

Corporate Governance

Message from Outside Directors

Drawing on my experience at a financial institution, I am committed to making contributions to the Board of Directors

Since assuming my position as an outside Director in 2006, I have witnessed firsthand the Company's drastic business transformation, what it calls "Second Foundation." Looking back over the past decade, the Fujifilm Group has not only overcome the dramatic drop in demand for photographic film, the very heart of its traditional operations, but also expanded into new business fields. In this regard, Fujifilm has successfully transformed into a company that exhibits a strong competitive advantage and growth potential. I strongly believe that this ability to meet changing environment conditions is anchored by its leading-edge core technologies and human resources based on the Company's open, fair, and clear corporate culture.

Fujifilm's Board of Directors deliberates on a wide range of matters, including opportunities for M&A. I make it a point to examine each issue at the macro level taking into consideration a variety of factors including trends in future economic conditions and movements in foreign currency exchange rates by drawing on my knowledge and experience at a financial institution. In April 2016, Fujifilm disclosed details of an evaluation of the effectiveness of the Board of Directors. In line with this disclosure, the Company is stepping up efforts to provide information and explanations to outside Directors. As expectations toward outside Directors continue to mount both from within and outside the Company, I am committed to helping the Fujifilm Group in its efforts to continuously enhance corporate value.



Teisuke Kitayama

Director & Chairman of the Board of Sumitomo Mitsui Banking Corporation
 Outside Audit & Supervisory Board Member of Toyota Motor Corporation
 Outside Audit & Supervisory Board Member of Tokyo Broadcasting System Holdings, Inc.



Hiroshi Inoue

Honorary Chairman & Director of Tokyo Broadcasting System Holdings, Inc.
 Honorary Chairman & Director of Tokyo Broadcasting System Television, Inc.
 Outside Director of Tokyo Electron Limited

I will try to examine and verify the Company's management by relying on ample information from a wide range of media sources.

From a third-party perspective, Fujifilm's foray into the fields of pharmaceuticals and cosmetics may at first glance seem inconsistent with its core operations. In reality, however, the bulk of these activities are based on the core technologies developed through the Company's traditional photographic film endeavors. Put another way, Fujifilm's photographic film business has both triggered diversification and its success across a wide range of fields. In my opinion, the ability of a company to secure success in disparate areas on the back of growth in a single business is quite rare. This is because companies tend to remain shackled to past successful experiences and find it difficult to move away from tried and tested initiatives and to undertake drastic measures. With this in mind, I am convinced that Fujifilm's success is based on its bold leadership and a robust organization that is capable of carrying out dramatic reforms.

Fujifilm continues to actively expand its businesses. As an outside Director with a media background and experience in an industry that remains sensitive to global patterns and trends, I see it as my role to comment on and query the Company's decisions if they relate to current trends and changes in the social environment.

Initiatives to Further Strengthen Corporate Governance

The Company has taken steps to respond to the Corporate Governance Code enacted in June 2015. In the fiscal year under review, the Company broadly defined its basic approach to corporate governance and formulated the FUJIFILM Holdings Corporation Corporate Governance Guidelines with the goal of maintaining accountability to stakeholders.

Newly implemented or documented items resulting from the formulation of the Guidelines are described below.

Evaluating the Effectiveness of the Board of Directors

To ensure the effectiveness of the Board of Directors, the Directors make a self-evaluation and are interviewed about their opinions each year. After the Board of Directors deliberates on the analysis, evaluation, and measures for improvement, a summary of the outcome of the deliberation is disclosed. The evaluation is based on self-evaluation by questionnaire and interviews on the contents of the questionnaire.

In FY2016/3, for Board of Directors meetings held from January through December 2015 (a total of nine), all the 16 Directors and Audit & Supervisory Board members answered questionnaires with free comment sections and were individually interviewed about the “composition of the Board of Directors,” “the ways for enhancement of the deliberation,” “the conditions surrounding the deliberation,” and “the supervision by the Board of Directors.”

