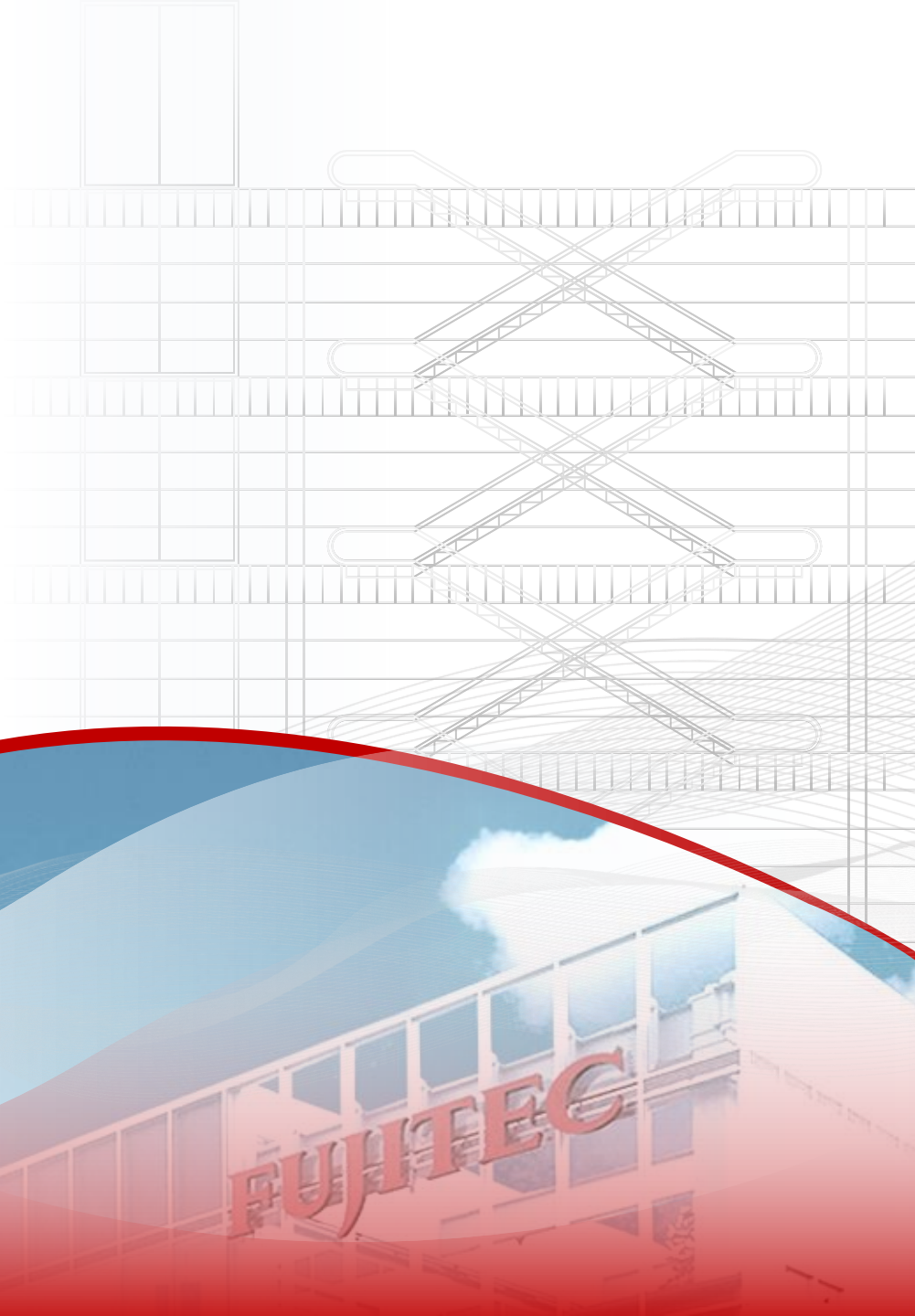


# FUJITEC

## Protect Fujitec

December 2022

[www.protectfujitec.com](http://www.protectfujitec.com)



# DISCLAIMER

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**This statement and related materials exclusively represents the opinions, interpretations, and estimates of Oasis in relation to the upcoming EGM. Oasis is expressing those opinions solely in its capacity as an investment advisor to the Oasis Funds.**

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# I. Executive Summary

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At the 2022 Annual General Meeting (“AGM”), Fujitec’s shareholders were disappointed to witness the extent to which the Uchiyama Family has abused its control to exploit Fujitec and its stakeholders for many years. After the withdrawal of Uchiyama’s nomination at the AGM, Fujitec’s Outside Directors were complicit and supportive of a board decision which subverted the most fundamental shareholder rights to preserve the control of an individual who committed egregious governance abuses as President and Chairman and failed to realize the Company’s true corporate value for stakeholders.

In their decision to promote Takakazu Uchiyama to Chairman, the Outside Directors, including the two new Outside Directors, made a bad situation much worse by strengthening Uchiyama’s control over Fujitec by making him no longer accountable to shareholders.

- Today, Fujitec is a Company that has **failed to realise its corporate value potential, mistreated many of its stakeholder groups, and abused governance structures**, showing a blatant disregard for shareholders.
- These symptoms of failure have arisen from clear **issues with strategic business management**, actions taken to **accommodate the control of the Uchiyama Family**, showing **contempt for risk management and internal controls**, and using **evasive tactics to escape accountability and scrutiny**.
- These acts are all traced back to the Board of Directors, namely, the **Outside Directors who, as a majority of the Board, have completely neglected their fiduciary duty to shareholders**, and other stakeholders for **whom they are responsible** as independent directors **as set out by JPX, METI and the Corporate Governance Code**.
- **A complete reform of the governance and oversight structures**, meaning an overhaul of the current independent leadership on the Board, **is the only way to protect Fujitec’s stakeholders** and avoid further destruction of corporate value.
- Oasis has called an EGM to remove Fujitec’s current Outside Directors and, in place, is **nominating an alternative set of independent Outside Directors with a strong array of skills and experience, to introduce strong governance and oversee a business strategy that is informed by robust dialogue with shareholders to the Company**.

**VOTE FOR THE NEW INDEPENDENT NOMINEE DIRECTORS AT THE UPCOMING EGM AND THE COMPENSATION PLAN THAT ALIGNS THEIR INTERESTS WITH FUJITEC’S STAKEHOLDERS**

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## II.a About - Oasis

### About Oasis

Oasis Management Company Ltd. manages private investment funds focused on opportunities in a wide array of asset classes across countries and sectors.

Founded in 2002, Oasis has adopted the Japan FSA's "Principles for Responsible Institutional Investors" (a/k/a Japan Stewardship Code) and in line with those principles, Oasis monitors and engages with its investee companies.

## Our History of Engagement

### 2020

Oasis urged Fujitec to cancel its treasury shares, make further improvements to its capital allocation, and abolish the poison pill.

Oasis asserted that the main reason behind Fujitec's issues was the undue control exerted by the Uchiyama Family on the business. Fujitec needs a "fundamental change" at board and management level to successfully face the "increasing threat of competition".

Oasis proposed the cancellation of treasury shares to the 2020 AGM – receiving more than 30% shareholder support including T. Rowe Price, MFS, and Goldman Sachs AM.

### 2022 – Protect Fujitec

Oasis continued interacting with Fujitec on the same core ideas that were described in 2020. At the 2021 AGM, Oasis voted FOR the Board slate to show its willingness for constructive engagement.

In 2021/22, Oasis discovered more concerning transactions between Fujitec and members of the Uchiyama Family. These concerns were raised with Fujitec privately, without a satisfactory response.

On 20 May 2022, Oasis published its concerns which is hosted on [protectfujitec.com](https://protectfujitec.com). Between the publication of our concerns and the AGM, the Company began and concluded investigations, finding no legal or governance concerns.

At the 2022 AGM, many shareholders voted to Protect Fujitec by voting AGAINST Takakazu Uchiyama. Hours before the AGM, the Board withdrew his nomination, and appointed him to an unelected Chair position.

Since then another flawed investigation has been commissioned by the Board to absolve Takakazu Uchiyama.

## II.b About Fujitec

# FUJITEC

- Fujitec is a vertically integrated escalator and elevator company, incorporating research and development, manufacturing, installation and renewal.
- Fujitec was founded by Shotaro Uchiyama in 1948 and has since been led by a succession of Uchiyama relatives.

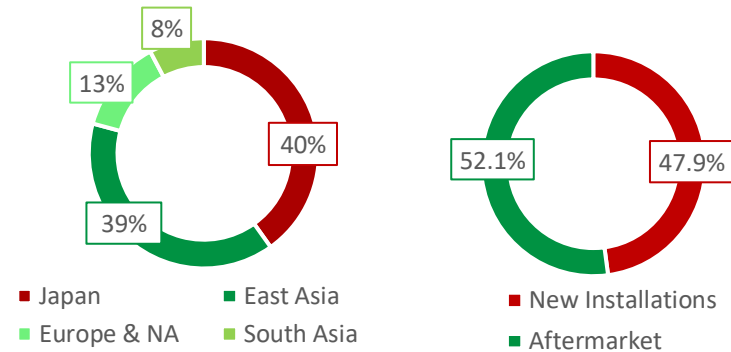
### Overview

#### Fujitec Business Areas

<b>New Installations</b>	Design, manufacture and installation of new elevators and escalators.
<b>Aftermarket</b>	Maintenance, repair & modernization of existing elevators and escalators.



#### Sales Ratio by Segment & Business Area



Market Capitalization (Billion ¥)	245.74
Enterprise Value (Billion ¥)	189.10
Net Sales (Billion ¥)	187.02
Operating Income (Billion ¥)	13.78
EV/Sales	1.01
EV/Operating Income	13.72
Number of Employees	10,683

## II.b The Board (following the 2022 AGM)

The Fujitec Board ticks the boxes in terms of Board composition; however, there are **objective shortfalls in diversity, gaps in expertise, and significant independence concerns with the Outside Directors.**



*“In assessing the independence of these individuals, we will take into consideration, where appropriate, whether he or she has a **track record indicative of making objective decisions.**”* Glass Lewis Japan Guidelines, [Source](#)

### Composition

Name	Role	Tenure in 2023	Nationality	Gender
Takao OKADA	President	11	JP	M
Takashi ASANO	Inside Director	6	JP	M
Masahi TSUCHIHATA	Inside Director	2	JP	M
Nobuki SUGITA	Outside Director	6	JP	M
Shigeru YAMAZOE	Outside Director	5	JP	M
Kunio ENDO	Outside Director	4	JP	M
Mami INDO	Outside Director	2	JP	F
Kazuhiro MISHINA	Outside Director	1	JP	M
Kaori OISHI	Outside Director	1	JP	F

100%

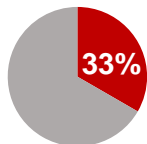
*of Outside Directors have shown loyalty to former-President Uchiyama*

0%

*of Outside Directors have demonstrated independence to protect stakeholders' rights*

#### Profile

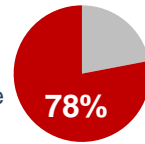
#### Statistics:



■ Inside Director  
■ Outside Director

100%

■ Japanese  
■ Non-Japanese



■ Female  
■ Male

“ **Kempen**

*“In our view, **none of the current Directors classify as truly independent Directors.**”*

June 2022 [Source](#)



## II.b The Board (cont.)

The Fujitec Board ticks the boxes in terms of Board composition; however, there are **objective shortfalls in diversity, gaps in expertise, and significant independence concerns with the Outside Directors.**

### Skills



Fujitec's **Revised** Medium-Term **Plan**, March 2022

#### “Further Growth & Higher Profitability”

- Strategies by region to achieve net sales and operating income targets.
- CAPEX plans and an M&A Strategy.

#### Relevant Skills

Corporate Experience	<b>33%</b>
Elevator Industry	<b>0%</b>

#### “Capital Allocation & Governance Structure”

- Accelerate execution of capital deployment plans after upward revision to FY2021 earnings forecast.
- Enhance corporate governance.

#### Relevant Skills

Corporate Finance	<b>50%</b>
Corporate Governance	<b>50%</b>

## II.b The Board (cont.)

The below matrix compares Fujitec’s overall Board against peers on key board attributes (based on MSCI ESG) as well as an evaluation of the skills and experience that Fujitec’s Outside Directors bring (based on Oasis’s evaluation using public disclosures).

### Peer Comparison

Criteria		Pure Play Peers			Domestic (Conglomerate) Peers	
		Kone	Otis	Schindler	Hitachi	Mitsubishi Electric
Attributes	Independence ( <i>as disclosed</i> )	Fujitec Ahead	Fujitec Behind	Fujitec Ahead	Fujitec Behind	Fujitec Ahead
	Independence ( <i>as practiced</i> )*	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Behind
	Non-National Representation	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Ahead
	Diversity	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Ahead	Fujitec Ahead
Skills**	Corporate Experience	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Behind
	Elevator Industry	Fujitec Behind	Same as Fujitec	Fujitec Behind	Same as Fujitec	Same as Fujitec
	Corporate Finance	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Behind
	Corporate Governance	Fujitec Behind	Fujitec Behind	Same as Fujitec	Fujitec Behind	Fujitec Behind

Source: MSCI ESG, accessed November 2022

\* Oasis’s interpretation of Fujitec Outside Directors’ independence

\*\* Skills considered only for non-executive directors and evaluated by Oasis based on public disclosures

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## III.a True Value Overlooked

Fujitec trades at **significantly lower EV/EBITDA multiples** to publicly-listed pure play peers – OTIS, KONE, and Schindler. Despite the low Uchiyama Family holding, Fujitec is **perceived by the market as a controlled company**. Fujitec’s **margins are also the lowest amongst pure play peers**.

### Valuation and Capital Efficiency

	LFY EV/EBITDA	FY1 EV/EBITDA	P/E Cash Adj.	Operating Margin
<b>FUJITEC</b>	<b>9.8x</b>	<b>9.4x</b>	<b>15.5x</b>	<b>7.4%</b>
OTIS	17.1x	16.5x	30.7x	14.7%
KONE	16.0x	19.2x	24.4x	12.4%
Schindler	12.1x	14.0x	22.0x	10.4%

- Fujitec suffers from a strategy overseen by the Board that is **not maximizing on its strengths and creating value for its stakeholders**, as highlighted by its failure in China.
- Maintenance, not new installs, is the higher margin business which Fujitec has failed to **expand and protect from competitors**.
- This is in addition to **lower operating margins, poor overseas marketing, supply chain management, inefficient capital allocation policy, etc.**

## III.b Stakeholders Mismanaged

Oasis published a 61-page presentation in May 2022 highlighting **egregious related-party transactions between Fujitec and (former) President Uchiyama**. The presentation can be accessed [here](#). These transactions were only the ones that Oasis identified, **there may be many more cases of misappropriation of assets**.

More details on each related-party transaction can be found in the Appendix 1.

