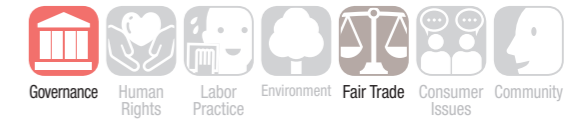


Management System



Social Requirements

- Ensuring management transparency
- Continually enhancing corporate ethics
- Strengthening supervisory functions

The FDK Approach

- Strengthening corporate governance
- Ensure Compliance
- Continuously operating an internal control system

Highlights of Management System

Number of outside directors (total number of directors: 7)	Attendees of compliance training course for all employees	Number of transmissions of compliance-related information through the company intranet	Number of occupational accidents
3	3,425	25	5
Occupational accident occurrence rate	Occupational accident severity rate	Number of management reviews for manifested risks	Number of internal reports
0.52	0.00	11	5

Initiatives supporting Management System

Strengthening Corporate Governance

Basic Concept

FDK Group reviews measures and the management system as necessary based on the general principles of the Corporate Governance Code stipulated by the Financial Instruments Exchange as well as executes organizational reforms and other measures because it believes strengthening corporate governance improves the soundness and transparency of the company and improves the value for FDK shareholders. We strive for rapid informational disclosure about management while also providing financial information via the Internet. Moreover, FDK has introduced a corporate officer system composed of two directors and corporate executive officers as well as five corporate officers to operate businesses that separate auditing and business execution functions of management. In addition, three of our seven directors, who include Audit and Supervisory Committee members, are outside directors as stipulated by Article 2.15 of the Companies Act.

Board of Directors

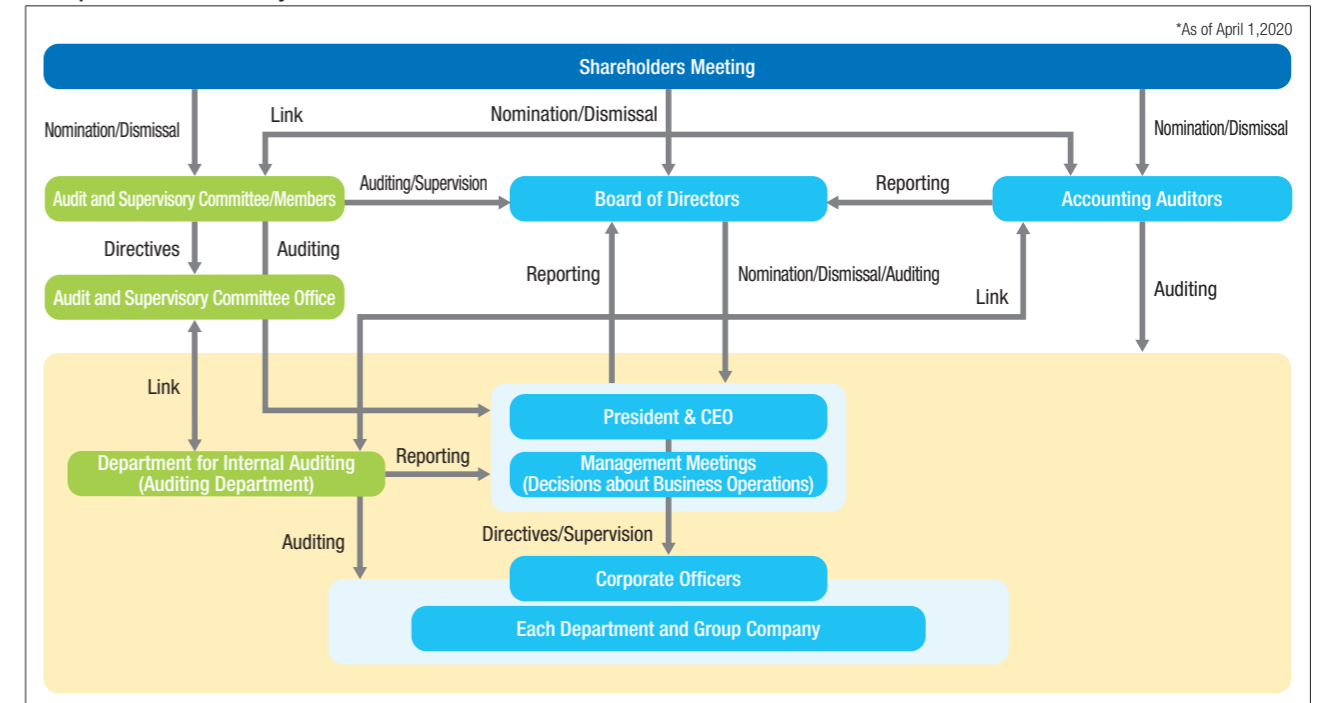
The FDK Board of Directors is composed of four directors (excluding directors who are Audit and Supervisory Committee members) and three directors who are Audit and Supervisory Committee members.

