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Fujikura Ltd.

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Stock Code : 5803

<http://www.fujikura.co.jp/>

The corporate governance of the company is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

Fujikura is an enterprise that helps its customers create value in accordance with the Fujikura Group Corporate Philosophy, which is to “help customers create value and contribute to society using ‘tsunagu’ (connection) technologies.” As such, Fujikura aims to achieve sustainable growth and to increase corporate value over the mid to long-term. To this end, Fujikura is making efforts to establish robust, transparent, and efficient frameworks for facilitating swift decision-making, and to build globally expansive business execution systems. Fujikura is also working to bolster its internal controls so as to ensure thoroughgoing compliance and risk management.

Fujikura has seen an expansion in its portfolio and the scale thereof. However, Fujikura is not satisfied with its current management decision-making, executive and auditing management systems, and other corporate governance systems, which are not optimally suited for the challenges such a portfolio brings. Therefore, Fujikura founded a project team to examine the items set forth below, formulated a masterplan at an early stage, and has been implementing measures sequentially on a priority basis.

- Review the roles, responsibilities, and decision-making process of statutory and voluntary bodies
- Transfer executive authority as necessitated by the above item, and strengthen supervisory function
- Review the roles and responsibilities expected of outside directors and outside auditors.
- Review the director and auditor treatment system (nomination, evaluation, remuneration, etc.) and expand the supporting system for directors

Through these initiatives, Fujikura will endeavor to realize an enhanced corporate governance correspondent to Fujikura’s corporate growth, and thereby maximize its corporate value.

**[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

[Supplementary Principle 4.1.3] Appropriate oversight of succession planning for the CEO and other top executives

Fujikura has formulated a policy concerning succession planning for the CEO and other top executives, and is examining ways to ensure that the Board of Directors can carry out appropriate oversight.

[Principle 4.8] Effective use of independent directors

Fujikura currently nominates one independent director to bring an external perspective into the supervising function of the Board of Directors.

Fujikura is exploring ways to enhance its systems, including nominating multiple independent directors, so that it can analyze and respond to changes in the business environment based on a broader range of perspectives.

[Principle 4.8.1] Information exchange and shared awareness among independent directors

Fujikura is planning an expansion of the independent director system for which separate discussions are scheduled. In accordance with a result of these discussions, Fujikura will explore an organizational framework for strengthening communication/coordination with the management and cooperation with auditors or the board of auditors, including the appointment of a lead independent director.

[Principle 4.8.2] Framework for communicating with the management and for cooperating with auditors or the board of auditors

Fujikura is planning an expansion of the independent director system for which separate discussions are scheduled. In accordance with a result of these discussions, Fujikura will explore an organizational framework for strengthening communication/coordination with the management and cooperation with auditors or the board of auditors, including the appointment of a lead independent director.

[Supplementary Principle 4.10.1] Optional advisory committee in which independent directors compose the majority

Fujikura is examining measures to enable appropriate involvement and advice from independent directors in the examination of such important matters as nominations and remuneration. It is, for example, considering establishing an optional advisory committee in which independent directors compose the majority.

[Supplementary Principle 4.11.3] Analysis and evaluation of the board's effectiveness as a whole

Fujikura is considering establishing a framework to periodically analyze and evaluate the board of directors' effectiveness, and disclose a summary of the results.

**[Disclosure Based on the Principles of the Corporate Governance Code]**

**[Principle 1.4] Strategic holdings (cross-shareholdings)**

**1. Policy on strategic holdings (cross-shareholdings)**

In the course of its business activities, Fujikura enters into strategic business partnerships, and it strategically holds shares of its partners exclusively for the purpose of contributing to an increase in corporate value over the mid to long-term.

Fujikura regularly examines its strategic holdings from the abovementioned perspective, and checks its holdings policy.

**2. Policy on the exercise of voting rights**

Fujikura comprehensively assesses voting from the perspective of helping the companies it invests in increase corporate value over the mid to long-term, and exercises its voting rights on an annual basis accordingly.

**[Principle 1.7] Related party transactions**

Fujikura annually surveys related party transactions involving its directors and auditors in order to ensure that such transactions do not harm Fujikura's interests. Based on the results of such survey, Fujikura discloses information concerning related party transactions in the Convocation Notice of the Annual General Meeting of Shareholders and annual securities report.