### Misappropriation of Fujitec Assets at Stakeholders' Expense



**DOMUS MOTO AZABU**

Failure to disclose, rented at a discounted price to Uchiyama and discounted sale to Uchiyama's son



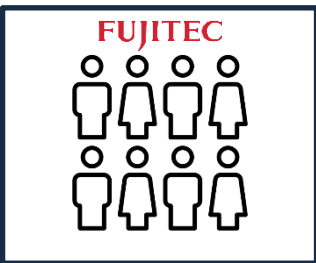
**URBAN WELL IBARAKI**

Funneled payments by renting rooms from Uchiyama company



**TAKANAWA BUILDING**

Sale of Building to Uchiyama at an Opportune Time



**FUJITEC EMPLOYEES**

Using Fujitec's Employees for Uchiyama's Personal Use



**UNSECURED LOAN**

No Collateral, Low Interest, Extended Loan to Uchiyama



**FIT WILL HIKONE**

Purchase of Uchiyama's Failed Investment

Fujitec does not deny any of the related-party transactions identified by Oasis.

Fujitec argues these transactions were "legal".

**Saying it's "legal" does not mean these transactions were appropriate** – Fujitec's stakeholders have lost out on each of these transactions whilst they benefited the Uchiyama family.



GLASS LEWIS

*"It appears a number of these related-party transactions were undertaken primarily, if not solely, for the benefit of Mr. Uchiyama, other members of the Uchiyama family, or entities affiliated with the Uchiyama family."*

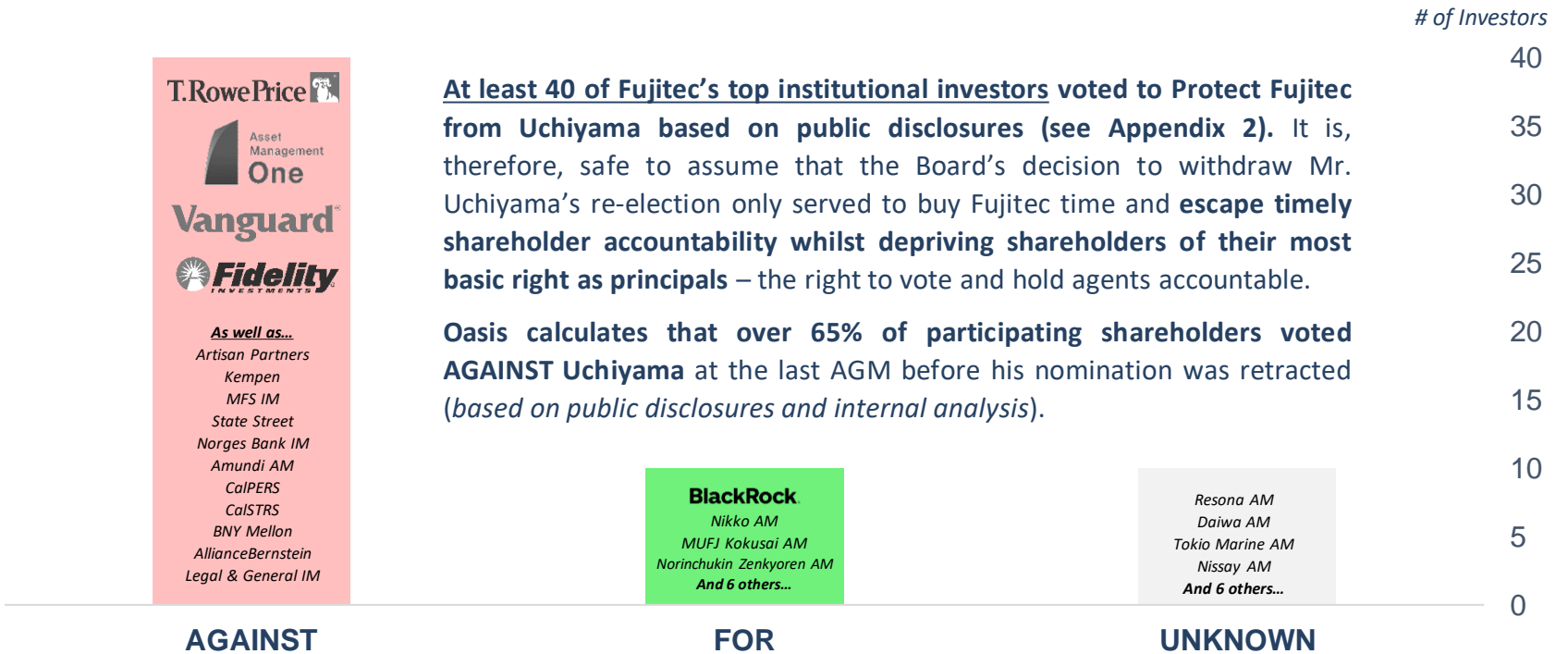
Glass Lewis Report – Fujitec (2022)

# III.c Shareholders Rights Disregarded

At the 2022 AGM, **investors voted to Protect Fujitec** by voting AGAINST the reappointment of Takakazu Uchiyama (see Appendix 2). At the unprecedented 2022 AGM, **the Board decided to egregiously breach shareholders’ most basic right** – the right to vote and hold directors accountable - by resolving to remove the proposal to re-elect former-President Takakazu Uchiyama.

While the action to shield Uchiyama from a shareholder vote was egregious in its own right, the Board’s subsequent decision to appoint Uchiyama to an unelected Chairman role served as a **shocking demonstration of the depth of entrenchment and complete lack of independent counterbalancing power.**

## Fujitec’s Unapologetic Disregard for Basic Governance



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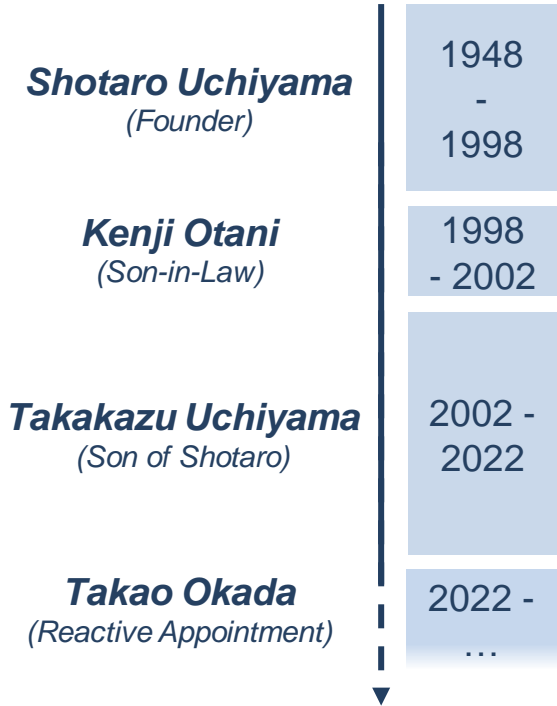
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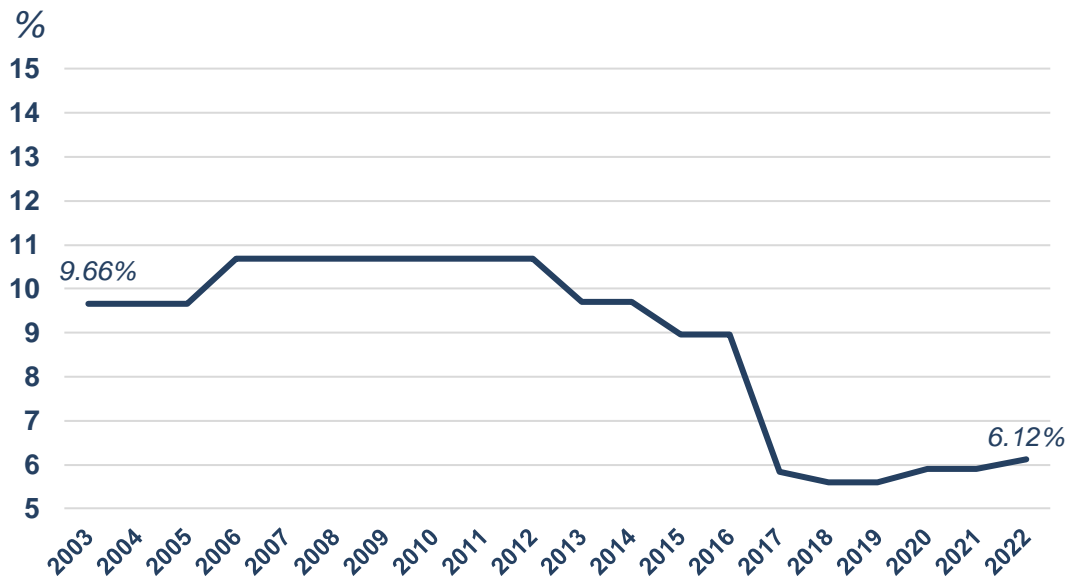
# IV.a Accommodation to Uchiyama Control

Shotaro Uchiyama (father of Takakazu Uchiyama) founded Fujitec in 1948. Since then, **Fujitec has been a family-led by a succession of Uchiyama relatives**. In spite of this image, the Uchiyama Family **only owns approximately 6% of the Company**.

## The Uchiyama “Dynasty”



*In Takakazu Uchiyama’s tenure as President of Fujitec, the **Uchiyama Family holding has decreased from 9.66% to only around 6%.***



**In line...  
Yusuke Uchiyama?**

Source: FactSet

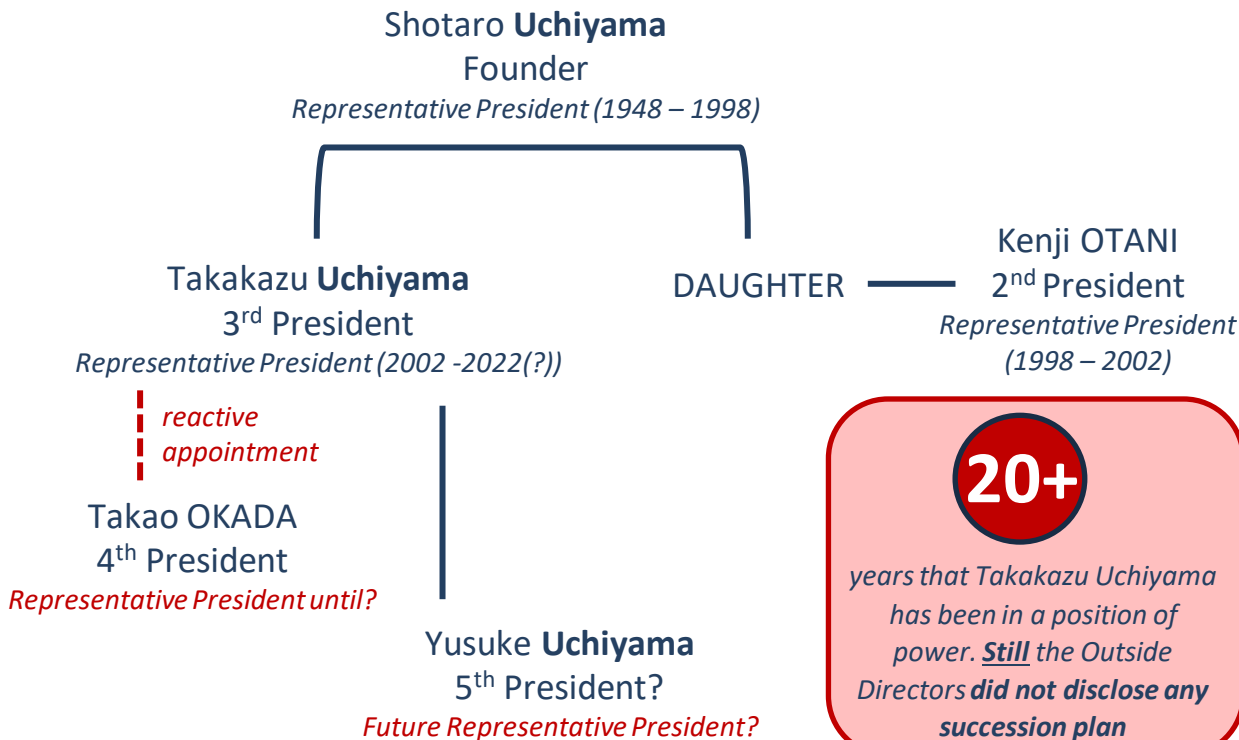


## IV.a Accommodation to Uchiyama Control (cont.)

**Nepotism is a high risk at Fujitec despite the low shareholding of Uchiyama Family.** Fujitec’s own public disclosures state that the **advisory** Nomination and Compensation Committee is tasked to draft succession plans, however, to date, Fujitec **has not communicated any succession plan**.

Worryingly, Fujitec’s Corporate Governance Guidelines states that the **President (CEO)**, having “consulted” the advisory Nomination and Compensation Committee, **makes the proposal to the Board to review his succession** ([Source](#)).

### Uchiyama Control Over the Succession Process



Shigeru **YAMAZOE**  
Annual Report  
December 2021

*“I think there are three important ways in which Fujitec can further enhance its corporate value. [...]. Thirdly, as a **going concern**, the Company **must create a succession plan for its executives.**”* ([Source](#))

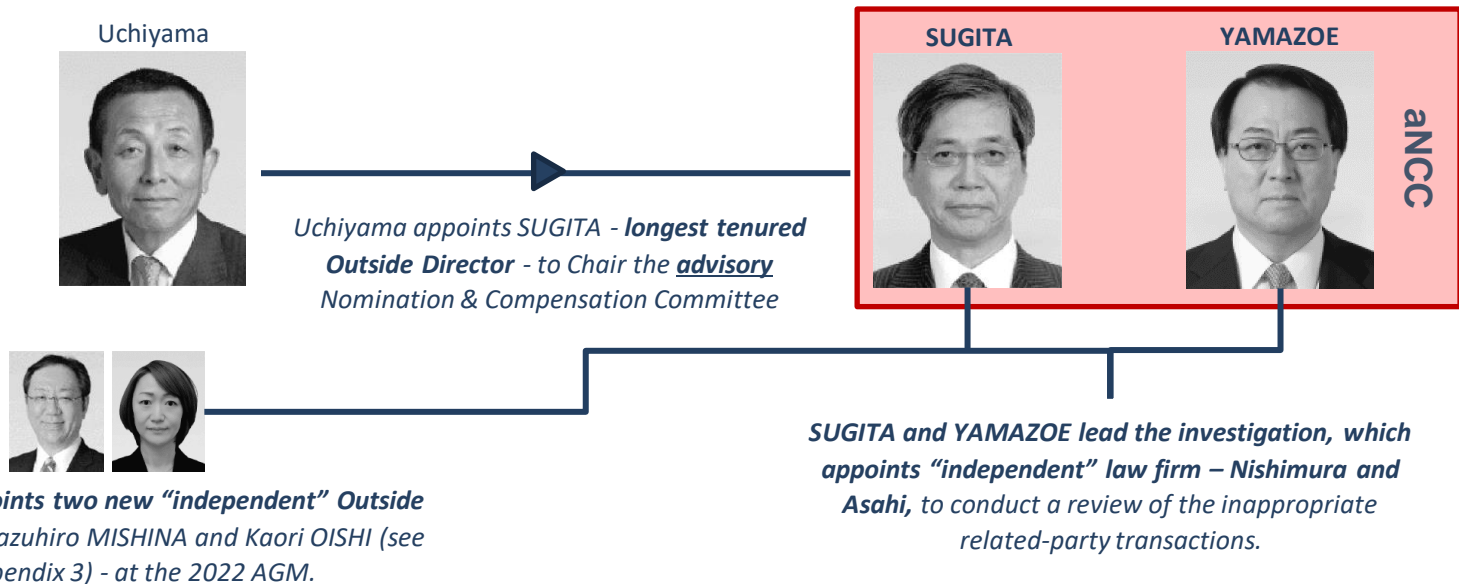
Shigeru **YAMAZOE**, a member of the advisory Nomination and Compensation Committee and now Chair of the Board likely **admitting there is no succession plan**.

