

## 2.1.6 Assessment Results of Directors' Effectiveness

We sought the opinions of directors and auditors concerning the effectiveness of the 2018 Board of Directors through a questionnaire and individual interviews, and assessed the results.

### 1. Overview of questionnaire and interviews

Scope of assessment:	Thirteen Board of Directors held from January to December 2018
Assessors:	All directors and auditors (total 14 individuals)
Assessment method:	Self-assessment through questionnaire and interview
Survey period:	January to March 2019
Survey contents and method:	After the questionnaire asked about the board member configuration, improvement of deliberation quality, deliberation environment, and monitoring by the Board, the respondents completed their answers in free format replies, Individual interview conducted based on the questionnaire results.

### 2. Results of analysis and assessment

Analysis and assessment results of the above survey concerning effectiveness of the Board of Directors in Fujifilm Holdings are as follows.

- By appointing one more outside director added diversity in terms of knowledge and experience to the Board of Directors. The Board of Directors maintains its appropriate size, conducts efficient discussions, and appropriately fulfills its duties and responsibilities in monitoring important business operations.
- The outside directors fully contribute to maintaining the effectiveness of the Board of Directors.
- The company holds preliminary explanation sessions for the outside directors concerning meeting agendas and business details. These sessions effectively function to provide outside directors with company information and contribute to improvement of deliberation quality in the board meetings. The future prospects for the Board of Directors is to further deepen the business understanding by the outside directors and gain even greater contributions from them concerning HR and IT strategies, as well as environmental efforts, which are critical to nurture the sustainable development of the Fujifilm Group.

### 3. Efforts for effectiveness improvement

Based on the above assessment results, we will conduct an additional session to explain our efforts concerning HR, IT, and the environment, targeting all board members, in addition to business explanations for the outside directors. We aim to promote the better understanding of the outside directors on our business management strategies and obstacles to achieve sustainable development of the Group through this extra session, and thereby improve the deliberation quality and effectiveness of the Board of Directors.

## 2.1.7 Executive Compensation

### 1. Executive compensation

- The total (upper limit) of the compensation for either a director or an auditor is determined at the shareholders' meeting.
- The compensation of each director (including performance-based compensation) is determined by the resolution in the board meeting after deliberations of the Nomination and Compensation Committee.
- The compensation of each auditor is determined through discussions by the auditors.
- Compensation of the directors comprises fixed compensation and performance-based compensation: the latter varies depending on business performance.

Performance-based compensation comprises a short-term performance-based compensation that is associated with a single business year performance and a goal achievement level, and stock option that is a middle- to long-term performance-based compensation. The percentage of the fixed compensation and the performance-based compensation, and the actual figure of the compensation are determined depending on the director's position and scope of responsibility. The compensation of an outside director is always fixed, due to the nature of their role and to maintain their independency.

We set the consolidated sales and consolidated operating profit, which are our short-term numerical goals in management control, as the performance-based index of a single fiscal year. Then we determine the figure for the short-term performance-based compensation by assessing the goal achievement level for these indices and comparing the business results of the most recent fiscal year and the previous year.

We also grant stock options to directors (excluding outside directors) as the middle- to long-term performance-based compensation. This aims to improve morale among the inside directors and motivate them to contribute to improving corporate value by sharing in the common interest with shareholders concerning stock prices. The stock option plan is an incentive for management to improve the corporate value, and the amount of stock allocated to each director is determined by the Board of Directors according to their respective position and scope of responsibility and authority within the framework of predetermined corporate rules.