**[Principle 3.1] Improving disclosure**

(i) Fujikura has established the Fujikura Group Corporate Philosophy, which consists of a "mission," "vision," and "core value" (MVCV). For more details on the MVCV, please refer to the Fujikura website. (<http://www.fujikura.co.jp/eng/corporate/philosophy.html>)

Likewise, Fujikura has also formulates mid-term business plans. These can also be found on the Fujikura website. ([http://www.fujikura.co.jp/eng/ir/management\\_plan.html](http://www.fujikura.co.jp/eng/ir/management_plan.html))

(ii) Fujikura's basic views on corporate governance are stated in this report.

(iii) Fujikura discloses its policies and procedures for determining the remuneration of directors and auditors in the Convocation Notice of the Annual General Meeting of Shareholders and annual securities report.

(iv) Fujikura nominates directors and auditors in such a way as to ensure that the board team has an appropriate balance between knowledge, experience, and skills, and is sufficiently diverse. A final decision on the candidates elected by the board of directors is taken at the Annual General Meeting of Shareholders. The nomination of executive officers is determined based on a resolution of the board of directors.

(v) Fujikura discloses the career histories of each director and auditor in documents such as the Convocation Notice of the Annual General Meeting of Shareholders and annual securities report. Fujikura discloses the reasons for nominating each outside director and outside auditor candidate in documents such as the Convocation Notice of the Annual General Meeting of Shareholders and annual securities report.

**[Supplementary Principle 4.1.1] Scope of the matters delegated to the management by the board**

Fujikura's board of directors is responsible for taking decisions on matters provided for in relevant laws and regulations, and the Articles of Incorporation. It is also responsible for taking decisions on important matters of management as defined in the rules of the board of directors, including management policies, business plans, investment plans, and the founding of and investment in subsidiaries. Decisions on other operational matters are designated to the representative director, managing executive directors, and executive officers.

Fujikura will reform the board of directors so that it is better equipped to steer management strategy. This will entail giving independent directors more of a say in the decision-making process.

Accordingly Fujikura will transfer authority to executive management meetings, committees, and departments of in-house companies.

[Principle 4.9] Independence standards and qualification for independent directors

In accordance with the Companies Act and the standards of the Tokyo Stock Exchange, Fujikura nominates independent director candidates based on a screening undertaken by the board of directors.

Fujikura has disclosed its independence standards for independent directors in this report and the annual securities report.

[Supplementary Principle 4.11.1] View on the appropriate balance of the board as a whole, diversity, and board size

Fujikura nominates directors in such a way as to ensure that the board team has a balance between knowledge, experience and skills necessary for achieving sustainable growth and increasing corporate value over the mid to long-term.

When nominating internal directors, Fujikura comprehensively assesses the candidates' experience, knowledge, and specialties. It also takes into account the attributes expected of directors, which are derived from Fujikura's corporate philosophy, code of conduct, and management strategy. Fujikura discloses the career histories of each director in documents such as annual securities report. Regarding the nomination of outside directors, Fujikura nominates business administrators and knowledgeable persons, giving consideration to their experience, knowledge, and specialties. Fujikura discloses the reasons for nominating outside directors in documents such as Convocation Notice of the Annual General Meeting of Shareholders and annual securities report.

[Supplementary Principle 4.11.2] Policy for cases where directors and auditors also serve as directors at other listed companies

Where directors and auditors also serve as directors at other listed companies, Fujikura discloses the relevant information in documents such as this report and annual securities report.

[Supplementary Principle 4.14.2] Disclosure of training policy for directors and auditors

Fujikura conducts training (both internal and outside training and seminars, etc.) and provides information as necessary to ensure that directors and auditors can fulfill their roles and responsibilities appropriately.

In the case of newly-appointed outside directors, before they take up their posts, Fujikura briefs them on the company overview, corporate philosophy, business condition, corporate governance, and on rules and other matters related to their posts.

After taking up their posts, newly-appointed outside directors attend briefing sessions and office tours/inspections so that they can get an idea of Fujikura's business activities, industry trends, and the business environment. The ultimate purpose of this is to deepen their understanding of Fujikura.