## IV.a Accommodation to Uchiyama Control (cont.)

Fujitec only established an **advisory** Nomination and Compensation Committee (“aNCC”) in February 2021, meaning that **any nomination prior to such date was directly led by former-President**, Takakazu Uchiyama. This includes Nobuki SUGITA, Shigeru YAMAZOE and Kunio ENDO.

### Uchiyama Control Over the Nomination Process

- As the aNCC was **chaired by an Uchiyama-selected director, SUGITA**, and as President and Chairman, he would have had a direct say in the appointment of the 2 new Outside Directors at the 2022 AGM (MISHINA and OISHI).
- SUGITA is the **longest serving Outside Director** on the Board together with YAMAZOE (the new Chairman).
- Adding further questions to the independence they represent on the aNCC, **both SUGITA and YAMAZOE lead the investigation that appointed the conflicted law firm**, Nishimura & Asahi, to review the RPTs that benefitted former-President Uchiyama.



## IV.a Accommodation to Uchiyama Control (cont.)

The clearest accommodation to Uchiyama control by the Board has been their approach to the “investigations” into the inappropriate and egregious related-party transactions that have been carried out during Uchiyama’s tenure.

### Pre-Determined Results for Investigations



*“The Company’s independent directors must take their duties seriously, treat all shareholders equally, and act to prevent a destruction of corporate value. Oasis has repeatedly warned the Company over the significant threat and opportunity of third-party maintenance in Japan, but changes have not been made, as they may impact Uchiyama-san’s relationships with presidents of other elevator companies – this is a major conflict-of-interest. **We also call upon the independent directors to establish an independent third-party committee to investigate the details of the related party transactions with Uchiyama-san’s family entities to ensure that they were always truly arms length transactions and were not designed to benefit the Uchiyama family more than other shareholders.**”*

-- Letter from Oasis to Fujitec’s Board, 15 July 2020 (see Appendix 4)



Fujitec, like other Japanese companies, should have implemented a Third-Party Committee given the conflicts of interests inherent within the Board led by Uchiyama. Such practice would have been in line with Principle 3 of Japan Exchange Group’s “The Principles for Dealing with Misconduct in Listed Companies”. ([Source](#))

## IV.a Accommodation to Uchiyama Control (cont.)

Instead of appointing an independent Third-Party Committee, Uchiyama, as President and Chairman at the time, appointed SUGITA and YAMAZOE to lead an investigation and **appointing a conflicted law firm**, Nishimura & Asahi. Furthermore, it **misled shareholders to believe that Nishimura & Asahi were independent**.

### Pre-Determined Results for Investigations



- **Nobuki SUGITA** and **Shigeru YAMAZOE** were appointed to lead the investigation, and hired a **conflicted law firm**, Nishimura & Asahi.
  - Oasis met with **Yoshinobu Fujimoto** of Nishimura & Asahi numerous times during its meetings with Fujitec, dating back to 2020.
- Kaku Hirao, appointed by Fujitec, is from Nishimura & Asahi's "Crisis Management" practice ([Source](#)).
  - This Practice **also carried out the work at Toshiba** which investigated the "shareholder pressure" issue and found nothing "improper" ([Source](#)) - **shareholders were afforded the full facts only after an independent investigation.**

#### FUJITEC

"There has **not been advisory relationship for years between the Company and Nishimura & Asahi**, the firm that Mr. Hirao works at." [Source](#)

#### In Fact...

#### ISS

"In addition, according to a company spokesperson, although the company does not have an advisory contract with Nishimura & Asahi, **the company did retain that firm on a per-project basis**" [ISS Report – Fujitec \(2022\)](#)

#### FUJITEC

"Regarding related party transactions, Fujitec wants the lawyer representing Fujitec to have a meeting with the lawyer representing Oasis in light of legal regulations. **Fujitec has already asked Fujimoto Attorney at Nishimura & Asahi.**" [Fujitec E-mail to Oasis, 30 March 2022 \(see Appendix 5\)](#)

## IV.a Accommodation to Uchiyama Control (cont.)

The investigation led by conflicted law firm, Nishimura & Asahi, and overseen by Outside Directors SUGITA and YAMAZOE concluded that there were “no legal or corporate governance issues in relation to all of Transactions”. Such conclusion demonstrated the unwillingness of the Board to carry out a robust review and expose the egregious and inappropriate related-party transactions.

### Pre-Determined Results for Investigations



### NISHIMURA & ASAHI

- Given Fujitec and President Uchiyama’s existing relationship with Nishimura & Asahi, **Oasis had specifically asked Fujitec to appoint a truly independent party** to evaluate the conflicted transactions for the benefit of all stakeholders.
- Nishimura & Asahi’s conflicted nature** in analyzing the transactions, together with its **track-record** in investigating highly controversial actions **for the benefit of its corporate clients** (and not shareholders), raised doubt for all shareholders in terms of the reliability of their findings.
- The investigation led by SUGITA and YAMAZOE, together with Nishimura & Asahi, **concluded that there were “no legal or corporate governance issues in relation to all of Transactions”** ([Source](#)).



“What shareholders want is to have assurances that the company and Uchiyama have done nothing improper, **meaning not only that no laws were violated, but that related-party transactions were properly vetted by the board** (without Uchiyama’s involvement) **to ensure fairness to the company and to independent shareholders.**” [ISS Report – Fujitec \(2022\)](#)



GLASS LEWIS

“We largely agree with Oasis’ criticisms of Fujitec’s investigation into these matters, particularly considering that the law firm engaged by the Company appears to have a long-standing relationship with Fujitec, thereby **undermining the credibility of the investigation** and its findings, in our view.” [Glass Lewis Report – Fujitec \(2022\)](#)

## IV.a Accommodation to Uchiyama Control (cont.)

In response to the negative feedback for its conflicted review, the Board announced, two years after Oasis originally requested one, that they would establish an independent Third-Party Committee. However, unsurprisingly, **Fujitec already communicated the conclusion of such Committee** together with **creating a Committee with a composition that is unprecedented.**

### Pre-Determined Results for Investigations



- On 17 June 2022, less than a week before the 2022 AGM, but **after the two proxy advisors published** their recommendations, and **while investors were casting their votes**, Fujitec’s Board announced the decision to establish a **Third-Party Committee** (“Committee”).
- The mandate at the time was for this Committee to “implement additional investigations and evaluations into the Transactions in order to **provide an ease of mind** and to **rid the suspicions** of the Company’s shareholders and other stakeholders” ([Source](#)).
- On 10 August 2022, after the AGM, the Board announced the Committee’s formation ([Source](#)).
  - Though the problematic wording from the previous mandate was left out, it was clear that the Committee’s **mandate would be limited** and focused **only on concerns raised by Oasis** (instead of investigating the cause of governance failings and suggesting remedies to strengthen Fujitec’s governance).
  - The selection committee **chose only the chairperson candidates** (not the final chairperson or the other members):
    - Hideaki Kobayashi – **Chair** (Nagashima Ohno & Tsunematsu)
    - Tomohiro Hen (Nagashima Ohno & Tsunematsu)
    - Hiroshi Kawamura (Deguchi Sogo Law)

## IV.a Accommodation to Uchiyama Control (cont.)

Shareholders did not accept Fujitec's last-minute plea to establish a Third-Party Committee, evidenced by their votes on Uchiyama. Nonetheless, despite shareholders raising public concerns with establishing a Third-Party Committee under the current governance structure, the Outside Directors, including the newly appointed Directors, agreed to another weak governance decision by pushing forward with the establishment of a Third-Party Committee and its questionable composition.

### Pre-Determined Results for Investigations



#### NAGASHIMA OHNO & TSUNEMATSU

長島・大野・常松 法律事務所

- Following the 2022 AGM, several shareholders, including Oasis, stated that it was **not pertinent to investigate the related-party transactions under Fujitec's current governance structure**.
- Looking at the Committee established by the Company, we note that:
  - Where a third-party committee has been established in Japan, the committee has always been made up of individuals that are **both independent of the company and each other**.
  - There are two Nagashima Ohno & Tsunematsu ("NO&T") members on the Committee - Hideaki Kobayashi has led corporate crisis team at NO&T of which Tomohiro HEN is also a member.
  - The **two NO&T members constitute a majority of the Committee**, which limits the effectiveness and independence of this Committee. This is even more concerning as Hideaki Kobayashi is also the Committee's Chair.
  - Hideaki Kobayashi's **public statements limiting scope, depth and disclosure investigations** and **previous track-record** regarding third-party committees raise significant doubts of the integrity of the investigation (see Appendix 6).



## IV.b Strategic Mis-Management

As set out in the Japan Corporate Governance Code (the “Code”) - Principle 4: Responsibilities of the Board - given the fiduciary duty to shareholders, the Board is responsible for “*setting the broad direction of corporate strategy*” and “*carrying out effective oversight of directors and the management*”.

### Strategic Development

The Board published Vision 24, the mid-term plan for FY2023-25, in December 2021. Immediately after, **the Board was subject to considerable criticism from shareholders**. In March 2022, Fujitec announced a **more aggressive revised version**.

Shareholders were exposed to the **management bias that exists within Fujitec** on the first publication of the strategy. The Outside Directors are stated to **only be included in strategic decision making on a “case-by-case” basis**, meaning that they are falling well short of the expectations of shareholders and the principles of the Code.

“



*The Vision 24 plan **lacks details and a commitment to address our concerns on capital efficiency, underperformance versus peers and corporate governance.***

*We question the thoroughness and process by which the management team prepared the Plan. Furthermore, **we have doubts on the level of scrutiny and challenge by the Board of Directors on the underlying assumptions and financial implications** of the Plan. The low level of detail provided to the public gives us **little confidence that adequate due diligence by the Board of Directors could have taken place.***

Letter to the Board, January 2022 - [Source](#)

”

## FUJITEC

### Strategy - a below-Board responsibility?

*“The Global Executive Committee meets quarterly to deliberate important matters related to group management, including the pursuit of domestic and overseas business. Operating officers meet monthly to deliberate important issues related to domestic business...”*

***Agendas and results of these important meetings are reported to outside directors on a case-by-case basis.”***

2022 Fujitec Corporate Governance Report ([Source](#))



## IV.b Strategic Mis-Management (cont.)

As set out in the Japan Corporate Governance Code - Principle 4: Responsibilities of the Board - given the fiduciary duty to shareholders, the Board is responsible for “*setting the broad direction of corporate strategy*” and “*carrying out effective oversight of directors and the management*”.

### Strategic Development

In the lead up to the Vision 24 strategy, long-term shareholders expressed such **significant levels of doubt in the Board to produce a strategy that would deliver shareholder value**, that an **external strategic review was requested**.

This mistrust, exhibited by many investors surrounding the design and publications of the Vision 24 strategy, put into doubt the capability of the Board to design a strategy, and further contributes to shareholders’ **significant doubt in the ability of (1) management to execute, and (2) the Outside Directors in oversight**.

“ T.RowePrice 

*At the June 2020 AGM... we **voted against the re-election of the CEO to encourage the Board to undertake a review** of strategy and performance with more urgency than they currently exhibit.*

*We have **engaged with Fujitec on the need for an external strategic review** to improve operational efficiency, the need to improve capital allocation, and the **need to lift governance standards** across the business.*

*We expressed our views directly to senior management through our investment team via a series of calls, then sent a letter to the Board of Directors.*

UK Stewardship Code, October 2021 - [Source](#)

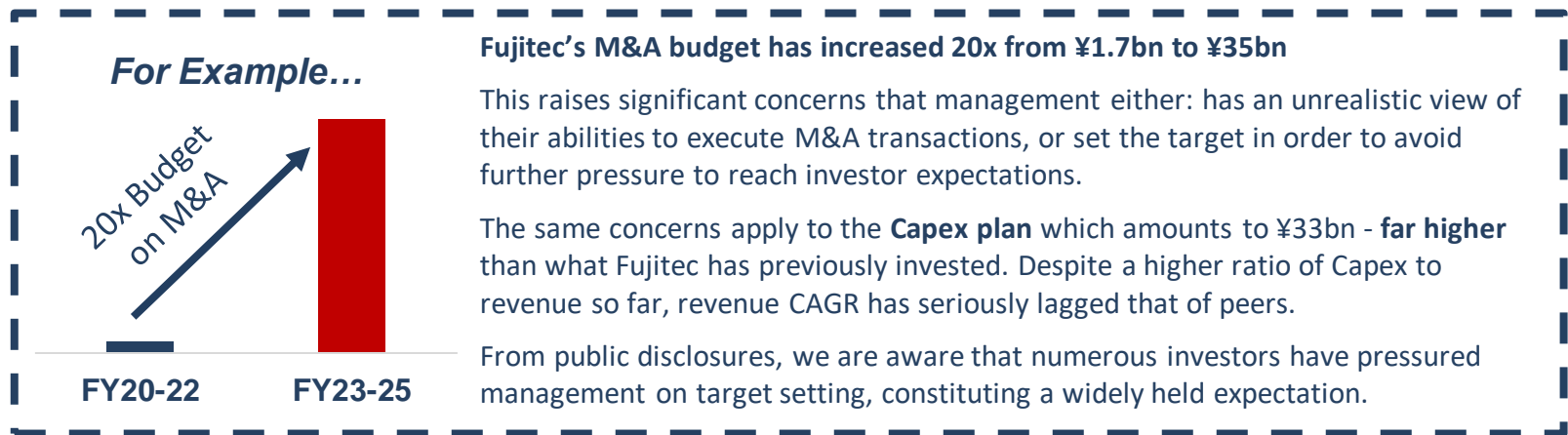
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## IV.b Strategic Mis-Management (cont.)

As set out in the Japan Corporate Governance Code - Principle 4: Responsibilities of the Board - given the fiduciary duty to shareholders, the Board is responsible for “*setting the broad direction of corporate strategy*” and “*carrying out effective oversight of directors and the management*”.

### Strategic Oversight

Oasis questions management’s ability to deliver the Vision 24 Plan. Fujitec’s **track record for setting appropriate targets and delivering has been uncertain**. The most recent plan’s targets were met due to mid-term revisions<sup>1</sup> and followed the previous plan (FY2017-19) where **targets were pressured by shareholders to meet expectations and were subsequently not met**.



