

# Fujitsu Integrated Report 2023



  
FUJITSU



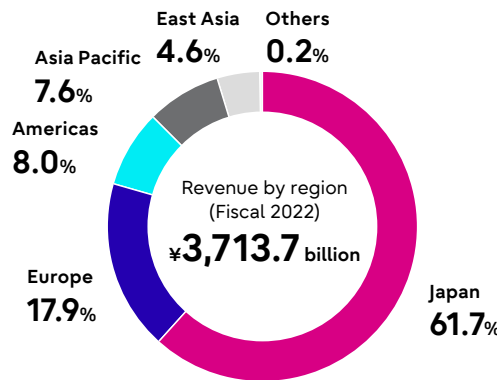
# About Fujitsu

The Fujitsu Group has operations in different regions around the world, including Japan, and provides digital services globally.

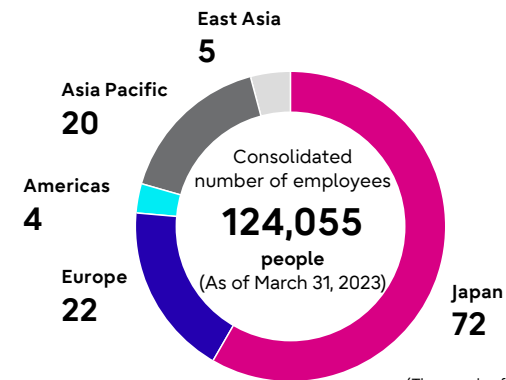
Fujitsu's IT services business ranks top by market share in Japan and is in the top tier worldwide, a record that reflects our outstanding technologies and long track record in building large-scale, cutting-edge systems.



## Global business operations



Notes: Europe: the United Kingdom, Finland, Sweden, Denmark, Norway, Spain, Portugal, France, Belgium, Luxembourg, the Netherlands, Germany, Austria, Switzerland, and Poland  
Americas: the United States, Canada, etc.

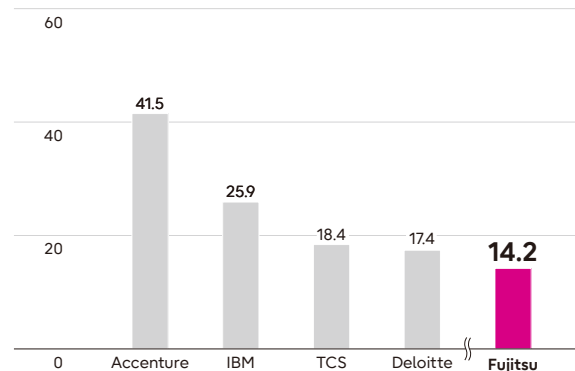


(Thousands of people)

Asia Pacific: Singapore and other southeast Asian countries and Oceania  
East Asia: China, Taiwan, and South Korea  
Others: the Middle East and Africa

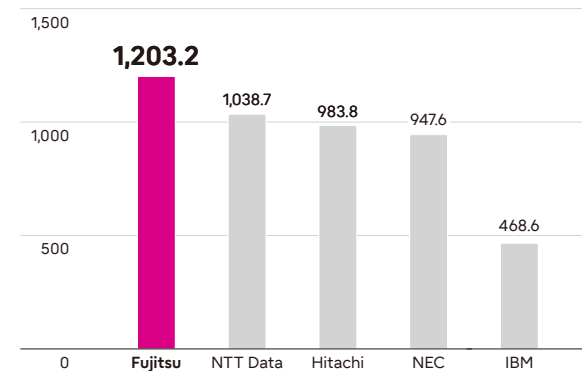
## Fujitsu's position in the IT services market

Global services revenue (Billions of US dollars)



Notes: 1. Revenue estimate using calendar year, based on IDC's services market definition. US dollar basis  
2. Ranking by vendors' revenue in 2022  
Source: IDC Japan, IDC Worldwide Semiannual Services Tracker 2022H2 Historical Release Publication Date: March 16, 2023

Japan IT services revenue (Billions of yen)



Note: Consolidated revenue estimate using calendar year, based on IDC's services market definition  
Source: IDC Japan, Japan IT Services Shares, 2022: Acceleration of Digital Business due to Normalization of Economic Activities, #JPJ49210423, July 2023

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### Forward-looking statements

This Integrated Report may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors: general economic and market conditions in key markets (particularly in Japan, Europe, North America, and Asia, including China); rapid changes in the high-technology market (particularly semiconductors, PCs, mobile phones, etc.); fluctuations in exchange rates or interest rates; fluctuations in capital markets; intensifying price competition; changes in market positioning due to competition in R&D; changes in the environment for the procurement of parts and components; changes in competitive relationships relating to collaborations, alliances, and technical provisions; potential emergence of unprofitable projects; and changes in accounting policies.



## Our Purpose



# Our Purpose

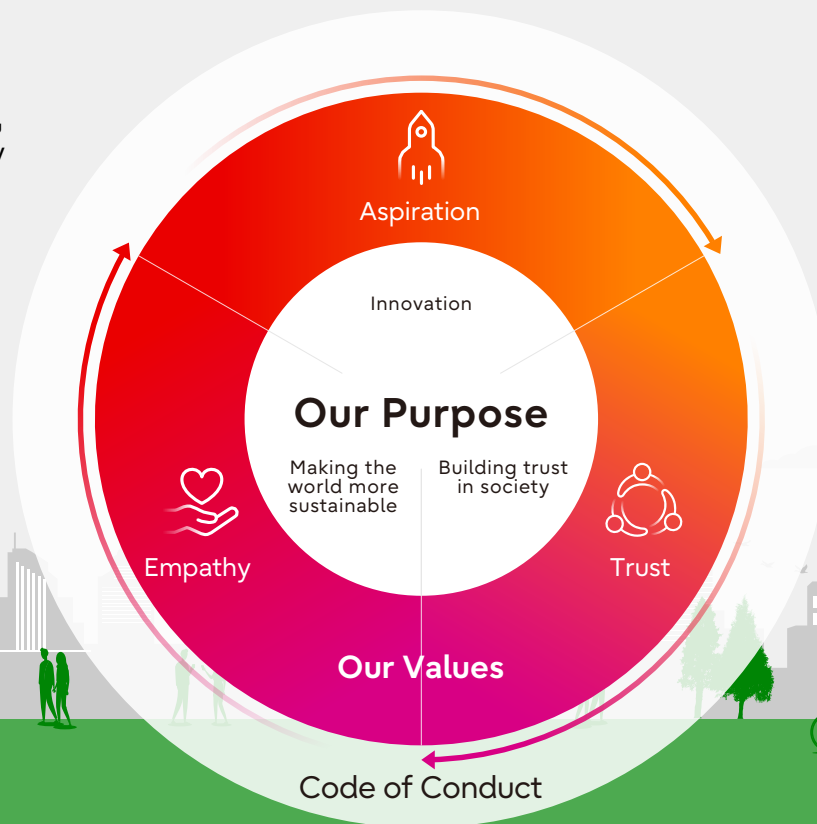
Make the world more sustainable by building trust in society through innovation.

# The Fujitsu Way

Fujitsu promotes the “Fujitsu Way,” the principle for the behavior of its people centered on Our Purpose, which sets out why Fujitsu exists in society. All Fujitsu employees will seek to create value by working every day in accordance with Our Values - Aspiration, Trust and Empathy - and Our Code of Conduct. In line with the Fujitsu Way, all people in the Group will strive to achieve Our Values through the cycle of actions necessary to achieve Our Purpose: To make the world more sustainable by building trust in society through innovation.

Value to Society

Value to Society



## Our Purpose

**Our Purpose is to make the world more sustainable by building trust in society through innovation.**

## Our Values

### Aspiration

- Set ambitious targets and act with agility.
- Embrace diversity and create original ideas.
- Stay curious and learn from failures and experiences.
- Deliver positive impact through human centric innovation.

### Trust

- Honor promises and exceed expectations.
- Act with ethics, transparency and integrity.
- Work autonomously and unite for common goals.
- Contribute to a trusted society using technology.

### Empathy

- Strive for customers' success and their sustainable growth.
- Listen to all people and act for the needs of our planet.
- Work together to solve global challenges.
- Generate shared value for our people, customers, partners, community and shareholders.

## Code of Conduct

- We respect human rights.
- We comply with all laws and regulations.
- We act with fairness in our business dealings.
- We protect and respect intellectual property.
- We maintain confidentiality.
- We do not use our position in our organization for personal gain.

# Value creation model

Our Purpose is to make the world more sustainable by building trust in society through innovation.

## Fujitsu's Materiality



## Vision for 2030: Being a technology company that realizes net positive through digital services

### Input

Fiscal 2022 results

#### Financial capital

- Total assets: **¥3.3 trillion**
- Free cash flow: **¥177.5 billion**
- Growth investment: **¥131.0 billion**

#### Human capital

- Number of employees: **124,000 people**
- Ratio of female employees: **24%**
- Ratio of female managers: **15%**

#### Natural capital

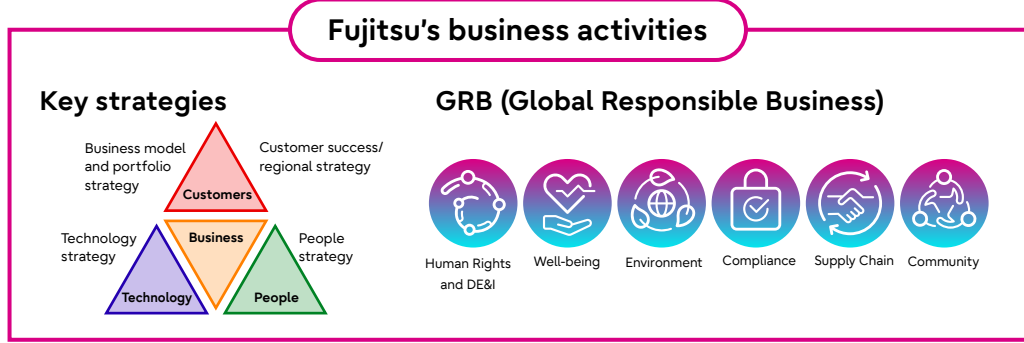
- Energy consumption: **13 million GJ**

#### Technology and intellectual capital

- R&D investment: **¥109.5 billion**
- Internal DX investment: **¥50.0 billion**

#### Social and relationship capital

- Community activity-related expenditures: **¥2.47 billion**



### Output

Fiscal 2030

#### Financial indicators

- Growth area revenue (Fujitsu Uvance): **¥1 trillion+**
- Operating profit margin (Service Solutions): **17%+**
- EPS CAGR (Fiscal 2023–2030): **17%+**

#### Non-financial indicators

- Contribute to reduced global GHG emissions (Global CO<sub>2</sub> reduction impact in Service Solutions): **0.3%**
- Use of renewable energy in Fujitsu: **100%**
- Digital accessibility: **150 million people**
- Number of people receiving ICT skills training: **12 million people+**
- Employee engagement: **75+**
- Diverse leadership (e.g. ratio of female managers): **30%+**

### Outcome

Providing value to society

#### Stakeholders

Customers, shareholders, employees, partners, society, and the next generation

Solving global environmental issues Planet

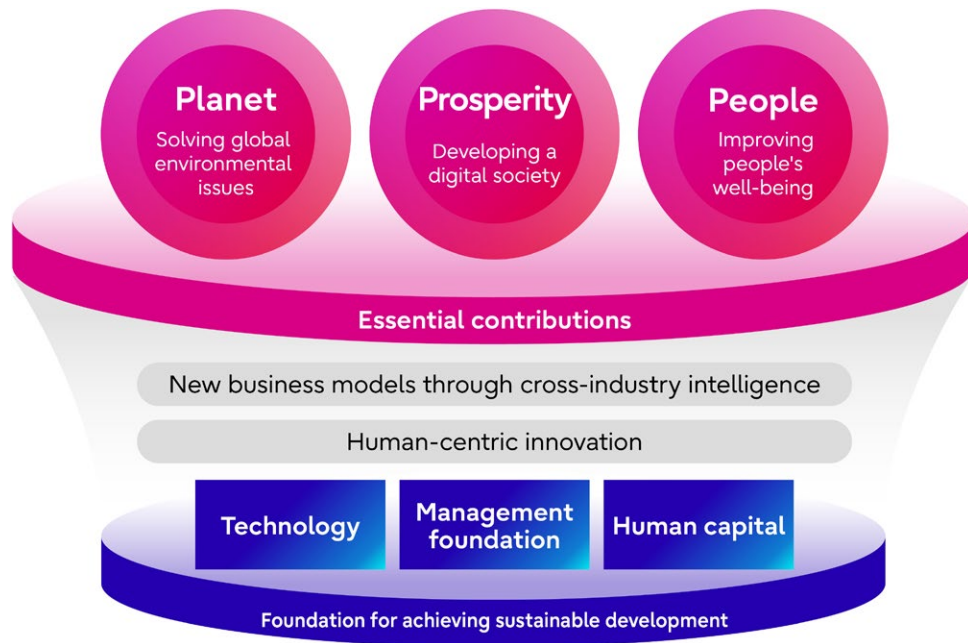
Developing a digital society Prosperity

Improving people's well-being People

# Materiality

The Fujitsu Group conducted evaluations from the perspectives of itself and its stakeholders, and identified Materiality, which incorporates the perspective of delivering value to customers and society through business activities.

