

# Fujitsu's Corporate Governance

March 17, 2020

Fujitsu Limited

Kyoko Mizuguchi, Corporate Executive Officer

# **FUJITSU'S BASIC APPROACH TO CORPORATE GOVERNANCE**

## ■ Valuing the Interests of Stakeholders

### Corporate Vision (FUJITSU Way)

Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world.

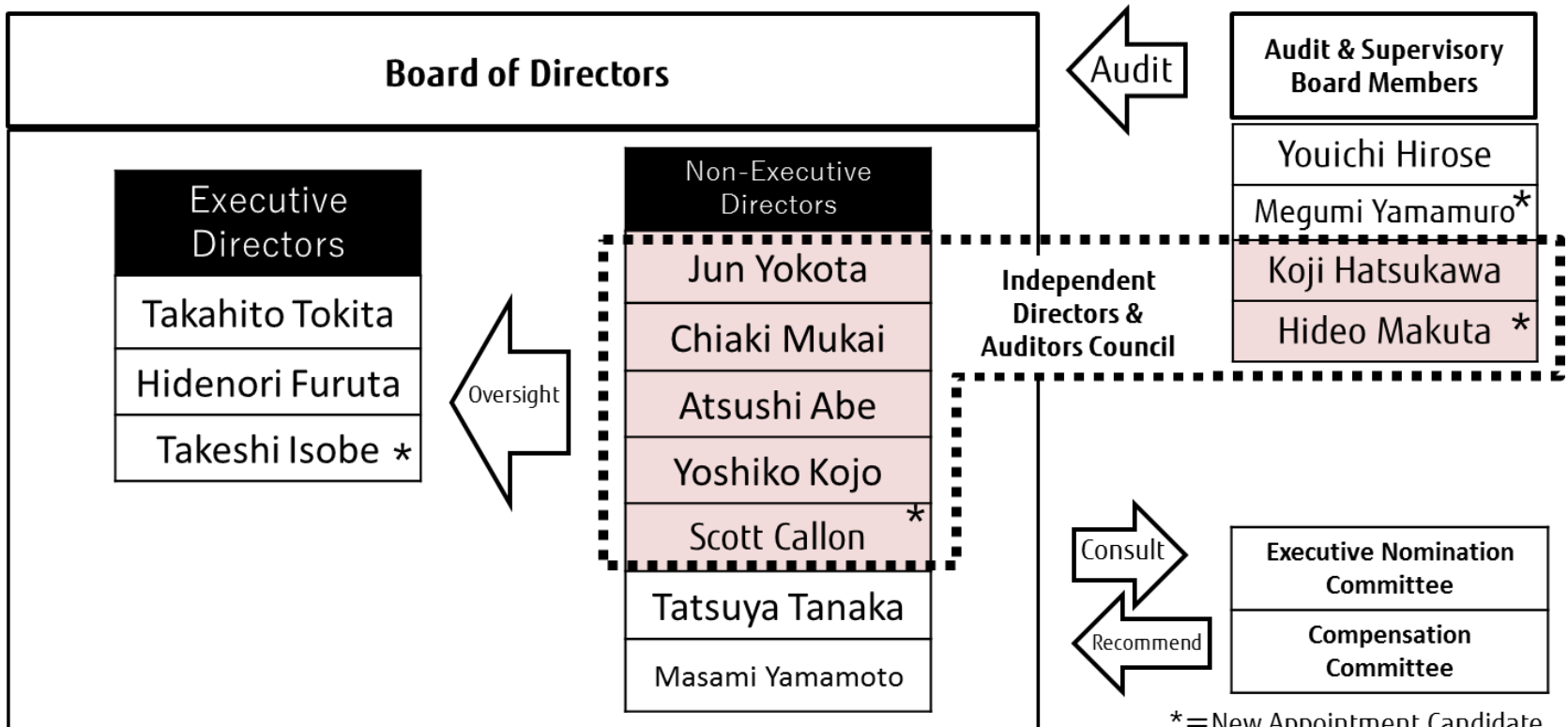
*“We believe that aiming to be a company that **responds to the trust of customers and business partners, a company for which employees engage in activities vibrantly and proudly so that it contributes to society, and not a company that merely pursues short-term profits, will lead to medium- to long-term growth and an increase in corporate value, and thus enable us to justify the trust of the shareholders who support us. It is our mission to manage the company in this way.**” (Corporate Governance Policy)*

## Corporate Governance:

An indispensable mechanism for the management to accomplish the mission

# Basic Approach to Corporate Governance

- Emphasis: Non-executive directors provide advice from diverse perspective and oversee management execution by executive directors
- Complementing the Board of Directors
  - **Audit & Supervisory Board** members, who are appointed as independent agents, provide audits and oversight from outside the Board of Directors
  - Voluntary establishment of **the Executive Nomination Committee and Compensation Committee**
  - **Independent Directors & Auditors Council**



\* = New Appointment Candidate  
( Subject to June 2020 AGM approval )