This execution risk considerably increases the importance of the **Outside Directors to effectively oversee management** and possess the **relevant expertise to challenge and support where issues arise**. This is especially the case when the former President informed Oasis in 2022 that he denied accountability for the execution of the Vision 24 plan as it was built from the bottom-up. **Outside Directors should assert strong accountability through the mandate given to them by shareholders**.

**This year’s operating profit targets have already been revised down by 28.6%.**

## IV.b Strategic Mis-Management (cont.)

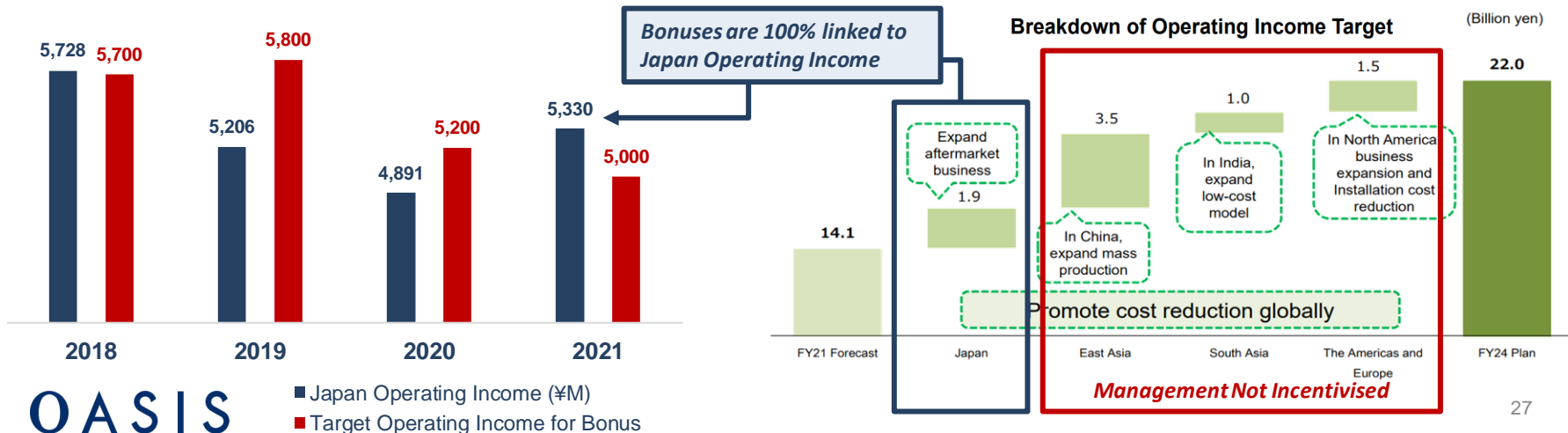
As set out in the Japan Corporate Governance Code - Principle 4: Responsibilities of the Board - given the fiduciary duty to shareholders, the Board is responsible for “setting the broad direction of corporate strategy” and “carrying out effective oversight of directors and the management”.

### Strategic Oversight

Governance structures that the Outside Directors should be leading indicate that the **management oversight function is not being performed**, in some cases even being delegated to management.

The Corporate Governance Report details that determination of **executive pay is delegated to the President** ([Source](#)), and that an **Inside Director sits on the advisory Nomination and Compensation Committee**. The membership of an Inside Director on the Committee is enough reason for shareholders to be concerned; however, the open delegation of the incentives of management means that **Outside Directors fail to appreciate the importance of pay in good corporate governance**.

This management control, for a long time held by Uchiyama, has seen executive performance incentives linked to modest domestic-market targets despite Japan only accounting for 40% of total operating income and only 25% of the increase needed to reach the FY2024 target. **Management have zero incentive to grow the international business**, which is growth that would most align them to shareholders.



# IV.c Evasive Tactics

As set out in the Japan Corporate Governance Code - Principle 5: Dialogue with Shareholders – “companies should engage in constructive dialogue” and “[outside directors] should listen to the views of shareholders and pay due attention to their interests and concerns”. METI’s Practical Guide for Independent Directors also emphasizes that engaging with investors is an “important role”.

## Shareholder Engagement

Fujitec’s shareholder engagement is defined in their Corporate Governance Guidelines as a **selective approach** where the Company will listen to only those investors who they believe are aligned to **their interpretation of shareholder interests**.

Oasis believes this interpretation motivated the Company to not engage fully on matters of critical concern prior to the 2022 AGM, and not engage at all afterwards. This **selective approach only serves to entrench management bias, and embedded control**.

**Fujitec’s engagement has also been seen to be disingenuous**. This was publicly seen with the backlash after the release of Vision 24, however, more concerningly the **Board has been seen to take advantage of investor goodwill in engagements**, only to commit some of the most egregious related-party transactions in the days surrounding.

*“In order to realize the sustainable growth and improvement of mid- to long-term corporate value of the Company, the Company shall engage in constructive dialogue with major shareholders who have **investment policies corresponding to the mid- to long-term interests of shareholders.**”*

**Fujitec Corporate Governance Guidelines**



**FUJITEC**  
Board Sign off on Sale of Domus Moto Azabu to Uchiyama’s Son’s company, Santo Inc.

**“ T.RowePrice**  
*We were encouraged by progress during the year and voted in support of all resolutions at the 2021 AGM.*  
[Source](#) **”**

**2021 AGM**  
22 June 2021  
Six days after the AGM, Fujitec complete the sale of the luxury Domus Moto Azabu apartment.

**Discounted Sale of Domus Azabu 104**

12 May 2021

**The Board engages with investors pre-AGM giving the impression to investors they are improving. In the background, the Board sign-off the discounted sale of the luxury apartment to President Uchiyama’s son.**

28 June 2021

## IV.c Evasive Tactics (cont.)

As set out in the Japan Corporate Governance Code - Principle 3: Ensuring Appropriate Information Disclosure and Transparency – “the board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is **accurate, clear and useful**”.

### Public Communications – Conclusion of the Investigation

After Oasis publicised the series of concerning related-party transactions (“RPTs”) committed by the Uchiyama Family in late-May 2022, Fujitec disclosed several misleading statements, some considered to even be misinformation.

#### Oasis Publishes Concerning RPTs



We believe that all of the Transactions are lawful and appropriate, were taken in accordance with applicable laws and procedures, and are not problematic in terms of corporate governance.

We previously received inquiry from Oasis regarding most of the Transactions, in response to which the Company conducted an investigation, and our attorney provided a response to Oasis’s attorney confirming that all of the transactions raised were lawful and appropriate, and were taken in accordance with applicable laws and procedures. Further, with respect to one additional transaction from among the Transactions that was raised newly in Oasis’s assertion, we have conducted an urgent investigation and confirmed that no such facts exist.

The Company’s board of directors held an extraordinary board of directors meeting on May 29, 2022, and came to the conclusion that there are no legal or corporate governance issues in relation to all of Transactions, and made a resolution to that effect, after taking into consideration investigations conducted by expert external lawyers and the results of discussions held in the board of directors meetings and meetings exclusive to outside directors, as well as other deliberations and considerations.

The release published on 20 May 2022 ([Source](#)) **contradicts subsequent disclosure by the Company**. Notably the **contradiction is made clear in a 30 May 2022** press release ([Source](#)) which confirms that an investigation had not been completed and, therefore, the statements that:

- “all of the transactions are lawful and appropriate, were taken in accordance with applicable laws and procedures, and are not problematic in terms of corporate governance”
- “no such facts exist”

... were unequivocally **UNTRUE**

## IV.c Evasive Tactics (cont.)

As set out in the Japan Corporate Governance Code - Principle 3: Ensuring Appropriate Information Disclosure and Transparency – “the board should recognize that disclosed information will serve as the basis for constructive dialogue with shareholders, and therefore ensure that such information, particularly non-financial information, is **accurate, clear and useful**”.

### Public Communications – Shielding Uchiyama

#### Oasis Publishes Concerning RPTs

2022 AGM

19 May 2022

30 May 2022  
Co. Press  
Release

23 June 2022  
Co. Press Release

A Nomination and Compensation Advisory Committee meeting was held on May 29, 2022, and the committee reported that Takakazu Uchiyama should be nominated as a director, after reconsidering various

On the 30 May, after an internal investigation, the Company concluded that there were no legal or governance issues associated with the RPTs committed by the Uchiyama family.

Based on this conclusion, the Board judged it was suitable to maintain Takakazu Uchiyama’s nomination at the 2022 AGM ([Source](#)).

At the same time, the Company’s board of directors believes that Takakazu Uchiyama, a representative director of the Company, should not be appointed as a director of the Company until the Company receives a report on the results of the Investigation, and that only after it is confirmed by the results of the Investigation that there are no issues in relation to the related party transaction and other actions raised by the certain Company’s shareholder should he be nominated again as a director for consideration by the Company’s shareholders. Therefore, the Company’s board of directors has withdrawn the proposal to nominate him as a director candidate as part of Proposal 5: “Election of 10 Directors”.

Just an hour before the AGM began, the Board announced its decision to remove Takakazu Uchiyama’s nomination ([Source](#)).

The Company’s rationale for removing the nomination was to allow the Investigation, announced on 17 June ([Source](#)), to be completed. At the AGM, Fujitec Directors stated that the withdrawal of nomination was not connected to the voting results

Shareholders are right to question, **why wasn’t the nomination removed on 17 June (when the Third-Party Committee was announced)? And, did the Board instead react to seeing the votes cast by shareholders?**

*It is also common knowledge that Fujitec was calling shareholders on the evening prior to the 2022 AGM asking them to change their votes – this supports a suspicion that the pulled nomination was only because the Board knew Uchiyama had failed to be re-elected.*

*Fujitec’s claim that the withdrawal for the nomination was due to the Investigation is clearly UNTRUE.*



## IV.c Evasive Tactics (cont.)

As set out in METI’s Practical Guide for Independent Directors, “Where there is a conflict of interest between the company and management... outside directors are required to protect the interests of general shareholders whose interests may be harmed by the conflict of interest”.

### Public Communications – Basic Policy on Related-Party Transactions

#### Oasis Publishes Concerning RPTs

19 May 2022

Having admitted causing concern to shareholders, but keeping to the view that the transactions were “no legal or corporate governance issues”, the Company went on to say ([Source](#)):

“Nonetheless, the Company’s board of directors takes very seriously the fact that the Company caused the shareholders to have certain suspicions, and has **therefore reconfirmed the basic policy** that “the Company will not conduct related party transactions in principle.”

However, **no such basic policy existed**. In fact, the basic policy was inserted as an amendment to the Corporate Governance Guidelines **AFTER the 2022 AGM**, on 30 June. Notably, the policy **STILL** allowed for RPTs in “**unavoidable circumstances**” ([Source](#)).

The most recent Financial Report ([Source](#)) makes light of RPTs that took place in the financial year. Shareholders are right to question, **what are the “unavoidable circumstances” that force Fujitec to lease real estate from the Uchiyama Family?**

8 June 2022  
Co. Press  
Release



*[When evaluating RPTs] the **previous and subsequent influence from a party with certain interests is blocked off**. In addition, actual discussions are made at meetings of the board of directors to **carefully consider whether the implementation of such transaction is appropriate as a business judgment***

*A Handbook on Practical Issues for Independent Directors/Auditors*

(Related Party Transactions)

Article 5

As a basic policy, the Company does not enter into transactions with directors or major shareholders. However, if the Company engages in transactions with directors or major shareholders due to unavoidable circumstances, the Company shall ensure the reasonableness of terms

**Effectively, instead of stopping RPTs entirely, the Outside Directors have ratified a policy that allows Uchiyama to undertake more transactions under the guise of “unavoidable” circumstances**

2022 AGM

23 June 2022

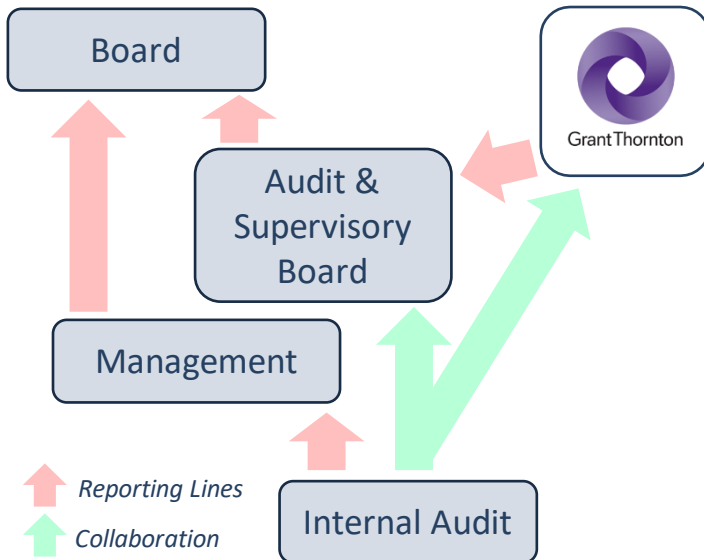
## IV.d Lax Risk Management & Controls

As set out in the Japan Corporate Governance Code - Principle 4: General Responsibilities of the Board – “the board should... [carry] out effective oversight of directors and the management from an independent and objective standpoint... regardless of the form of corporate organization – i.e., Company with Kansayaku Board...”.

### Audit Concerns

The existence of related-party transactions (“RPTs”) to the extent that they have been committed, both in duration, and aggregated value, **raises significant concerns that the Board was either unaware or did not challenge the RPTs’ existence.**

The RPTs were, however, in the public domain, therefore, they were not hidden from the Board, therefore, the **Outside Directors failed to sufficiently challenge them.** Oasis has identified that the risk management system would struggle to avoid management bias.



↑ Reporting Lines  
↑ Collaboration

Determined using a Fujitec diagram ([Source](#))

The outside directors rely on their own expertise and judgement to evaluate problematic financial transactions, however, there is also reliance on assurance mechanisms – i.e. internal and external audit.

Oasis has doubts over the Outside Directors, however, we also see that:

1. The external auditor, **Grant Thornton Taiyo LLC**, has been the Company auditor since the 2010 AGM ([Source](#)). A **tenure of 13 years** risks the maintenance of independence and **no rotation policy or tendering process has been disclosed.**
2. There is **significant distance between internal audit and the Board - internal audit’s primary reporting line is to management**, meaning that anything reported to the Board must be filtered through the executive team which has been led by Takakazu Uchiyama.



## IV.d Lax Risk Management & Controls (cont.)

As set out in the Japan Corporate Governance Code - Principle 4: General Responsibilities of the Board – “the board should... [carry] out effective oversight of directors and the management from an independent and objective standpoint... regardless of the form of corporate organization – i.e., Company with Kansayaku Board...”.

### Whistleblower Concerns

Concerningly, Oasis was made aware of select egregious governance abuses through **whistleblowers** who used to work for Fujitec as well as those who remain employed by the Company. They revealed that Fujitec paid for Uchiyama’s personal chef, provided a driver for his family’s personal use and a gardener.

Fujitec’s process for managing whistleblowing shows a procedure that **advances reports to the Compliance Hotline**; however, this appears to lie under the **Compliance Committee, a standing committee reporting into the President**.