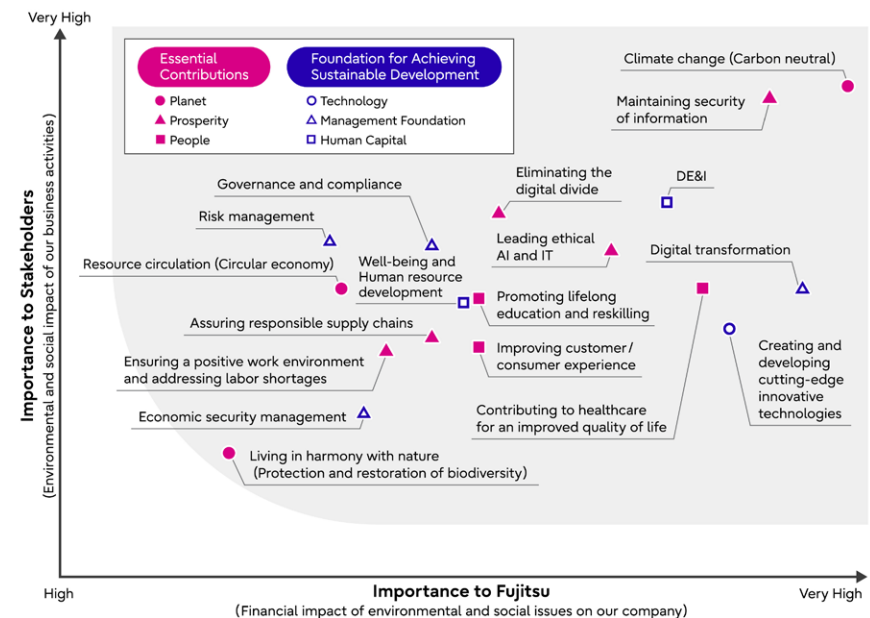
Looking ahead to 2030, we have identified three areas for the Fujitsu Group's essential contributions (Materiality), Planet (solving global environmental issues), Prosperity (developing a digital society), and People (improving people's well-being). To achieve our goals in these three areas, we will strengthen our technology, management foundation, and human capital as the sources of value creation, while supporting the creation of new business models and spurring innovation.



## Materiality assessment process



We organized social issues looking ahead to 2030 and conducted surveys and interviews with a wide range of internal and external stakeholders to identify our Materiality in terms of the mutual impacts of corporations and the environment and society. Going forward, we will conduct periodic reviews on an annual basis and revise as necessary.



Materiality

In Step 1 of the Materiality assessment process (organization and identification of social issues), we considered the respective risks and opportunities for each Materiality issue based on a range of information in the public domain.

Fujitsu will implement measures to address risks, focusing on our internal initiatives, while addressing opportunities by expanding Fujitsu Uvance and other businesses to solve social issues and provide value to customers and society.

**Essential areas for contribution**

Materiality	Issue	▲Risk* ●Opportunity*
<b>Planet (Solving global environmental issues)</b> 	Climate change (Carbon neutral)	▲ Higher costs of coping with more stringent energy savings and GHG emissions regulations. Higher operating costs due to frequent natural disasters ● Increase in demand for visualization of GHG emissions, wider introduction of energy conservation and renewable energy, and creation of disaster-resilient communities
	Resource circulation (Circular economy)	▲ Increased costs for operations and for handling resource constraints and escalating conflicts over scarce resources ● Increased demand for building recycling mechanisms and promoting zero waste and the effective use of resources
	Living in harmony with nature (Protection and restoration of biodiversity)	▲ Amid stricter controls on land use and information disclosure, there is increased reputational risk due to delays in addressing biodiversity ● Increased demand for assessing the impact on the environment and for urban development in harmony with nature
<b>Prosperity (Developing a digital society)</b> 	Maintaining security of information	▲ Risk of loss of social trust and violations of laws and regulations due to leakage of personal information or customer information related to business activities ● Increased demand for more advanced information infrastructure that is trusted and secure
	Eliminating the digital divide	● Greater adoption of “digital democratization” leading to increased demand for digital platforms that do not encourage discrimination, prejudice, or hate
	Leading ethical AI and IT	▲ Diminished social trust due to ethical issues and lack of understanding and practical experience of AI ethics could risk thwarting the progress, of AI ● Increased demand for appropriate AI use and appropriate AI ethics practices
	Ensuring a positive work environment and addressing labor shortages	● Increased demand for the creation of pleasant, safe, and secure working environments, and for expanded automation and efficiency so as to improve productivity and quality and to address labor shortages
	Assuring responsible supply chains	▲ Risk of erosion of social trust and difficulties in continuing business activities due to human rights violations or environmental destruction in the supply chain ● Increased demand for visualization and optimization of supply chain management in environmental and social areas
<b>People (Improving people's well-being)</b> 	Contributing to healthcare for an improved quality of life	● Increased demand in communities for healthcare that is integrated into daily life, such as the digitalization of medicine and preventive healthcare that uses AI and the IoT
	Promoting lifelong education and reskilling	● Increased demand for initiatives that allow people to live rich and fulfilling lives, such as the building of digital education platforms that enable people to learn freely at any time and to have their achievements evaluated appropriately
	Improving customer/consumer experience	● Improvements in peoples' attitudes toward new consumption, new relationships, and new workstyles as their values become more diverse; greater demand for personalized consumer experiences and the creation of new ways to exchange personal, corporate, and social values

**Foundation for achieving sustainable development**

Materiality	Issue	▲Risk*
<b>Technology</b> 	Creating and developing cutting-edge innovative technologies	▲ R&D into cutting-edge technology is the wellspring of corporate growth. If technology development does not progress, there is a risk of losing competitiveness; digital innovation that supports DX/SX is essential for business transformation and a sustainable society
<b>Management foundation</b> 	Governance and compliance	▲ If a strong governance structure is not maintained, and disclosure and oversight of execution are not enhanced, there is a risk of undermining sound management; situations that violate laws or regulations can put the company at risk of exposure to surcharges or financial compensation, and erode public trust
	Risk management	▲ The absence of a strong risk management can have an impact on the company's business continuity
	Economic security management	▲ Given the trend toward stronger regulation for maintaining economic security, there are impacts on supply chains and target markets, together with increased burdens such as the costs of responding to such impacts and financial penalties for regulatory breaches
	Digital transformation (DX)	▲ Failure to achieve DX can lead to declines in productivity and delayed responses to the external environment, which can adversely affect competitiveness
<b>Human capital</b> 	DE&I	▲ Human rights violations and insufficient consideration of diversity in employees or people in the supply chain poses a wide range of risks, including erosion of social trust and loss of personnel
	Well-being and human resource development	▲ Failure to create an environment that enables employees to be happy and healthy in their work, or failure to provide opportunities for employees to achieve personal growth, can lead to risks of losing personnel and eroding the brand value

\* Risks and opportunities here are organized and analyzed based on various publicly available information in Step 1 (Organization and identification of social issues) of the Materiality assessment process.



## Vision

### Being a technology company that realizes net positive through digital services

We have shared this vision throughout the Group, with the goal of achieving Our Purpose by having a positive impact on society overall through technology and innovation. In addition to creating financial value, we will also work together with our stakeholders to provide positive value to society, addressing the Planet as we work to resolve global environmental problems, Prosperity by developing a digital society, and People by improving their well-being.



**Toward a sustainable future**

**Solving Global Environmental Issues**

**Planet**

**Developing a Digital Society**

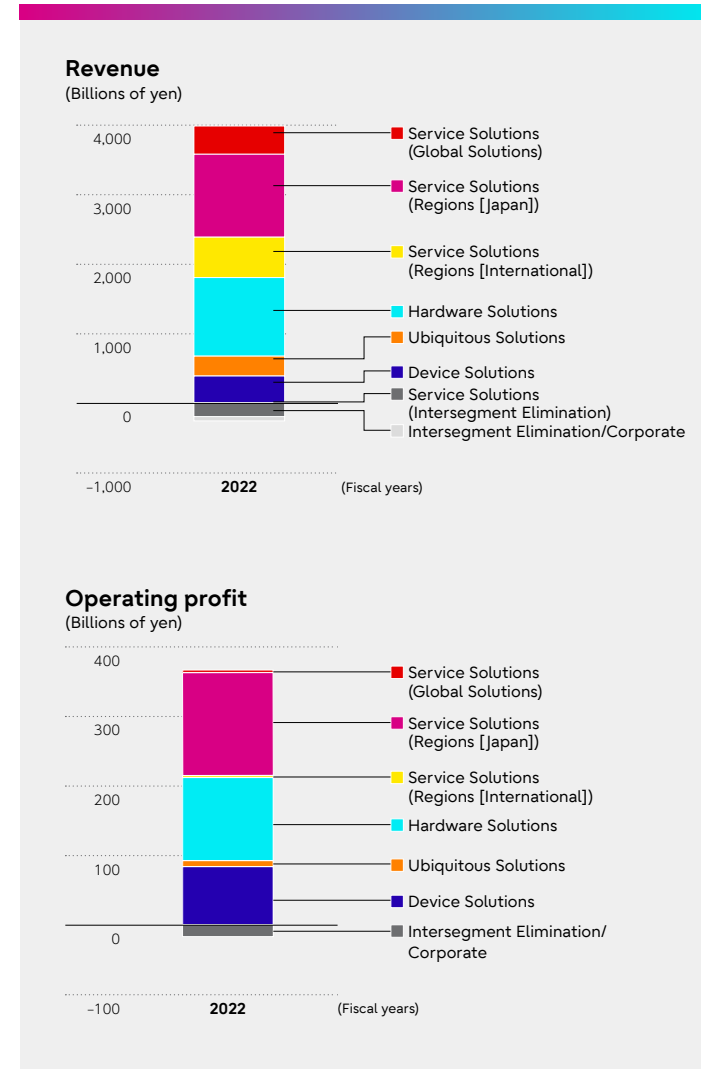
**Prosperity**

**Improving People's Well-being**

**People**

# Business portfolio

Segment	Subsegment	Main products and services	
Service Solutions	■ Global Solutions	<ul style="list-style-type: none"> <li>• Consulting services (Business consulting and technology consulting)</li> <li>• Cloud services (IaaS, PaaS, SaaS, etc.)</li> <li>• System integration (System construction, modernization, etc.)</li> </ul>	
	Regions	■ (Japan)	<ul style="list-style-type: none"> <li>• Software (Business applications and middleware)</li> <li>• Software support services</li> <li>• Business process outsourcing</li> </ul>
		■ (International)	<ul style="list-style-type: none"> <li>• IT services (Data center, network services, security services, in-vehicle information systems, etc.)</li> <li>• Managed services (Systems operations management, application operations management, service desk, etc.)</li> </ul>
■ Hardware Solutions		<ul style="list-style-type: none"> <li>• System products (UNIX servers, mission-critical IA servers, PC servers, OS, storage system, mainframe, front-end technology, etc.)</li> <li>• Network products (Mobile systems, photonics systems, IP network equipment, etc.)</li> <li>• Hardware support services (Support for system products and network products)</li> <li>• System support services (Maintenance and monitoring services for information systems and networks, etc.)</li> </ul>	
■ Ubiquitous Solutions		PCs	
■ Device Solutions		Electronic components (Semiconductor packages, batteries, etc.)	
■ Intersegment Elimination/Corporate		R&D, elimination of intersegment sales, etc.	



## Message from the CEO

We will realize business portfolio transformation and growth through the provision of solutions that contribute to “solving global environmental issues,” “developing a digital society,” and “improving people’s well-being.”

### Working to realize net positive in 2030

The Fujitsu Group’s Purpose is “to make the world more sustainable by building trust in society through innovation.” In May 2023, we clarified the three essential areas of contribution for achieving Our Purpose as solving global environmental issues, developing a digital society, and improving people’s well-being. We have also established our value creation concept looking ahead to 2030 as a vision of “being a technology company that realizes net positive through digital services.”

The expression “net positive” incorporates our determination to create positive outputs that exceed the negative outputs generated by our business activities. One example is supercomputers. Increasing computing power involves increasing electricity consumption but, on the other hand, exponential advances in computing power can also be used to generate innovations that contribute to reducing greenhouse gas (GHG) emissions. By driving technology and innovation through our business, we aim to create positive impacts on our customers and our society in the future.

### Takahito Tokita

Representative Director  
CEO

## Message from the CEO

## Formulation of new Materiality as a response to stakeholders

We have identified three areas for the Fujitsu Group's essential contributions ([Materiality](#)): solving global environmental issues, developing a digital society, and improving people's well-being. We chose 2023 as the time to identify our Materiality because we wanted to review our business management since the renewal of the Fujitsu Way based on Our Purpose in 2020, and to closely examine what kind of value we ourselves should provide to society, as well as what our customers expect from us.

In identifying our Materiality, we were careful to avoid complacency. We sought feedback from a wide range of stakeholders, centered on customers, employees, and shareholders, then had deep discussions based on the results to determine which of the various social issues are in areas inherently suitable for the Fujitsu Group to address. Personally I feel great confidence not only in the Materiality that we identified through these discussions, but also in the fact that our discussion process had the approval of our outside directors and Audit & Supervisory Board members.

I think that realizing net positive by 2030 expresses the Fujitsu Group's commitment to creating value and, at the same time, it is the Group's response to the stakeholders who helped to identify our Materiality. Our Values under the Fujitsu Way are Aspiration, Trust, and Empathy. It is highly significant that Empathy is the basis on which we set our targets and goals. This has reinforced my resolve to continue leading the Group as CEO while engaging sincerely with stakeholders.

## Review of the 2020–2022 medium-term plan (the previous medium-term plan)

To realize Fujitsu's ideal state in 2030, we have announced the milestones we wish to achieve for fiscal 2025 and the accompanying strategies in our new [2023–2025 Medium-Term Management Plan \(medium-term plan\)](#). Before I talk about these, I would like to report on our progress up to the end of fiscal 2022 and the issues we still need to address.

In our consolidated financial results for fiscal 2022, operating profit reached a record high and the operating profit margin reached 9.0%. However, in the Technology Solutions segment, both revenue and operating profit margin fell short of the [financial targets](#) of the previous medium-term plan.

External factors such as semiconductor shortages and foreign exchange fluctuations certainly had an impact on revenues and costs. However, these impacts could have been mitigated if we had swiftly promoted data-driven management and precisely executed demand prediction and inventory management. Another issue was that the plan envisaged growth in hardware products, which are more susceptible to supply chain risks than services are. These issues have been reflected in the new medium-term plan, which I will discuss later.

On the other hand, we are proud to have successfully launched [Fujitsu Uvance](#) as a solution to drive the Group's medium- to long-term growth. Furthermore, among our [non-financial targets](#), we achieved our targets for Customer Net Promoter Score (NPS)\*1 and digital transformation (DX) promotion as a result of our

I have to thank our employees for this, as they correctly understood the objective of the transformation and actively engaged in making changes amid the turmoil of the COVID-19 pandemic.

initiatives on the non-financial front. We did not hit our target for employee engagement, but we did improve our score, and I feel that the Group has undergone a major transformation in its systems and organizational culture, including the transition to job-based human resource management in Japan. I have to thank our employees for this, as they correctly understood the objective of the transformation and actively engaged in making changes amid the turmoil of the COVID-19 pandemic.