[Principle 5.1] Constructive dialogue with shareholders

(i) Fujikura is committed to encouraging constructive dialogue with shareholders and investors as a means to achieving sustainable growth and increasing corporate value over the mid to long-term. Accordingly, Fujikura is promoting initiatives by which the President and senior management can engage in dialogue with shareholders and investors.

(ii) To ensure the effectiveness of dialogue and information disclosure, Fujikura has established the IR & Public Relations Group within the Corporate Strategy Planning Division, and it carries out information disclosure in a timely, fair, and appropriate manner based on cooperation between relevant internal departments.

(iii) Other ways in which Fujikura discloses information include its Periodic Conferences for Analysts and Institutional Investors held four times a year (May, August, November, February), plant tours, and publications such as business reports and annual reports. Fujikura is also making efforts to enhance information provision and dialogue with overseas institutional investors. For example, the President and other executive officers visit and hold business briefings in Europe and North America.

(iv) To ensure that shareholder views and concerns are reflected in management decisions, Fujikura relays the analyst report and results of meetings with shareholders and investors to the board of directors.

(v) For the purpose of preventing the leakage of financial information and ensuring fairness, Fujikura has established a quiet period. During this quiet period, Fujikura will not make any comments about its financial information or respond to questions about this information. In addition, pursuant to its internal information management rules, Fujikura endeavors to prevent the leakage or proliferation of important information, and to prevent insider trading.

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan ,Ltd. ( Trust Account )	19,256,000	5.34
Japan Trustee Services Bank,Ltd. ( Trust Account )	12,091,000	3.35
Mitsui Life Insurance Company Limited	10,192,000	2.82
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	9,030,000	2.50
Sumitomo Mitsui Banking Corporation	8,456,236	2.34
The Sizuoka Bank,Ltd.	7,713,125	2.14
Japan Trustee Services Bank,Ltd. ( Sumitomo Mitsui Trust Bank, Limited Retirement Benefit Trust Account )	6,777,000	1.88
Dowa Metals & Mining Co.,Ltd.	6,563,750	1.82
Fujikura Employees Shareholding Association	5,412,261	1.50
MELLON BANK,N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	4,879,349	1.35

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

### Supplementary Explanation

In addition to the above, we also possess 55,477,611 shares of treasure stock.

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Nonferrous Metals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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

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**II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management**

**1. Organizational Composition and Operation**

Organization Form	Company with <i>Kansayaku</i> Board
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**[Directors]**

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors	9
Number of Outside Directors	1
Number of Independent Directors	1

**Outside Directors' Relationship with the Company (1)**

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kenichiro Abe	CPA								△			

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

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

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

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

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

- i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

#### Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kenichiro Abe	○	Kenichiro Abe previously was a representative partner of Japan Assurance Aarata, which is our accounting auditor. He retired from the firm in June 2012. He was not involved in auditing Fujikura while at the firm.	He is qualified to serve as an outside director, a position which requires independence from the Company, given his official certification as a Certified Public Accountant (CPA) and high level of expertise. In addition, owing to the experience he has gained from auditing a vast number of companies over the years, we believe he possesses sufficient knowledge about corporate management and can adequately conduct his duties as a director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established
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#### [*Kansayaku*]

Establishment of <i>Kansayaku</i> Board	Established
Maximum Number of <i>Kansayaku</i> Stipulated in Articles of Incorporation	4
Number of <i>Kansayaku</i>	4

#### Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

With respect to cooperation between the Corporate Auditors and the Accounting Auditors, the Corporate Auditors receive an outline of their audit plans from the Accounting Auditors at the beginning of the fiscal year. Based on the audit plans, they receive results of interim and annual auditing from the Accounting Auditors. In addition, they also hold several meetings on accounting audit status and structure per year and exchange opinions as they consider necessary.

With respect to cooperation between the Corporate Auditors and the internal audit department, the Corporate Auditors exchange opinions on auditing matters with the internal audit department on a regular basis. In



addition, the internal audit department conducts auditing operations under the instruction of the Corporate Auditors whenever necessary and constantly reports the results to the Corporate Auditors.