Since publicizing the RPTs in May 2022, Oasis has learned that Fujitec has begun an **unethical, and potentially illegal, exercise to identify the whistleblowers** (despite Article 2 of the Whistleblower Protection Act) that informed Oasis of governance abuses. This only adds to Oasis’ concerns that employees have not had the appropriate protections in place to report impropriety.

The Company shall promote the establishment and utilization of the “Compliance Hotline” on a Group-wide basis in its offices, including but not limited to, the main offices of its subsidiaries, to collect information from its employees that could not be collected easily through its organizational ladder and to conduct investigations into such information and, if the Company identifies a violation or suspected violation of laws and regulations, the Company shall take appropriate measures to rectify or remedy such violation or suspected violation.

The Company shall not treat any employee unfavorably on the ground that he or she consults with or reports to the “Compliance Hotline” set forth above.

**FUJITEC** Whistleblowing appears to not be handled by a third-party

**Appointing Uchiyama to an un-elected position, where he can continue to exert pressure on whistleblowers, demonstrates the Board’s disingenuous motivation with the Third-Party Committee**



“...the framework should allow for an objective assessment and appropriate response to the reported issues, and the board should be responsible for both establishing this framework and ensuring and monitoring its enforcement”.

Japan Corporate Governance Code – Principle: 2.5

## IV.d Lax Risk Management & Controls (cont.)

As set out in the Japan Corporate Governance Code - Principle 2.3 – “Companies should take appropriate measures to address sustainability issues, including social and environmental matters.”

### Sustainability Not Managed

Fujitec’s Board has developed a poor track record on extra-financial risks, generally those known to fall under the umbrella of ESG. This is made evident by their **consistently low ESG Scoring** relative to direct industry peers across numerous globally recognized independent research providers. Unsurprisingly, **management of sustainability issues is delegated to a below-Board committee with limited visibility on how material topics are determined.**

Concerns raised have included increasing industrial waste production, low female and non-Japanese national representation in management, lacking investment in clean tech and omittance of pay gap and living wage disclosure.

1%



The ratio of women in management positions as of March 2022. [Source](#)

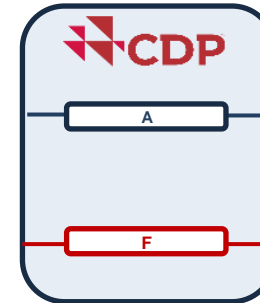
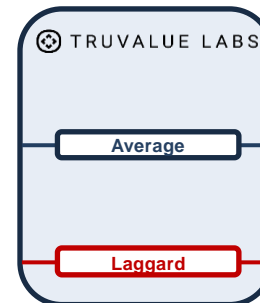
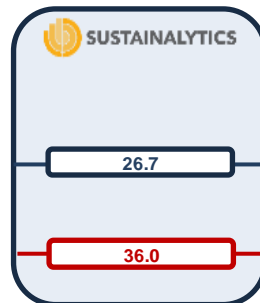
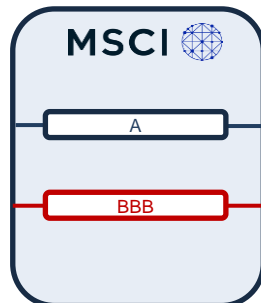
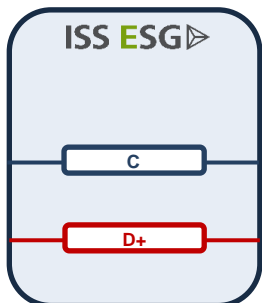
**NO** Reporting According to International Standards

GRI

SASB

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Industry Peers

FUJITEC

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## V. Fujitec's Outside Directors Failed to Fulfill Their Role

Both the Ministry of Economy, Trade and Industry (“METI”) and the Tokyo Stock Exchange (“JPX”) have published guidelines for Independent Directors (“ID”) of listed companies. Fujitec’s Outside Directors have **failed in their role to protect the interests of its stakeholders**, including shareholders, over their tenure by **overseeing egregious behavior by management**, as well as **partaking in egregious behavior themselves by violating shareholders’ most basic right** – to vote and hold directors accountable.

Outside Directors have demonstrated that they are not representing shareholder interests by not speaking out over the **violation of shareholder rights** and the **numerous red flags that have surrounded the many transactions benefiting the Uchiyama family** – most recently the discounted sale of Domus Moto Azabu to Santo Inc., a company owned by Yusuke Uchiyama, the son of Takakazu – were supported by Outside Directors.

### Market Expectation



METI

*Where there is a conflict of interest between the company (minority shareholders) and management, controlling shareholders, etc., **outside directors are required to protect the interests of general shareholders whose interests may be harmed by the conflict of interest.***

*“Practical Guide for Independent Directors” - July 2020*



If a company incurs damages as a result of a transaction between the company and a director involving conflicts of interest between them, **both such director himself/herself and the directors who voted for the board of directors’ resolution approving such transaction are presumed to have neglected their duties** (Article 423, Paragraph 3). We note that directors who participate in

*“A Handbook on Practical Issues for Independent Directors/Auditors” – October 2012*

## V. Fujitec's Outside Directors Failed to Fulfill Their Role

Outside Directors have demonstrated that they are **not representing shareholder interests by not speaking out over the numerous red flags that have surrounded the many transactions benefiting the Uchiyama family – most recently the discounted sale of Domus Moto Azabu to Santo Inc., a company owned by Yusuke Uchiyama, the son of Takakazu.**

### Outside Director Approve Rent of Property to Uchiyama

# FUJITEC



Uchiyama family lived in Fujitec's owned luxury apartment since 2013

- ✘ Why would a Company of Fujitec's status need to buy **a 426m<sup>2</sup> luxury apartment to support its sales activities?**
- ✘ Why is the apartment the **registered address of Uchiyama's wife and son?** Why would the Uchiyama Family need to live in luxury apartment that had a portion of it "allocated" for sales activities?
- ✘ Fujitec's explanations do not stand up to scrutiny and raise **questions over potential tax avoidance, public disclosure and breaches of the Companies Act.**
- ✘ The **Income Tax Act in Japan requires companies to collect rent from officers** that are given company homes (particularly large homes which exceeds 240m<sup>2</sup>). So why did Fujitec Outside Directors not mandate the collection of JPY29-30million from Takakazu Uchiyama?
- ✘ If the Uchiyama family have received these benefits without paying for them or at discount, **why did Fujitec not get approval from shareholders?**
- ✘ Why do the Outside Directors believe that this transaction is not **problematic in terms of corporate governance and protecting their interests?**

## V. Fujitec's Outside Directors Failed to Fulfill Their Role

Outside Directors have demonstrated that they are **not representing shareholder interests by not speaking out over the numerous red flags that have surrounded the many transactions benefiting the Uchiyama family – most recently the discounted sale of Domus Moto Azabu to Santo Inc., a company owned by Yusuke Uchiyama, the son of Takakazu.**

### Outside Director Approve Sale of Property to the Private Entity of Uchiyama's Son

**FUJITEC**



Sale to Santo Inc.  
(Yusuke Uchiyama's private entity)

- ✘ Why did the Outside Directors allow Fujitec to **sell the luxury apartment to Yusuke Uchiyama's private entity instead of an auction** to get the highest price?
- ✘ If it is an arms-length transaction, why did the Outside Directors accept the **AVERAGE price of two real estate appraisals and not the highest price?**
- ✘ Fujitec claims that it no longer required a sales office and so was ready to sell the apartment, **how did the Outside Directors assess this claim?**
- ✘ A whistle-blower explained that **Domus was sold by Fujitec on instruction from President Uchiyama due to concerns over Oasis's probe into the related-party transactions**, particularly the low rent charged to the Uchiyama family. **Why did the Outside Directors fail to identify this issue?**
- ✘ **Why do the Outside Directors believe that this transaction is not problematic in terms of corporate governance and the protection of stakeholders' interest?**



## V. Fujitec's Outside Directors Failed to Fulfill Their Role

Both the Ministry of Economy, Trade and Industry (“METI”) and the Tokyo Stock Exchange (“JPX”) have published guidelines for Independent Directors (“ID”) of listed companies. Fujitec’s Independent Directors have failed to act in accordance with both of the guidelines.

Fujitec’s Outside Directors have **failed in their role to protect the interests of its stakeholders**, including shareholders, over their tenure by **overseeing egregious behavior by management**, as well as **partaking in egregious behavior themselves**.

Even the **new Outside Directors** have demonstrated that they are **not representing shareholder interests by appointing (a most likely shareholder rejected director) Takakazu Uchiyama as the Chair of the Company**, an unelected, but paid, position where he can continue to exert control.

### Market Expectations



Independent Directors/Auditors are expected to make an effort to remain highly sensitive to general shareholders’ concerns and expectations.

*“A Handbook on Practical Issues for Independent Directors/Auditors” – October 2012*

“Companies are responsible for ensuring they have appropriate governance structures to **serve the interests of shareholders and other key stakeholders**. We believe that there are **certain fundamental rights** attached to shareholding. **Companies and their boards should be accountable to shareholders** and structured with appropriate checks and balances to ensure that they operate in **shareholders’ best interests to create sustainable value**. **Shareholders should have the right to vote to elect, remove, and nominate directors**, approve the appointment of the auditor, and amend the corporate charter or by-laws.” [Source](#)

“For example, it is necessary to **consider not reappointing or dismissing the President/CEO** if the company’s sustainable growth and medium- to long-term enhancement of corporate value are judged to be suboptimal, for example, in the case of long-term consecutive performance decline **or large-scale scandals involving the entire organization**.”  
*“Practical Guidelines for Independent Directors” – July 2020*

**BlackRock**



**OASIS**

## V. Fujitec's Outside Directors Failed to Fulfill Their Role

Last year's Fujitec's new Outside Directors have demonstrated that they are **not representing shareholder interests by appointing Takakazu Uchiyama as the Chair of the Company**, an unelected, but paid, position where he can continue to exert control.

### Outside Directors Allow Uchiyama to Escape Accountability – Appoint him Chair

Takakazu Uchiyama



1

At least **40 top institutional investors voted AGAINST** Uchiyama's appointment. Oasis calculates, based on public disclosures and internal analysis, that over 65% of participating shareholders voted AGAINST Uchiyama.

2

This opposition from institutional investors **came despite the "independent" investigation from Nishimura & Asahi.**

3

This opposition from institutional investors **came despite the Board stating that it would establish a Third-Party Committee.**

4

Instead of repealing his nomination when announcing the Third-Party Committee, the **Board decided to do it a few hours before the AGM.**

5

Allowing **Uchiyama to escape shareholder accountability**, the Board **appoints him as Chairman – an unelected but full-time paid position.**

6

Putting Uchiyama to an unelected position of Chairman, while **still able to exert influence**, contradicts the motivation to wait for the Third-Party Committee results.



## V. Fujitec's Outside Directors Failed to Fulfill Their Role

Fujitec's Outside Directors have **failed in their role to protect the interests of its stakeholders**, including shareholders, over their tenure by **overseeing egregious behavior by management**, as well as **partaking in egregious behavior themselves**. Even last year's **new Outside Directors** have demonstrated that they are **not representing shareholder interests by appointing Takakazu Uchiyama as the Chair of the Company**, an unelected, but paid, position where he can continue to exert control.

### Outside Directors' Track Record

Failure in Oversight Role	SUGITA	YAMAZOE	ENDO	INDO	MISHINA	OISHI
Poor Set-up of Third-Party Committee	Present	Present	Present	Present	Present	Present
Poor Selection of Chairman Candidates for Third-Party Committee					Present	Present
Appointment of Uchiyama as unelected Chair	Present	Present	Present	Present	Present	Present
Failure to Protect Whistleblowers	Present	Present	Present	Present	Present	Present
Historical Connection of Kitahama Partners and Fujitec						Present
Repeal of Proposal to Elect Uchiyama	Present	Present	Present	Present		
Improper Investigation	Present	Present	Present	Present		
Misleading Statements to the Market	Present	Present	Present	Present		
Appointment of a Conflicted Law Firm	Present	Present				
Ignoring Request to Appoint Third-Party Committee	Present	Present	Present	Present		
Lack of Strategic Oversight	Present	Present	Present	Present		
Presence During Related-Party Transactions	Present	Present	Present	Present		
Oversight Over Poor Nomination Process	Present	Present				
Lack of Succession Plan	Present	Present				
Lax Risk Management & Control	Present	Present	Present	Present		
Poor Oversight of ESG	Present	Present	Present	Present		

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# VI. The Cure – Elevate Fujitec’s Governance

The Board has a clear and broad shareholder mandate to **Elevate Fujitec’s governance** to restore lost trust and rebuild market credibility to ensure that Fujitec delivers value to all stakeholders.

The Board, as a collective unit, should aim carry out the following actions:

New Board Mandate	
<b>Reform Governance Structure</b>	<ul style="list-style-type: none"><li>• Consider a <b>Three Committee Structure</b> to bring accountability to the Board</li><li>• Appoint a <b>truly independent Chair</b> to ensure efficient and effective discussions</li><li>• Bring <b>independent oversight</b> by Outside Directors with <b>relevant experience and skills</b></li></ul>
<b>Enhance Engagement &amp; Accountability</b>	<ul style="list-style-type: none"><li>• Undertake a <b>robust engagement program</b>, including on strategy, with all stakeholders</li><li>• Report <b>feedback transparently</b> to restore confidence in market communications</li><li>• <b>Rebuild trust</b> with shareholders and restore their rights</li></ul>
<b>Promote Risk Management &amp; Internal Control</b>	<ul style="list-style-type: none"><li>• <b>Review internal policies and procedures</b> – including on Related Party Transactions</li><li>• Review <b>reporting lines</b> to ensure required information reaches the Board</li><li>• Strengthen <b>risk management process</b></li></ul>
<b>Prioritize Stakeholder Management</b>	<ul style="list-style-type: none"><li>• Incorporate <b>ESG as a risk item</b> to ensure mitigating actions are in place</li><li>• Create a <b>Materiality Matrix</b> to address ESG weaknesses and capture opportunities</li><li>• <b>Rebuild trust with stakeholders</b> and <b>close the gap with peers</b></li></ul>



“We explained our support for a three-committee board structure over a traditional Japanese board with statutory auditors (known as a kansayaku board structure), in order to **improve transparency of decision-making.**” [Source](#)

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**VII. TREATMENT – NEW OUTSIDE DIRECTOR NOMINEES**

- a) Outside Director Profiles
- b) Proposed Director Pay

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## VII.a. New Outside Directors – To Carryout the Mandate

- **Only** Outside Directors are proposed (see Appendix 7 for full profiles), following an **extensive nomination process** that has taken **over 5 months with the help of an executive search firm**, to address Fujitec’s governance weaknesses.
- No changes to incumbent Inside Directors – ensuring **stability in day-to-day operations and management continuity**.
- The proposed Outside Directors will **ensure independent oversight, while strengthening the experience, skills, and diversity** represented on the Board.
- The proposed new Outside Directors, **as a collective**, will bring the required change to Elevate Fujitec’s Board to strengthen its governance on all fronts.

