

Basic Policy

FURUNO's management basis is to continuously improve corporate value to meet the expectations and trust of all stakeholders, pursuing legality, appropriateness, and efficiency in its management activities.

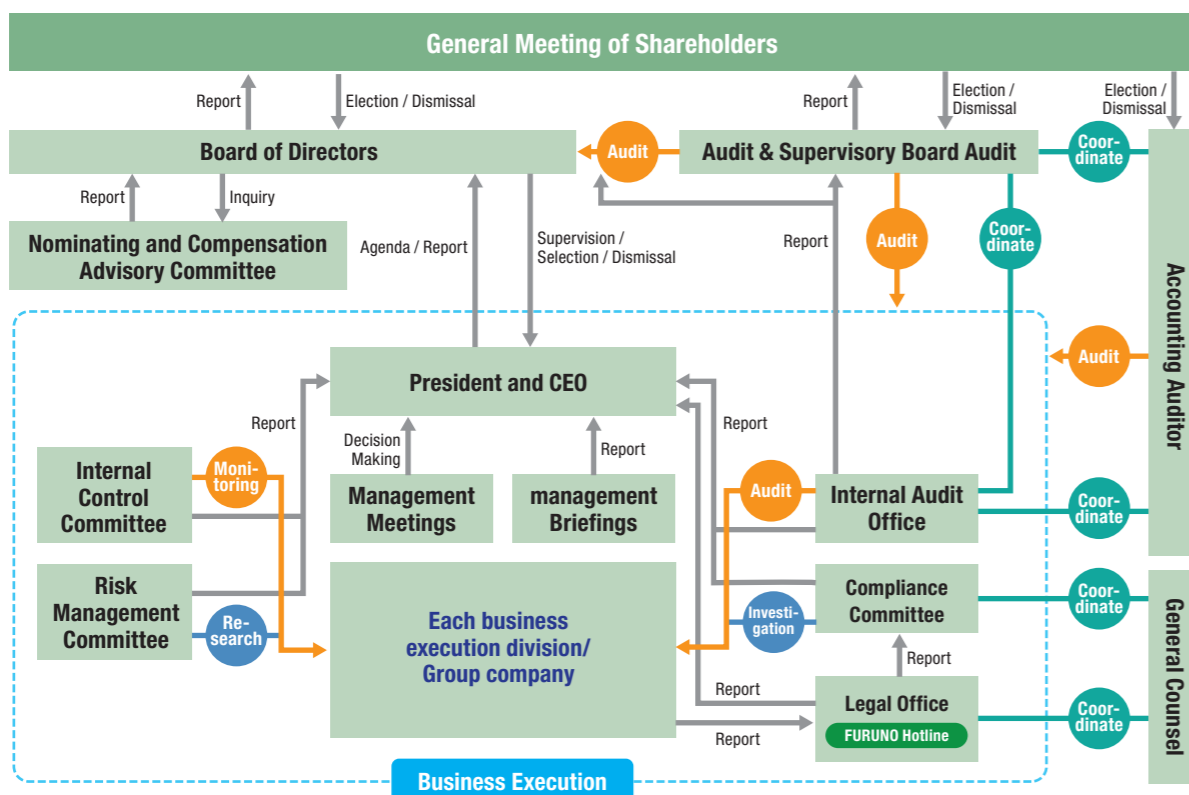
Dealing with the CG Code

To strengthen its corporate governance, FURUNO believes it is necessary to improve its actual aspects, and to continually make improvements to achieve its management strategy.

Corporate Governance Structure

FURUNO has established a voluntary Nomination and Compensation Advisory Committee and Compliance Committee and is working to avoid risks and prevent misconduct by building an organizational structure that allows governance to function. FURUNO is also strengthening its system by separating management and execution, focusing on the decision-making and supervisory functions of the Board of Directors.

Corporate Governance Structure (as of May 31, 2023)



Effectiveness of the Board of Directors

FURUNO conducts an annual evaluation of the effectiveness of the Board of Directors to identify issues and areas for improvement. In FY 2022, FURUNO conducted a questionnaire survey of directors and corporate auditors regarding the operation and agenda of the management committees and the evaluation of the management secretariat for each management committee. The overall evaluation was high, as in the previous year,

as the agenda was improved by reducing the number of regular reporting subjects, and because the secretariat made improvements in the management of the meetings. FURUNO also recognizes that the effectiveness of the Board of Directors has been ensured based on the constructive discussions that take place at the Board of Directors meetings.