The results of the evaluation showed that the Board of Directors of Fujifilm has fulfilled its roles and duties as set forth in the Guidelines in both decision making and supervision of business execution. At the same time, there were calls for more information to be provided to outside Directors and outside Audit & Supervisory Board members together with more detailed explanations. Expectations were also high that outside Directors and outside Audit & Supervisory Board members would further demonstrate their expertise and insight based on the views of outside stakeholders. Moving forward, in addition to briefing outside Directors on the details of proposals before they are submitted by the Board of Directors, we will work to further support outside Directors, such as by establishing a forum where internal Directors, management, and outside Directors can routinely exchange views and information about wide-ranging Group business and current management challenges.

Selection Criteria for Director Candidates and Audit & Supervisory Board Member Candidates and Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

The candidates for the positions of Director, Audit & Supervisory Board member, and executive officer are

selected by the Board of Directors in accordance with the Company’s criteria after considering the opinions and advice of outside Directors. The candidates for outside Directors and outside Audit & Supervisory Board members are selected giving overall consideration to their sufficient acumen and professional experience for supervising management and auditing the Directors’ performance of duties from an independent perspective, as well as high-level expertise in such fields as corporate management, finance, accounting, and law.

The Company formulates its own criteria for independence of outside Directors and outside Audit & Supervisory Board members resolved at the Board of Directors, making reference to the criteria stipulated in the Companies Act and by the Tokyo Stock Exchange Act.

Please refer to the Corporate Governance Guidelines for details about “Selection Criteria for Director Candidates and Audit & Supervisory Board Member Candidates” and “Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members.”

Policy on Training of Directors and Audit & Supervisory Board Members

The Company provides appropriate training and information as required for the Directors and Audit & Supervisory Board members to perform their roles and responsibilities as expected. Specifically, the office for the Board of Directors and the office for the Audit & Supervisory Board explain to newly appointed Directors and Audit & Supervisory Board members in a small, dialogue-style seminar about the summary of the General Meeting of Shareholders, the most recent composition of shareholders, the summary of activities for dialogue with shareholders, the rules applying to listed companies, the duties and responsibilities of Directors and Audit & Supervisory Board members, the internal control system, duties concerned with operating Board of Directors meetings and Audit & Supervisory Board meetings, and other legal and compliance knowledge required by newly appointed Directors and Audit & Supervisory Board members. When necessary, required information is provided in view of their individual professional history and field of expertise. Moreover, we provide opportunities, mainly to outside Directors, to visit the major offices, plants, and other business sites of the Company and Group companies.

The Corporate Governance Guidelines and Evaluating the Effectiveness of the Board of Directors can be viewed at the following URL.

<https://www.fujifilmholdings.com/en/about/governance/>

Corporate Governance System

Status of Corporate Governance

The Company aims to achieve sustainable growth and increase the corporate value of the Group while contributing to the sustainable development of society by conducting sincere and fair business activities. The Company has positioned corporate governance as an important management priority to achieve this aim.

Based on the Corporate Governance Guidelines, the Company will ensure its accountability to stakeholders from a broad range of perspectives such as the rights and equality of shareholders, relationships with stakeholders including dialogue with shareholders, information disclosure, capital policy, and corporate governance structure.

Corporate governance structure (As of June 29, 2016)

| | |
|---|--|
| Corporate organization | Company with an Audit & Supervisory Board |
| Number of Directors (number of outside Directors) | 12 (2) |
| Number of outside Directors deemed to be independent*1 | 2 |
| Directors' term of office | One year (the same term of office applies to outside Directors) |
| Incentive compensation to Directors | Introduction of a stock option system geared toward in-house Directors |
| Number of Audit & Supervisory Board members (number of outside Audit & Supervisory Board members) | 4 (2) |
| Number of independent officers | 4 |
| Adoption of an executive officer system | Yes |
| Independent auditors | KPMG AZSA LLC |
| Introduction of Countermeasures (Takeover Defense Measures) for Large-Scale Purchases of Company Shares | None*2 |

*1 Compliance with the Company's "Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members"

*2 If the Company receives a proposal seeking to acquire a controlling interest, it will strive to help shareholders make a decision by proactively gathering information and disclosing it in a timely manner, while taking appropriate measures within the scope permitted by relevant laws and regulations, such as the Companies Act and the Financial Instruments and Exchange Act, to increase corporate value and secure the common interests of shareholders.