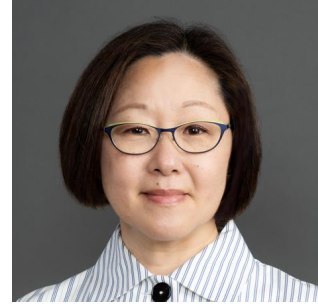
### Independent, Experienced, and Diverse Nominees



Akihiko Asami



Clark Graninger



Kaoru Umino



Ryan Wilson



Ako Shimada



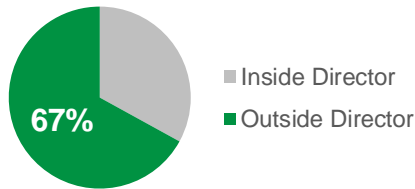
Torsten Gessner

## VII.a. New Outside Directors – To Carryout the Mandate

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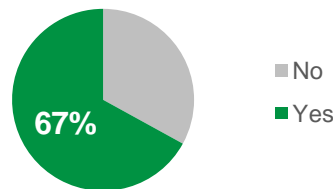
### Independent, Experienced, and Diverse Nominees

#### Composition



vs 67%

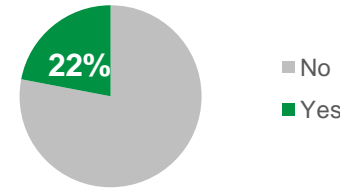
#### Independence



vs 0% Oasis Determination

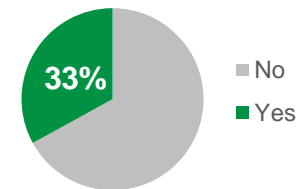
#### Key Board Attributes

#### Diversity



vs 22%

#### Nationality



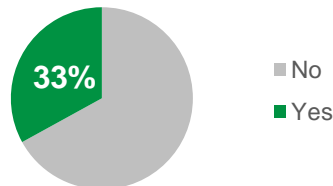
vs 0%

#### Corporate Experience



vs 33%  
OASIS

#### Elevator Experience



vs 0%

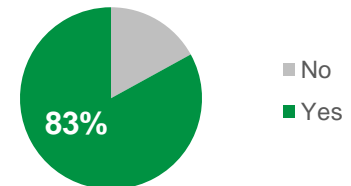
#### Key Skills and Experience\*

#### Corporate Finance



vs 50%

#### Corporate Governance



vs 50%

\*Based solely on Outside Directors

# VII.a. New Outside Directors – Elevating Fujitec’s Governance

The below matrix compares Fujitec’s overall Board – considering the new Outside Directors and Inside Directors - against peers on key board attributes (based on MSCI ESG) as well as an evaluation of the skills and experience that the new Outside Directors will bring to Fujitec (based on Oasis’s evaluation using public disclosures).

## Independent, Experienced, and Diverse Nominees

Criteria		Pure Play Peers			Domestic (Conglomerate) Peers	
		Kone	Otis	Schindler	Hitachi	Mitsubishi Electric
Attributes	Independence	Fujitec Ahead	Fujitec Behind	Fujitec Ahead	Fujitec Behind	Fujitec Ahead
	Non-National Representation	Fujitec Behind	Fujitec Ahead	Fujitec Ahead	Same as Fujitec	Fujitec Ahead
	Diversity	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Ahead	Fujitec Ahead
Skills**	Corporate Experience	Fujitec Ahead	Same as Fujitec	Fujitec Ahead	Fujitec Ahead	Fujitec Ahead
	Elevator Industry	Fujitec Behind	Fujitec Ahead	Fujitec Behind	Fujitec Ahead	Fujitec Ahead
	Corporate Finance	Fujitec Ahead	Fujitec Ahead	Fujitec Ahead	Fujitec Ahead	Fujitec Ahead
	Corporate Governance	Fujitec Behind	Fujitec Ahead	Fujitec Ahead	Fujitec Ahead	Fujitec Ahead

### Incumbent Outside Directors

Criteria	Pure Play Peers			Domestic (Conglomerate) Peers	
	Kone	Otis	Schindler	Hitachi	Mitsubishi Electric
Attributes	Independence (as director)	Fujitec Ahead	Fujitec Behind	Fujitec Ahead	Fujitec Behind
	Independence (as president)	Fujitec Behind	Fujitec Ahead	Fujitec Ahead	Fujitec Behind
	Non-National Representation	Fujitec Behind	Fujitec Ahead	Fujitec Ahead	Fujitec Behind
Skills**	Diversity	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Ahead
	Corporate Experience	Fujitec Behind	Fujitec Behind	Fujitec Behind	Fujitec Ahead
	Elevator Industry	Fujitec Behind	Fujitec Ahead	Fujitec Behind	Fujitec Ahead
	Corporate Finance	Fujitec Behind	Fujitec Ahead	Fujitec Behind	Fujitec Ahead

Relative to the incumbent Outside Directors, the New Outside Directors will significantly elevate Fujitec’s governance positioning versus peers on having relevant experience and diverse views. More importantly, they will bring independent thinking to the boardroom.

Source: MSCI ESG, Oasis

\*Oasis’s interpretation of Fujitec Outside Directors’ independence

\*\*Skills considered only for non-executive directors and evaluated by Oasis based on public disclosures. Within +/-2 pp, Oasis considered peers to be the same as Fujitec.



## X. Proposals on Remuneration for Directors

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Fujitec's Internal and Outside Directors have been beholden to Takakazu Uchiyama since their involvement in Fujitec. Fujitec's current compensation scheme is inadequate and provides little incentive for Directors to create corporate value in the medium- to long-term. It is imperative that Fujitec's current compensation plan is replaced with a plan that aligns the interests of the Directors with the interests of shareholders and all stakeholders and motivates the Directors to create corporate value whilst ensuring maximum alignment of interests.

Oasis has consulted with PayGovernance Japan, an independent external consultant, to design a compensation plan that most effectively aligns both the Inside and Outside Directors with the interests of general shareholders and all stakeholders.

We summarize the proposals below with details available in the Oasis EGM proposal.

- Determination of the amount of individual **base remuneration** for each Outside Director
- Granting of the **stock-based compensation with Stock Price Conditions to Outside Directors** to incentivize them to be steadfastly independent and grow corporate value in the mid- to long-term
- Granting of the **stock-based compensation to Outside Directors** to incentivize nominee directors to be steadfastly independent and grow corporate value in the mid- to long-term
- Granting of the **stock-based compensation to Directors** (excluding Outside Directors) to incentivize executives to be aligned with the interests of shareholder

**VOTE FOR THE COMPENSATION PLANS TO INCENTIVIZE DIRECTORS TO FOCUS ON CREATING MID- TO LONG-TERM CORPORATE VALUE AND ALIGNING THEIR INTERESTS WITH SHAREHOLDERS**

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## VIII. Conclusion

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- Fujitec's current Outside Directors have presided over a **long series of corporate governance abuses** and were complicit in a **coup against shareholders by taking their most fundamental right – the right to vote** - by promoting Uchiyama from a President accountable to shareholders to an unaccountable Chairman with unrestrained power.
- Fujitec's current Outside Directors have failed to follow the guidelines set out for the independent outside directors by the Japan Exchange Group, METI and Corporate Governance Code
- We recommend that shareholders **VOTE AGAINST Fujitec's current Outside Directors** that have aligned themselves with the Uchiyama Family and prioritized Uchiyama Family interests over those of all other stakeholders
- Oasis presents Nominee Outside Directors that are **truly independent**, with a strong array of skills and experience, to **introduce strong governance** and **oversee a business strategy that is informed by robust dialogue with shareholders** to the Company

**VOTE FOR THE NEW INDEPENDENT NOMINEE DIRECTORS AT THE UPCOMING EGM AND THE COMPENSATION PLAN THAT ALIGNS THEIR INTERESTS WITH FUJITEC'S STAKEHOLDERS**

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# IX. Appendix 1 – Related Party Transactions - Domus Moto Azabu #104



February 8, 2013.	Board of Directors (incl. Outside Directors Nobuki Sugita, Shigeru Yamazoe & Kunio Endo) resolved this purchase
February 14, 2013	Fujitec completed the acquisition of Domus Moto Azabu #104
2013 -	Uchiyama Family started living in this house but paid substantially discounted rent
March 20, 2018	Yusuke Uchiyama's entity acquired Domus Moto Azabu #101 from third-party
May 21, 2021	Board of Directors (incl. Outside Directors Nobuki Sugita, Shigeru Yamazoe & Kunio Endo) resolved the sale of the apartment to Yusuke Uchiyama's entity at the average price of two valuations
June 28, 2021	Fujitec completed the sale of this property to Yusuke Uchiyama's entity
January 27, 2022	Oasis questioned Fujitec IR executive officer regarding the details of Domus Moto Azabu #104
February 2022	Fujitec answered this apartment was used for "Used for top-to-top sales"
May 30, 2022	The board (incl. Nobuki Sugita, Shigeru Yamazoe, Kunio Endo and Mami Indo) concluded that there is no legal or corporate governance issues with these transactions despite clear governance flaws

Fujitec acquired 426.44m<sup>2</sup> luxurious apartment in February 2013 for "as a guest house for officers and customers" However, Takakazu Uchiyama and his family lived there without paying the full rent.

According to the result of investigation by Fujitec on May 30, 2022 and further Oasis analysis,

- The idea to buy this apartment to strengthen sales in Tokyo came from President Uchiyama
- Uchiyama paid less than market rent  
Market rent (Oasis estimate): 29-30MM per year / his rent payment is estimated at less than 10MM  
 Fujitec tried rationalizing his low rent payment by claiming that the apartment was separated by "residential zone" and "reception zone"
- Multiple possible breaches of law including Companies Act which requires shareholder approval on housing benefits (incl. discounting rent) and Income Tax Act that requires companies to collect rent from officers that are given company homes, particularly for large luxury homes, which exceeds 240 square meters.
- Another problem : Discount sale to Uchiyama Family  
 In 2021, Fujitec sold this apartment to Uchiyama family entity at massive discount.  
Market Price (Oasis estimate): around 730MM / Fujitec sold at 371MM
  - ✓ Biased sales process to achieve low price: "the price was the average of two real estate appraisals obtained from two well-established real estate agencies" (+ book price of movables). Not highest price
  - ✓ Fujitec admitted that the company did not need this reception area anymore without evidence that it was ever used.
- **The board of directors concluded that there are no legal or corporate governance issues despite clear governance flaws**

## Reference Data

See evidence for your DD in Japanese: [Domus Moto Azabu 104, Santo KK Registry](#), [Proof of change of Address by President Uchiyama's Wife](#) and [Sales record of Domus Moto Azabu Nishi](#) (traded at 213MM for 124m<sup>2</sup> on Feb 2022)

Income Tax Rule on luxury apartment exceeding 240m<sup>2</sup>: [Page on National Tax Agency](#)

See relevant Yuhu: in [Japanese](#) and in [English](#)

See Oasis Deck and Response to Investigation Report

## IX. Appendix 1 – Related Party Transactions - Fujitec Takanawa Bldg.



	Fujitec rented Fujitec Takanawa Bldg. as a safety center in Tokyo from Takakazu Uchiyama's private entity
<b>August 10, 2006</b>	Board resolution to own large part of equity of SPC of Fujitec Takanawa bldg. from Takakazu Uchiyama's private entity as it wanted to divest by securitization
<b>September 21, 2006</b>	Takakazu Uchiyama's private entity sold Fujitec Takanawa Bldgs to SPC and Fujitec bought large part of equity of SPC. Fujitec continued to rent Fujitec Takanawa bldg.
<b>June 3, 2014</b>	JR East announced the new station plan (Takanawa Gateway station) including the land of Fujitec Takanawa Bldg. to build new station building.
<b>August 7, 2014</b>	Fujitec board resolution to sell all the stake of SPC owning Fujitec Takanawa bldg. back to Takakazu Uchiyama's private entity as the value would increase due to large-scale redevelopment
<b>September 30, 2014</b>	Transaction was executed
<b>March 29, 2019</b>	Takakazu Uchiyama's private entity profited by selling all the stake of SPC owning Fujitec Takanawa bldg. to JR East. with Fujitec missing out on the profits
<b>March 14, 2022</b>	Takanawa Gateway station started operation
<b>May 30, 2022</b>	The board (incl. Nobuki Sugita, Shigeru Yamazoe, Kunio Endo and Mami Indo) concluded that there is no legal or corporate governance issues with these transactions despite clear governance flaws

According to the result of investigation by Fujitec on May 30, 2022 and further Oasis analysis,

- Takakazu Uchiyama's private entity securitized this bldg. and Fujitec joined his SPC in 2006 to derisk/give profit to Takakazu Uchiyama's entity
- However, Fujitec was forced to sell the stake of SPC back to Takakazu Uchiyama's private entity in 2014 at the same time that a large potential hike in land price was expected due to the upcoming redevelopment by government.
- Fujitec failed to get benefitted from the price rise but Takakazu Uchiyama's entity took full advantage
- **The board of directors concluded that there are no legal or corporate governance issues despite clear governance flaws**

*Reference Data*

*Property Registry in Japanese:* [Former Fujitec Takanawa Building Registry](#), [Former Fujitec Takanawa Land Registry](#),

*See relevant Yuho:* in [Japanese](#) and in [English](#)

See Oasis Deck and Response to Investigation Report



# IX. Appendix 1 – Related Party Transactions - Fit Will Hikone



<b>April 24, 2007</b>	Government disclosed that Fit Will Hikone (called Peare Hikone) had been barely in the black with a profit of JPY 1 million just before the purchase by Uchiyama International.
<b>March 30, 2007</b>	Takakazu Uchiyama’s private entity bought recreational facility from government and started operation as Fit Will Hikone at JPY 239.6 million
<b>November 6, 2007</b>	Board resolution to have facility use agreement of Fit Will Hikone
<b>December 2007</b>	Fujitec executed a facility-use agreement of Fit Will Hikone
<b>Dec 2007- Mar 2008</b>	Fujitec paid 2million in fees to use Fit Wil Hikone
<b>Apr 2008 – Mar 2009</b>	Fujitec paid 11million in fees to use Fit Wil Hikone
<b>Apr 2009 – Aug 2009</b>	Fujitec paid 5million in fees to use Fit Wil Hikone
<b>August 5, 2009</b>	Board resolution to acquire Fit Will Hikone
<b>September 15, 2009</b>	Fujitec acquired the sports culture business, including the land and building, of Fitwill Hikone, from Takakazu Uchiyama’s private entity at JPY 252 million

According to the result of investigation on May 30, 2022 and further Oasis analysis,

- Fujitec paid usage fees and eventually bought this facility in order to provide for the welfare of its employees.
- This extreme and unusual step of acquiring a public recreational facility for these purposes is something we have not seen done by any other company we know of in Japan. Most companies that care for the welfare of their employees will provide subsidies for gym membership or wellness benefits so that employees can exercise near their homes or the office, where it is convenient.
- Fujitec instead bought a public recreational facility which is more than a 20-minute drive from the office.
- Oasis sees Fujitec bought the facility because President Uchiyama’s entity wanted to offload it and not because of employee welfare, for which there are better ways to provide. Providing President Uchiyama’s entity an escape route from an investment they regretted making and giving them a profit
- **The board of directors concluded that there are no legal or corporate governance issues despite clear governance flaws**