Effectiveness of audits by corporate auditors

FURUNO has adopted a company-with-auditors system, and corporate auditors conduct objective and rational audits by attending Board of Directors

meetings and other important meetings, inspecting important documents, visiting subsidiaries, and interviewing directors and general managers.

Directors' skills matrix

Effective March 1, 2021, FURUNO has decided to separate management and execution. Management is practiced by four full-time directors and two outside directors, for a total of six directors, and management oversight is ensured by three auditors,

including two outside auditors. One of the four internal directors is a mid-career employee and has experience working for other companies. The two outside directors have experience as managers at other listed companies.

Skills matrix of directors, auditors, etc.

◎ Main Skills/Experience ○ Secondary Skills/Experience (up to 3 in total)

Position	Name	Company Management	Sales / Marketing	R&D / Industrial	Finance / Accounting	Compliance / Risk Management	Human Resources	IT / DX	International Experience
President and CEO	Yukio Furuno	◎				○	○		
Vice President and Executive Officer and CMO	Muneyuki Koike	○	◎						○
Director Managing Executive Officer and CTO	Shinji Ishihara			◎				○	○
Director Managing Executive Officer and CFO	Yutaka Wada	○			◎				○
External Director	Hideo Higuchi	◎		○				○	
External Director	Shingo Kagawa	◎		○				○	
Senior Executive Officer	Kazuma Waimatsu		○					◎	○
Senior Executive Officer	Satoshi Ohya					○	◎		

Position	Name	Company Management	Sales / Marketing	Finance / Accounting	Compliance / Risk Management	International Experience
Audit & Supervisory Board Member	Shigenori Ametani		◎			○
External Audit & Supervisory Board Member	Toru Muranaka				◎	
External Audit & Supervisory Board Member	Shogo Yamada	○		◎		○

Executives' compensation

Basic policy on directors' remuneration

FURUNO's basic policy is to link the remuneration of directors to shareholders' profits so that it fully functions as an incentive to sustainably increase corporate value, and to set the remuneration of individual directors at an appropriate level based on their respective positions and responsibilities.

Compensation Composition

Remuneration	Directors		Auditors	Compensation Overview
	Inside	Outside		
Fixed	○	○	○	<ul style="list-style-type: none"> Amount within framework approved at the Shareholders Meeting Monthly remuneration based on position and responsibility
Performance-based	○	×	×	<ul style="list-style-type: none"> Based on KPI achievement to raise performance awareness Calculation: 3% of net income (previous FY) Based on level of responsibility, KPI achievement of division under control, etc.
Stock-based	○	×	×	<ul style="list-style-type: none"> Share risks and benefits of stock price fluctuations with shareholders and improve corporate value Based on a percentage of total amount of previous year compensation

Governance data

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Board of Directors					
Directors	11	11	10	6	6
Outside directors	2	2	2	2	2
Board meetings	12	13	12	12	13
Attendance rate (%)	99.3	96.5	91.7	100.0	92.0
Average years in office	9.2	10.2	10.8	13.2	14.2
Audit & Supervisory Board					
Auditors	3	3	3	3	3
Outside auditors	2	2	2	2	2
Auditors' meetings	14	14	14	14	14
Attendance rate (%)	100.0	97.6	97.6	100.0	100.0
Nominating and Compensation Advisory Committee					
Members	6	6	6	6	6
Directors' remuneration (millions of yen)	201	159	232	235	234
Auditors' remuneration (millions of yen)	39	39	39	39	38
Cross-shareholdings (number of stocks)					
Unlisted stocks	8	8	8	8	9
Stocks other than unlisted stocks	15	14	14	12	12

Compliance

The Compliance Committee, chaired by the president and including outside members (lawyers), has been established, and the FURUNO Group Code of Conduct is our ethical standard.

Compliance education and awareness

To raise compliance awareness, FURUNO conducts compliance education for executives and employees through various level-specific training programs, theme-specific training, and e-learning. Opportunities are also provided for workplace study sessions where employees at each workplace freely exchange opinions on compliance. In addition, in revising the Compliance Handbook, which is distributed exclusively to FURUNO Group employees in Japan, an English version was also produced. The English version of the handbook is

available to employees at overseas locations for use in compliance education and other activities.



Compliance Handbook in English

Risk management

To properly manage risks that could have a significant impact on management, FURUNO has established a Risk Management Committee chaired by the president. It evaluates company-wide risks, determines the importance of each risk, and appoints a department and subcommittee in charge of each risk countermeasure to reduce it.