\*1 Net Promoter® and NPS Prism® are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld, and Net Promoter System™ and Net Promoter Score™ are service marks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

## Message from the CEO


**Pursuing growth through four key strategies**

Under our new medium-term plan, we are aiming for growth directed toward achieving Fujitsu's ideal state in 2030 and maximizing our net positive outcome. To achieve these goals, we are promoting three themes: transform the business model and portfolio, ensure reliable support for customer modernization, and improve the profitability of our international businesses. Moreover, to promote these themes, we have formulated four **key strategies** : a business model and portfolio strategy, a customer success/regional strategy, a technology strategy, and a people strategy. By executing these strategies, we intend to achieve financial and non-financial targets for fiscal 2025 as follows: our **financial targets**  are revenue of ¥4.2 trillion, adjusted operating profit\*<sup>2</sup> of ¥500.0 billion, adjusted operating profit margin of 12%, core free cash flow\*<sup>3</sup> of ¥300.0 billion, and earnings per share (EPS) with a compound annual growth rate (CAGR) of 14%–16%. Our **non-financial targets**  are to reduce GHG emissions and improve on four indicators, namely Customer NPS, per capita productivity, employee Engagement, and the ratio of female managers.

\*<sup>2</sup> An indicator that represents actual profit from the core business calculated by deducting profits from business restructuring, M&A, etc., and one-off profits from changes in regulations from operating profit. (Previously presented as operating profit excluding special items.)

\*<sup>3</sup> Current FCF after deducting temporary income and expenses associated with business restructuring, M&A, etc.

**Clarification of growth areas through changes to business segments**

As part of our business model and portfolio strategy, we decided to make some changes to our business segments  from fiscal 2023, by separating the previous Technology Solutions segment into the Service Solutions segment and the Hardware Solutions segment. The Service Solutions segment comprises global solutions and the services business that is delivered in each region (Japan and International).

The purpose of the segment changes is to enable a more rigorous execution of the management approach that matches our growth strategies and organizational structure to the segment classification for disclosing information. Clearly distinguishing our Service Solutions segment based on our growth-leading Fujitsu Uvance initiatives from our other businesses will enable us to better present our actual growth potential to our stakeholders. This is the answer that we came up with after reflecting on our previous medium-term plan, where our results in growth areas had become difficult to demarcate because the impacts of hardware supply shortages were also incorporated in the Technology Solutions segment that included service and solution businesses.

Clearly distinguishing our Service Solutions segment based on our growth-leading Fujitsu Uvance initiatives from our other businesses will enable us to better present our actual growth potential to our stakeholders.

## Message from the CEO

### Focus on growth of Fujitsu Uvance's Vertical areas

Under our new medium-term plan, we will accelerate growth and increase profitability centered on Service Solutions. The main driver for this is **Fujitsu Uvance**, which is comprised of seven Key Focus Areas. Four of these are cross-industry Vertical areas that provide solutions for social issues, and three are Horizontal areas that support them as a technology foundation. By the start of fiscal 2023, we were on track to have offerings in all seven Key Focus Areas. Over the next three years, we will refine our offerings, particularly in the four Vertical areas, working to create high added value, while at the same time investing in bolstering our consulting capabilities, developing strategic alliances, strengthening our technology foundation, and developing and reskilling human resources. In this way, we will establish a path for medium- to long-term growth.

The three defining characteristics of Fujitsu Uvance are that it starts with societal issues, takes a cross-industry approach, and includes digital services deployed on the cloud. For example, we have a strong share of the electronic medical record market for hospitals in Japan. The current services are mainly standalone systems that are complete within each individual hospital. As a Fujitsu Uvance solution, our offering will be used for cooperation between hospitals, and in regional healthcare and local government services, as well as in drug discovery and in creating value across business types and industries.

Until now, the Fujitsu Group's business has operated on the basis of resolving individual customer's issues. It is this experience that enables us to see a significant white

By providing services that help to attain the resolution of such issues, we will realize a completely new level of growth and the transformation of our business portfolio toward 2030.

space that exists between customers, and at the border between businesses. We have designed Fujitsu Uvance as a cross-industry initiative so that it can create business opportunities in exactly this white space. Some social issues, such as supply chain optimization and achieving carbon neutrality, cannot be resolved by the businesses of individual companies. By providing services that help to attain the resolution of such issues, we will realize a completely new level of growth and the transformation of our business portfolio toward 2030.

Capturing the business opportunities that exist in the white space requires proposals based on a profound understanding of customer needs and issues. We will

therefore enhance our consulting capabilities for resolving customer issues under the customer success strategy of the new medium-term plan. Specifically, we will increase the number of personnel with consulting skills from 2,000 at the end of fiscal 2022 to 10,000 by fiscal 2025, combining both technology consultation and business consultation.

### Modernization with a mission


While on-cloud services centered on Fujitsu Uvance will lead our growth, we will also focus on services that support our customers' utilization of their IT assets. The mainstay of this activity is modernization, which mainly refers to shifting customers' unique on-premises IT assets to the cloud.


The Fujitsu Group has decided to terminate sales and maintenance services of mainframe computers and UNIX servers, which are used by many customers in Japan. While we will continue to provide full support services so that customers can use these systems with confidence over the period until maintenance services are terminated, we also consider it our mission to promote modernization to support customers' sustainable management. Over the three years until fiscal 2025, we will strengthen our delivery structure and make further progress on productivity, which was improved under the previous medium-term plan, and meet the demand for modernization, which we expect to peak in 2026, with a fully prepared structure.

## Message from the CEO

### Strengthening profitability with globally competitive offerings


In our [regional strategy](#) , in [Regions \(Japan\)](#)  we have set an ambitious target for fiscal 2025 of an adjusted operating profit margin of 19%, and we will promote Fujitsu Uvance and modernization. In other regions, where our adjusted operating profit margin was at the low level of 1% in fiscal 2022, we will work to improve profitability by expanding our provision of global offerings centered on Fujitsu Uvance.


In [regions outside of Japan](#) , we promoted a shift to the service business during the previous medium-term plan and in the Americas, in particular, we succeeded with major structural reforms. Furthermore, performance of Fujitsu Uvance in fiscal 2022 demonstrates how a global offering can be a catalyst for breakthrough growth. Among the seven Key Focus Areas, the one that recorded the highest revenue was one of the Horizontal areas, Digital Shifts, which is the area of the digital workplace. This involved providing the technologies and expertise employed by the Group in promoting its internal “Work Life Shift” transformation to external customers, where the overseas market in particular proved to be a notable growth driver. To catch up with the pace of growth of the overall Fujitsu Group, we will provide Fujitsu Uvance to regions outside of Japan as well, focusing particularly on the provision of offerings in Vertical areas, and accelerating our growth in stages.

In light of the recent occurrence of information security incidents and system quality issues, we are working across the Group to step up our [security and quality management structure](#) . As part of this, we will strengthen the functions of the Risk Management &


Compliance Committee, of which I am the chair, and bolster our information security countermeasures under the guidance of our CISO (Chief Information Security Officer), whose authority has been increased. In addition, we will work on improving system quality and preventing recurrences under the newly appointed CQO (Chief Quality Officer).

### Five Key Technologies and practical knowledge as the source for providing added value

We have identified five technology domains as the Key Technologies that support Fujitsu Uvance, and have concentrated our research and development resources in them under our [technology strategy](#) . One of these domains is AI, which has achieved amazing advances in recent years, and is now spreading rapidly in the form of corporate and consumer services. We welcome such flourishing of technology because it encourages people to proactively use cutting-edge technologies, actively accept new transformative technologies and try them out.


The Fujitsu Group has developed in-house technologies that support AI, in which we have over 30 years of accumulated research, as well as world-leading computing power, and technologies such as high-precision simulations, networks that also support large-scale social infrastructure, and cybersecurity. We also hold [intellectual property](#) , including patents, for these technologies. I think there are only a few companies in the world that can boast the same breadth of technological capabilities essential for providing digital services.


I think there are only a few companies in the world that can boast the same breadth of technological capabilities essential for providing digital services.

In addition, we have accumulated practical knowledge about how to convert these technologies into value. For example, under the [OneFujitsu Program](#) , we have introduced business applications that we provide through Fujitsu Uvance within the Group while promoting operational reforms in our business. We use the lessons and knowledge gained from this as a reference model when providing services to customers. The capabilities that we have obtained through technological development and implementing our own transformation are the competitive advantage of the Fujitsu Group.


As a technology company, it is our mission and our responsibility to provide our customers with powerful support as they participate actively in the building of a new economic system, and embark on their sustainability transformations with a determination and readiness to take on the challenge of creating value.

### Human resource portfolio transformation linked to business strategy

To accelerate our business portfolio transformation and produce results, it is essential to have a robust management foundation that enables the utilization of human capital and data. Under our people strategy , we will continue to transform our human resource portfolio and to advance data-driven management.

Human capital management , in particular, is one of the areas that I am focusing my energy on. As CEO of the huge team that is the Fujitsu Group, I believe that my role is to lead without leaving anybody on the team behind. Through a series of human resource management improvements that we initiated during the previous medium-term plan, employees' mindsets are changing at the individual level, as well as at the level of organization culture, and this is showing in the results of the employee engagement survey. I feel a great sense of achievement that we are able to foster job satisfaction among our employees, even without the "membership" style human resource system traditionally used in Japanese companies. We will work to enhance our management foundation in terms of human resources and IT so that we can demonstrate successful models of human capital management and data-driven management.

### Being a partner that can support sustainability transformation

Amid calls for the construction of a new economic system predicated on the sustainability  of global society, including carbon neutrality, companies seeking to achieve sustainable growth will need to undergo not only a digital transformation but also a sustainability transformation so that they can create value in new and different ways. After completing the new medium-term plan in fiscal 2025, I see the Fujitsu Group working to encourage many customers to undertake a sustainability transformation, using Fujitsu Uvance as a starting point. As a technology company, it is our mission and our responsibility to provide our customers with powerful support as they participate actively in the building of a new economic system, and embark on their sustainability transformations with a determination and readiness to take on the challenge of creating value.

We are firmly resolved to achieve our financial and non-financial targets through the four key strategies of the medium-term plan, and to show the world that we are a company that will "make the world more sustainable by building trust in society through innovation." We hope that you will share in our expectations for Fujitsu's future endeavors.



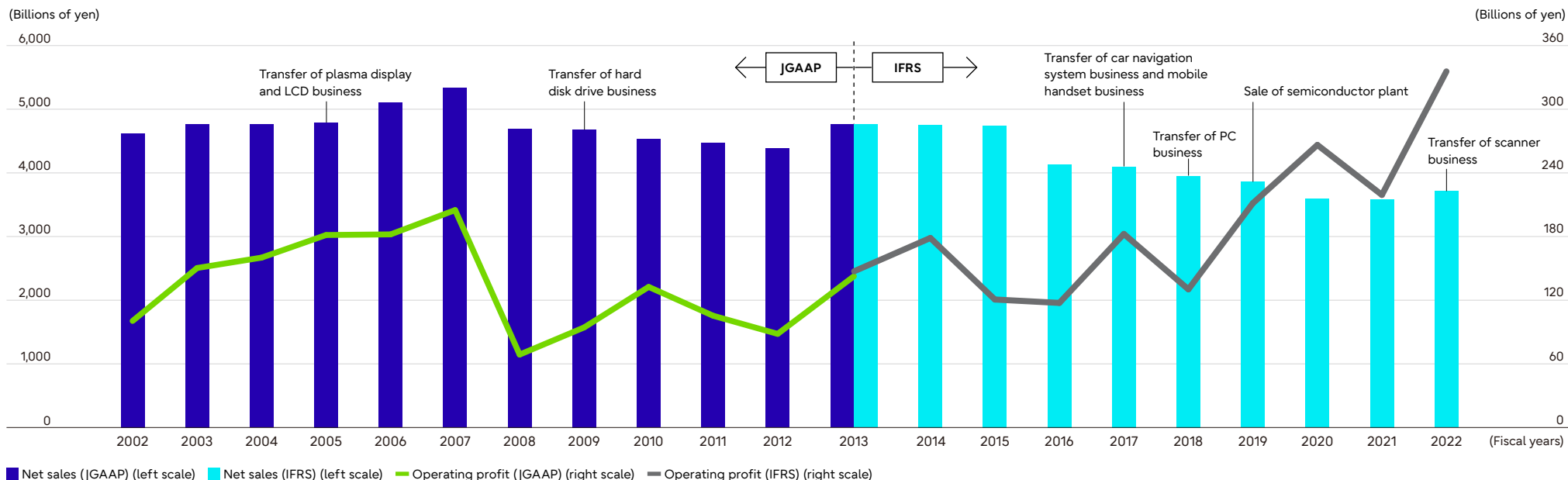
**Takahito Tokita**  
Representative Director  
CEO



# Management strategy

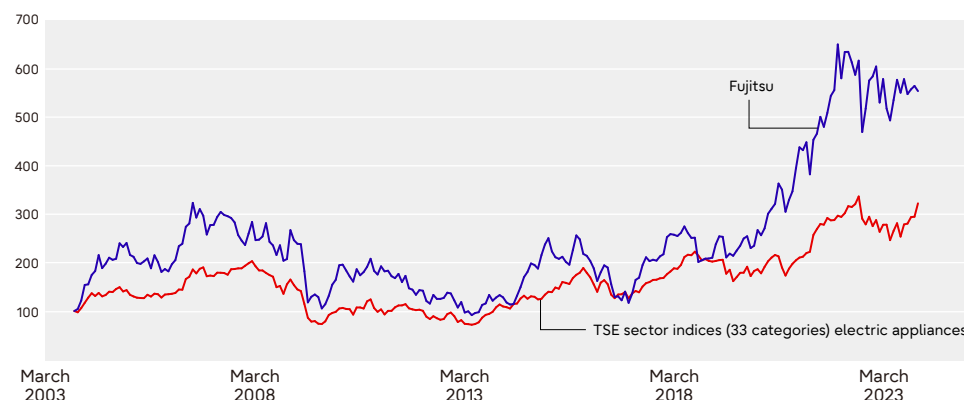
The Fujitsu Group has positioned the three years from fiscal 2023 as a time to build a model for growth and improved profitability, with the aim of realizing its 2030 vision and creating sustainable value thereafter through backcasting. We will promote the four key strategies under our 2023–2025 Medium-Term Management Plan and concentrate resources on growth areas centered on Fujitsu Uvance. As a result, we will help to resolve the management and social challenges our customers face, and also enhance our own corporate value.