Appointment of Outside <i>Kansayaku</i>	Appointed
Number of Outside <i>Kansayaku</i>	2
Number of Independent <i>Kansayaku</i>	2

#### Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Soichiro Sekiuchi	Lawyer													○
Masaaki Shimojima	From another company							△						

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. *Kansayaku* of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*

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

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)

k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)

m. Others

Outside *Kansayaku's* Relationship with the Company (2)

Name	Designation as Independent <i>Kansayaku</i>	Supplementary Explanation of the Relationship	Reasons of Appointment
Soichiro Sekiuchi	○	_____	We believe Soichiro Sekiuchi is qualified to serve as an outside kansayaku (auditor), a position which requires independence from the Company, given his official certification as a lawyer and high level of expertise. In addition, owing to the experience he has gained from auditing a vast number of companies over the years, we believe he possesses sufficient knowledge about corporate management and can adequately conduct his duties as a kansayaku.
Masaaki Shimojima	○	Masaaki Shimojima previously worked at the Sumitomo Mitsui Banking Corporation, which is our main bank. He retired from the bank in June 2003. We note that the Fujikura Group does business with several different financial institutions. In light of this, we believe there is no conflict of interest with general shareholders.	Masaaki Shimojima has considerable knowledge concerning finance and accounting based on many years of experience in a key position at a major commercial bank and has abundant knowledge and insight concerning corporate management, and is deemed to be able to audit the propriety, etc., of management from an objective perspective.

**[Independent Directors/*Kansayaku*]**

Number of Independent Directors/ <i>Kansayaku</i>	3
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**Matters relating to Independent Directors/*Kansayaku***

All outside directors that fulfill the qualifications of independent director are designated as independent directors.

**[Incentives]**

Incentive Policies for Directors	Other
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**Supplementary Explanation**

The remunerations paid to individual directors reflect their evaluation, which is based on the business performance of the divisions they oversee. In addition, bonuses are also paid out based on the resolution of the Annual General Meeting of Shareholders.

Recipients of Stock Options	
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**Supplementary Explanation**

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**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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**Supplementary Explanation**

The total annual compensation for the board of directors was 330 million yen (no bonus was paid in the 167th term) and is contained in the Company's business report and annual securities report.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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**Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods**

In addition to the diverse portfolio of products handled, Fujikura also is expanding its business operations globally. The operations conducted by its directors are sophisticated and span a broad range. Consequently, remuneration standards should be set at a level appropriate to recruit qualified people capable of fulfilling these duties, and this level is decided in reference to surveys conducted by a number of research agencies that target mainly listed companies.

In addition, remuneration consists of a fixed portion for monitoring and supervising functions (fixed remuneration) and the portion for executive functions that fluctuates in tandem with earnings

(performance-based remuneration). The fixed remuneration is set based on individual roles and factors in the individual's experience. Performance-based remuneration reflects the executive director's performance in their respective field of business for each business year. The director's performance is evaluated, including their level of achievement versus earnings goals, within the scope of their responsibilities and the annual business plan. A maximum of 30% of the fixed remuneration reflects this.

**[Supporting System for Outside Directors and/or *Kansayaku*]**

Outside kansayaku receives appropriate support from the internal audit department. The internal audit department properly conveys information related to internal audits to the outside kansayaku. Materials related to the board of directors and the board of auditors (kansayaku) are distributed to outside directors and kansayaku in advance.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

Fujikura has grouped its businesses into four in-house companies—the Power & Telecommunication Systems Company, the Electronics Business Company, Automotive Products Company, and the Real Estate Company. Each in-house company is comprised of the technological, manufacturing, and sales functions related to the field of business it operates. The structure of each in-house company is designed in a manner that enables the head of each in-house company to accomplish necessary business responsibilities.

In addition, owing to the executive officer system, Fujikura is building a corporate management system that clearly outlines executive responsibilities for each in-house company and company-wide departments. The development of new businesses and the commercialization of businesses/products are not under the supervision of the in-house companies. These functions are carried out by a separate specialized organization that is under the direct supervision of the president.

The board of directors and the president monitor monthly performance for each area of corporate management, including the divisions within each in-house company. They constantly manage deviances between actual performance and the targets set in annual business plans and mid-term business plans. They also assess external factors, including changes in the market environment, and decide on and implement appropriate measures to deal with external factors.