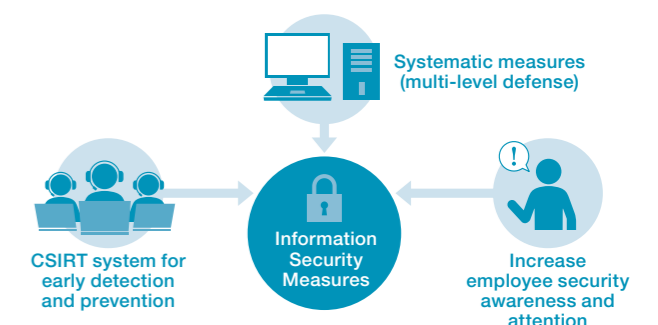
Proper trade control

To maintain proper trade, FURUNO has established an export control system with the president as chief officer. To ensure that its employees understand the importance of export control for security, FURUNO

conducts internal notifications and e-learning training, as well as annual internal audits to verify the status of voluntary control.

Information security measures

FURUNO is working on improving employee security awareness and vigilance through e-learning education and the publication of in-house newsletters. The CSIRT also continuously monitors, collects information, and responds to incidents to prevent damage from spreading and to calm the situation as soon as possible.



Directors



Yukio Furuno
President and CEO

Mar. 1971 Joined TEIJIN LIMITED
Sep. 1984 Joined FURUNO
Mar. 1987 General Manager, Administration Division
May 1987 Director
May 1990 Managing Director
May 1999 Managing Director and General Manager, Tokyo Office
Mar. 2007 President
Mar. 2021 President and CEO (current)



Muneyuki Koike
Director
Vice President and Executive Officer and CMO

Apr. 1985 Joined FURUNO
Mar. 2002 General Manager, International Marketing Department, Marine Electronic Products Division
May 2005 Director
Mar. 2009 Divisional Vice General Manager, Marine Electronic Products Division
May 2009 Managing Director
Mar. 2012 Divisional General Manager, Marine Electronic Products Division
May 2016 Senior Managing Director
Mar. 2021 Director, Vice President and Executive Officer and CMO (current)



Shinji Ishihara
Director
Managing Executive Officer and CTO

Apr. 1985 Joined FURUNO
Feb. 2006 General Manager, Research & Development Department, Marine Electronic Products Division
May 2007 Director
May 2016 Managing Director
Mar. 2018 Integration Chief Manager, Product Designing, Development & Value-engineering Head Office, Marine Electronic Products Division
Mar. 2021 Director, Managing Executive Officer and CTO (current)



Yutaka Wada
Director
Managing Executive Officer and CFO

Apr. 1982 Joined FURUNO
Mar. 2003 General Manager, Merchant Marine Marketing Department, Marine Electronic Products Division
May 2007 Director and General Manager, Merchant Marine Marketing Department, Marine Electronic Products Division
Mar. 2015 Director and Divisional Vice General Manager, Marine Electronic Products Division
Sep. 2015 Director, Divisional Vice General Manager, Marine Electronic Products Division; General Manager, Head of Tokyo Office
May 2016 Managing Director, General Manager, Head of Tokyo Office; Secretary to General Manager, Marine Electronic Products Division
May 2018 Audit & Supervisory Board Member
May 2023 Director, Managing Executive Officer and CFO (current)

External Directors



Hideo Higuchi
External Director

Jun. 2004 Executive Officer and Senior General Manager, Operational Reform HQ, OMRON Corporation
Jun. 2007 Managing Executive Officer and Senior General Manager, Business Process Innovation HQ
Dec. 2008 Managing Executive Officer; Senior General Manager, Business Process Innovation HQ and Senior General Manager, Corporate Strategic Planning HQ
Mar. 2009 Managing Executive Officer and Senior General Manager, Corporate Strategic Planning HQ
Nov. 2011 Outside Director, SOLOEL Co., Ltd.
Mar. 2012 Director
Jun. 2012 Outside Audit & Supervisory Board Member, Toyo Business Engineering Corporation (currently Business Engineering Corporation)
May 2016 External Director, FURUNO (current)
Jun. 2016 Outside Director, Toyo Business Engineering Corporation (currently Business Engineering Corporation) (current)