Details of the Company's Organizational Structure

Directors and the Board of Directors

The Company has positioned the Board of Directors as the organization for determining basic Group management policies and strategies and other important matters relating to business execution as well as supervising the implementation of business affairs. The Company's Articles of Incorporation stipulate that the Board can consist of up to 12 Directors. Currently, the Board has 12 Directors, including two outside Directors.

Number of Board of Directors meetings held (in FY2016/3)

9

Average attendance rate of Directors

96% (including outside Directors)*1

The Board's regular meetings are held in principle once a month, with extraordinary Board meetings held on an as-required basis. In addition, certain matters are determined on a flexible decision-making basis at the Board of Directors' meetings by Directors with special authority. To better clarify their missions and responsibilities, the Company's Directors are given a one-year term of office.

Executive Officer System

The Company has adopted an executive officer system to facilitate agile business execution. Executive officers carry out business affairs in accordance with the basic policies and strategies formulated by the Board of Directors. The Company currently has 12 executive officers, including 6 concurrently serving as Board members. The executive officers have a one-year term of office, the same as the Company's Directors.

Management Council

The Management Council makes decisions on the submission of matters to be exclusively deliberated by the Board of Directors. At the same time, the Council deliberates on the measures adopted by executive officers to implement particularly important initiatives in accordance with the basic policies, plans, and strategies formulated by the Board of Directors.

Audit & Supervisory Board and Audit & Supervisory Board Members

The Company has adopted an audit and supervisory board system with an audit and supervisory board, which consists of four members, including two outside Audit & Supervisory Board members. Full-time Audit & Supervisory Board member Kazuhito Yamamura has many years of experience working in the Accounting and Finance Division and possesses considerable knowledge about finance and accounting. Both of Outside Audit & Supervisory Board members, Hisayoshi Kobayakawa and Shiro Uchida are registered Certified Public Accountants and possess considerable knowledge about finance and accounting. As an independent organization with key roles and responsibilities in the Company's corporate governance system to ensure transparent and fair decision making in the business as a whole, Audit & Supervisory Board members audit the entire scope of Directors' performance of their duties following audit policies and an audit plan in conformity with the Audit & Supervisory Board members' audit standards determined by the Audit & Supervisory Board. At meetings of the Audit & Supervisory Board, which are held in principle once a month, information on audit results is shared among Board members. In addition, all Audit & Supervisory Board members attend meetings of the Board of Directors, while the full-time Audit & Supervisory Board members attend every Management Council meeting, regularly exchange opinions with the representative Directors, and audit the entire range of business execution. The Company has currently appointed three personnel to perform internal audits and to support Audit & Supervisory Board members with the aim of strengthening the audit functions of the Audit & Supervisory Board.

Average attendance rate of Audit & Supervisory Board members

100% (including outside Directors)*²

*1 Average attendance rate of each Director

*2 Average attendance rate of each Audit & Supervisory Board member

Number of Audit & Supervisory Board meetings held (in FY2016/3)