# Trajectory of change



Over the 88 years since its founding, the Fujitsu Group has used innovative technologies to solve issues faced by customers and society, and to provide new value, growing in step with the development of society. With the ever-changing social conditions and the evolution of digital technology, the business environment is undergoing tremendous change. To ensure the Group's sustainable growth in this situation, we are transforming our business model by shifting its central focus from products to solutions and services, and are concentrating our management resources in this area. In the last 20 years, we have spun off or sold several businesses, including the semiconductor, mobile handset, and consumer PC businesses. Net sales have fallen from their historical peak, but by focusing on growth areas and efficiency gains, operating profit has advanced, and profitability is climbing steadily. Using the enhanced cash-generating ability produced by our reforms to date, we are making strategic growth investments in pursuit of sustainable growth and an increase in corporate value. The reforms have been well received by the market and our share price has risen around 2.2 times over the past five years.

## Share prices

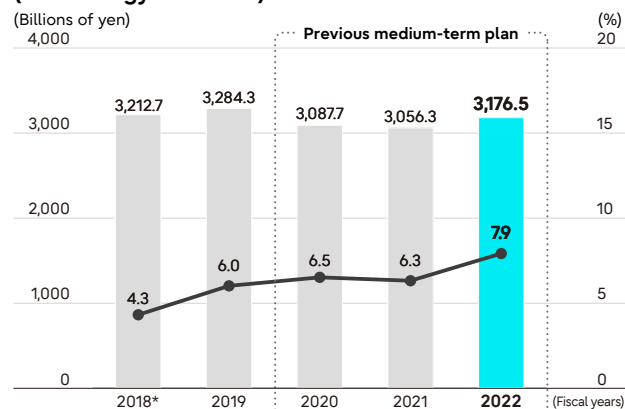


Notes: 1. On October 2018, Fujitsu consolidated every 10 shares of stock into one share. The figures in the graph are calculated based on the number of shares after the stock consolidation.  
2. The graph displays the relative value of the stock price at the end of each month, taking the closing value at the end of the fiscal year ended March 31, 2003, as one hundred.

## 2020–2022 Medium-Term Management Plan: Review of financial indicators

### Medium-term management plan: Financial indicators

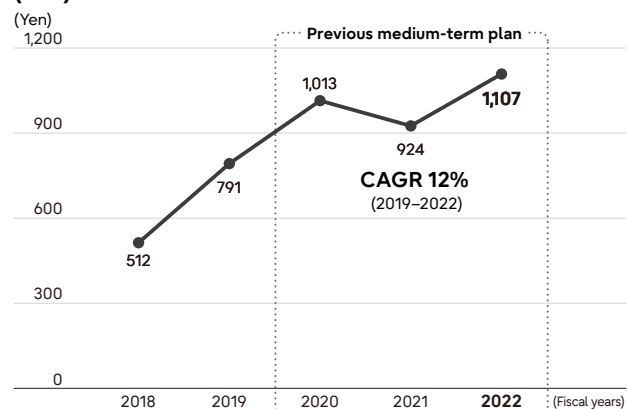
#### Revenue and operating profit margin (Technology Solutions)



\* Figures for fiscal 2018 are approximations calculated from segments disclosed at the time.  
 ■ Revenue (left scale) ● Operating profit margin (right scale)

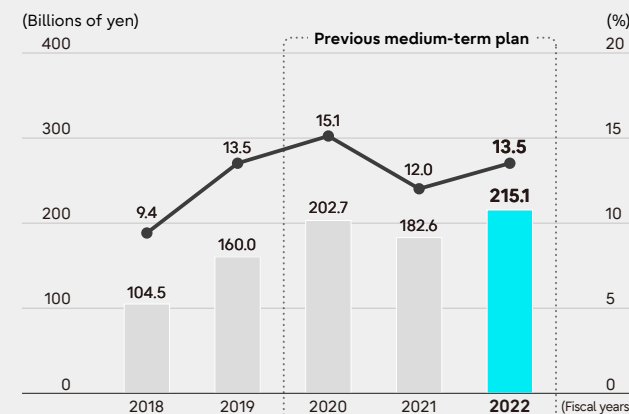
In the core Technology Solutions segment, the Fujitsu Group is targeting an operating profit margin of 10%. By comparison, in fiscal 2022, revenue excluding special items was ¥3,176.5 billion and operating profit was ¥249.9 billion, for an operating profit margin of 7.9%. Unable to shake off the external environmental impacts during the previous Medium-Term Management Plan period, such as COVID-19 and a deterioration in demand and supply due to supply chain disruptions, the segment did not reach its targets. Nevertheless, business profitability improved steadily, and the segment achieved a record-high operating profit in fiscal 2022. This was mainly attributable to the effects of higher revenues due to DX-related demand, such as digitalization and modernization, coupled with productivity gains and profitability improvements, such as global system development and standardization of operations.

#### Net profit attributable to owners of the parent per share (EPS)



To emphasize capital efficiency improvements, we targeted a CAGR of 12% for Companywide EPS. In fiscal 2019, EPS was ¥791.20, rising to ¥1,013.78 in fiscal 2020. In fiscal 2021, EPS fell to ¥924.21, partly due to recording expenses of approximately ¥65.0 billion in relation to human resource measures undertaken to accelerate the transformation into a DX company as part of business restructuring. In fiscal 2022, EPS rose to ¥1,107.63 with the expansion of the profit base. By optimizing the allocation of our increased cash flow between uses such as business growth investments and share repurchases, we achieved a CAGR of 12%, in line with the plan. Compared with fiscal 2018, EPS has grown by around 2.2 times.

#### Profit attributable to owners of the parent and ROE



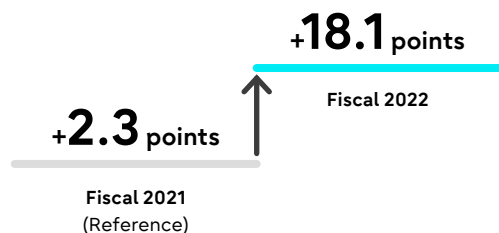
■ Profit attributable to owners of the parent (left scale) ● ROE (right scale)

ROE, calculated by dividing profit attributable to owners of the parent by equity achieved to owners of the parent (owners' equity), was 15.1% in fiscal 2020, 12.0% in fiscal 2021, and 13.5% in fiscal 2022. The decline in fiscal 2021 was in line with a decrease in profit due to one-time losses related to business restructuring and business transfers. However, with the constant improvement in business profitability, and the strengthening of shareholder returns through the expansion of share repurchases and steady dividend increases, capital efficiency improved in fiscal 2022 and is maintaining a consistent level.

## 2020–2022 Medium-Term Management Plan: Review of non-financial indicators

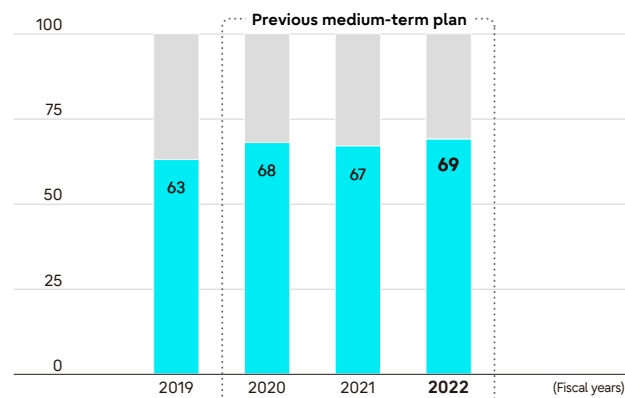
### Medium-term management plan: Non-financial indicators

#### Customer Net Promoter Score<sup>SM</sup> (NPS<sup>®</sup>)



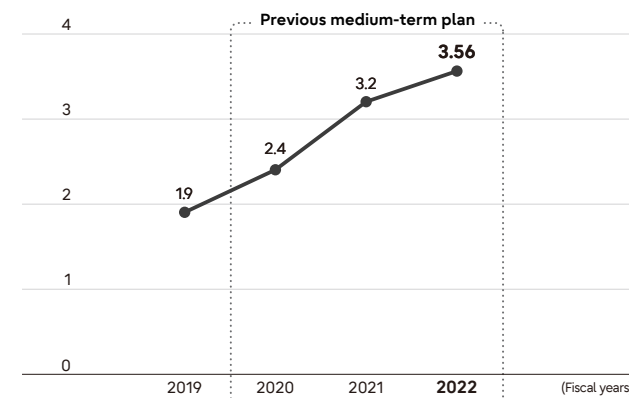
Customer NPS is a metric that enables objective evaluation of customer loyalty, i.e., the customers' level of trust and attachment toward a company. Customer loyalty is characterized by the ability to determine the degree of customer attachment and the likelihood of repeat purchases; therefore, the Fujitsu Group employs Customer NPS as one of its non-financial indicators with the aim of realizing customer-centric management. In fiscal 2022, the Group recorded a significant jump in its Customer NPS evaluation result compared with the target, because it was recognized for providing proposals based on a deep understanding of the customer's business challenges, for its experience in offering digital transformation projects, and for the initiatives undertaken in its own transformation. At the same time, for the future, we acknowledge the need to focus on consultancy support relevant to our customers' business challenges and on execution capabilities to advance transformation for our customers.

#### Employee engagement (Scores)



The Fujitsu Group's greatest management resource is its employees, who are the source of the value it provides to customers. We believe that increasing the engagement of each and every employee leads to the growth of both the individual and the Group. Based on this belief, we have set employee engagement, which demonstrates empathy for Our Purpose and organizational culture, as well as enthusiasm for work, as an indicator to measure the sustainable growth of the Group. Based on the employee engagement survey results of each organization and team, the senior and middle management of the organizations work together with team members to promote their own initiatives to increase engagement.

#### DX Promotion Indices (Points)



DX Promotion Indices measure the progress of management transformation beyond surface-level utilization of digital technology. In fiscal 2022, we achieved an average score of 3.56 on the indices against a target of 3.5. According to the DX Promotion Indices standard set by the Japanese Ministry of Economy, Trade and Industry, this score places the Group among the leading DX companies in Japan. We conducted a DX promotion maturity diagnosis based on a common global format to enable a quantitative grasp of our own transformation toward achieving Our Purpose, thereby firmly embedding a transformative mindset throughout the Group. We will also utilize the results of these efforts in our business activities, such as providing customers with practical insights gleaned from our initiatives based on the DX Promotion Indices.

## 2023–2025 Medium-Term Management Plan: Overview of the plan

The objective of the Fujitsu Group’s new Medium-Term Management Plan (new medium-term plan), starting in fiscal 2023, is to establish a business model for sustainable growth and improved profitability that will position us to achieve our vision for 2030 and beyond. The plan has three themes: transform our business model and portfolio, ensure reliable support for the modernization of customers’ IT assets, and improve the profitability of our international business.

We have set four key strategies to secure the successful promotion of these three themes. The business model and portfolio strategy is based on the growth of the service domain, centered on the [Fujitsu Uvance](#) business. Through the customer success/regional strategy, we will establish greater support structures for global customers with Japan-originated businesses, expand our consulting capability, build a structure to support customer modernization, significantly improve profitability in Regions (International), and further evolve our strategic alliance partnerships. The technology strategy is based on developing five core technologies, including and centered on AI, and utilize them to improve value to our stakeholders, including to society. Our people strategy includes globally unifying standard roles and developing our workforce portfolio aligned to our business growth needs. Additionally, we continue improving productivity and strengthening our management foundation across the business.

We will diligently execute these four key strategies to maximize the value we provide to stakeholders and achieve continued sustainable growth.