Shingo Kagawa
External Director

Apr. 1981 Joined FUJITSU LIMITED
Apr. 2012 Corporate Executive Officer; Group President, Network Service Business Unit; Head of Image Internet Service Business Division
Jun. 2012 Corporate Executive Officer; Group President, Outsourcing Business Unit; Head of Image Internet Service Business Division
Apr. 2015 Corporate Executive Officer; Vice President, Integration Services Business; Group President, Network Service Business Unit
Apr. 2016 Corporate Executive Officer; Chief Technology Officer; Head of Digital Services Business
Apr. 2018 President and Representative Director, FUJITSU RESEARCH INSTITUTE
Apr. 2020 Special Adviser, APAMAN Co., Ltd.
May 2020 External Director, FURUNO (current)
Oct. 2020 President and Representative Director, DigiIT Corporation (currently SS Technologies Corporation)
Oct. 2021 Chairman of the Board, SS Technologies Corporation
May 2022 Outside Director, MINISTOP Co., Ltd. (current)
Jan. 2023 Outside Director, H.I.S. Co., Ltd. (current)

Auditors



Shigenori Ametani
Auditor

Apr. 1984 Joined FURUNO
Mar. 2009 General Manager, International Marketing Department, Marine Electronic Products Division
Jun. 2016 Administration Officer; General Manager, International Marketing Department, Marine Electronic Products Division
Mar. 2021 Deputy General Manager, Management Planning & Intelligence Department
Feb. 2023 Assistant to Audit & Supervisory Board Members
May 2023 Audit & Supervisory Board Member (current)



Toru Muranaka
External Auditor

Apr. 1995 Registered as an attorney (Osaka Bar Association) (current)
Apr. 2007 Teacher, Doshisha Law School
May 2014 Audit & Supervisory Board Member, FURUNO (current)
Jun. 2015 Outside Audit & Supervisory Board Member, SUZUKEN CO., LTD.
Jun. 2016 Outside Audit & Supervisory Board Member, CAPCOM CO., LTD. (current)



Shogo Yamada
External Auditor

Apr. 1996 Registered as a Certified Public Accountant (current)
Jul. 2013 President, Shogo Yamada Certified Public Accountant Office (current)
Mar. 2014 Outside Audit & Supervisory Board Member, TOYO TANSO CO., LTD.
Mar. 2015 Outside Director, TOYO TANSO CO., LTD.
Jun. 2015 Outside Director, CONTEC CO., LTD.
Jan. 2020 Director and COO, TOMOE VALVE INDUSTRY PTE LTD (current)
Jan. 2022 Director, TOMOE VALVE INDUSTRY PTE LTD (current)
May 2022 Audit & Supervisory Board Member, FURUNO (current)

Executive Officers



Kazuma Waimatsu
Senior Executive Officer
In charge of Marine Electronic Products Division
Marine Electronic Products Division General Manager



Satoshi Ohya
Senior Executive Officer
Human Resources & General Affairs Department General Manager



Koji Tokuda
Executive Officer
Marine Electronic Products Division Product Designing, Development & Value-engineering Head Office General Manager



Takanori Uemura
Executive Officer
Marine Electronic Products Division Miki Factory General Manager



Kiyoshi Furuno
Executive Officer
Marine Electronic Products Division Marketing Head Office General Manager and Domestic Marketing Department General Manager



Tsutomu Okada
Executive Officer
In charge of Research and Innovation Center
Research and Innovation Center General Manager



Kenichi Mori
Executive Officer
Marine Electronic Products Division Service Management & Commanding Department General Manager



Atsushi Takagi
Executive Officer
Corporate Planning Department General Manager



Yukio Nobuhiro
Executive Officer
In charge of System Products Division, Avionics and Defense Electronics Division
System Products Division General Manager

04 — 2 Social Report

Human resource strategy

Development of human resources

FURUNO aims to develop autonomous human resources who think and act on their own initiative, by improving the career development and management skills of each employee. For R&D personnel, FURUNO provides technical education based on an annual plan to improve their technical skills. In addition, FURUNO promotes job rotation according to the career path of each position to develop human resources who can realize our business



strategies through workplace revitalization and new challenges.

Development of global human resources

FURUNO has established a worldwide sales and service network. With more than 60% of sales coming from overseas and approximately 35% of employees working at overseas subsidiaries, FURUNO requires human resources who can respond to global business. Young employees are dispatched to overseas

subsidiaries to acquire a broad international perspective and business knowledge through work experience. FURUNO strives to develop excellent human resources who can work globally.

Diversity & inclusion

Ensure diversity of core human resources

It is essential to secure diversity in human resources, which are the source of innovation and new value creation. FURUNO will continue to improve the workplace to create a corporate culture in which all human resources with diverse skills and personalities can grow and flourish. There is still room for improvement from a gender-free perspective, so FURUNO has launched a project with selected members and established a working group under the direct supervision of the president, called the

Smile Project. The project will help ensure diversity throughout the FURUNO Group, including overseas subsidiaries.