Board of Directors meetings are held once every month to determine important management matters and deliberate the progress status of performance and investigate the measures.

Audit and Supervisory Committee

The FDK Audit and Supervisory Committee is composed of three directors, including two outside directors, with meetings held once a month and whenever else a meeting is deemed appropriate to monitor and audit the appropriateness and validity of management. Furthermore, each Audit and Supervisory Committee member attends the Board of Directors meetings to share objective and fair insight about overall management and each matter while also auditing the appropriateness and validity of business operations of the directors according to the auditing policies formulated by the Audit and Supervisory Committee. FDK has established an Audit and Supervisory Committee Office with the purpose to facilitate high-quality auditing and supervision as well as to contribute to the strengthening of governance through smooth informational sharing with outside directors who are Audit and Supervisory Committee members.

Corporate Governance System chart



Building an Internal Control System

Basic Concept

As a means to fulfill corporate social responsibilities, the FDK Group approved the Basic Policy for Establishing an Internal Control System at the Board of Directors meeting by recognizing the necessity of strengthening corporate governance to maintain a sound and strong relationship with FDK stakeholders from customers to suppliers, shareholders, employees and local communities while ensuring the appropriateness of operations and reliability of financial reporting in addition to realizing management that complies with relevant laws and the Articles of Incorporation. The pursuit of management efficiency and control of the risks arising in business activities are essential to improve the corporate value of the FDK Group. Therefore, we promote ongoing efforts through the systems below.

Systems to Ensure the Appropriateness of Operations

The FDK Group continually promotes the following systems:

1. Systems to ensure directors and employees perform their duties in accordance with laws, regulations and the Articles of Incorporation
2. Systems to store and manage information related to the performance of duties by directors

Ensure Compliance

Basic Concept

FDK Group established the "FDK Group Corporate Conduct Guidelines" as the standard of conduct for each and every employee. FDK Group strives to earn trust from consumers, customers and suppliers by clar-

3. Regulations and other systems to manage risks of loss
4. Systems to ensure directors of FDK and subsidiary companies efficiently execute business
5. Systems to ensure the appropriateness of operations of the corporate group comprising the FDK Corporation and its subsidiary companies
6. Systems to ensure the appropriateness of auditing functions by Audit and Supervisory Committee members

(1) Directorship training

FDK holds training for directors as well as corporate officers with the objective of teaching knowledge both in and outside the scope of their expertise in an effort to increase the expertise and knowledge of its directors.

(2) Board of Directors performance evaluation

FDK holds discussions based on survey questionnaire evaluation methods and the results of third-party analysis of questionnaires. In doing so, the Board of Directors can discuss any issues while continually working to strengthen its supervisory functions.

ifying the policy that states, "FDK Group acts with a sense of ethics and complies with the laws and social codes", in FDK Action Guidelines. We publish these Action Guidelines on the intranet as well as externally on the FDK homepage.

About Education

The FDK Group explains laws and regulations closely related to its work from internal regulations to the Foreign Exchange Act, the Product Liability Act, Antimonopoly Act, and Personal Information Protection Law in various stratified training programs, such as new and mid-level employee training as well as new manager training, to bring about understanding in every person.

In addition to the above, FDK continually conducts various compliance training (including e-learning) for all of the employees. FDK also conducts training annually at each business site related to export management and subcontracting transactions. Furthermore, FDK strives to raise awareness about laws and regulations by providing employees a broad range of information about compliance that includes information about amendments to laws and regulations, and an introduction of examples about violations using the intranet.