### Strategic issues

- Transform our business model and portfolio
- Ensure reliable support for customer modernization
- Improve the profitability of our international business

### Key strategies

#### Business model and portfolio strategy

Business segments and portfolio  
Shift to growth areas  
Customer engagement model

#### Technology strategy

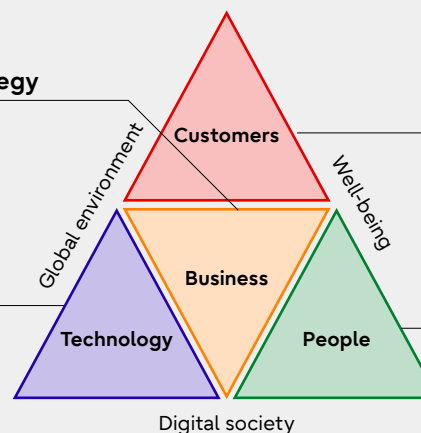
Develop core technologies  
Business utilization of technologies (enhance value delivered)

#### Customer success/regional strategy

Expand consulting  
Modernization  
International focus on services  
Strategic alliances  
Further stability of customers' business

#### People strategy

Globally unified roles  
Improve productivity (per employee)  
Strengthen management foundation



## 2023–2025 Medium-Term Management Plan: Financial and non-financial indicators

### Financial indicators

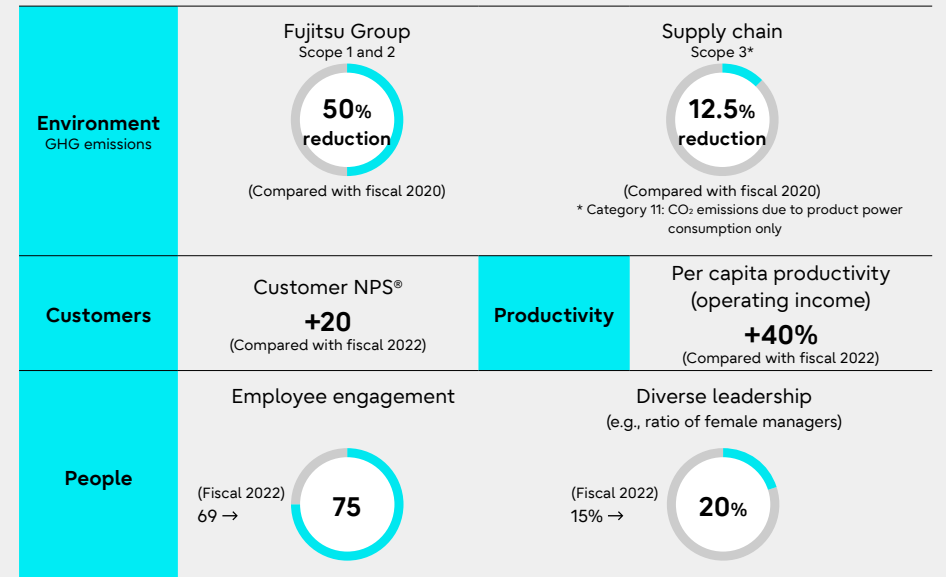
		Fiscal 2022	Fiscal 2025
<b>Business growth and improved profitability</b>	Revenue	¥3.7 trillion	<b>¥4.2 trillion</b>
	Service Solutions	¥2.0 trillion	<b>¥2.4 trillion</b>
	Fujitsu Uvance revenue	¥200 billion	<b>¥700 billion</b>
	Adjusted operating profit*1	¥320 billion	<b>¥500 billion</b>
	Service Solutions	¥160 billion	<b>¥360 billion</b>
	Adjusted operating profit margin	9%	<b>12%</b>
<b>Strengthen cash generation capabilities</b>	Service Solutions	8%	<b>15%</b>
	Core FCF*2 (Companywide)	¥150 billion	<b>¥300 billion</b>
<b>Increase efficiency of corporate capital</b>		Fiscal 2019–fiscal 2022	Fiscal 2022–fiscal 2025
	EPS CAGR	12%	<b>14–16%</b>

\*1 An indicator that represents actual profit from the core business calculated by deducting profits from business restructuring, M&A, etc., and one-off profits from changes in regulations from operating profit. (Previously presented as operating profit excluding special items.)

\*2 Core free cash flow (FCF): Current FCF after deducting temporary income and expenses associated with business restructuring, M&A, etc.

Our financial targets for fiscal 2025, the final year of this medium-term plan, are revenue of ¥4.2 trillion, adjusted operating profit of ¥500.0 billion, and an adjusted operating profit margin of 12%. Centering on Service Solutions, we aim to boost profitability, driven by growth from Fujitsu Uvance. Furthermore, by improving working capital efficiency to strengthen our cash flow generation capabilities, by fiscal 2025 we aim to expand core free cash flow (FCF) to ¥300.0 billion, around twice the fiscal 2022 level. Also, by this date, we intend to achieve a compound annual growth rate (CAGR) in earnings per share (EPS) of between 14% and 16% by optimally allocating the increased cash flow. We will progressively implement our financial strategy to achieve sustainable improvements in corporate value.

### Non-financial indicators



To measure and substantiate our materiality contribution to customers and society, and augment our foundation for sustainable growth, we have set non-financial key performance indicators (KPIs) for fiscal 2023 to fiscal 2025 in four areas: the environment, customers, productivity, and people. We also have initiatives underway targeted to achieve these goals. We are continuing to improve Customer NPS and employee engagement, which were management targets under our previous medium-term plan. In addition, we have added greenhouse gas (GHG) emissions as an indicator for the environment, operating profit per employee as a productivity measure, and percentage of female managers globally as one of our diversity indicators. We further conduct quantitative analysis to understand how these non-financial initiatives contribute to our financial performance and enhance our corporate value.

## 2023–2025 Medium-Term Management Plan: Key strategies

### Business model and portfolio strategy

Business



#### ● Business segment changes

From fiscal 2023, we have separated Technology Solutions into Service Solutions and Hardware Solutions. This change improves business portfolio management with clear visibility of growth areas and results from investments.

#### ● Grow Service Solutions

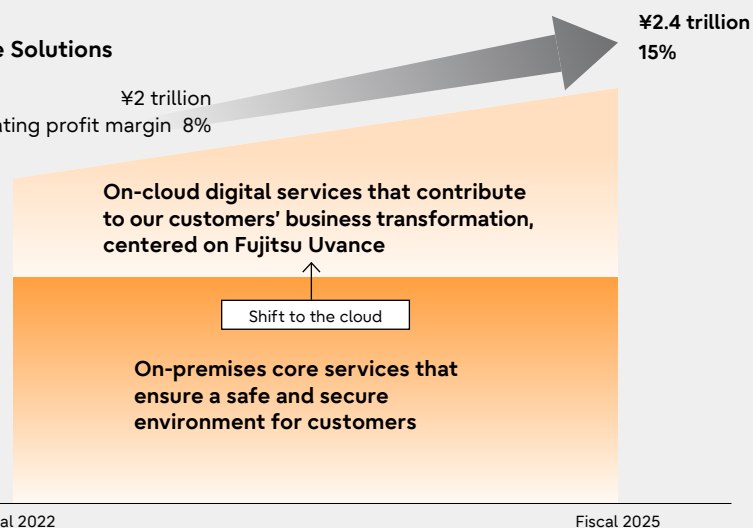
In Service Solutions, a growth area, we will expand highly profitable on-cloud digital services centered on Fujitsu Uvance. We will drive modernization—working with our customers to modernize their business and improve productivity, shifting traditional on-premises services to being cloud-based.

#### ● Develop long-term customer engagement

We will work with customers to jointly address challenges, continuously provide optimal solutions at each stage of their business model, and provide long-term support for modernization with a shift to the cloud.

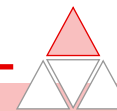
#### Grow Service Solutions

Revenue                    ¥2 trillion  
Adjusted operating profit margin 8%



### Customer success/regional strategy

Customers



#### ● Expand consulting

We will increase the number of employees with consulting skills (technical and business) to 10,000, which will be achieved through a number of activities including reskilling.

#### ● Realize customers' optimal modernization

We will help customers optimize their assets and achieve digital and sustainability transformations (DX/SX) by utilizing our long-standing engineering capabilities, establishing dedicated specialized modernization teams, and leveraging our global delivery system.

#### ● International focus on services

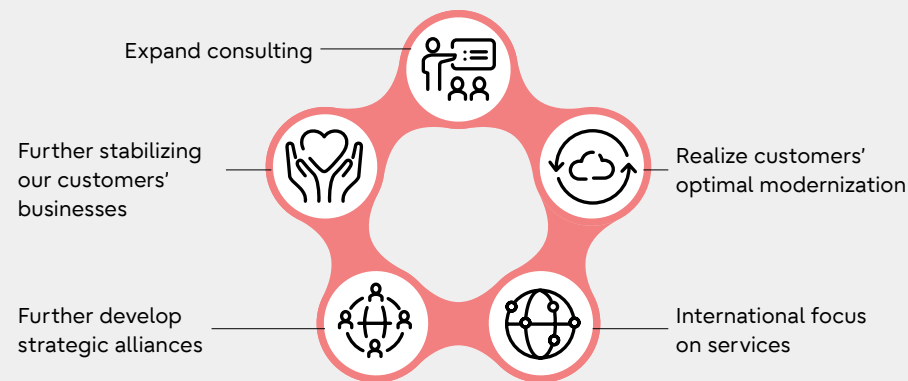
We will grow the ratio of service revenue from Fujitsu Uvance in the international business from 20% in fiscal 2022 to 45% in fiscal 2025.

#### ● Further develop strategic alliances

We will cultivate and expand strategic partner alliance relationships to enhance the level of value we bring to our global stakeholders.

#### ● Further stabilizing our customers' businesses

Information security and system quality are of utmost importance in earning society's trust, and core to Our Purpose. We will implement further measures to strengthen our management structure and approaches, measure effectiveness, and drive continued improvements.



2023–2025 Medium-Term Management Plan: Key strategies

## Technology strategy

Technology



### ● Enhance value through technology

Fujitsu Uvance leverages five Key Technologies: Computing, Network, AI, Data & Security, and Converging Technologies. We are concentrating research and development in these areas, and by accelerating our standing in these five technologies, centered on AI, we will continue to create added value in our business.

### ● Business utilization of technologies (enhance value delivered)

We are increasing our efforts to transform how our technical innovations bring enhanced added value for customers and society. By applying our core technologies to applications and services in Fujitsu Uvance's Vertical domain, we will work with and offer our customers integrated solutions that propel the adoption of technology in society.

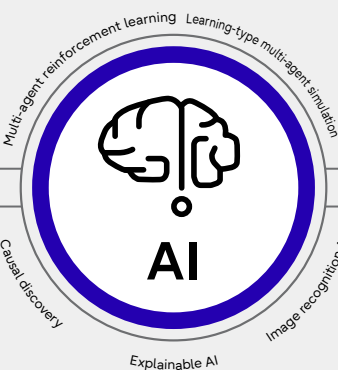
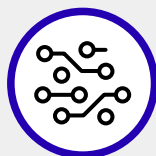
#### Converging Technologies

High-precision simulation



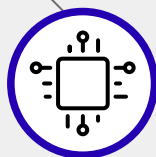
#### Network

Control large-scale networks



#### Data & Security

Autonomous and decentralized social systems



#### Computing

Provide massive speed with low power consumption

## People strategy

People



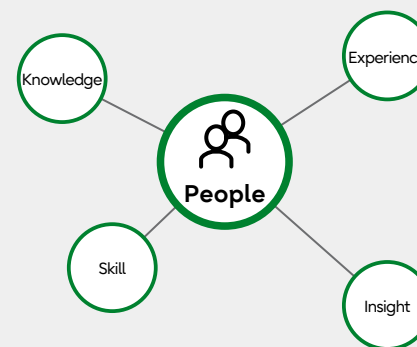
### ● Business-aligned workforce portfolio

We will create a business-aligned workplace portfolio and promote employee development programs across the Company. We will define and unify job roles globally and expand our talent pool in growth areas through reskilling and upskilling.

### ● Increase value to customers by strengthening our management foundation

We will continue driving existing initiatives under the previous medium-term plan to upgrade and strengthen our management foundation and increase productivity. We will leverage from, share, and apply valuable experience and expertise from these initiatives in improved human capital management and data-driven management (for example, OneFujitsu) to aid our customers with their transformations, which will also help promote DX across society.

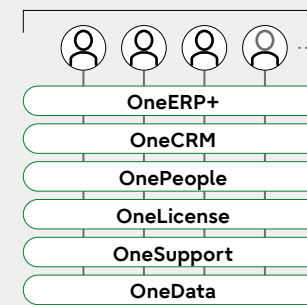
#### Human capital management



- Mechanism for individual-focused employee growth
- Corporate culture that generates sustainable results

#### Data-driven management

#### OneFujitsu



- Real-time management
- Integrated data insights and visualization
- Standardized global business operations



## Interview with the COO



**Hidenori Furuta**  
Representative Director  
COO

We asked the COO about the key points of the regional strategy, which aims to transform the business foundation in Regions (International), and the assumptions underlying the growth scenario for Fujitsu Uvance, all in line with reaching the goals set in the medium-term plan.

**Q** What will be the biggest challenges to meeting the goals outlined in the medium-term plan?

**A** The key to achieving our financial goals lies in our business model and portfolio strategy, with a focus on the growth of Fujitsu Uvance and transformation of service delivery. However, one of the biggest challenges will be the execution of the business model and portfolio strategy, particularly the regional strategy, and especially in Regions (International).

To date, Regions (International) has relied on managed infrastructure services (MISs) for its revenue base, which involve the monitoring, operation, and maintenance of IT systems such as servers and networks. Meanwhile, the Fujitsu Group has positioned the expansion of digital services, centered on Fujitsu Uvance, as its management strategy. Accordingly, the medium-term plan sets forth a regional strategy of accelerating the shift toward a focus on service businesses known as business application services (BASs), replacing MISs.

MIS business faces intense competition outside Japan, and it is difficult to differentiate ourselves from Indian vendors, which are highly cost-competitive. This situation is not new, and the transition from MISs to BASs in Regions (International) has been a strategic issue for the Fujitsu Group over the past 10 years. Our regional strategy under the medium-term plan reflects our determination to move out of this untenable situation.

**Q** How do you plan to address long-standing issues that have not been resolved? What will you change, compared to the past?

**A** As our reference model, let us look at the business portfolio transformation in the Americas. In this region, MISs were previously the core business. However, in fiscal 2020, we implemented a business portfolio transformation focused on service operations, by withdrawing from product-based businesses centered on hardware sales, equipment for the retail industry, hosting, and maintenance services. As a result, we became profitable in fiscal 2021.

Partly because the scale of business in the Americas was small, we conducted a detailed analysis into the fundamental reasons why the MIS-to-BAS transition was not progressing as well as expected, and then identified our necessary actions. We will build on our experience in this region of executing a series of transformations such as withdrawing from the product business, concentrating resources on major strategic clients, and standardizing delivery, to accelerate the shift from MIS to BAS in Europe and Asia Pacific.

The changes we have made in the past were to the level of control and support our headquarters business groups provided to the regions. In fiscal 2022, we consolidated each region's solution development functions within the Global Business Solutions Group. From the perspective of Regions (International), it is essential to collaborate with the business groups to provide solutions to customers. In fiscal 2023, we will enhance this

## Interview with the COO

collaboration further and optimize resource allocation. Additionally, we are introducing a mechanism whereby small teams from the business groups will be dispatched to each region to address specific regional needs and to coordinate support from the business groups.

### Q As effects of restructuring, don't the financial targets for Regions (International) under the medium-term plan seem too low?

A Even using the Americas as a reference model, we anticipate that it will take some time to carry out restructuring measures in Europe, which has a business scale approximately 10 times that of the Americas on a revenue basis, and Asia Pacific, which has a business scale approximately three times that of the Americas. Our assumption is that we will first proceed with restructuring and then aim for growth by providing high-value-added Service Solutions. With this in mind, we have set a target operating profit margin of 3.3% for the Regions (International) segment in fiscal 2025.