	FY 2020	FY 2021	FY 2022
% of female employees	28.5 %	28.8 %	28.8 %
Avg. years employed (female)	13.3 yrs	13.4 yrs	13.9 yrs
Female ratio in new graduates	20.0 %	9.4 %	13.2 %
% of females in management	2.9 %	3.3 %	4.4 %

*Non-consolidated FURUNO (as of February 28)

Development of management human resources

FURUNO conducts a one-year group action learning program on the theme of solving management issues, with the aim of helping employees acquire their role awareness and logical thinking skills required when they are promoted to management positions. FURUNO is actively developing next-generation management candidates through exchanges with excellent human resources not only within

the company but also at other companies. Also, the Human Resource Development Committee meets on a regular basis to consider and decide on the assignment of human resources that will lead to the expansion of perspectives and experience for each target group. FURUNO is promoting the development of future managerial human resources while improving labor productivity.

Develop and secure core human resources

Implementation of specific measures such as instructor OJT training system, etc.

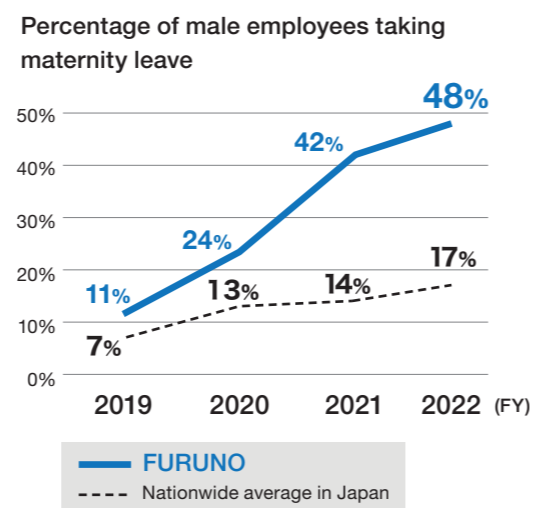
In order to develop core human resources, new graduates are individually assigned a dedicated instructor after their assignment (instructor OJT training system). In addition, in the third year of employment, the Human Resources Department conducts individual hearings for all new employees to eliminate any post-employment gaps and to take stock of and reflect on their careers as members of society. Moreover, to secure core human

resources, FURUNO has adopted referral hiring as a career recruiting method, to improve the matching rate with FURUNO's corporate culture and increases employee engagement through employee participation in recruiting activities. FURUNO is also working to resolve concerns and questions about the work environment, work learning status, and daily life issues as early as possible.

Improving the workplace and job satisfaction

Male maternity leave

FURUNO's Childcare Leave System allows employees to take leave for a desired period until the child turns 1 year old (up to 2 years old with conditions). FURUNO has also introduced systems such as Father-Mother Childcare Leave Plus and Postpartum Father-Childcare Leave to encourage male employees to take childcare leave.



Health management

FURUNO wants each employee to have a healthy mind and body. We established the FURUNO Health Declaration in March 2018 and are strengthening our health management system and promoting initiatives to raise employees' health awareness. In September 2022, FURUNO also formulated the Health Management Strategy Map which systematically organizes how the various health measures we are implementing will lead to solutions to issues in health management.

Health management initiatives

Exercise support measures include holding walking events and distributing FURUNO's original One Minute Stretch Exercise. In addition, FURUNO has introduced a smoking cessation support program, stress checks and self-care e-learning programs. In recognition of these efforts, FURUNO has been recognized for five consecutive years since FY 2019 as one

of the White 500 Corporations for Excellent Health Management. FURUNO has also been recognized annually as a Sports Yell Company. FURUNO will continue to engage in strategic health management to ensure its sustainable growth.



Annual paid leave taken			
	FY 2020	FY 2021	FY 2022
Usage rate	72.1%	79.4%	83.6%
Avg. monthly overtime / employee (non-consolidated) *			
	FY 2020	FY 2021	FY 2022
FURUNO (non-consolidated)	13.6h	15.1h	16.0h

