

Corporate Governance

Futaba understands the objective of corporate governance to be “ensuring proper business management from the perspective of diverse internal and external stakeholders in order to achieve a strong and sound company”. To this end, we will conduct business activities in compliance with laws, regulations and social norms, as well as enhance business transparency.

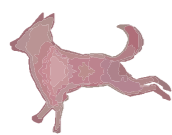
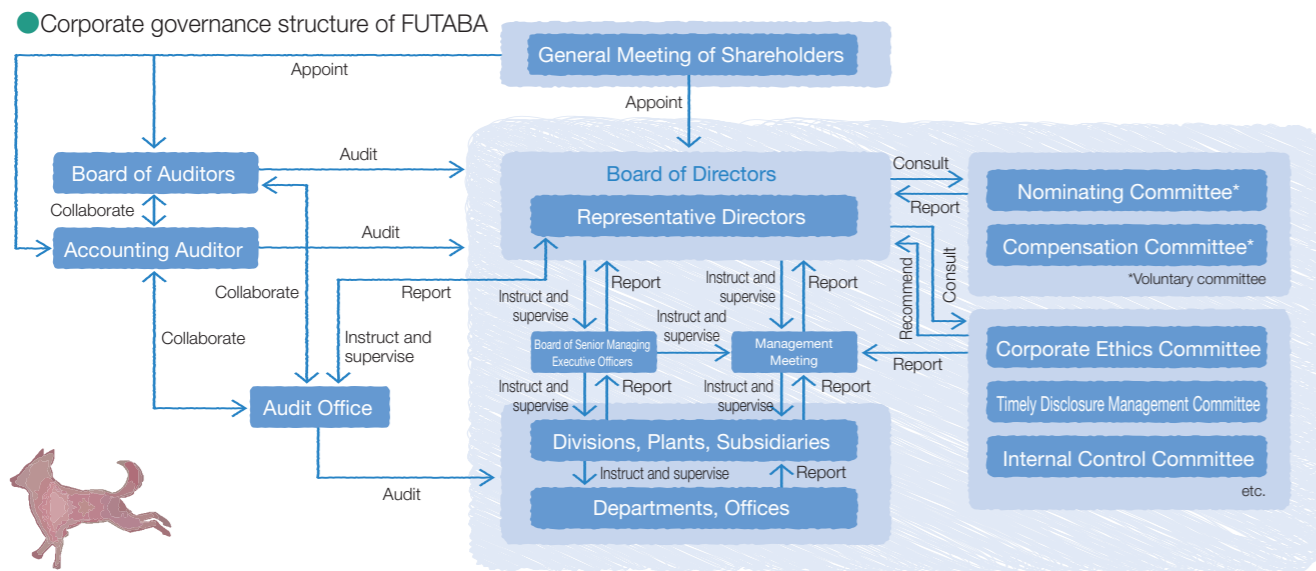


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| ① Hitoshi Suzuki, (Outside) Audit & Supervisory Board Member | ⑤ Masayoshi Ichikawa, (Outside) Director | ⑨ Takayuki Yoshida, Director, Senior Managing Executive Officer |
| ② Toshiyuki Isobe, (Outside) Audit & Supervisory Board Member | ⑥ Motoko Miyajima, (Outside) Director | ⑩ Mikio Iwatsuki, Director, Senior Managing Executive Officer |
| ③ Hiroyoshi Yoshiki, President | ⑦ Akira Nakashima, Audit & Supervisory Board Member | ⑪ Tomohiro Takahashi, Director, Senior Managing Executive Officer |
| ④ Masaki Horie, (Outside) Director | ⑧ Ryusuke Itakura, (Outside) Audit & Supervisory Board Member | ⑫ Fumio Ohashi, Director, Senior Managing Executive Officer |

Governance

The Board of Directors, which is the highest decision-making organ, discusses statutory and material matters, determines business strategies and provides oversight of the execution of business operations. A management meeting is held when executing a business operation to discuss matters submitted to the Board of Directors, other important matters and individual

projects. In addition, a structure is in place to enable accurate and prompt business decisions by holding a meeting of the Board of Senior Managing Executive Officers to deliberate and resolve especially vital proposals concerning the direction and management of the Company.



Internal Control



Internal Control Basic Structures

The basic stance of FUTABA regarding internal control is for the Directors themselves to take the lead in complying with laws, regulations and corporate ethics for the appropriate execution of business operations, thus familiarizing employees with the concept and practice through their words and actions. As

regards the execution of business operations, we are incorporating problem detection and improvement mechanisms into the business execution system, while developing human resources and organizations capable of implementing the mechanisms.

Corporate Structure for Internal Control

1. Structure for ensuring that the directors execute their duties in compliance with laws, regulations and the articles of incorporation
2. Structure for preserving and managing information relating to the execution of duties by directors
3. Rules on and structures for managing the risk of loss
4. Structure for ensuring that the directors execute their duties efficiently
5. Structure for ensuring that employees execute their duties in compliance with laws, regulations and the articles of incorporation
6. Structure for ensuring that the Group's business operations are performed appropriately
7. Matters relating to employees who assist with the duties of corporate auditors, should corporate auditors request appointment of such employees
8. Matters relating to independence of the aforementioned employees from directors
9. Structure where by directors and employees report to corporate auditors
Other structures relating to reports to corporate auditors
10. In addition, structure for ensuring that corporate auditors perform audits effectively

Compliance

Futaba defines compliance as follows: “Acting with integrity not only in compliance with laws and regulations, but also with a sense of values and ethics required of a business person as a member of society, thereby realizing fair and appropriate business management, achieving harmony with civil society and promoting creative development of the company. Placing importance on environmental issues and taking initiative in environmental conservation efforts”.

We will conduct corporate activities with high ethical standards and fulfill our social responsibilities with full awareness of our corporate social responsibilities and public mission. We will respect domestic and foreign cultures and customs, make efforts to preserve the environment, grow together with our local communities and engage in various activities in an effort to become a company that is appreciated by local communities.

Educational activities

We provide compliance training to persons in charge, supervisors (e.g., group leaders), and department and division heads with respect to laws and regulations relevant to their business operations. Additionally, we provide security management training to all employees.

Establishment of helpline

We established the “Futaba Helpline” to provide appropriate internal and external consultation services with regard to various problems and questions concerning compliance.

Risk Management

In order to ensure the PDCA cycle of identifying as risks, analyzing, assessing and addressing factors that may inhibit the achievement of our organizational goals or impact business continuity, Futaba has established various committees. Examples of committees that assess risks and implement appropriate measures to reduce or avoid them include the Security Management Committee for information leakage risks, the Material Quality Issue Recurrence Prevention Committee for quality issues, the Corporate Ethics Committee for fraud risks, and the Internal Control Promotion Committee for internal control and governance.

Business Continuity Plan (BCP)

Focusing particularly on damages caused by earthquakes, Futaba conducts BCP activities geared toward recovery as expeditiously as possible, while giving first priority to human life. Futaba also devised a business continuity plan (BCP) involving the implementation of an emergency earthquake notification system and a safety confirmation system, the formulation of measures to ensure the safety of evacuation routes and prevent the turn-over and falling of equipment and other efforts to prevent and/or reduce damages, as well as the education of human resources to secure personnel capable of fully demonstrating his/her capability in the event of an emergency and an early recovery from anticipated damages. In addition, we have concluded a cooperation agreement with Okazaki City to provide facilities at the time of disasters.

Information Security

For the purpose of protecting and managing confidential information, we have established the Futaba Security Guidelines to instill awareness of security management in employees.