In Europe, some progress was achieved in fiscal 2022 by expanding sales of Fujitsu Uvance in Horizontal areas, particularly in Hybrid IT, Business Applications, and Digital Shifts. However, upon closer examination, we discovered that many of the projects had low profitability due to insufficient differentiation from other companies' services. In addition to the transition from MISs to BASs, we aim to find ways to maximize the added value of Fujitsu Uvance's offerings during the period of the medium-term plan. For example, we will restructure customer support systems and reskill personnel to meet the needs of growth areas.

### Q With its offerings in Vertical areas finally complete in fiscal 2023, will Fujitsu Uvance be able to gain customer acceptance and drive growth?

A The Fujitsu Uvance growth scenario incorporates the concept of an ecosystem, which promotes relationship-building with customers through business. We believe that once one company recognizes the value of Fujitsu Uvance's offerings, we can then extend our customer base to include that company's business partners.

Let me give a concrete example. The Fujitsu Group and Teijin Limited, a major chemical firm that manufactures industrial products including high-performance fibers, composites, and electronic materials, have jointly developed a platform to collect and trace environmental impact information of recycled materials throughout the value chain. Approximately six months after the project's initiation, two German bicycle manufacturers decided to participate in the pilot project for this platform. Their aim is to achieve traceability and create value by managing and reducing greenhouse gas emissions from their business operations.

As this case demonstrates, initiatives such as reducing environmental impact cannot be accomplished by single companies acting alone. Thus, there are significant benefits to expanding the ecosystem, both for customers and for their business partners. By creating use cases of our services in fiscal 2023 and leveraging them in multiple business negotiations in and beyond fiscal 2024, we are confident that we can expand Fujitsu Uvance's customer base.

### Q What is the current status of your efforts to earn customers' trust, which is a prerequisite for business growth?

A First and foremost, we would like to deeply apologize to all those who were affected by our system quality issues and information security incidents.

Following a major system failure in fiscal 2021, the Fujitsu Group reevaluated its IT governance framework and implemented measures to identify and address vulnerabilities via a thorough inspection of mission-critical systems. Additionally, we worked to strengthen global information security measures. However, while instituting these measures, further information security incidents and system quality issues occurred, which showed that we had not yet been able to sufficiently foresee and prepare for possible risks. In fiscal 2023, we appointed a CQO (Chief Quality Officer) in addition to the existing CISO (Chief Information Security Officer). Our goal is to establish a more agile decision-making process and ensure swift responses. The Group is actively working on specific improvement measures to enhance system quality and information security management, with the aim of regaining customer trust.

## Message from the CFO



We will grow Service Solutions and realize a sustainable increase in corporate value through the expansion of our cash generation capabilities and optimal capital allocation.

### Takeshi Isobe

Director and Corporate Executive Officer  
SEVP, CFO

### Fiscal 2022 performance and medium-term plan financial targets

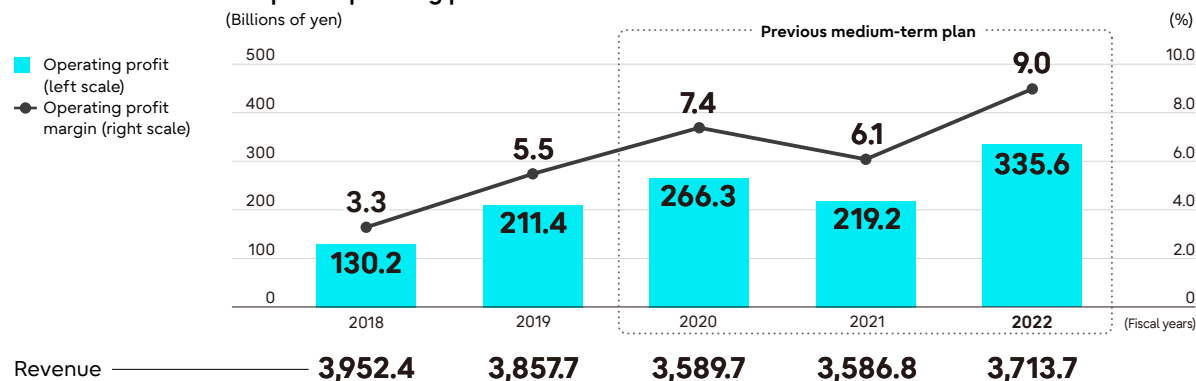
Looking at our consolidated financial results for fiscal 2022, revenue increased by 3.5% from the previous year to ¥3,713.7 billion, operating profit increased by 53.1% to ¥335.6 billion, and the operating profit margin was 9.0%. Operating profit reached a new record high, and improvements in profitability helped earnings per share (EPS) to rise steadily with a compound annual growth rate (CAGR) of 12% over the three-year period of the previous medium-term plan. These results are the successful culmination of a range of initiatives for improving profitability, and we see them as evidence that the direction of our management policy was correct.

In areas other than performance figures, we have been internally promoting KPI management to achieve profit targets at a high level, and I think that we have thoroughly inculcated an awareness of the need to stringently examine investments with regard to profits and the timeline thereof, particularly among our management leaders. By expanding our cash generation

capabilities backed by profit growth and reliable management, and by optimally allocating that cash to business growth investments and shareholder returns, we will accomplish a sustainable increase in the Group's corporate value. I believe that this consistent management direction in our previous medium-term plan for fiscal 2020 to fiscal 2022 has set us on the right path.

However, there are also some results of the previous medium-term plan that we should reflect upon. During the plan period, the business environment changed dramatically. The main factors driving this change included the spread of COVID-19 in the first year, fiscal 2020, followed in fiscal 2021 and onward by a global delay in supplies of electronic components, the emergence of geopolitical risks around the world, and significant foreign exchange fluctuations. While it would be extremely difficult to foresee such changes in the business environment, we did not respond to them quickly enough, and we strongly recognize the need for greater flexibility and speed. In particular, since the overseas business has a relatively weak earnings base, our inability to respond rapidly to changes in the external environment had a noticeable impact, with revenue and operating profit margin both remaining at a standstill.


### Previous medium-term plan: Operating profit



Message from the CFO

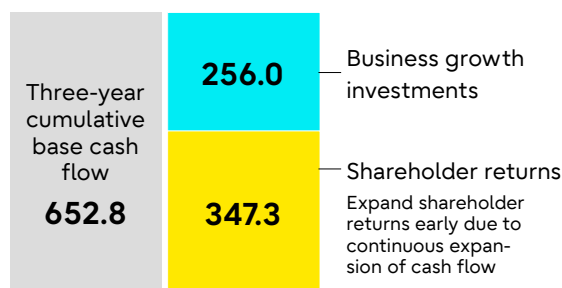
**Cash flow and capital allocation performance**

We realized an increase in cash flow generation capabilities with base cash flow,\*1 which is the source of cash allocation, totaling ¥652.8 billion over the three years from fiscal 2020 to fiscal 2022, an increase of over 50% from the preceding three-year period.

Of the ¥652.8 billion cash that we generated, a total of ¥256.0 billion was invested over the three-year period in the growth of our most important businesses. We conducted investments for value creation, such as developing Fujitsu Uvance offerings, reforming service delivery to improve profitability, reskilling human resources, and creating new businesses. In addition, we made a powerful effort in internal DX , such as the OneFujitsu Program, as an investment for our own transformation. We also introduced and expanded Work Life Shift (WLS), to transform human resource management and systemize upgrades of our employee working environment and systems.

**Previous medium-term plan: Cash flow and capital allocation**

(Billions of yen)



Progress (three-year period fiscal 2020–2022)

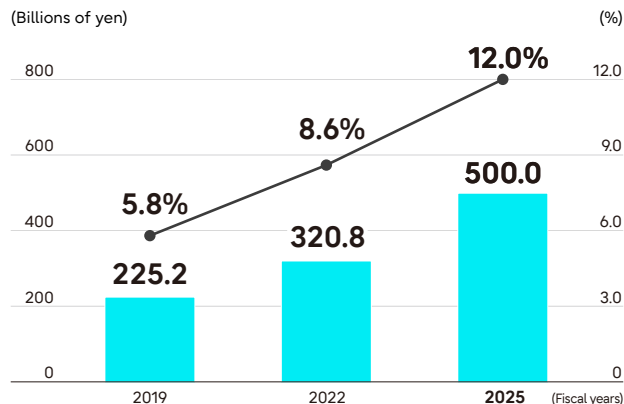
Our cash flow generation ability expanded faster than we initially planned, and we expect it to continue accelerating. In light of this situation, we also enhanced our shareholder returns significantly. The cumulative total amount of shareholder returns in the form of dividends and share repurchases for the three-year period came to ¥347.3 billion.

\*1 Free cash flow before growth investments plus lease obligation payments.

**2023–2025 medium-term plan financial targets and pathway to achievement**

The new medium-term plan has set targets for fiscal 2025 of revenue of ¥4.2 trillion, adjusted operating profit\*2 of ¥500.0 billion, adjusted operating profit margin of 12.0%, core free cash flow (FCF)\*3 of ¥300.0 billion, and a CAGR of 14%–16% for EPS. Compared to our results for fiscal 2022, this represents a 1.5 times increase in adjusted operating profit and an approximately two times increase in FCF. These targets were

**Adjusted operating profit: Actual and plan**



Adjusted operating profit (left scale)  
 Adjusted operating profit margin (right scale)

formulated by describing the Group's ideal position in 2030 and backcasting from there. We look forward to making a leap ahead from the previous medium-term plan period in revenue, adjusted operating profit margin, core FCF, and EPS.

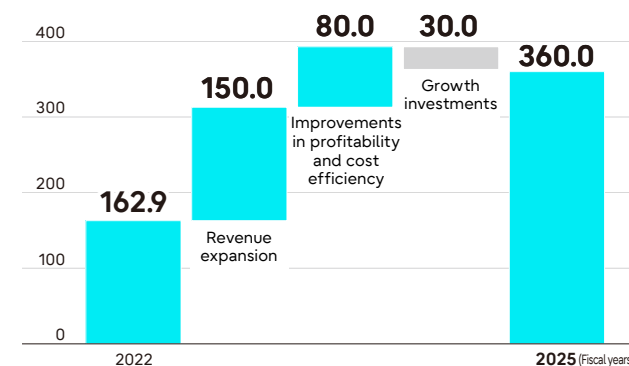
\*2 An indicator that represents actual profit from the core business calculated by deducting profits from business restructuring, M&A, etc., and one-off profits from changes in regulations from operating profit. (Previously presented as operating profit excluding special items.)

\*3 Current FCF after deducting temporary income and expenses associated with business restructuring, M&A, etc.

To reach the ambitious target of adjusted operating profit of ¥500.0 billion, we must achieve two major objectives. The first is expanding revenue, in particular strong growth of digital services centered on Fujitsu Uvance, which has a fiscal 2025 revenue target of ¥700.0 billion. In Vertical areas, we will launch cross-industry offerings that will help to resolve social issues, while in Horizontal areas, we will capture soaring customer demand for business applications such as SAP

**New medium-term plan: Breakdown of changes in adjusted operating income (Service Solutions)**

(Billions of yen)



Message from the CFO

and will deploy DX platforms that can support Vertical areas. Using these offerings as a primer, we will achieve revenue expansion by supporting the modernization progress of customers and society.

The second is expanding profitability and driving even deeper with our delivery transformation . During the previous medium-term plan period, we progressed with system development and service standardization, namely standardization of operating processes and content through expanded utilization of the Japan Global Gateway (JGG) and Global Delivery Centers (GDCs). These promoted steady productivity improvements and the strengthening of service quality, which led to an improvement of our gross profit margin. There is still plenty of room to continue developing these initiatives even further. For example, our GDC utilization rate was only 11% in fiscal 2022, so we expect the real improvements in productivity are actually yet to come. By accelerating standardization, automation, and GDC utilization, while reskilling and upskilling delivery personnel,

we plan to improve the gross profit margin by one percentage point per year through to fiscal 2025.

**Capital allocation: Significant increase in both business growth investment and shareholder returns**

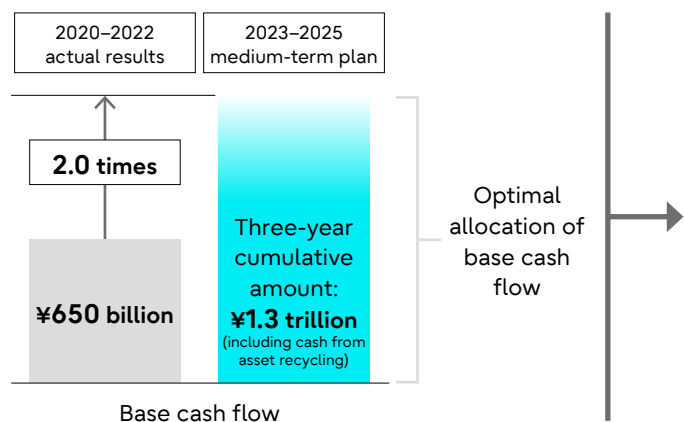
Base cash flow is the source of capital allocation. During the course of the new medium-term plan, we expect to be able to increase base cash flow to ¥1.3 trillion, approximately double that of the previous medium-term plan. Of this, we plan to allocate ¥700.0 billion to business growth investments and ¥600.0 billion to shareholder returns, representing a significant increase to both.

With regard to business growth investments, we plan to concentrate investments in Service Solutions, which is a growth area among our business segments, through the promotion of four key strategies outlined in the new medium-term plan. We will pursue growth through

development investments for expanding offerings in the Vertical areas of Fujitsu Uvance, and technology investments that will help to strengthen consulting capabilities to deliver those offerings to customers and strengthen the competitive advantages of Fujitsu Uvance. In addition, we will also promote investments that contribute to the OneFujitsu Program for realizing data-driven management and to human resource portfolio transformation.

While the new medium-term plan financial targets may appear challenging, they are on the pathway to the Group's sustainable growth, and they show our thinking that there is still room for further growth toward 2030 and beyond. To achieve these ambitious targets, we will align the directions of our management team and employees, and work together to realize a sustainable increase in corporate value for the Fujitsu Group.