*For regular, contract and temporary employees

Respect for Human Rights

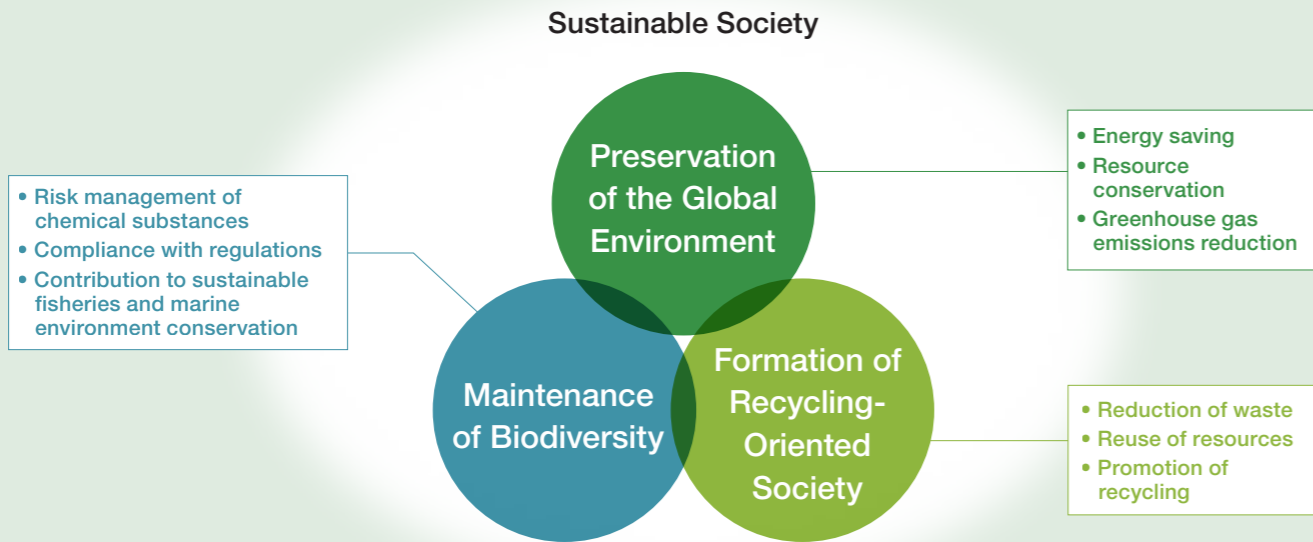
FURUNO is committed to treating others with respect and deference, and hopes that its employees can devote themselves to their work with peace of mind in a healthy and comfortable work environment that is free from harassment. FURUNO will continue to conduct

educational activities to eliminate discrimination against people with disabilities, foreign nationals, LGBTQ, and other groups, and to realize a prosperous society where they can coexist with each other.

04 — 3 Environmental Report

Environmental Policy

FURUNO recognizes that environmental considerations are one of the most important management issues and aims to realize a sustainable society by reducing the environmental impact of its business activities.



Towards the preservation of the environment

FURUNO is working on environmental preservation and complying with the Energy Conservation Law,* and since 2010, it has been

working to reduce CO₂ emissions with the mid-to-long-term goal of a 1% reduction from the previous fiscal year.

*Law concerning the rational use of energy

Towards a recycling-oriented society

FURUNO continuously measures and monitors the amount of waste disposed of and recycled. All business sites are committed to complying with the Waste Disposal and Public Cleansing

Law by concluding waste disposal contracts with government-licensed contractors and thoroughly managing industrial waste management slips.

Towards sustaining biodiversity

Among the various activities that are effective in maintaining biodiversity, FURUNO believes it is important to eliminate hazardous substances from the products and their production

processes, and to contribute to the management of marine resources using its products.

Compliance with regulations on chemical substances

The RoHS Directive, which regulates the use of chemical substances in electrical and electronic equipment enforced in the EU, began to regulate 10 substances in July 2019, and FURUNO has have been complying with the

directive for applicable equipment. In addition, the introduction of chemSHERPA (common scheme for communicating information on chemical substances contained in products) has been completed.

Ship Recycling Convention

In May 2009, the Ship Recycling Convention was adopted as an international treaty to address the possibility that ships dismantled for scrapping may contain hazardous substances that could have a negative impact on the