Complying with Laws and Regulations Related to Business Operations

The business operations of the FDK Group must comply with a wide range of laws and regulations. In addition to this broad compliance, understanding culture and customs and clearly responding to social trends are part of comprehensive compliance from an ethical perspective. FDK has also put in place dedicated organizations for each field of compliance such as "Health and Safety Committee", "Environmental Management Committee", "Product Chemical Substances Management Committee", "Export Management Committee" and "Product Safety Promotion Committee" in an effort to operate its businesses in compliance with all laws and regulations.

Occupational Health and Safety Activities

▶ 1. About the FDK Group Health and Safety Policy

Basic Philosophy

We respect and value the life and dignity of every individual as a basic philosophy. The foundation of FDK health and safety ensures the health and safety of every employee. The FDK Group aims to eliminate all occupational accidents and illness through a safety first mentality, a safe and comfortable workplace, and active initiatives to cultivate healthy minds and bodies.

Basic Policy

FDK aims to improve and ensure the safety and health of its employees under the basic principle that occupational accidents must not happen. Every employee participates in building a safe and comfortable workplace by systematizing and continually developing independent occupational health and safety activities for the purpose of eliminating all occupational accidents. FDK also places importance on employee mental health measures not just from the perspective of employees and their families, but also in terms of earning trust as a company and operating business smoothly. These actions have strengthened our mental health efforts.

▶ 2. Occupational Health and Safety Promotion System

The FDK Group holds quarterly meetings of the Central Health and Safety Committee, which includes the president and the chairman of the labor union, as a supervisory function for the Health and Safety Committees at each business site. The central committee shares information about activities at each business site while formulating

Group-wide activity plans.

On-site Safety and Health Committee meetings are held jointly by labor and management at each business site every month to execute activities according to health and safety action plans.

Some business sites have acquired the OHSAS 18001 and ISO 45001 certifications for occupational health and safety management. We take advantage of these management systems in an effort to realize a framework with an even higher-level of occupational health and safety.

▶ 3. Status of Occupational Accidents

A total of seven occupational health and safety accidents occurred in FY 2019—five on business sites in Japan and two on business sites overseas (excluding traffic accidents).

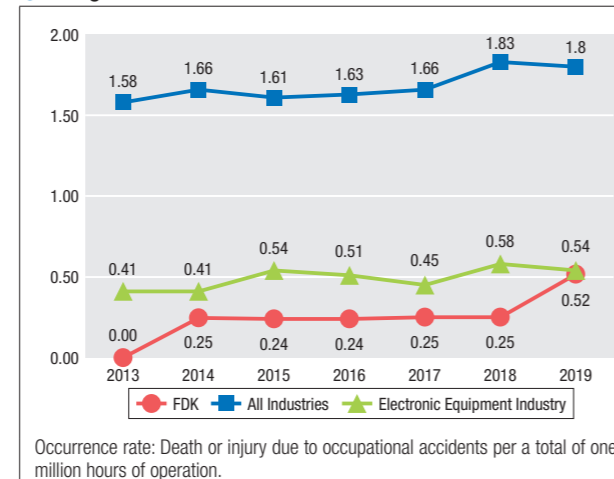
The occurrence rate was 0.52 with a severity rate of 0.00 for occupational accidents on business sites in Japan.

*Occurrence rate: (Number of deaths or injuries/total hours of operation x 1,000,000)

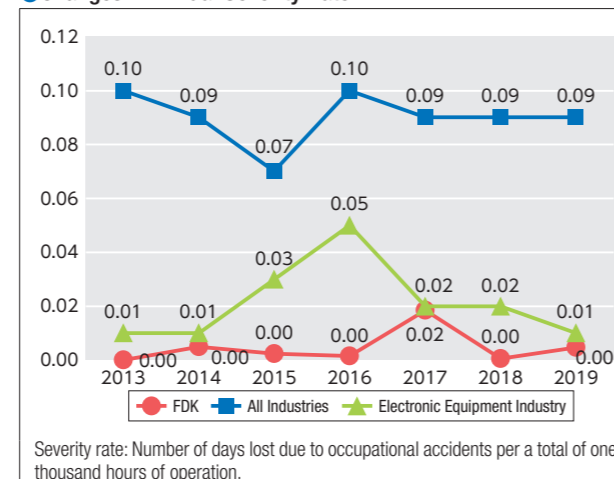
Severity rate: (Number of days lost/total operation hours x 1,000)

FDK promptly reports any occupational accidents that occur on its intranet and shares information across organizational boundaries in ongoing efforts to prevent similar occupational accidents.