Capital allocation during the new medium-term plan

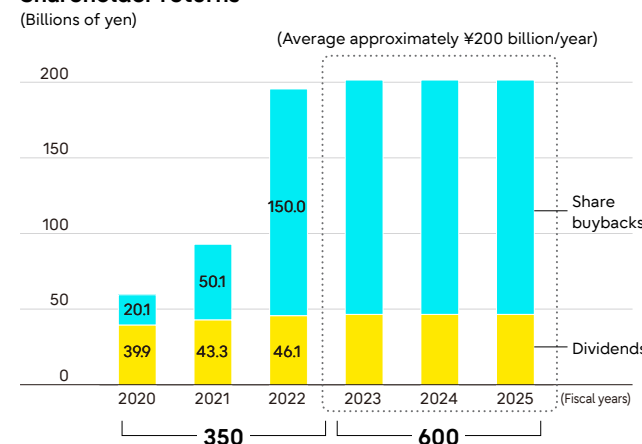


Growth investments: **¥700 billion**

<b>Business model and portfolio strategy</b>	<ul style="list-style-type: none"> <li>Business portfolio management</li> <li>Inorganic growth</li> <li>Strengthen the management foundation (OneFujitsu Program)</li> </ul>
<b>Customer success/ regional strategy</b>	<ul style="list-style-type: none"> <li>Develop and acquire consulting capabilities</li> <li>Improve quality and security</li> </ul>
<b>Technology strategy</b>	<ul style="list-style-type: none"> <li>Five Key Technologies</li> <li>Technology implementation and commercialization</li> </ul>
<b>People strategy</b>	<ul style="list-style-type: none"> <li>Develop, reskill, and acquire talent</li> </ul>

Shareholder returns: **¥600 billion**

Shareholder returns

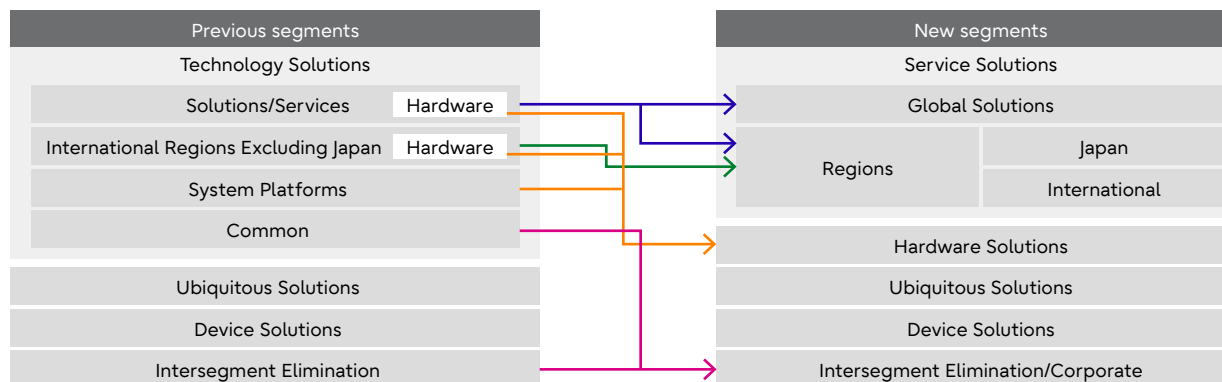


## Revision of segments

The Fujitsu Group has made some changes to its segments in fiscal 2023. We did so to more clearly demonstrate our progress toward the achievement of our medium-term goals and to more closely reflect the perspective of the management approach that aligns the current organizational structure with the segment classification for which information is disclosed.

Specifically, we divided the Technology Solutions segment into the Service Solutions segment and the Hardware Solutions segment. We also established three Service Solutions subsegments. Items included in a previous subsegment, Technology Solutions (Common) and items eliminated in intersegment sales will be included in Intersegment Elimination/Corporate.

We will transform our business portfolio with a view to sustainable value creation by focusing our resources, such as investments and talent, on the growth area of Service Solutions. This segment will provide global services and solutions, centered on Fujitsu Uvance.



### Key changes to segments

Fujitsu has eliminated the Technology Solutions segment, created two new segments, and changed the Intersegment Elimination/Corporate segment.

#### 1. Establishment of the Service Solutions segment

The hardware sales and hardware maintenance services were separated from the subsegments Solutions/Services and International Regions Excluding Japan, included in Technology Solutions, and the name has been changed to Service Solutions.

The following three subsegments have been newly established:

- Global Solutions: Creating and providing global value services centered on Fujitsu Uvance
- Regions (Japan): Provision of services to the Japanese market (including implementation of Fujitsu Uvance)
- Regions (International): Provision of services in regions outside of Japan (including implementation of Fujitsu Uvance)

#### 2. Establishment of the Hardware Solutions segment

The subsegment System Platforms has been consolidated with hardware sales and hardware maintenance services into a new segment, Hardware Solutions.

#### 3. Changes in Intersegment Elimination/Corporate

Intersegment Elimination/Corporate refers to the following items included in the previous subsegment Technology Solutions

(Common): advanced R&D conducted by the Fujitsu Research Unit and other Groupwide organizations that do not belong to any of the segments; investment in common business growth, including in-house DX investment on a global group basis; sale and disposal of common assets; and elimination of Intersegment sales.

#### Major subsidiaries in each segment

- Service Solutions (excluding sales of Hardware and Ubiquitous products)  
Fujitsu Japan Limited, Fujitsu FSAS, Inc., Fujitsu Research Institute, Ridgelinez Limited, Transtron Inc.  
Fujitsu Services Holdings PLC, Fujitsu North America, Inc., Fujitsu Australia Limited, Fujitsu Technology Solutions (Holding) B.V., Fujitsu Asia Pte. Ltd., etc.

- Hardware Solutions (excluding manufacturing and sales of Ubiquitous products)  
Fujitsu Frontech Limited, Fujitsu IT Products Ltd., Fujitsu Telecom Networks Limited  
Fujitsu Isotec Limited  
Fujitsu Network Communications, Inc., etc.

- Ubiquitous Solutions  
Fujitsu Personal System Limited, etc.

- Device Solutions  
Shinko Electric Industries Co., Ltd., FDK Corporation, etc.



## Approach to Materiality

### Essential contributions: Solving global environmental issues, developing a digital society and improving people's well-being

As essential areas for contribution, we will work to expand Fujitsu Uvance and other businesses and promote internal initiatives to accelerate the reduction of negative effects while promoting greater positive impacts on our operations and society.

Materiality	Item	Approaches for fiscal 2025 (main initiatives)
Solving global environmental issues	Climate change (Carbon neutral)	<ul style="list-style-type: none"> <li>● Visualize/reduce GHG emissions in the supply chain</li> <li>● Visualize energy usage at factories and other facilities (automate primary data collection)</li> <li>● Identify a broad spectrum of supply chain risks, including disasters, pandemics, and international political risks</li> <li>● Develop and make effective use of new energy sources and materials, such as clean ammonia, and improve traceability</li> <li>● Optimize and integrate natural energy into social infrastructure systems</li> <li>● Enhance resilience against emergencies in cities</li> <li>● More accurate weather forecasts and disaster prevention simulations</li> <li>◆ Reduce GHG emissions at business sites (promote energy savings and increase renewable energy use)</li> <li>◆ Promote energy-saving product design and reduce GHG emissions in the supply chain</li> </ul>
	Resource circulation (Circular economy)	<ul style="list-style-type: none"> <li>● Reduce losses and enhance traceability through the use of blockchain</li> <li>● Promote the effective use of materials through the visualization of product quality, etc.</li> <li>● Enhance resource traceability with the aim of creating environmental value through recycling</li> <li>● Establish recycling schemes and assure a stable supply of recycled resources through business-to-business data sharing</li> <li>◆ Reduce water usage at business facilities and raise awareness of water source security upstream of the supply chain</li> <li>◆ Promote greater resource savings in products and improved resource circulation</li> <li>◆ Get involved in activities to standardize business models and circular economy indicators, and measure social impacts</li> </ul>
	Living in harmony with nature (Protection and restoration of biodiversity)	<ul style="list-style-type: none"> <li>● In business activities that take biodiversity into account, use business planning simulations to visualize environment conservation and impact severity</li> <li>● Protect water and forestry resources and limit excessive consumption by developing new materials and adopting new production methods</li> <li>◆ Reduce negative impacts and increase positive impacts on biodiversity in areas of business activities, including the supply chain</li> </ul>
Developing a digital society	Maintaining security of information	<ul style="list-style-type: none"> <li>● Ensure that customer systems and businesses are trusted by providing secure Hybrid IT platforms</li> <li>● Provide resilient Hybrid IT platforms along with more rigorous IT and security governance for mission-critical areas such as public-sector and financial institutions</li> <li>● Enable security management that is capable of responding quickly to stricter and more sweeping regulations, such as the Data Protection Directive</li> <li>● Combine Zero Trust Security technology and other technologies to create a new high-speed, high-capacity network security technology that offers enhanced reliability and convenience</li> <li>◆ Stronger governance: implement countermeasures more quickly and effectively by bolstering on-site security systems and active intervention by management</li> <li>◆ Stronger responses to cyber threats: use more rigorous information management and responses, and security risk visualization that includes prediction</li> <li>◆ Stronger supply chain security: consolidate data in secure development environments and data management environments, and develop training to achieve more mature security</li> </ul>

● Business growth for customers and society    ◆ Internal initiatives

Approach to Materiality

Materiality	Item	Approaches for fiscal 2025 (main initiatives)
<b>Developing a digital society (continued)</b>	Eliminating the digital divide	<ul style="list-style-type: none"> <li>● Optimization tailored to patients and the democratization of advanced healthcare</li> <li>● Enable more advanced decision-making and problem solving for the traceability and verification of raw materials</li> <li>● Promote the adoption of integration and corporate IT consulting through co-creation with financial institutions</li> <li>● Build broadband networks for local governments (US)</li> </ul>
	Leading ethical AI and IT	<ul style="list-style-type: none"> <li>● Provide AI that complies with AI ethics guidelines and ensures reliability and transparency with respect to AI by providing explainable AI (improve sustainable reliability in business by using explainable AI to predict the risk of illegality from companies' financial and non-financial data)</li> <li>● Provide consulting services for areas such as creating guidelines and ethical rules for the appropriate use of AI</li> <li>◆ Implement initiatives aimed at disseminating AI ethics, such as providing AI ethics training to employees and customers, and formalizing the Fujitsu internal practice of AI ethics</li> <li>◆ Provide technology and ecosystems that simplify the identification of AI ethics risk by AI developers and customers themselves, and present solutions</li> </ul>
	Ensuring a positive work environment and addressing labor shortages	<ul style="list-style-type: none"> <li>● Provide ways to make work (production, distribution, shipping, sales, etc.) both safer and more efficient by using automation technology, AR/VR, and remote communication</li> <li>● Respond to changes in working environments, formulate and implement strategies by visualizing and analyzing worker feedback and working conditions, thereby improving engagement and innovating workstyles with the focus on the workers themselves</li> <li>● Make operations more efficient and advanced using digital technology, and plan the optimal workspace for customers' business transformation</li> <li>● Provide high-usability services by using more advanced digital touchpoints with automated technology, multilingual support, and AIOps</li> </ul>
	Assuring responsible supply chains	<ul style="list-style-type: none"> <li>● Provide stronger management through improved supply chain traceability</li> <li>● Enable detection of a broad spectrum of supply chain risks, including disasters, pandemics, and international political risks</li> <li>● Enable digitalization and resilience in supply chains that are shared by multiple corporations on a global scale</li> <li>● Enable sustainable consumption and waste product reductions through end-to-end optimization of the value chain</li> <li>● Offer logistics optimization and retail (OMO) management</li> <li>● Enable digital tracking of products along the supply chain</li> <li>● Enable new value creation/conversion using secure platforms that support expanded ethical purchasing</li> <li>◆ Prevent and reduce human rights risks in the supply chain</li> <li>◆ Promote reduction of GHG emissions in the supply chain</li> <li>◆ Ensure supply chain diversity</li> </ul>
<b>Improving people's well-being</b>	Contributing to healthcare for an improved quality of life	<ul style="list-style-type: none"> <li>● Connect medical institutions with external institutions and services to enable the mutual exchange of consumers' and patients' treatment and lifestyle information</li> <li>● Individualize and optimize a patient's end-to-end healthcare journey, from prevention through to treatment and recuperation (effective personal healthcare)</li> </ul>
	Promoting lifelong education and reskilling	<ul style="list-style-type: none"> <li>● Provide micro-learning environments that use AI to provide personally optimized education, regardless of time or location</li> <li>● Enable strategic reskilling by defining the type of personnel needed to achieve DX, supporting the formulation of personnel strategy and personnel development plans, and providing education and training programs</li> </ul>
	Improving customer/consumer experience	<ul style="list-style-type: none"> <li>● Personalize marketing/promotions and enable new online and offline purchasing</li> <li>● Offer consistent, fluid, and personalized shopping experiences wherever there is contact between consumers and any type of brand channel</li> <li>● Provide efficient monitoring, operation, and maintenance for retail systems</li> <li>● Enable sophisticated promotions that target consumers by predicting their behavior</li> </ul>

● Business growth for customers and society    ◆ Internal initiatives



Approach to Materiality

**Foundation for achieving sustainable development: Technology, management foundation and human capital**

As its foundation for achieving sustainable development, the Fujitsu Group promotes internal initiatives to elevate its technology, management foundation, and human resources as sources of value creation. These efforts underpin the creation of new business models and drive innovation.