The business execution and supervision functions of the directors have been separated owing to the introduction of the executive officer system. The system defines the monitoring and supervising functions of directors. It requires them to work with outside directors to monitor business operations and ensure they are in compliance with the relevant laws and regulations, and the Articles of Incorporation. In addition, the activities of the Code of Conduct Promotion Committee focus on ensuring that Fujikura's directors, officers, employees, and other workers are properly complying with relevant laws and regulations, and other social norms. Also, each organization, including the company-wide control (administrative) departments at headquarters, possesses business execution and oversight functions for their respective business operations. Necessary assistance, including the creation of manuals and the hosting of briefings, is provided to each

department to ensure that compliance with various laws and regulations related to their respective business operations is not overlooked. As a part of internal auditing, the Audit Division, which is an organization dedicated to internal auditing of business divisions, and organizations that possess other auditing functions monitor compliance with relevant laws and regulations, and the Articles of Incorporations. Necessary reporting, guidance, assistance, and other actions are carried out through the Code of Conduct Promotion Committee and other bodies. Note that Fujikura has a whistleblowing system in place that protects whistleblowers, and enables employees to anonymously report incidents to a lawyer outside the company.

Fujikura has selected Japan Assurance Aarata as its accounting auditor. The auditing system consists of CPAs Kazuhiko Tomoda, Shinichi Kishi, and Tsuyoshi Saito, 7 CPAs providing backup, 6 assistant CPAs, and 11 other members.

### 3. Reasons for Adoption of Current Corporate Governance System

Fujikura ensures executive responsibilities are clarified by the executive officer system, and has adopted the corporate auditor system to facilitate the monitoring and supervision of management and its decision-making process. Furthermore, Fujikura has adopted a system whereby standing corporate auditors are able to attend important meetings with regard to management's decisions on the execution of business, such as managing directors meetings, to state their opinions.

We also guarantee auditors' participation in management, including but not limited to activities of legal compliance in meetings of the board of directors, etc.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	On June 2, 2015, the Company sent a Notice of Invitation to Fujikura's 167th Annual General Meeting of Shareholders scheduled to be held on June 26, 2015.
Allowing Electronic Exercise of Voting Rights	The Company has allowed the exercise of voting rights via the Internet since fiscal year 2006.
Participation in Electronic Voting Platform	The Company has utilized an electronic voting platform for institutional investors operated by ICJ Corporation since fiscal year 2008.
Providing Convocation Notice in English	The Company posts English translations of its Convocation Notice of the Annual General Meeting of Shareholders on its website (on the same date of distribution of the Convocation Notice [Japanese version] to shareholders).
Other	The Convocation Notice of the Annual General Meeting of Shareholders and other information are posted on the Company's website to ensure wide availability.

## 2. IR Activities

	Supplementary Explanations
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds Periodic Conferences for Analysts and Institutional Investors four times a year (May, August, November and February). In these conference meetings, the Company explains quarterly business results.
Regular Investor Briefings for Overseas Investors	The Company holds meetings for Overseas Investors. The President or director in charge of IR has direct dialogue with investors in the EU and North America with a view to facilitating information disclosure and enhancing communications with overseas investors.
Posting of IR Materials on Website	The Company posts IR information such as brief announcements of the most recent financial statements, the medium-term management plan and annual reports on its website.
Establishment of Department and/or Manager in Charge of IR	Division in charge of IR: Corporate Strategy Planning Division Director in charge of IR: Akio Miyagi, Senior Vice President & Member of the Board IR Contact: Shitomi Yoshimura, Manager of IR & Public Relations Group

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	We are enacting the Fujikura Group CSR Basic Policies, Fujikura Group CSR Activities Guidelines, and Fujikura Code of Conduct. We are diligently working to build healthy and amicable relationships with our stakeholders based on various regulations which center around these policies.
Implementation of Environmental Activities, CSR Activities etc.	The Company conducts a wide range of activities concerning the three sides of CSR: the environment, society and governance. Every year, the Company publishes "CSR Integrated Report" which describes these activities and posts details on its website. Going forward, it will make every effort to announce its internal and external approaches to stakeholders.

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

#### 1. Basic policies

Fujikura is operating an executive officer system. Specifically this entails dividing up the group's overall business operations by business field and function, and assigning responsibilities to each executive officer. Directors shall also concurrently serve as executive officers and are charged with responsibilities for separately assigned business execution functions. A pyramid-shaped command system is employed for governing business execution, with the president at the top. This overall system is decided by the board of

directors.