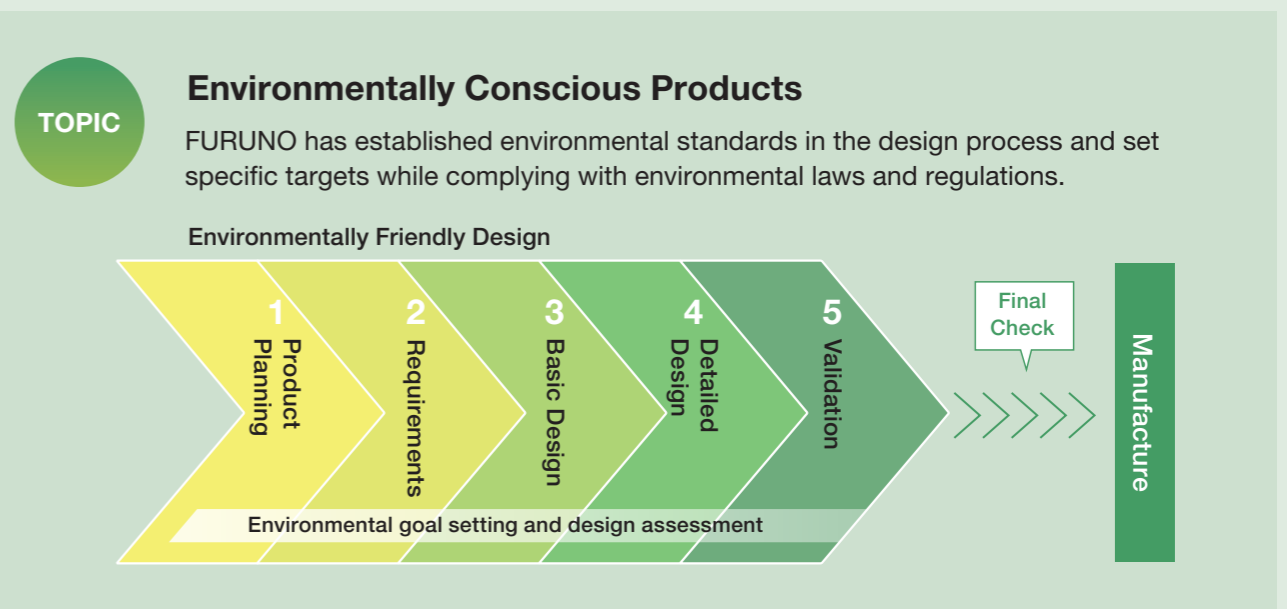
environment and human health. It is expected that substantial action will be taken, as the Ship Recycling Regulations with the equivalent content of the Convention began to be applied in the EU in December 2018.

Chemical risk assessment

The implementation of risk assessment for chemical substances is mandatory under the Industrial Safety and Health Law. It must be conducted in accordance with the GHS*

classification categories, taking into consideration the impact on the global environment as well as workers' health management.

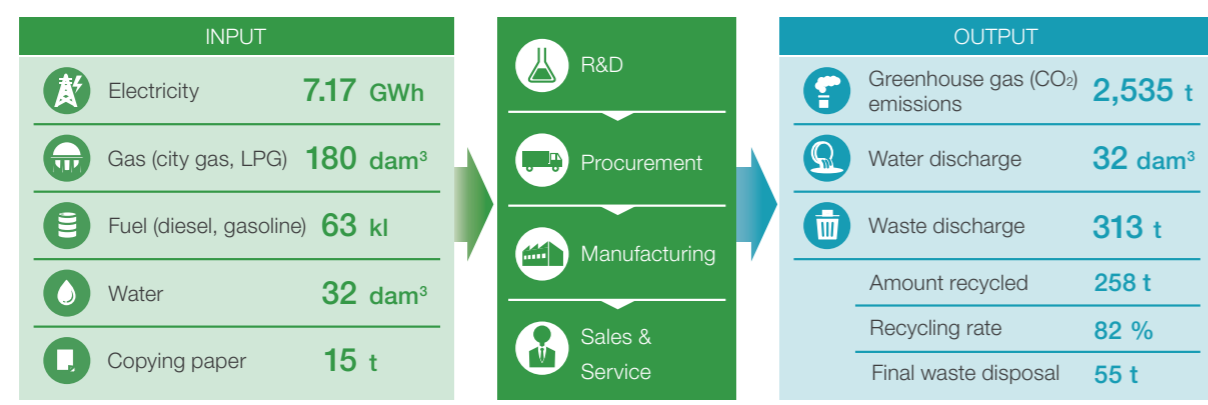
*The GHS (Globally Harmonized System of Classification and Labelling of Chemicals) is a set of rules that harmonize the classification criteria and the content of labels and safety data sheets for each hazardous property of chemical products.



Reduction of impact in business activities

Overall environmental impact

FURUNO strives to reduce the environmental impact of each process by understanding the inputs and outputs of its activities.