11

Average attendance rate of Audit & Supervisory Board members

100% (including outside Directors)*

* Average attendance rate of each Audit & Supervisory Board member

Internal Audits

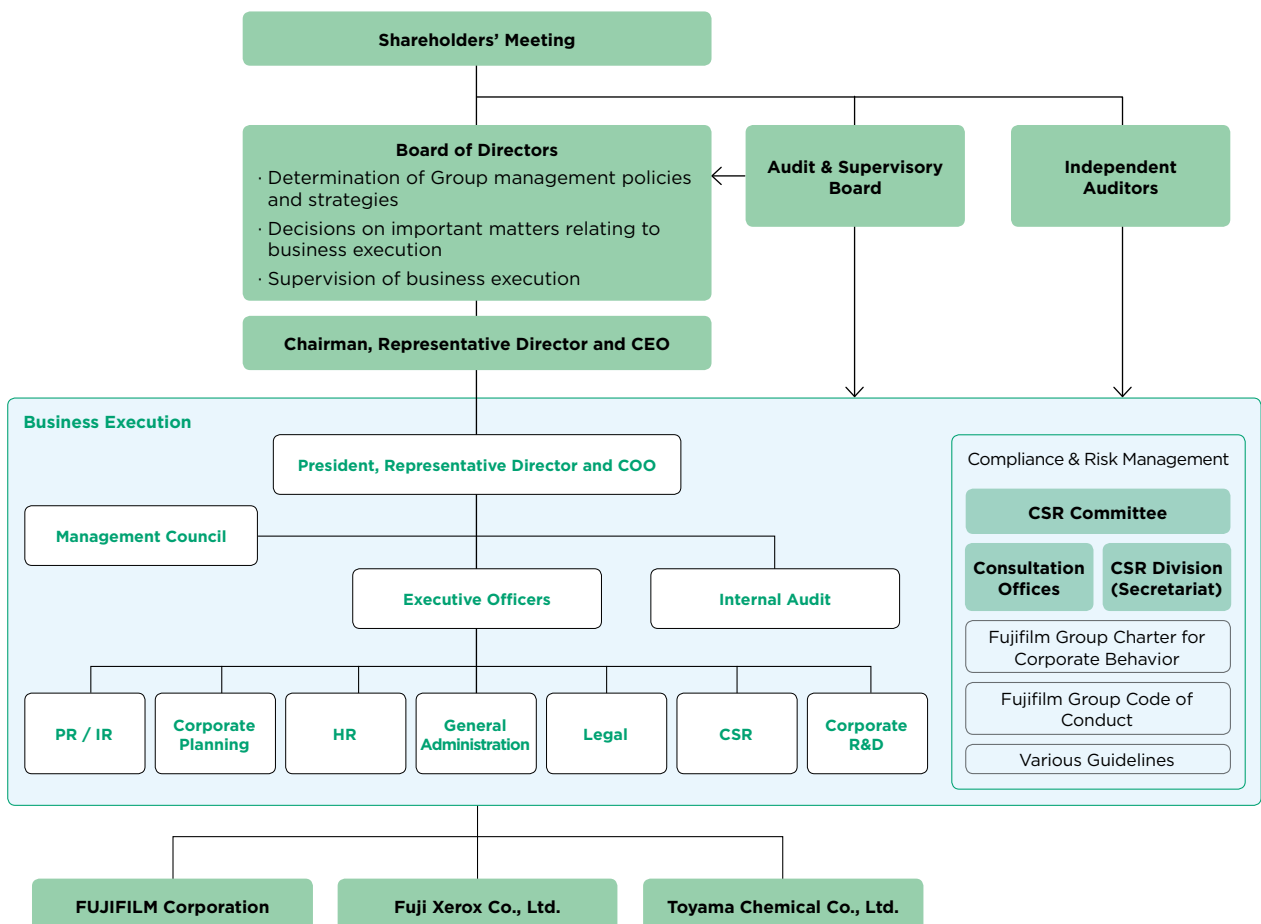
The Company has an Internal Audit Division, which currently comprises eight personnel, as an internal auditing unit that is independent from business operations. From the standpoint of a holding company, this division audits operational processes and other relevant matters at individual divisions of the Company and its Group companies in cooperation with the internal auditing units at the operating companies. In this way, the division evaluates and verifies that these processes are appropriate. In addition, the division is in charge of assessing internal control over financial reporting by the Company and its Group companies in response to the April 2008 application of the internal control reporting system in Japan. The Company compiles the outcome of the assessment in a “Management’s Report on Internal Control over Financial Reporting.” Moreover, designated staff are appointed to operating companies and audits are conducted across a wide range of areas, including the environment, quality control, security, labor, export control, and issues relating to the Pharmaceutical Affairs Law of Japan.

Accounting Audits

On June 29, 2016, the Company changed the independent auditors that it engages from Ernst & Young ShinNihon LLC to KPMG AZSA LLC.