As a result of employing this system, the role of directors is to specialize in the oversight and monitoring of business fields and matters outside the scope of the executive duties assigned to them. Accordingly, this ensures that directors carry out the checking of functions with the same level of objectivity as outside directors, so that the operations are legally compliant and fair, as required under the Companies Act.

In addition to oversight by directors, Fujikura also employs the corporate auditor system to oversee and monitor the decision-making process. Furthermore, the internal audit department, the company-wide administrative d, and each in-house company's management organizations work to ensure daily business operations are legally compliant and fair. Collectively, Fujikura is establishing the following internal control system.

2. System to ensure the execution of duties by directors conforms with relevant laws and regulations, and the Articles of Incorporation

(Article 362, paragraph 4, Item 6 of the Companies Act)

(1) The business execution and supervision functions of the directors have been separated owing to the introduction of the executive officer system, and the monitoring and supervising functions of directors has been clearly defined. Directors shall work with outside directors to monitor business operations and ensure they are in compliance with the relevant laws and regulations, and the Articles of Incorporation.

(2) The activities of the Risk Management Committee aim to keep directors, officers, employees, and other workers compliant with relevant laws and regulations, and social norms.

(3) Each organization, including the company-wide control (administrative) departments at headquarters, shall possess business execution and oversight functions for their respective business operations. And necessary assistance, including the creation of manuals and the hosting of briefings, is provided to each department to ensure that compliance with various laws and regulations related to their respective business operations is not overlooked.

(4) The Audit Division, which is an organization dedicated to internal auditing of business divisions, and organizations that possess other auditing functions shall monitor compliance with relevant laws and regulations, and the Articles of Incorporations. Necessary reporting, guidance, assistance, and other actions shall be carried out through the Risk Management Committee and other bodies.

(5) Fujikura shall protect whistleblowers, and enable employees to anonymously report incidents to a lawyer outside the company.

3. Matters governed by Article 100 of the Enforcement Regulations of the Companies Act

(1) System regarding the storage and management of information related to the execution of duties by directors

(Article 100, paragraph 1, item 1)

Handouts, discussion documents, minutes and other documents pertaining to board of directors meetings, managing directors meetings, business strategy management meetings, executive management meetings, Risk

Management Committee and other important decision-making bodies and information sharing shall be centrally stored and managed in accordance with certain rules by the division in charge of overseeing the respective meeting. In addition, a system has been established that allows related internal parties to access information at any time.

With respect to decisions made in writing independent of one of the aforementioned meetings, the executive body overseeing the decision of the relevant matter shall store and manage the related documents and respond to inquiries from related internal parties.

(2) Regulations and other systems related to managing the risk of losses

(Article 100, paragraph 1, item 2)

Fujikura categorizes risks that should be managed (including those that could potentially arise at group companies) into risks related to business opportunities (strategy risks) and risks related to business activities (operational risks). Strategy risks are jointly managed by top executives sitting on the board of directors and the management directors meeting, while operational risks are managed by the Risk Management Committee in accordance with Fujikura Risk Management Rules.

In accordance with the aforementioned risk management regulations, crisis management shall be carried out by promptly providing information to top management and by establishing a response organization and management system.

(3) System to ensure directors are efficiently executing their duties

(Article 100, paragraph 1, item 3)

Fujikura has grouped its businesses into four in-house companies—the Power & Telecommunication Systems Company, the Electronics Business Company, Automotive Products Company, and the Real Estate Company. Each in-house company is comprised of the technological, manufacturing, and sales functions related to the field of business it operates. The structure of each in-house company is designed in a manner that enables the head of each in-house company to accomplish necessary business responsibilities.

In addition, in light of the executive officer system, Fujikura is building a corporate management system that clearly outlines executive responsibilities for each in-house company and company-wide departments. The development of new businesses and the commercialization of businesses/products are not under the supervision of the in-house companies. These functions are carried out by a separate specialized organization that is under the direct supervision of the president.

The board of directors and the president monitor monthly performance for each area of corporate management, including the divisions within each in-house company. They constantly manage deviances between actual performance and the targets set in annual business plans and mid-term business plans. They also assess external factors, including changes in the market environment, and decide on and implement appropriate measures to deal with external factors.