# **APPOINTMENT OF NON-EXECUTIVE DIRECTORS**

## 【Independent Directors】



Jun Yokota



Chiaki Mukai



Atsushi Abe



Yoshiko Kojo



Scott Callon

\*Subject to June 2020 Annual Shareholders' Meeting approval

## 【Non-Executive Directors from within Fujitsu】



Tatsuya Tanaka



Masami Yamamoto

# **INITIATIVES TO ENABLE NON-EXECUTIVE DIRECTORS TO FUNCTION EFFECTIVELY**

INITIATIVES TO MAINTAIN AND IMPROVE THE EFFECTIVENESS OF  
THE BOARD OF DIRECTORS

# Appointment of Atsushi Abe as Chairman of the Board

- Since June 2019, Atsushi Abe, an Independent Director, has been Chairman of the Board of Directors

- Aims

As explained below, the objective is to enhance Fujitsu's corporate governance

- Strengthen management oversight function
- Further promotion of the transparency and objectiveness of the discussions

*"I am aware that I was appointed as chairman of the Board **to help put the Company on a growth trajectory under the new management team.** As chairman, I will change the way of reporting and strive to increase the time for discussion while linking each meeting of the Board to a meaningful action, such as deciding on the next relevant measure or reaching a conclusion to ongoing deliberations. Now that the direction of our management policy has been clearly determined, we will make a concerted effort in pursuit of that goal."* (Atsushi Abe)

(Excerpt from Fujitsu Group Integrated Report 2019)



- Close collaboration with Board Chairman Abe  
Inform all items listed on agenda of Executive Management Committee held by the business execution side
- Create a monitoring list for ongoing important projects  
Report on the progress of each project at monthly meetings of the Board of Directors
- Independent Directors & Auditors Council (members consist of the 7 Independent Directors & Audit & Supervisory Board Members)  
FY 2019: 9 meetings (planned)  
Examples of topics discussed: management direction, business of important subsidiaries  
Since these meetings began in 2015, expect there to be 34 meetings held
- Support Office for Independent Directors & Auditors Council
  - For each member, junior employee is assigned as a support member
  - Designed to enable members to receive information without going through management on the business execution side

# Voluntary Executive Nomination Committee and Compensation Committee

## ■ Composition in fiscal 2019

- Executive Nomination Committee: Jun Yokota (Chair), Chiaki Mukai, Yoshiko Kojo, Tatsuya Tanaka
- Compensation Committee: Chiaki Mukai (Chair), Jun Yokota, Yoshiko Kojo, Tatsuya Tanaka

\*In particular, for the Executive Nomination Committee, 1) a considerable amount of time is spent on discussions; 2) in addition to obtaining advice from outside consultants, the committee interviews candidates for Director and Audit & Supervisory Board Member; and 3) the committee gives a detailed explanation of the reasons and process for selecting candidates in proposals to the Board of Directors.

## Corporate Governance Policy (Excerpt)

### 2. Corporate Governance Structure

#### (7) Procedures and policy of Directors and Auditors nomination/dismissal

*"b. To secure personnel as would-be Directors and Auditors who have a competency for taking lead role toward continuous increase of the corporate value, the Executive Nomination Committee is responsible for recommending Directors and Auditors candidates as an initial idea along with reasons, those recommended candidates are evaluated to have an understanding on the environment surrounding the present company and possible changes in the future..."*

#### (8) Procedures and policy of determining Directors and Auditors compensation

*"b. Considering the incentive perspective from which the compensation for securing competent personnel is viewed and stimulating the effort toward continuous increase in the corporate value, the Compensation Committee is responsible for recommending the level of base compensation as well as the calculation method for performance-based compensation..."*

- Evaluation of the performance of Board Meetings (May 2019)

Points for further improvement in the operation of the Meeting were discussed.

- Evaluation of the Board Chairman (December 2019)

A survey was conducted on points for improvement in the Chairman and his management of the Meeting. Feedback was provided to Board Chairman Abe after anonymized.

- Positive Points

Improved follow-up on “homework” items; Chairman runs meetings with good and tense atmosphere.

- Issues Uncovered

The person explaining proposed resolutions needs to stay more on point  
→ More time should be allocated for discussing each proposed resolution.

## Corporate Governance Policy (Excerpt)

### 2. Corporate Governance Structure

#### (3) Conducting the Board of Directors Meeting

*“d. The Board of Directors analyses and evaluates the performance of the Board of Directors Meeting every year to maintain its effectiveness and further enhance its performance as well as disclose the summary result.”*

# FUTURE INITIATIVES

## ■ Our Internal Control Structure

Connecting the executive and non-executive board members  
(important framework as a premise of 'Trust')

## ■ Offense : Management Efficiency

- (1) Establishment and operation of the company's decision-making and delegation mechanism
- (2) Focused efforts on group management issues
- (3) Proactive proposal for optimal risk take / risk hedging

## ■ Defense : Risk management system & Compliance system


- (1) New risks (cyber, data, infectious diseases, geopolitical risks, local laws and regulations)
- (2) Response to new fraudulent methods and acquisition of new investigation methods

- From the beginning, we have been aware of a wide range of stakeholders

(Revising the Corporate Governance Policy calls for strengthening information disclosure to a wide range of stakeholders)

- Board member structure to activate discussions from various viewpoints

Utilizing the internal control system as a mechanism to turn the results of discussions into actual actions



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