The Company receives an audit opinion from independent auditors about its financial statements and an audit of its internal control over financial reporting from an independent standpoint.

Corporate governance structure of FUJIFILM Holdings Corporation and Internal Control System



Approach to Compliance, Risk Management, and Internal Control System

The Company ensures that the activities and behavior of its officers, and employees are in compliance with laws and regulations and social ethics. Specifically, the Company has formulated the “Fujifilm Group Charter for Corporate Behavior” and the “Fujifilm Group Code of Conduct,” and established the CSR Committee and dedicated compliance divisions to maintain and improve compliance.

In its approach to risk management, the Company builds appropriate risk management systems at all Group companies. Complementing these systems, in the case of important risk matters, the CSR Committee conducts reviews and promotes basic policy development and appropriate measures from a Groupwide perspective.

Moreover, the Company has established an internal control system based on the “Basic Policy on Establishing a Structure for an Internal Control System” decided by resolution of the Board of Directors. Each year, the Company checks the implementation status of the internal control system and reports the result to the Board of Directors.

Remuneration to Directors and Audit & Supervisory Board Members

The Company discloses the number of individuals to whom remuneration is paid and the total amount of remuneration by Directors as well as Audit & Supervisory Board members. Remuneration and other important matters relating to Directors as well as Audit & Supervisory Board members are determined by way of resolution at the Company’s annual general meeting of shareholders. In this manner, steps are taken to determine the total maximum amounts of compensation payable to Directors as well as Audit & Supervisory Board members. Remuneration (including bonuses) paid to each Director is determined by a resolution of the Board of Directors. Remuneration (including bonuses) paid to each Audit & Supervisory Board member is determined based on deliberations between Audit & Supervisory Board members. The basic remuneration of Directors as well as Audit & Supervisory Board members is paid as a fixed remuneration amount in accordance with individual duties and status, whether full or part time. Directors’ bonuses are determined in accordance with the Company’s business results and individual Director’s responsibilities and performance.

The Company has introduced a stock option system in connection with the payment of remuneration to Directors (excluding outside Directors). The stock option system was introduced as an incentive to further motivate Directors to enhance corporate value. In determining the number of stock options allocated, consideration is given to each Director’s position, responsibilities, authority, and other factors and determined by the Board of Directors in accordance with established rule.

Amount of remuneration paid to Directors and Audit & Supervisory Board members* (For FY 2016/3)

| Subject of Remuneration | Number of People | Remuneration Amount |
|--|------------------|----------------------------|
| Directors | 13 | ¥747 million |
| (Outside Directors) | (2) | (¥20 million) |
| Audit & Supervisory Board members | 5 | ¥64 million |
| (Outside Audit & Supervisory Board members) | (3) | (¥19 million) |
| Total (Outside Directors, Audit & Supervisory Board members) | 18 (5) | ¥811 million (¥39 million) |

* The following items are also included in the aforementioned amounts of remuneration.

- Bonuses paid for FY2016/3
Directors: ¥90 million paid to 12 Directors (¥3 million paid to two outside Directors)
Audit & Supervisory Board members: ¥6 million paid to four Audit & Supervisory Board members (¥3 million paid to two outside Audit & Supervisory Board members)
- Amount of remuneration paid by way of stock options
Directors: ¥374 million paid to 10 Directors
- Number of Directors receiving compensation
Includes one Director who resigned during FY2016/3
- Number of Audit & Supervisory Board member receiving compensation
Includes one outside Audit & Supervisory Board member who resigned during FY2016/3

Other

Overview of IR Activities

At Fujifilm, top management is actively involved in IR activities and works to strengthen the relationship of trust with shareholders and enhance IR activities. In addition, we are working to reduce the gap between intrinsic corporate value and market ratings by continuously expounding the Company's management policy and utilizing management to assist the capital markets in forming their opinions. Specifically, in addition to the quarterly results briefings attended by senior management and executive officers, we actively provide points of contact, by joining IR conferences for the benefit of institutional investors in Japan and overseas, holding business briefings, and individual meetings. We are thereby working to further enhance communications with our shareholders. For the sake of overseas investors, we post English-language information in a timely manner on our website and are enhancing our global IR activities, such as through closer communication by establishing our IR bases in North America and Europe.