(4) System to ensure employee conduct is compliant with relevant laws and regulations, and the Articles of Incorporation



(Article 100, paragraph 1, item 4)

All individuals engaging in operations at Fujikura, including directors, officers, and employees, shall observe the company's basic tenets. The Risk Management Committee, which is comprised of top executives, is in charge of ensuring that these basic tenets are thoroughly conveyed to all members of the group.

In addition, several consultation offices shall be established both internally and externally to form a whistleblowing system. The contact details, etc. of external law firms acting as consultation offices shall be made known to employees, including those of subsidiaries and affiliates.

The Fujikura Anti-monopoly Law Compliance Program was established to maintain compliance with competition laws. In addition to establishing basic matters including the operation of this compliance program, top executives shall state their determination to maintain compliant with relevant laws and regulations, and provide instruction on compliance with competition laws to the directors, officers, and employees at group companies.

The Fujikura Group Anti-Corruption Policy was formulated to maintain compliance with anti-corruption laws. In addition to establishing basic matters including the operation of this compliance policy, top executives shall state their determination to maintain compliant with relevant laws and regulations, and provide instruction on compliance with competition laws to the directors, officers, and employees at group companies.

(5) System to ensure appropriate corporate actions

(Article 100, paragraph 1, item 5)

Each group company is positioned under the supervision of the respective in-house company, corporate division, or other department or body (hereinafter, "in-house company"). The head of the in-house company shall manage the group company with the scope of their responsibilities.

The business operations of America Fujikura Ltd. are managed independently from the in-house companies. Executive officers from Fujikura are assigned to serve as top executives at America Fujikura and the president of Fujikura is in charge of management.

a) System for reporting by subsidiaries to Fujikura regarding the execution of duties carried out by subsidiary directors and employees

(Article 100, paragraph 1, item 5-a of the Enforcement Regulations of the Companies Act )

The In-house Company Corporate Meeting Regulations were established as regulations for reporting by group companies to in-house companies. In accordance with these regulations, in-house companies receive reports from group companies they oversee. The reports regarding monthly business performance, personnel, organizational, facilities investment, product quality and other important matters are sent in a timely manner.

b) Regulations and other systems related to managing the risk of losses at subsidiaries

(Article 100, paragraph 1, item 5-b of the Enforcement Regulations of the Companies Act )

Group companies, as a general rule, conduct their own risk management and establish their own regulations on risk management. The in-house companies that oversee the group company shall establish a system to receive reports in a timely and appropriate manner should risks arise, and to provide guidance to help the group company deal with these risks.

c) System to ensure that the execution of duties by directors and employees at subsidiaries is being carried out efficiently

(Article 100, paragraph 1, item 5-c of the Enforcement Regulations of the Companies Act )

Fujikura clearly establishes the roles and functions of each of the group companies under its in-house companies. As a corporate group, which includes these group companies, Fujikura formulates business plan. In addition to executing these plans while closely coordinating with group companies, including regular performance reports and management of deviation between targets and results, the company has a system to carefully and smoothly nurture mutual understanding through measures such as personnel exchanges with group companies.

d) System to ensure that the execution of duties by directors and employees at subsidiaries are in compliance with relevant laws and regulations, and the Articles of Incorporation

(Article 100, paragraph 1, item 5-d of the Enforcement Regulations of the Companies Act )

Group companies assign an employee (employees) to oversee legal compliance. This supervisor (manager) report on legal compliance to Fujikura and carries out a compliance program separately stipulated by Fujikura.

Group companies shall set up whistleblowing system that allows employees to communicate directly with Fujikura or outside lawyers.

(6) Matters related to employees assigned to assist in matters where corporate auditors deem help is required

(Article 100, paragraph 3, items 1 and 3 of the Enforcement Regulations of the Companies Act )

The staff belonging to the Audit Division, an organization specializing in internal auditing of executive offices, shall support the duties of the corporate auditors upon request of the corporate auditors. In this case, the staff in the Audit Division shall give priority to following the orders and instructions of the corporate auditors.

Directors shall report activities and audit results of the Audit Division to the corporate auditors at any time at the request of the corporate auditors.