### Reference Data

See evidence for your DD in Japanese: [KK Uchiyama International](#), [Fit Will Hikone Building Registry](#), [Fit Will Hikone Land registry](#), [Record of Diet](#), [Record of asset sale from Govt to Uchiyama’s entity](#)

See relevant Yuho: in [Japanese](#) and in [English](#)

See Oasis Deck and Response to Investigation Report



## IX. Appendix 1 – Related Party Transactions - Urban Well Ibaraki



<b>1982</b>	Fujitec made contract of the First Hishyo Dormitory with Seiwa Kaihatsu Kosan (predecessor entity of Takakazu Uchiyama's private entity)
<b>November 6, 2007</b>	Board resolution to rent Urban Well Ibaraki from Takakazu Uchiyama's private entity
<b>November 30, 2007</b>	Fujitec terminated the renting contract of the First Hisho Dormitory
<b>December 20, 2007</b>	Takakazu Uchiyama's private entity sold the First Hisho and bought Urban Well Ibaraki
<b>December 28, 2007</b>	Fujitec made contract of Urban Well Ibaraki with Takakazu Uchiyama's private entity to rent 50 rooms and consulting room.
<b>December 6, 2013</b>	Takakazu Uchiyama's private entity reduced the rent for 50 rooms and consulting room after board resolution
<b>October 1, 2021</b>	Fujitec reduced number of room from 50 to 5 rooms and consulting room after board resolution (incl. Nobuki Sugita, Shigeru Yamazoe, Kunio Endo and Mami Indo)
<b>May 30, 2022</b>	The board (incl. Nobuki Sugita, Shigeru Yamazoe, Kunio Endo and Mami Indo) concluded that there is no legal or corporate governance issues with these transactions despite clear governance flaws

### Rent for room

2007 – 2013

JPY 75,120 per room (for 50 rooms)

2014 – Present

JPY 73,120 per room (for 50 rooms)

Market rent in 2014

JPY 67,000 – 73,000 per room

### Rent for Consulting Room

2007 – 2013 : 374,000

2014 – Present : 366,000

According to the result of investigation on May 30, 2022 and further Oasis analysis,

- For many years, Fujitec rented 50 dormitory rooms in the building from Uchiyama International. In 2021, once Oasis began engaging with Fujitec, this was suddenly reduced to five rooms. This suggests that the rooms had been drastically underutilized, and that Fujitec did not need 50 rooms, but instead was needed to support the Uchiyama family, in another transfer of wealth to President Uchiyama at the cost of Fujitec and its other shareholders.
- Fujitec was paying a premium (JPY73,120 a month) compared to other tenants, who paid between JPY67,000 and JPY73,000 a month, despite Fujitec renting so many rooms including empty ones. Historically, in addition to the 50 dorm rooms, Fujitec also rented a consultation room. Now that the Company is only renting five rooms it is still renting one consultation room, which amounts to approximately half of the rent paid by Fujitec.
- We suspect that no one else would rent the consultation room (annual rent: 4.4million just for this consultation room), so Fujitec is being forced to keep renting it just for five rooms. In addition to all the above, Uchiyama related entities charged Fujitec 11-month deposits for these rooms, which also different from normal market conditions.
- **The board of directors concluded that there are no legal or corporate governance issues despite clear governance flaws**

### Reference Data

See : [Urban Well Ibaraki Land Registry](#), [Urban Well Ibaraki Building Registry](#), and conditions for other ordinary tenants [LIFULL Home's](#)

See relevant Yuho: in [Japanese](#) and in [English](#)

See Oasis Deck and Response to Investigation Report

## IX. Appendix 1 – Related Party Transactions - 4,107MM of Unsecured Loan



July 23, 2003	His father, founder of Fujitec, Shotaro Uchiyama passed away.
September 30, 2003	Board resolution to lend 4.1BLN to Takakazu Uchiyama's private entity (Repayment date: September 30, 2005)
November 12, 2004	Board resolution to extend the loan to Takakazu Uchiyama's private entity (New repayment date: September 30, 2008)
March 2006	Takakazu's private entity repaid 0.45BLN of Loan to Fujitec
September 2006	Takakazu's private entity repaid 1.75BLN of Loan to Fujitec
September 29, 2008	Board resolution to extend the loan to Takakazu Uchiyama's private entity (New repayment date: September 30, 2011)
July 14, 2011	Board resolution to extend securitization of Fujitec Takanawa bldg. and renting.
December 2013	Takakazu Uchiyama's private entity repaid 0.2BLN of Loan to Fujitec
August 7, 2014	Fujitec board resolution to extend the loan to Takakazu Uchiyama's private entity ( New repayment date: September 30, 2017)and to sell the stake of SPC owning Fujitec Takanawa bldg. to Takakazu Uchiyama's private entity as its area has redevelopment
September 30, 2014	Fujitec sold the stake of SPC owning Fujitec Takanawa bldg. to Takakazu Uchiyama's private entity
March 2015	Takakazu Uchiyama's private entity repaid 1.7BLN to Fujitec
May 30, 2022	The board (incl. Nobuki Sugita, Shigeru Yamazoe, Kunio Endo and Mami Indo) concluded that there is no legal or corporate governance issues with these transactions despite clear governance flaws

- After Takakazu's father (founder : Shotaro)'s death on July 23, 2007, Fujitec lent 4,107MM to Takakazu's private entity without collateral.
- Large filing and change report of Fujitec shares owned by Uchiyama family and property records of major assets owned by Takakazu's private entity and himself does not show those assets have been collateralized by Fujitec.
- However, the investigation report claims that this lending had been protected by collateralization.
- Interest rate was extremely low (the external procurement cost plus 0.1%) and Fujitec didn't raise the interest rate despite of frequent rescheduling of repayments.
- The original term of the loan was just for 2 years but this was repeatedly extended and ultimately lasted 11 years
- Fujitec could have invested for its future, but instead it loaned cash amounting to over 20% of its cash-on-hand at a very low interest rate to the Uchiyama family without collateral.
- **The board of directors concluded that there are no legal or corporate governance issues despite clear governance flaws**

### Reference Data

Change report from Uchiyama family's entities: [2003](#), [2003 ver2](#), [2005](#), and [2013](#)

Property Registry in Japanese: [Former Fujitec Takanawa Building Registry](#), [Former Fujitec Takanawa Land Registry](#), [No1 Hisho Ryo Land Registry](#), [Urban Well Ibaraki Land Registry](#), [Urban Well Ibaraki Building Registry](#), [Fit Will Hikone Building Registry](#) and [Fit Will Hikone Land registry](#)

See Oasis Deck and Response to Investigation Report

## IX. Appendix 1 – Related Party Transactions - Gardener



June 1, 2016	The part-timer started working at Fujitec
April 2018	The part-timer started gardening at Takakazu Uchiyama's house
June 28, 2021	Fujitec sold Domus Moto Azabu to Yusuke Uchiyama's private entity.
June 30, 2021	The part-timer finished contract
Present	The gardener continues gardening at Takakazu Uchiyama's house
May 30, 2022	The board (incl. Nobuki Sugita, Shigeru Yamazoe, Kunio Endo and Mami Indo) concluded that there is no legal or corporate governance issues with these transactions despite clear governance flaws

- Oasis has identified a person wearing a “Fujitec” uniform working at Takakazu Uchiyama’s house in Nishinomiya.
- Following his work at President Uchiyama’s house, he drove back to Fujitec’s Ibaraki Office (Big Fit)
- Oasis is concerned that Fujitec pays an employee to carry out personal work for the Uchiyama Family, which is highly inappropriate.
- The Investigation Report states that the individual did yard work outside of his work hours but has not provided any details of what his work hours were.
- **The board of directors concluded that there are no legal or corporate governance issues despite clear governance flaws**

### Reference Data

See Oasis Deck and Response to Investigation Report



## IX. Appendix 2 – Investors Voting AGAINST Takakazu Uchiyama

Oasis reviewed the public disclosures of Fujitec’s top institutional shareholders to see how they voted at the 2022 AGM. As can be seen in the table below, an overwhelming number of investors voted AGAINST Takakazu Uchiyama’s reappointment. Some investors (in the ‘UNKNOWN’ column) are those investors that have not disclosed how they voted on the reappointment of Takakazu Uchiyama but have disclosed their votes on other items. Investors that do not disclose any voting records have not been included.

AGAINST		FOR	UNKNOWN
<ul style="list-style-type: none"> <li>▪ AllianceBernstein</li> <li>▪ American Century</li> <li>▪ Amundi AM</li> <li>▪ Artisan Partners</li> <li>▪ Asset Management One</li> <li>▪ Asset Value Investors</li> <li>▪ Bessemer Investment</li> <li>▪ BNY Mellon</li> <li>▪ CalPERS</li> <li>▪ CalSTRS</li> <li>▪ Charles Schwab AM</li> <li>▪ Colorado PERA</li> <li>▪ Dimensional Fund Advisors</li> <li>▪ Driehaus</li> <li>▪ ERS of Texas</li> <li>▪ Fidelity Investments</li> <li>▪ Geode Capital Management</li> <li>▪ Invesco</li> <li>▪ Jennison Associates</li> <li>▪ Kempen</li> </ul>	<ul style="list-style-type: none"> <li>▪ KLP Kapitalforvaltning</li> <li>▪ Legal &amp; General</li> <li>▪ LocalTapiola AM</li> <li>▪ Lord Abbett</li> <li>▪ Mackenzie Investments</li> <li>▪ Manulife</li> <li>▪ MFS Investment Management</li> <li>▪ New York City Pension Funds</li> <li>▪ Norges Bank</li> <li>▪ Northern Trust Investments</li> <li>▪ Oasis</li> <li>▪ Parametric</li> <li>▪ Pictet AM</li> <li>▪ Skagen Funds</li> <li>▪ State Street Global Advisors</li> <li>▪ SunAmerica AM</li> <li>▪ SunSuper</li> <li>▪ State of Wisconsin</li> <li>▪ T. Rowe Price</li> <li>▪ Vanguard</li> <li>▪ UBS AM</li> </ul>	<ul style="list-style-type: none"> <li>▪ BlackRock</li> <li>▪ Nikko AM</li> <li>▪ Mitsubishi UFJ Kokusai AM</li> <li>▪ Nuveen</li> <li>▪ Vaughan Nelson IM</li> <li>▪ Norinchukin Zenkyoren AM</li> <li>▪ Equitable IM</li> <li>▪ Shinkin AM</li> <li>▪ Okasan Investments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Resona AM</li> <li>▪ Sumitomo Mitsui Trust AM</li> <li>▪ MUFG AM</li> <li>▪ Daiwa AM</li> <li>▪ Tokio Marine AM</li> <li>▪ Sumitomo Mitsui DS AM</li> <li>▪ Nissay Asset Management</li> <li>▪ Meiji Yasuda AM</li> <li>▪ Dai-ichi Life</li> <li>▪ Goldman Sachs AM</li> </ul>

# IX. Appendix 3 – Kaori OISHI’s Questionable Independence

## Questionable Independence of 2022 Nominee



### Kaori OISHI

**June 2022 – Present**      **Outside Director at Fujitec**  
 Jan 2013 – Present      Kitahama Partners, Partner  
 Jan 2009      Kitahama Partners, Of Counsel  
 Oct 2001      Graduated from the Legal; Joined Kitahama Partners  
 Mar 2000      Osaka University (LL.B.)

Name	Background	Nominated on AGM in,,,															
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Kaori Oishi	Partner, Kitahama Partners																
Terumichi Saeki	Founder Kitahama Partners		Auditor						Outside director								
Tatsuo Ikeda (Auditor)	Of Counsel Kitahama Partners									Auditor							



- Fujitec has been a long-term client of Kitahama Law Firm
- Fujitec’s Yuho explains that Fujitec has been a client since at least FY2015
- 2 Directors and 1 Auditor were recruited from Kithama Partners at Fujitec

Kitihama Partners’ **commercial relationship** with Fujitec precludes OISHI’s independence. Moreover, due to her tenure appearing to be a succession of the tenure of a predecessor colleague, Terumichi SAEKI, makes her nomination highly questionable. SAEKI was a Director at Fujitec during when **most of the inappropriate related-party transactions took place.**

# IX. Appendix 4 – Oasis’s Letter to Fujitec in 2020 on RPTs

## Letter from Oasis to Fujitec on July 15, 2020

### OASIS

BY EMAIL & DHL

July 15, 2020

President Takakazu Uchiyama and Board of Directors  
Fujitec Co., Ltd.  
591-1 Miyatacho  
Hikone  
Shiga 522-8588  
Japan

Dear President Uchiyama and Board of Directors,

As you are well aware from the most recent Annual General Meeting (“AGM”) of Fujitec Co. Ltd.’s (“Fujitec” or the “Company”), there was substantial support for Oasis’s shareholder proposal to cancel the Company’s treasury shares. We believe that this support would have been substantially greater if not for the negative impact of COVID-19 on investor sentiment and AGM participation.

As we have previously mentioned in meetings and letters, Oasis is a long-term shareholder of Fujitec and we have been disappointed by the lack of improvement in corporate governance and capital allocation at the Company. Unlike other of our public engagements, Oasis did not launch a public website nor make a presentation publicly available to draw attention to our engagement with Fujitec. This was done in the hope of giving Company management the opportunity to change with less public attention. In light of the lack of progress, we submitted a modest, logical and financially sound shareholder proposal to cancel Fujitec’s treasury shares, which would have no impact on operations. Therefore, we were surprised by your absolute rejection of our proposal without any compromise or deeper discussion.

The Company’s continued failure to engage constructively with us, among other issues, demonstrates a severe breakdown in corporate governance. There are still no signs of the Company addressing the existential threat of third-party maintenance providers to its domestic business, nor any hint of recalibration of its capital allocation policy. We also believe that the poison-pill has become a crutch for management and is shielding its poor performance, which will lead to a sustained destruction of corporate value. The poison-pill only benefits the Uchiyama family, at the expense of all other stakeholders.

The Company’s independent directors must take their duties seriously, treat all shareholders equally, and act to prevent a destruction of corporate value. Oasis has repeatedly warned the Company over the significant threat and opportunity of third-party maintenance in Japan.