For individual investors, we post content on the website that explains the Group's businesses in an easily understood manner and hold Company briefings in major cities in Japan.

Main IR activities (FY2016/3)

| Activity | Number of times |
|---|-----------------|
| For institutional investors / analysts | |
| Results briefings | 4 |
| Conferences hosted by securities companies | 9 |
| Business briefings | 7 |
| For individual investors | |
| Company briefings | 24 |

The Company conducts IR activities in accordance with the "IR Information Disclosure Policy." The "IR Information Disclosure Policy" can be viewed at the following URL.

http://www.fujifilmholdings.com/en/investors/policies_and_systems/ir_policy/

Reasons for selecting outside Directors and outside Audit & Supervisory Board members

Outside Directors¹

Teisuke Kitayama

Reasons for Selection Mr. Kitayama has ample experience and a wide range of knowledge in the financial field from working in high-level management in financial institutions, as well as a deep understanding of the wide-ranging businesses and the medium-to-long-term management policy of the Fujifilm Group. By giving useful advice and expressing opinions at the Board of Directors meetings from an objective viewpoint based on such experience and knowledge on topics as M&A, capital policy, and corporate governance, he has enabled reasonable and adequate decision making by the Board of Directors. The Company thereby believes he is able to continue executing his duties as outside Director in an appropriate and sufficient manner.

Attendance

| | | | |
|--------------------------------|-------|---------------------------------------|---|
| Meetings of Board of Directors | 8 / 9 | Meetings of Audit & Supervisory Board | — |
|--------------------------------|-------|---------------------------------------|---|

Hiroshi Inoue

Reasons for Selection Mr. Inoue has worked in high-level management at private broadcasting operating companies for many years. He also serves as an outside Director at a business operating company, and has ample experience and a wide range of knowledge. By giving useful advice and expressing opinions at the Board of Directors meetings from an objective viewpoint based on such experience and knowledge on topics as approaches to capital policy and corporate governance from the standpoint of a manager at a holding company, he has enabled reasonable and adequate decision making by the Board of Directors. The Company thereby believes he is able to continue executing his duties as outside Director in an appropriate and sufficient manner.

Attendance

| | | | |
|--------------------------------|-------|---------------------------------------|---|
| Meetings of Board of Directors | 8 / 9 | Meetings of Audit & Supervisory Board | — |
|--------------------------------|-------|---------------------------------------|---|

Outside Audit & Supervisory Board Members¹

Hisayoshi Kobayakawa

Reasons for Selection Mr. Kobayakawa has ample experience and a wide range of knowledge as both a certified public accountant and as a full-time Audit & Supervisory Board member of a business operating company. The Company believes he appropriately executes his duties as an outside Audit & Supervisory Board member from an objective viewpoint based on such experience and knowledge.

Attendance

| | | | |
|--------------------------------|---------------------|---------------------------------------|---------------------|
| Meetings of Board of Directors | 7 / 7 ^{*2} | Meetings of Audit & Supervisory Board | 9 / 9 ^{*2} |
|--------------------------------|---------------------|---------------------------------------|---------------------|

Shiro Uchida

Reasons for Selection Mr. Uchida has ample experience and a wide range of knowledge as both a certified public accountant and as a corporate manager. The Company believes he appropriately executes his duties as an outside Audit & Supervisory Board member from an objective viewpoint based on such experience and knowledge.

Attendance

| | | | |
|--------------------------------|-----------------|---------------------------------------|-----------------|
| Meetings of Board of Directors | — ^{*3} | Meetings of Audit & Supervisory Board | — ^{*3} |
|--------------------------------|-----------------|---------------------------------------|-----------------|

¹ For a brief history of each outside Director and outside Audit & Supervisory Board member, please see page 46 (Management Structure).

^{*2} Newly appointed on June 26, 2015 (current position)

^{*3} Newly appointed on June 29, 2016 (current position)