(7) Matters regarding the independence of employees in item (6) above from directors

(Article 100, paragraph 3, item 2 )

In the event the corporate auditors express opinions concerning personnel allocation/reassignment within the Audit Division, the director in charge, to the best of his ability, shall take into consideration the opinion of the Corporate Auditors.

(8) The following systems and the system for reporting to corporate auditors

(Article 100, paragraph 3, item 4)

a) System for reporting by directors and employees to corporate auditors

(Article 100, paragraph 3, item 4-a of the Enforcement Regulations of the Companies Act )

A director or employee shall immediately report to the board of auditors when they discover any incidence that could potentially cause significant damage to the company, or upon discovery of a material fact in violation of laws/regulations and/or the Articles of Incorporation.

Directors shall ensure corporate auditors are allowed to participate in managing directors meetings, executive management meetings, business strategy management meetings, executive officer meetings, Risk Management Committee and other important decision-making meetings and briefings and shall provide information and documents pertaining to such meetings without particular restriction.

Corporate auditors may request a governing executive office to provide necessary reports at any time with respect to any important management report or examination made independent of the aforementioned meetings.

b) System for reporting to corporate auditors by directors and employees of subsidiaries or other individuals that receive reports from directors and employees of subsidiaries

(Article 100, paragraph 3, item 4-b of the Enforcement Regulations of the Companies Act )

The directors and employees of subsidiaries or other individuals that receive reports from directors and employees of subsidiaries shall immediately report to the board of auditors on any incidence that could potentially cause significant damage to the company, or regarding actions by directors that are in serious violation of laws/regulations and/or the Articles of Incorporation.

(9) System to ensure that the individual doing the reporting in item (8) above is not subject to unfair treatment

(Article 100, paragraph 3, item 5)

Fujikura and its group companies shall not unfairly treat individuals that reported incidents covered in item (8) above.

(10) Matters related to the treatment of costs incurred in advance as a part of the execution of duties as a corporate auditor and procedures for the repayment of such costs, and costs incurred and treatment of debt for other relevant duties

(Article 100, paragraph 3, item 6 of the Enforcement Regulations of the Companies Act)

Fujikura sets a budget for the required cost of executing auditing duties based on an annual auditing plan. In addition to this, the company shall immediately cover costs that are deemed to be reasonable and necessary, or when payment is requested by a corporate auditor.

(11) Other systems to ensure efficient auditing by corporate auditors

(Article 100, paragraph 3, item 7 of the Enforcement Regulations of the Companies Act)

Corporate auditors shall regularly exchange opinions with the president and other top management, and can request each executive office and each subsidiary and affiliate report on matters considered necessary for auditing activities and other required matters related to the auditing environment.

## 2. Basic Views on Eliminating Anti-Social Forces

The Company defines as a basic policy in the “Fujikura Code of Conduct” that the Company will take a resolute attitude against any undue claims and actions by antisocial forces or groups.

The Company makes every effort to keep its directors, executive officers and employees informed of this basic policy.

In addition, the Company defines the department and personnel responsible for addressing issues related to antisocial forces and facilitates cooperation with external specialized institutions, including consultations with lawyers or other professional advisors and participation in the Federation on Special Organized Crimes within Jurisdiction of the Tokyo Metropolitan Police Department for collecting information.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation
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### 2. Other Matters Concerning to Corporate Governance System

The following is an overview of recently implemented measures aimed at enhancing corporate governance.

<Summary of Timely Disclosure System>

The Company formulated the “Internal Information Management Rules” and “Fujikura Risk Management Rules” as internal rules and regulations, defined the management standards concerning the manner of collection, communication and disclosure of material information within the Company, and organized a structure whereby the Chief Information Officer (General Manager, Corporate Strategy Planning Division) controls disclosure management in an appropriate manner. In particular, material facts that might arise pertaining to the Company and any important matters that might require determination by the Company shall

be initially collected by the Chief Information Officer (General Manager, Corporate Strategy Planning Division) in compliance with the internal rules and regulations. Then, the facts and matters that may have a direct impact on the Company's business performance will be managed by the Finance & Accounting Division, and those other than the above will be handled by the Legal Department, for the purpose of making disclosure in a timely and appropriate manner.

