and eco-promotion campaigns, as part of our environmental conservation activities and contribution to local communities. We disclose the status of these and other activities on the section of our website addressing "Sustainability (Social Contribution)" (https://www.fujitec.com/sustainability/social_contribution). Furthermore, specific environmental initiatives are featured on the "Sustainability (Environment)" section of our website (https://www.fujitec.com/sustainability/environment) and in our "Integrated Report" (https://www.fujitec.com/ir/archive/arsr).
Formulation of Policies for Providing Information to Stakeholders	We formulated Information Disclosure Rules and other policies for the prompt, accurate, and fair disclosure of corporate information. The director in charge of finance makes judgments regarding the necessity of disclosures based on timely disclosure rules, etc., according to the facts and information related to decisions, financial information, and events that affect the Fujitec Group. The Company discloses matters submitted to the agenda and approved by the Board of Directors, as well as matters reported to the Board of Directors or the president, to the stock exchange. The Company also publishes said disclosures on our corporate website.

IV Matters Related to Internal Control Systems

1. Basic Concepts and Creation of Internal Control Systems

The Group establishes and maintains internal control systems necessary to meet the expectations and trust of stakeholders, as well as to ensure the management soundness.

Based on the Management Philosophy, the Management Human Resources Philosophy, and the Corporate Code of Conduct, we established the Basic Policy for Internal Controls via resolution of the board of directors. We designated a department in charge of internal controls to ensure the Group's internal controls system functions in accordance with this policy. We strive to improve the internal controls system by visualizing the business processes of each business division in response to internal controls evaluations and audits. The Company establishes committees of certain specializations to monitor the status of business execution and provide guidance from the standpoint of experts. These committees are described in *II. 2. Matters on Functions Related to Business Execution, Auditing and Supervision, Appointments, and Remuneration (Overview of Current Corporate Governance System)*.

2. Philosophy and Systems for Dealing with Anti-Social Forces

Basic Policy and Status of Systems for Dealing with Antisocial Forces

(1) Basic policy

- a. We do not have relationships of any kind with antisocial forces, and we will not conduct any transactions with such entities.

- b. In the event that transactions with antisocial forces are discovered, we take appropriate measures promptly to terminate such transactions.
- c. We do not provide funds of any kind to antisocial forces.
- d. We do not respond to any unreasonable demands from antisocial forces. In the event we identify unreasonable demands from antisocial forces, we take civil or criminal legal action.
- e. To prevent damage caused by antisocial forces, the Company cooperates with the police and other external specialized organizations, responding in an organized and appropriate manner.
- f. We ensure the safety of our officers and employees from antisocial forces.

(2) Status of systems

In addition to the above policies, the Company has established standards for responding to unreasonable demands and has made these standards known to all officers and employees. The General Affairs Department, which is the department responsible for overseeing said responses, collects and manages information on antisocial forces. In the event of an unreasonable demand, the department works closely with the police, the National Center for Removal of Criminal Organizations, and legal counsel to ensure early reporting and consultation.

V. Other Matters

1. Anti-Takeover Measures

Anti-Takeover Measures	No
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Supplementary Explanations for Applicable Items

We require any entity engaged in the large-scale purchase of company shares to provide information in a sufficient and necessary manner to allow shareholders to make appropriate judgments as to the propriety of such large-scale purchases, while also disclosing the opinions, etc., of our board of directors and securing time for our shareholders to conduct a review. In this way and others, we will take appropriate measures based on the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations.

2. Other Matters Related to Corporate Governance System

None

Fig. 1. Corporate Governance System

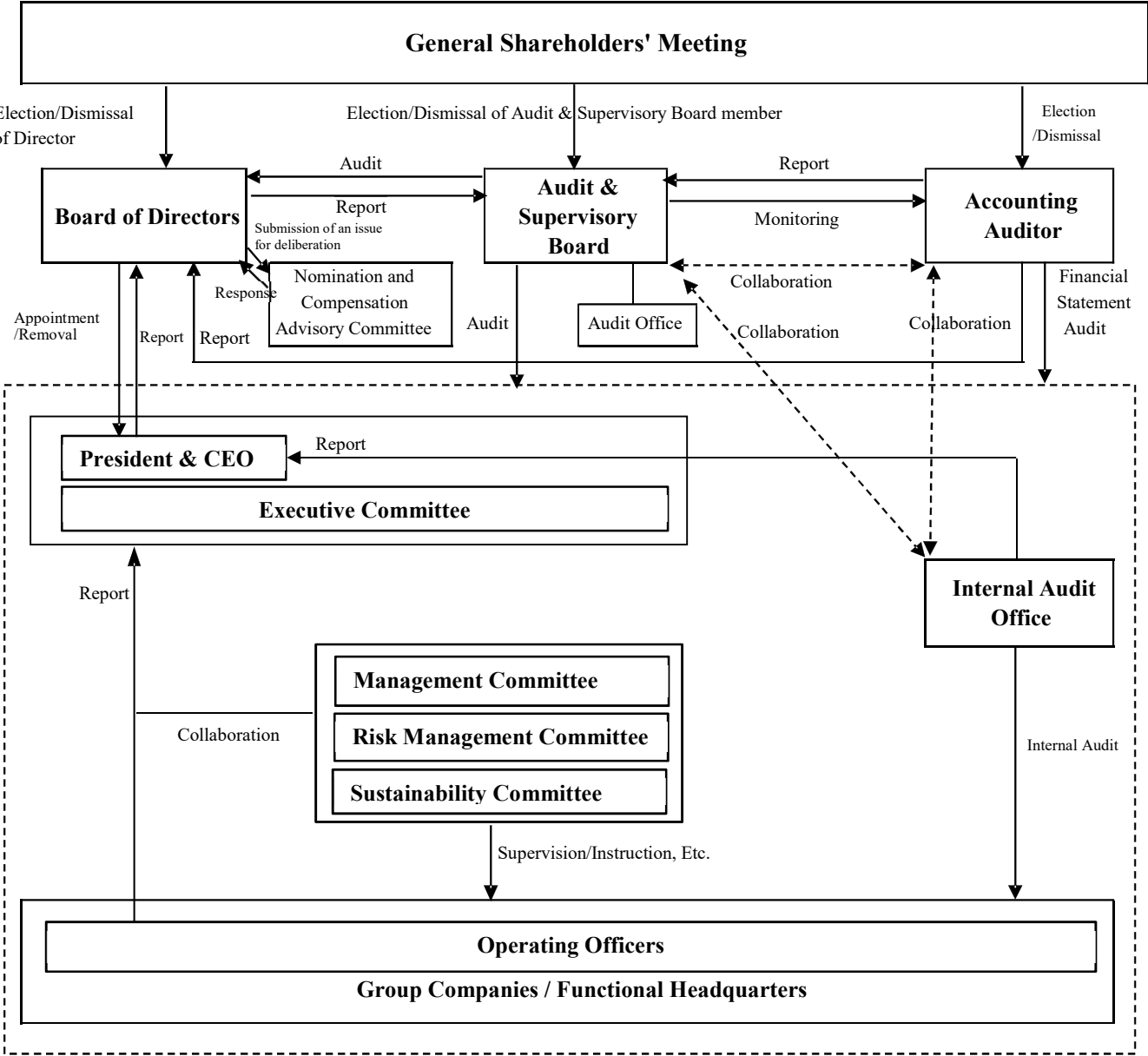


Fig. 2. Timely Disclosure System Flowchart