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“The Company’s independent directors must take their duties seriously, treat all shareholders equally, and act to prevent a destruction of corporate value. Oasis has repeatedly warned the Company over the significant threat and opportunity of third-party maintenance in Japan, but changes have not been made, as they may impact Uchiyama-san’s relationships with presidents of other elevator companies – this is a major conflict-of-interest. **We also call upon the independent directors to establish an independent third-party committee to investigate the details of the related party transactions with Uchiyama-san’s family entities to ensure that they were always truly arms length transactions and were not designed to benefit the Uchiyama family more than other shareholders.**”



## IX. Appendix 5 – E-mail Regarding Nishimura & Asahi

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### Response from Fujitec to Oasis on March 30, 2022 after Oasis sent letter to Fujitec

オアシスマネジメント XX様

お世話になります。

関係当事者間取引に関するご質問につきましては、法的な規制との関係もあるため、弊社弁護士と御社弁護士との間でご面談をさせていただきたいと考えております。

当社の弁護士は西村あさひ法律事務所の藤本弁護士にお願いをしております。

つきましては、御社の弁護士様の連絡先をご教示いただけましたら、当方の弁護士より早急にご面談の調整をさせていただくようにいたします。

---

[Translation]

Dear XX at Oasis Management

Nice to see you.

Regarding related party transactions, Fujitec wants the lawyer representing Fujitec to have a meeting with the lawyer representing Oasis in light of legal regulations. Fujitec has already asked Fujimoto Attorney at Nishimura & Asahi.

Once you notify the contact of your lawyer, our lawyer moves to set up the meeting with your lawyer as soon as possible.



## IX. Appendix 6 – Third Party-Committee Chair

### Third-Party Committee Chair

Oasis is particularly concerned that Hideaki Kobayashi, the chair of the Third-Party Committee and senior counsel at Nagashima Ohno & Tsunematsu (“NO&T”). **Kobayashi has publicly expressed opinions that do not follow the best standards for third-party committees as presented in the Japan Federation of Bar Associations (“JFBA”) guidelines.**

These opinions, made to [Nikkei](#) in 2019, express the opinion that **companies should have tighter control of third-party committees, limit the scope of investigations,** and there should be **limited disclosure of the results** as it could lead to litigation against the company.

#### A HISTORY OF FAILING SHAREHOLDERS IN INVESTIGATIONS

Although Mr. Kobayashi was retained by the Company as advisor to handle the crisis at Toyo Tire, he and his team investigated the substandard seismic isolation rubber as third-party. The negative impact of Mr. Kobayashi’s rejection of the JFBA guidelines can be clearly seen from the investigation that both Mr. Kobayashi and Mr. Hen conducted at **Toyo Tire Corporation in 2015.** In the investigation, Mr. Kobayashi kept to an extremely narrow scope of investigation focusing solely on the issues associated with the substandard rubber.

**By having such a narrow focus, both Mr. Kobayashi and Mr. Hen failed to investigate the cultural and governance issues as would have been required under the JFBA guidelines. And Toyo Tire continued very similar substandard issue of Anti-vibration rubber, which happened during the same time of his investigation. Their failure to root out the cause was followed by two additional scandals at Toyo Tire which then took more than three years to address.**

#### AN OBVIOUS SELECTION FOR CONCEALMENT

Mr. Kobayashi and Mr. Hen were likely selected to ensure that the investigation will be undertaken superficially and in a manner that will only benefit the Uchiyama family. It is unfortunate, that the Outside Directors allowed the Company to nominate a member and Chair of the Third-Party Committee as Kaori Oishi, Kazuhiro Mishina and Yoshiyuki Yamasaki ended up just selecting committee chairperson CANDIDATES and outside directors failed to lead the full process of the nomination independently.

Out of thousands of possible experts, Fujitec have selected an individual that has publicly stated that companies should exert greater control over investigations contrary to the accepted JFBA guidelines. **Fujitec’s actions demonstrate an obvious intention to skew any investigation in favor of Mr. Uchiyama and not find the root cause of the issues.**



## IX. Appendix 7 – Outside Director Nominees

Akihiko ASAMI





With more than 30 years experience in the finance industry, working for large global banks including Barclays, Deutsche Bank, and Goldman Sachs. Akihiko ASAMI is an expert in corporate finance, M&A transactions, technology, and global business.

In 2018, he joined Innovation Platform for The University of Tokyo as current Partner and Senior Advisor. Most recently, ASAMI became the COO of HAPS Mobile, and has since retired; he continues to provide advisory services to Softbank.

He received an MBA from Massachusetts Institute of Technology in 1996 and Bachelor of Economics from Waseda University in 1985.

**MAIN SKILLS**

-  Corporate Finance
-  M&A
-  Global Business
-  Technology

- Currently, he works as **Partner and Senior Advisor at UTokyo Innovation Platform Co.** (VC of The University of Tokyo) and as **Senior Advisor at Softbank Corp** to give advice on Softbank's Vision Fund.
- In 2018, he worked as a COO of **HAPS Mobile**, which is a joint venture between Softbank and AeroVironment. In 2011 he moved to investment banking division at Barclays Securities and involved in services for almost all industries as a head of IBD and a vice chairman.
- In 2018, he joined **UTokyo Innovation Platform Co.** as Partner and Senior Advisor. He is focused on investment of Japanese VC's, covering mainly Ai, Robotics, and Aerospace. He has been involved in more than 20 Venture companies.
- In 2011, he joined as the Managing Director, Investment Banking Division (IBD) at **Barclays** where he was involved in services for almost all industries as the Co-Country Head of IBD and a Vice-Chairman.
- In 2009 he joined the IBD of **Deutsche Bank** where he was engaged in numerous large-scale M&A in TMT and Healthcare industries.
- Joined the IBD of **Goldman Sachs** where he advised numerous large-scale M&A and investment projects in communications, media and technology industries as a Managing Director for 15 years.
- Joined **Fuji Bank, Ltd.** in 1985.
- MBA at Massachusetts Institute of Technology in 1996.

# IX. Appendix 7 – Outside Director Nominees

Clark GRANINGER 



Clark GRANINGER is an experienced professional with over 30 years of experience in the financial world, serving in leadership positions, including CEO of Aplus (Shinsei Subsidiary) and Managing Executive Officer Aozora Bank.

Given his role in reviewing corporate credit transactions during his 20-year career in investment banking/finance, GRANINGER came across numerous scandals and weak governance scenarios.

He completed his MBA at University of Chicago Booth School of Business in 1997 and his MA at Middlebury College in 1990.

**MAIN SKILLS**

-  Governance
-  Technology
-  Corporate Finance
-  Operations

- He is currently a Managing Director and Member of the Board of Directors at **WealthPark Capital, Inc.**, a fin-tech subsidiary of WealthPark, Inc., and Co-Founder and Representative Director of Reboot K.K. (reboot-japan.com) which is an ecommerce platform.
- After Aozora, he served at **WealthPark, Inc.** as a Managing Director and Chief Wealth Management Officer. He was a lead angel investor to the platform from 2016, and a board member through the company’s successful B round of venture capital funding in 2019.
- In 2011, he moved to **Aozora Bank** as a Managing Executive Officer, where he was Head of Retail Banking.
- In 2007, he became the representative director CEO of **Aplus Co., Ltd.** Where he oversaw the restructuring of a USD 15B balance sheet to restructure the company and drove transactions necessary to reduce footprint and cut cost base.
- In 2000, he moved to **Shinsei Bank** where he spent over 10 years and served as a Senior Managing Executive Officer and Executive Vice President overseeing Shinsei's institutional banking business. He was responsible for approving structured finance transactions and, he was also a member of the management committee and credit committee and reviewed and voted on all major investments and loans.
- Started his career as an investment banker at **Lehman Brothers** in 1997.

# IX. Appendix 7 – Outside Director Nominees

Kaoru UMINO 



Kaoru UMINO has more than 30 years of legal experience handling complex cross-border finance and M&A transactions in New York and Tokyo, UMINO has advised leading Japanese corporations and financial institutions on international investments and projects. Her experience in a senior management position as head of the legal and compliance department at JPMorgan in Japan included the implementation of the corporate governance structure of the JPMorgan securities in Japan. She completed her JD at Columbia University of Law and her BA at Bowdoin College.

**MAIN SKILLS**

-  Governance
-  Law
-  Corporate Finance
-  Sustainability

- She has New York State Bar admission and is registered as Gaikokuho Jimu Bengoshi in Japan.
- In 2018, she moved to **DLA Piper** as a Partner (currently working). Kaoru’s experience includes representing Japanese Government related financial institution and leading Japanese commercial banks as lenders in major export-import, investment and project financings in the United States, Latin America and Asia. She is currently also the Asia Lead for DLA Piper’s Sustainability and ESG initiative and a working group member of the Future of Boards global project in partnership with the University of Cambridge Institute for Sustainability Leadership.
- She is the board member at two NPO; Lawyers for LGBT and Allies Network (LLAN) and Second Harvest Japan (Japan’s first nationwide food bank).
- In 2008, she moved to **Jones Day** as a Partner.
- In 2006, she moved to **JPMorgan Securities Japan Co. Ltd.** as Managing Director and Associate General Counsel. She led building up the corporate governance structure of the JPMorgan securities company in Japan in response to regulatory requirements.
- In 1998, she joined **Paul Hastings** (Tokyo) as a Partner
- In 1987, she started her career as a lawyer at **Davis Polk & Wardwell LLP** (New York) and was admitted to the New York State Bar (Second Department).

# IX. Appendix 7 – Outside Director Nominees

Ryan WILSON 



Ryan WILSON has spent over 15 years at ThyssenKrupp Elevator (Canada), and currently serving as CEO of Jack Cewe Construction Ltd. Jack Cewe is the independent civil construction and aggregate supply companies in British Columbia, province of Canada.

His experience as CEO of the largest elevator company with close to 2,000 employees allows him to bring management and operational experience from a global elevator company, including supply chain management.

WILSON completed his MBA at the University of British Columbia, and a BA in Economics from the same University.

**MAIN SKILLS**

-  Governance
-  Operations
-  Corporate Finance
-  Direct Industry

- Since November 2018, he is CEO of **Jack Cewe Construction Ltd**, which is the independent civil construction and aggregate supply companies in British Columbia, province of Canada. As he expanded the operation, Ryan spent lot of effort to provide a safe work environment for employees by developing a comprehensive Health and safety Policy and Procedure Manual on their own. Utilizing civil engineering expertise, Ryan led his company into water and resource management project to preserve the health of river.
- Ryan has led **Thyssenkrupp Elevator (Canada) Limited (TKE Canada)** for more than 15 years, most recently serving as its President and CEO from 2015 to 2018. During his tenure as President and CEO, he helped lead TKE Canada from Number 3 to Number 1 market share position and was the top performing business unit globally with record growth in both revenue and EBIT. He improved the service retention / cancellation rates, customer satisfaction, profitability, and employee motivation of TKE Canada. In this role he reorganized the supply chain management, critical for operation and maintenance business of elevators and escalators as well as rebuilding the sales network to expand ThyssenKrupp’s installation. After he streamlined operations, he executed large investment of state-of-the-art engineering center for modernization engineering, repair and brought ThyssenKrupp Canada to an all-time high.

# IX. Appendix 7 – Outside Director Nominees

Ako SHIMADA



Ako SHIMADA has over 20 years of legal, M&A and governance experience at law firms and multi-national corporates. SHIMADA is currently serving as Vice President, General Counsel, and Corporate Secretary at Ushio America, Inc.

SHIMADA has substantial experience in M&A, distressed assets, governance, intellectual property, transportation regulations, employment law, and compliance.

She holds JD in Economics from Loyola University Chicago School of Law and an BS from Northwestern University and studied Journalism from University of North Carolina at Chapel Hill.

**MAIN SKILLS**

-  Governance
-  Law
-  Corporate Finance
-  Global Business

- She is on the board of **Association of Corporate Counsel** since 2020 and Chair of the **US – Japan Council's** Southern California and Southwest Region.
- Since 2014, she has been with Ushio and currently serving as Vice President, General Counsel and Corporate Secretary, **Ushio America Inc.** Through her various roles at Ushio, she gained substantial experience in M&A, distressed assets, intellectual property, transportation regulations, employment law, and corporate compliance. She developed a deep expertise in identifying, evaluating, and mitigating risks as a business advisor to the board and senior management and has successfully closed several multi-million dollar M&A transactions for Ushio.
- Prior to joining Ushio, starting in 2008, she served as Assistant General Counsel at **Apria Healthcare**, a leading provider of home healthcare equipment and related services.
- Served as an attorney at **Rutan & Tucker, LLP**, until 2008 where she focused on complex commercial litigation, including IP.
- She is a Certified Information Privacy Professional (CIPP/US), a credential provided by the International Association of Privacy Professionals (IAPP).



# IX. Appendix 7 – Outside Director Nominees

Torsten GESSNER 



With close to 40 years experience in the elevator industry, working for two of the recognized pure play Fujitec peers – ThyssenKrupp and Otis. Torsten GESSNER is an expert in management, corporate finance, transactions, operations, and global business.

Prior to becoming an independent consultant, GESSNER was the Chair and CEO of ThyssenKrupp’s North America business, the largest and most important foreign market.

He completed Manufacturing & Purchasing International Master’s Program at Otis University in 1990 and the Information Technology Electronics Engineer Program from Telefunken/German Chamber of Industry and Commerce in 1984.

**MAIN SKILLS**

-  Governance
-  Operations
-  Corporate Finance
-  Direct Industry

- Since 2015, he works as an **independent Senior Advisor** giving strategic advice to clients across different sectors, including Industrial-, Automotive- and Technology-Companies located globally. Offers clients due diligences, development of global investment strategies, support reconfiguring global organizational and leadership structures, market analysis, market penetration strategies, etc.
- In 2011, promoted to **ThyssenKrupp North America, Inc.**, Chairman and Chief Executive Officer (CEO). ThyssenKrupp North America, Inc., had \$12B in revenue and 24,000 employees. He oversaw top-line increase by 20% and bottom-line nearly tripled by spearheading greater coordination and collaboration among ThyssenKrupp’s operating companies, creating supporting functions, and restructuring existing ones for improved alignment.
- In 2006, moved from OTIS to **ThyssenKrupp Elevator** as executive board member and Chief Operating Officer of ThyssenKrupp Elevator CENE GmbH in charge of manufacturing, R&D and supply chain management. Resulted in 25% top-line growth, 20% bottom-line savings.
- Until 2005, he was the UK & Central Europe (UCEA), Area Director, Supply Chain Management & Logistics at **Otis** – Established the UCEA Operations headquarters in Vienna. Oversaw R&D, supply chain and logistics management organizations and manufacturing operations in the UK, Czech Republic, Germany, etc.
- Joined **OTIS** in 1985.



## IX. Appendix 8 – Board Skills Matrix

### Board Skills Matrix of Fujitec and Peers (performed by Oasis)

Oasis performed a board skills and experience benchmarking using public information disclosed by peers on their directors' bios. The peers' own board skills matrices were not considered, solely their professional descriptions allowed Oasis to determine whether a director had the relevant skill and experience.

Name	Corporate Experience	Elevator Experience	Corporate Finance Experience	Governance Experience
Fujitec	33%	0%	50%	50%
Oasis Nominees	<b>100%</b>	<b>33%</b>	<b>100%</b>	<b>83%</b>
Kone	88%	38%	88%	88%
Otis	100%	0%	88%	75%
Schindler	75%	38%	88%	38%
Hitachi	78%	0%	78%	57%
Mitsubishi Electric	43%	0%	57%	43%

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