● Changes in the Annual Occurrence Rate



● Changes in Annual Severity Rate



▶ 4. Occupational health and safety education

The entire FDK Group always strives to raise awareness about health and safety by providing occupational health and safety education to new employees in addition to stratified occupational health and safety training.

Risk Management Initiatives

▶ 1. Basic Concepts of Risk Management

The FDK Group aims to improve sustainable corporate value and make contributions to customers, local communities, and all other stakeholders through its global business activities.

To achieve these goals, we properly identify any potential risks resulting from our business activities and prioritize important issues requiring a response. Therefore, the FDK Group has established, practices, and continually improves a Group-wide risk management system founded in the FDK Group Corporate Conduct Guidelines and FUJITSU Way. Our Board of Directors drafted a Basic Policy for Establishing an Internal Control System to define rules and systems that pursue management efficiency and control risks resulting from business activities. We also share this basic policy with our shareholders.

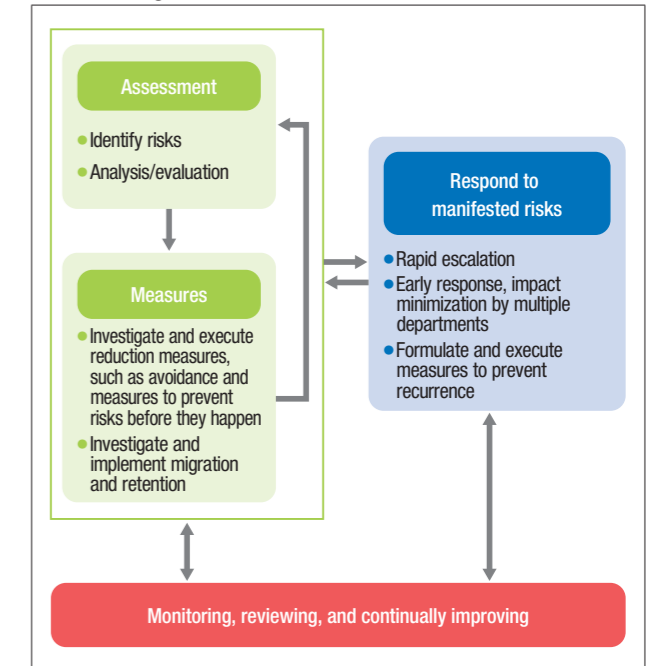
▶ 2. Risk Management Process

Each department takes the following steps. Identify, evaluate and verify potential risks inherent to business activities. Clarify the priority of response for each risk and determine risk control policies (avoidance, mitigation, migration and retention of risks). Execute measures in each department to prevent risks before they manifest in accordance with decided policies. Each department rapidly escalates response in the event any risks do manifest. Any issues are resolved as quickly as possible to minimize the impact through an appropriate response in cooperation with each relevant department and the Risk & Compliance Committee Secretariat as well as working to identify the underlying causes in addition to formulating and executing plans to prevent recurrence.

Internal Reporting System

The FDK Group has put in place the proper reporting and consultation systems for compliance violations to quickly discover and take corrective actions of any such improprieties as well as use as a resource to strengthen honest and fair management in compliance with the law. FDK has established an Internal Reporting Desk and Supplier Compliance Desk. The "Internal Reporting Desk", "Supplier Compliance Desk", and the "Internal Reporting Regulations" guarantee anonymity of anyone who reports a violation in addition to ensuring no harm is done as a result of reporting an issue. Any issue discovered as a result of investigation into a report is immediately addressed with reform measures. There were five reports in FY2019 which were addressed appropriately.

● Risk Management Process chart



● Internal Reporting System