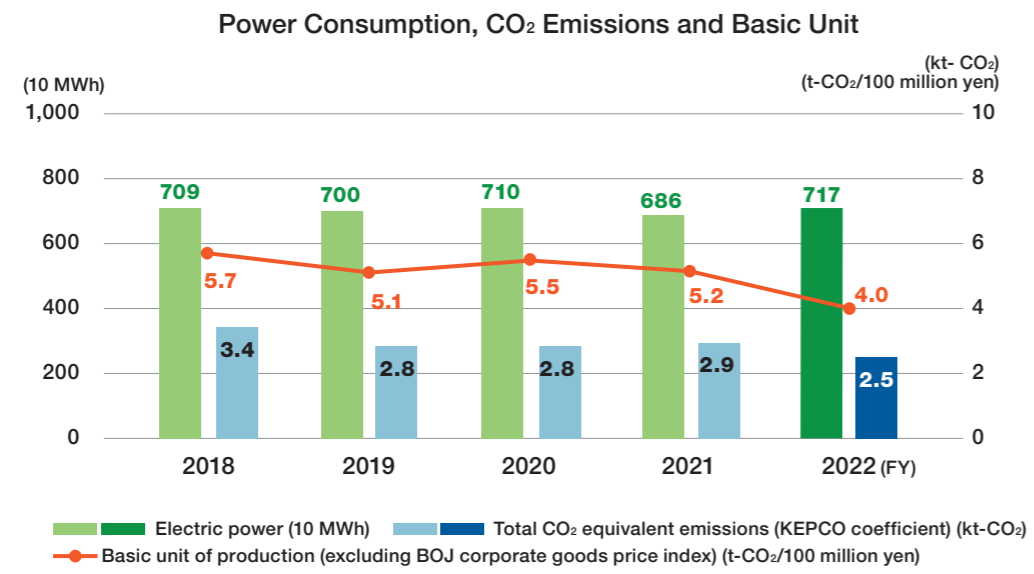
*Total includes headquarters (Nishinomiya), Miki Factory, Furuno INT Center
*Period: March 1, 2022 - February 28, 2023

Protection of the global environment

FURUNO has been working to reduce CO₂ emissions since 2010 in response to the revised Energy Conservation Law,* with the mid- to long-term goal of a 1% reduction from the previous fiscal year. In the activities of each

business site, FURUNO is working to improve energy consumption per unit of production, centered on productivity improvement, and are continuing to promote energy-saving air conditioning and the use of LED lighting.

*Law concerning the rational use of energy



Effects of COVID-19

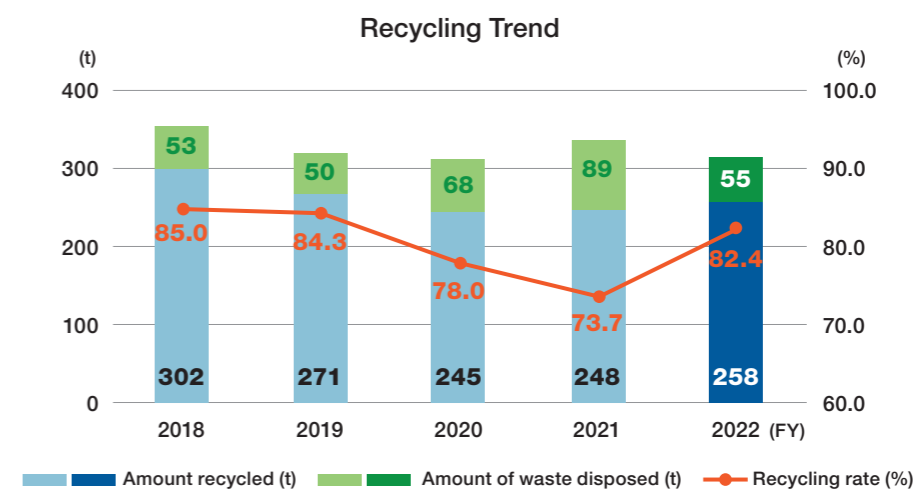
In FY 2021, electric power consumption decreased by 3.4% from the previous year due to external factors such as the response to

COVID-19 and parts shortage. The emissions of CO₂ per unit of production decreased by 7.3% from the previous fiscal year.

Towards a recycling-oriented society

To ensure thorough separation of waste generated by its business activities, FURUNO continuously measures and monitors the amount of waste disposed of and recycled. FURUNO also conducts on-site inspections of

contracted waste disposal companies at each of our business sites nationwide as appropriate, to ensure that proper management is being carried on.



Climate change initiatives

In 2015, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD published its final report in June 2017 recommending disclosure of items related to climate-change-related risks and opportunities.

FURUNO is committed to complying with the TCFD by establishing the most appropriate structure and personnel to collect and analyze the necessary data on the impact of climate-change-related risks and opportunities on its business activities.