

Summary Translation of Question & Answer Session at ESG Briefing for Analysts

Date: October 12, 2023
Location: Live-streamed via Webcast Studio from Fujitsu Headquarters, Tokyo
Presenter: Hiroki Hiramatsu, Corporate Executive Officer, EVP, CHRO

Questioner A

Q1: Regarding the human capital-related data on slide 7 of the presentation material, you mentioned that you are examining the correlations with your financial and non-financial targets, but what kind of analysis do you expect to make, and how do you expect to use the results in meeting your financial and non-financial targets?

A1: Regarding the analysis on slide 7 correlating various human capital data to business performance, we are going to accumulate business performance improvement data from a medium-term perspective to raise the precision of our analysis. In addition, rather than just correlations with business performance, we want to look at correlations with the human capital value enhancement model, including such factors as engagement and learning time, to see what impact our policies have. We want to use data in multifaceted ways, taking a trial and error approach to determine what our focus should be in terms of key performance indicators.

Q2: You mentioned that you are strengthening initiatives to recruit the most appropriate employees from inside and outside the company to ensure that the right person is in the right position. I would like to ask about employee mobility. I think there is likely to be an increase in the number of people who are deemed not to have an appropriate position within Fujitsu, but are you considering to implement a kind of early retirement system for them like you did in 2021?

A2: We have no such plans at the present time. There will still be people who think there is not a job they want within Fujitsu, but our basic stance is to sit down with them and work together with them on a plan for reskilling or transferring them to an appropriate position.

Questioner B

Q1: In your hiring plans for fiscal 2023, I think you stated that there would be more than 800 mid-career recruits, but how is your progress so far? I know that there are various kinds of positions, such as consulting positions and R&D, but please tell us if there are areas in which your recruiting is going smoothly or if there are areas in which you feel you still have a long way to go in recruiting.

A1: Overall, our mid-career recruitment efforts are going smoothly. For example, and this may be the result of the adjustments we made in compensation levels, but the rate of acceptance when we have made an employment offer has risen in comparison with the previous year. As for the issue of more than 800 mid-career recruits, because we have delegated authority for human resource management to the business units, the 800 figure was just a rough estimate for public disclosure purposes, not a commitment to definitely recruit 800 people. Where we need to strengthen is our consulting capability, for which we have announced the goal of having 10,000

consultants by fiscal 2025. We are now thinking about how to make better progress in our recruitment efforts. We are now at the stage where we are moving forward on both internal training and recruiting from outside of Fujitsu.

Q2: I think you decide the number of new hires by having each business unit think about the right balance, but for next fiscal year and beyond, are you having any discussions now about increasing the proportion of mid-career hires in comparison with new graduates?

A2: We do not have many discussions about the overall balance comparing the number of new hires in the categories of mid-career recruits versus new graduate recruits. That said, as we mentioned a moment ago about the new Medium-Term Management Plan, to achieve our target of having 10,000 consultants, we think we will need to increase the number of mid-career recruits each year. Although we have delegated authority over resource planning to the business units for them to handle, for the number of consultants, rather than have each unit think about it, we consider it to be a company-wide issue, and the human resources division works together with the business units and senior management to formulate plans. We will be working on the specifics, but we intend to put together a plan and work on both training and recruitment.

Questioner C

Q1: Roughly a year has passed since Fujitsu moved to job-based HR management. What is your perception of the issue of employees feeling anxiety about their careers?

A1: It was a large organizational change, so, for example, I believe it has now become routine for employees to actively utilize job postings, and to have those around them move workplaces and join their workplace from job postings. Out of our approximately 80,000 employees in Japan, approximately 7,000 have transferred jobs through job postings, so I think that, at first, some employees may feel a sense of anxiety. They will need to decide the approach that they take in their career to overcome this anxiety. In addition to conducting career assessments and assigning 20 non-supervisory consultants, we have also been repeatedly sending the message to our employees that they can grow through mustering the courage to learn and challenge themselves, and are persistently following up on this with measures. As for employees deciding on their own to change careers, our engagement survey shows that many of our employees have a positive perception of this change.

Q2: I think that there is a concern that a meritocracy system could lead to a low sense of belonging to the company among employees. How do you plan on balancing employee's individual merits and fostering a sense of unity among employees?

A2: Each time we implement a personnel system reform, we repeat to our employees that they must be autonomous and reliable. Moving away from the traditional, family-oriented relationship, we wanted to convey that the company and our employees are on equal footing in an easy-to-understand way. To do this, we have been repeatedly sending the message that we have designed the organization around trusting employees, that we provide care and support for employees and encourage employees to take action so that they feel secure and taking the initiative to challenge themselves based on this relationship of trust between them and the company. In regards to how employees work, because we trust the employees, we have

conveyed to them that they can choose where to do their work under our Work Life Shift initiative. In some ways, it may be difficult for employees to choose for themselves, but we believe that it is precisely because they are trusted by the company that their engagement with the company has improved compared to the past.

Questioner D

Q1: Are there any HR policies that you should be working on for the relocation of your headquarters in the second half of the next fiscal year? Also, is there anything that you can mention in relation to this measure?

A1: We implemented the Work Life Shift initiative, which is a way of working that allows employees to choose the time and place at which they do their work, in July of 2020. Hybrid work, in which employees utilize working remotely to the maximum extent possible and gather with other members at a specific time and place when they need to communicate face-to-face, has become a well-established practice. The amount of our employees in Japan who come into the office, which is not something we control, has remained stable at 20%. With increasing our flexibility and mobility in mind, we announced that we will relocate the functions to the Kawasaki Plant and Fujitsu Uvance Kawasaki Tower, and will use approximately 1,500 contracted shared offices in the Tokyo metropolitan area. With regard to 20% of our employees in Japan coming into the office, we felt that it was a challenge for different business units to conduct face-to-face communication at a suitable time, so we hope that our relocation to the Fujitsu Uvance Kawasaki Tower will bring the Sales and Systems Engineering business units together and allow them to have more face-to-face communication than before. Our shared offices are currently being utilized to varying degrees, and we will consider guidelines for how to utilize them in a way that is highly productive, efficient, and satisfying to our employees, as well as whether to create new satellite offices.

Questioner E

Q1: As the human resources division, rather than such terms as human capital management and human resource management, I would like you to sum up your focus with one easy-to-understand catch phrase. In addition, I would like you to explain the rationale behind your choice of that catch phrase.

A1: We have been describing the story of our human resources strategy both internally and to external audiences in terms that are attractive to both investors and future employees. We would like to explain how the future development of our employees will also lead to the growth of Fujitsu in a story that is attractive and conveys that potential. We also want to move forward using data and thoroughly validate our approach. It would be even better if we had a catch phrase that conveyed the essence of our story, so I would like to think about that.