Materiality	Item	Approaches for fiscal 2025 (main initiatives)
<b>Technology</b>	Creating and developing cutting-edge innovative technologies	<ul style="list-style-type: none"> <li>◆ Quantum: work with customers to develop apps that use quantum-HPC hybrid technology and develop world-leading error-correction technology. Develop 1,000 qubit machines and further scaling technologies</li> <li>◆ Computing: enhance computing workload broker technology, develop frameworks that will accelerate graph AI, and expand HPC into new areas such as digital twins</li> <li>◆ AI: provide global customer value through AI platforms that feature AI technology, such as world-leading graph AI and AI trust; strategically acquire specialists in the AI area</li> <li>◆ Data &amp; Security: accelerate innovation-creation using ecosystems with world-leading Web3/Trust technology that allows the distribution and use of highly reliable distributed data maintained by companies or individuals</li> <li>◆ Converging Technologies: establish the world's first social digital twin platform to continually improve society by enabling SX and develop initiatives that use environmental, social, and economic synergies, and then roll out solutions globally</li> </ul>
<b>Management foundation</b>	Governance and compliance	<ul style="list-style-type: none"> <li>◆ Corporate governance:                             <ul style="list-style-type: none"> <li>• Undertake continual reviews of corporate governance</li> <li>• Fully disclose corporate information that is conducive to cooperative relations with all stakeholders, including shareholders</li> <li>• Promote constructive interaction with shareholders</li> </ul> </li> <li>◆ Compliance:                             <ul style="list-style-type: none"> <li>• Promote the Global Compliance Program to raise awareness of compliance</li> <li>• Provide compliance training to suppliers</li> </ul> </li> </ul>
	Risk management	<ul style="list-style-type: none"> <li>◆ Conduct internal assessment reviews using tools to measure potential risk, visualize the impacts of those risks using actualized data, and formulate and implement recurrence-prevention measures</li> <li>◆ Build data-driven risk management systems</li> <li>◆ Build a global solutions network to ensure that overseas risk information is reported to and acted upon by the Head Office promptly</li> </ul>
	Economic security management	<ul style="list-style-type: none"> <li>◆ Bolster business resilience by assessing risks to business continuity from the perspective of economic security and geopolitics, and then reflect those risks in the business continuity plan (BCP)</li> <li>◆ Strengthen Companywide management across all departments for technologies that include important cutting-edge fields</li> <li>◆ Respond to the economic security countermeasures in each country and region</li> </ul>
	Digital transformation	<ul style="list-style-type: none"> <li>◆ Expand data-driven management and operational excellence by promoting the OneFujitsu Program:                             <ul style="list-style-type: none"> <li>• Real-time management to support speedy and practical decision-making</li> <li>• End-to-end management resource visualization and conversion to digital data</li> <li>• Global standardization of business processes</li> </ul> </li> </ul>
<b>Human capital</b>	DE&I	<ul style="list-style-type: none"> <li>◆ Diversity:                             <ul style="list-style-type: none"> <li>• Build an inclusive and egalitarian corporate culture that makes everyone feel included and free to express themselves</li> <li>• Boost the participation of women in leadership positions</li> <li>• Develop a comprehensive strategy for cultures and ethnicities that operates globally</li> <li>• Introduce the FWEI (Fujitsu Workplace Equality Index)</li> <li>• Promote and advocate for digital accessibility as one corporate strategy, including in-brand communication, customer experience, and the workplace</li> <li>• Ensure supply chain diversity through:                                     <ul style="list-style-type: none"> <li>• Activities to determine diversity indicators based on the societal requirements in each country or region</li> <li>• Development of mechanisms to determine the support for female participation in key activities in the domestic supply chain and to measure the progress of initiatives by suppliers</li> </ul> </li> </ul> </li> <li>◆ Human rights: prevent or reduce human rights risks in the value chain (human rights training, dialog with experts)</li> </ul>
	Well-being and human resource development	<ul style="list-style-type: none"> <li>◆ Stronger personnel development platforms: job-based human resource management, measures to encourage the evolution of employees into DX personnel, etc.</li> <li>◆ Improved well-being:                             <ul style="list-style-type: none"> <li>• Develop measures to promote understanding and wider acceptance of well-being</li> <li>• Data-driven visualization and analysis</li> </ul> </li> <li>◆ Thorough preventive measures for health and safety</li> </ul>

◆ Internal initiatives

# Business strategy

We are promoting four strategies under the 2023–2025 Medium-Term Management Plan (medium-term plan): a business model and portfolio strategy centered on Fujitsu Uvance, a customer success/ regional strategy to enhance customer engagement globally, a technology strategy to strengthen our competitive advantage in core technologies including AI, and a people strategy that will help improve productivity. By linking these four key strategies, we aim to build a model that helps us meet our financial and non-financial indicators, as well as achieve sustainable growth and higher profitability in the medium to long term.

## Business model and portfolio strategy: Fujitsu Uvance



Fujitsu Uvance is Fujitsu's portfolio of global business solutions for contributing to the realization of a sustainable world by creating new value in seven Key Focus Areas. Four of these are cross-industry areas for resolving societal issues, and three are supporting areas that provide a technological foundation. With Fujitsu Uvance, we changed our approach from developing products for conventional industries and operations to creating offerings that address societal issues. Combining the technologies that Fujitsu has developed over the years with our insights into various industries, we will connect processes and data that were divided across industries and stimulate cross-industry cooperation between companies and organizations to deliver completely new solution strategies and businesses. By realizing customers' sustainability transformation (SX), we can contribute to their growth while creating new markets that did not exist before, driving the Group's growth.

### Vertical areas

We will contribute to the resolution of issues faced by the manufacturing industry as it moves into the future, such as ensuring resilient supply chains, transferring expert know-how, and expanding resource circulation with a view to achieving carbon neutrality.



**Sustainable Manufacturing**

We will create value that balances a sustainable society and new customer experiences, including supply chain optimization and the provision of individually tailored consumer services.



**Consumer Experience**

Through initiatives such as analysis of medical and healthcare data, and data-sharing by consumers, medical institutions, companies, and governments, we will contribute to an improved quality of life for people, including better-quality healthcare, promotion of preventative medicine, and acceleration of drug discovery.



**Healthy Living**

We will create communities and societies where people can live in peace and prosperity through projects such as efficient energy supply, building of safe and highly disaster-resilient cities, and the reduction of environmental impacts associated with mobility and transportation.



**Trusted Society**

### Horizontal areas



**Digital Shifts**

We will accelerate business transformation and productivity improvements through our Work Life Shift (WLS) initiative, to expand the possibilities for autonomous workstyles and upskilling. Through data-driven management, we will realize decision-making based on real-time visualization of data.



**Business Applications**

By using major applications from companies such as SAP, Salesforce, ServiceNow, and Microsoft, and providing services that make use of them, we will support continuous and rapid strengthening of our customers' operations and services.



**Hybrid IT**

Our initiatives to ensure success in innovation include the efficient and secure management of IT infrastructure and the provision of computing power, such as high-performance computing and edge computing.

#### Example Sustainable Manufacturing

Companies are required to meet even stricter requirements related to the disclosure of environmental impact data, and concrete actions to realize a carbon neutral society and a circular economy are becoming increasingly important on a global level. In the materials production industry especially, there is an accelerating movement toward systemization of Life Cycle Assessment (LCA) for environmental impact throughout the product life cycle and the design of products using recycled materials. To capture the business opportunities presented by these trends, the Fujitsu Group and Teijin Limited have combined their accumulated technologies and expertise in a joint project to build a platform to enhance the environmental value of recycled resources. The platform merges the Fujitsu Group's blockchain technology with Teijin's LCA method to collect and trace primary data on environmental impact throughout the entire value chain, while providing highly reliable information on recycled materials. In this way, the two companies aim to popularize a business model that enhances the environmental value of recycling.

#### Example Digital Shifts

The Fujitsu Group's AI demand forecast service is trained on various data owned by companies, as well as on weather and other data, to predict customer traffic and sales volumes with high accuracy in order to accomplish data-driven management. TORIDOLL Holdings Corporation decided to adopt the service for its Marugame Udon noodle shops, which will enable it to plan staff allocation, ordering and purchasing quantities for ingredients, and optimization of shop air conditioning. By doing so, the company aims to reduce food loss, reduce energy usage, and manage its stores more efficiently.

In tandem with data-driven management, we are also drawing the attention of our customers with our WLS initiative, which promotes employee well-being and productivity gains. Work Life Shift 2.0 amalgamates the knowledge, implementation, and operational expertise that we have acquired through our own implementation. By providing it as a service, we support the renewal of our customers' human resource strategies and help them to increase employee engagement, while working with them to transform their organizations into platforms for innovation and growth.

Business model and portfolio strategy: Fujitsu Uvance



**Yoshinami Takahashi**

Corporate Executive Officer  
SEVP, Head of Global Business Solutions,  
in charge of Fujitsu Uvance

We started fiscal 2023 with a full lineup of all the offerings in our seven Key Focus Areas. In their development, we utilize the strengths of our powerful customer base in Japan. We first provide a partner customer with a minimum viable product—a prototype offering that has the minimum necessary value—and then rapidly reflect customers’ feedback in an agile development process. This process gives us the confidence that our offerings have high levels of functionality, usability, and marketability.

However, the offerings are never complete. We integrate insights gained from accumulated customer use cases, engage in joint development with strategic partners, and fuse the results with intellectual property (IP), centered on our own technologies, to further enhance the added value of our offerings by augmenting their functions. The acquisition of GK Software SE, including its versatile platforms and excellent engineers, will have significant impact on the future evolution of our offerings.

By providing offerings that enhance value for our global customers as on-cloud services, we aim to achieve high-profitability business scalability, and net sales in fiscal 2025 of ¥700.0 billion for Fujitsu Uvance.

<p><b>Progress up to fiscal 2022</b></p>	<ul style="list-style-type: none"> <li>• Sales rose in Horizontal areas, mainly in Business Applications such as those provided by SAP, ServiceNow, and Salesforce, and in Digital Shifts offerings such as WLS. In fiscal 2022, overall revenue from Fujitsu Uvance was approximately ¥200.0 billion.</li> <li>• In addition to the above offerings, we launched a total of 24 offerings in the Horizontal area of Hybrid IT, as well as in the four Vertical areas, resulting in offerings in all seven Key Focus Areas.</li> </ul>
<p><b>Priorities and key measures in the new medium-term plan</b></p>	<ul style="list-style-type: none"> <li>• Expand standardization of offerings and establish a model for the provision of global common services.</li> <li>• Strengthen consulting capabilities in Vertical areas and delivery capabilities in Horizontal areas.</li> <li>• Jointly develop cloud solutions to achieve SX together with strategic partners and launch on the market.</li> <li>• Strengthen Consumer Experience offerings centered on GK Software, acquired in May 2023.</li> </ul>
<p><b>Targets and KPIs</b></p>	<ul style="list-style-type: none"> <li>• Based on fiscal 2022 sales performance, target ¥400.0 billion sales in Vertical areas and ¥100.0 billion in Horizontal areas, and total revenue of ¥700.0 billion by fiscal 2025.</li> <li>• Aim to increase the gross profit margin in Vertical areas to more than 40% by fiscal 2025.</li> <li>• Assuming sales expansion, capture a 5% share of the SX market, which is expected to reach ¥8 trillion globally by fiscal 2025.</li> <li>• Bolster the number of specialist personnel supporting delivery of Business Applications from 3,000 in fiscal 2022, to 8,000 in fiscal 2025.</li> <li>• Aim to achieve sales of ¥100.0 billion in the Consumer Experience area by fiscal 2025, centered on GK Software.</li> </ul>

Business model and portfolio strategy: Fujitsu Uvance

**Cross-industry deployment of offerings**

One of the special features of Fujitsu Uvance is that it provides new cross-industry value. For example, without cooperation between the companies working in manufacturing, logistics, and retail, who constitute the supply chain, it is not possible to visualize CO<sub>2</sub> emissions with a view to overall optimization, or to achieve a reduction in Scope 3 greenhouse gas emissions. Bridging the so-called “white space” that has traditionally existed between companies and industries in this way and centralizing data that was previously separate is essential for resolving increasingly complex societal issues.

In Fujitsu Uvance’s four Vertical areas, we are deploying global offerings developed with an intense focus on these societal challenges and customers’ business issues. By evolving them into a reference architecture and increasing the standardization of our offerings, we

will shorten lead times from customer proposals to solution implementation and ensure flexibility in response to customers’ needs as we develop our business with a 1-to-N approach.

**Strengthening consulting and delivery capability**

Increasing our specialist human resources is the key to the growth of Fujitsu Uvance. In Vertical areas, we will expand our team of technology consultants who are able to make proposals that are based on global trends related to sustainability, that merge technical insights such as data analytics and AI, and that envisage the future of the industry. We are considering options for organically developing human resources, as well as alliances and M&As with companies that have consulting functions.

On the other hand, in Horizontal areas, we have had brisk inquiry activity from customers in regard to

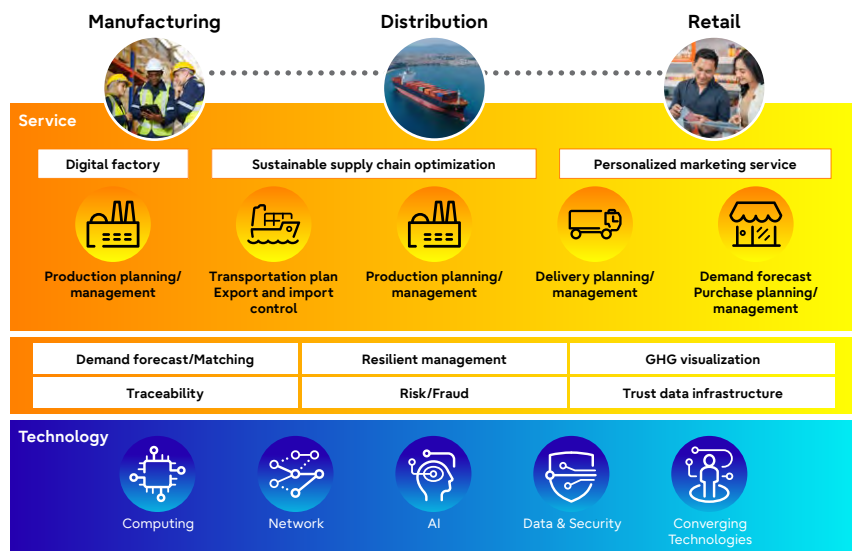
Business Applications especially, and we expect continued expansion of demand in this area. Accordingly, we will augment our human resources who have specialist skills in applications centered on SAP, ServiceNow, and Salesforce. We plan to accelerate our reskilling of existing human resources, which has been underway since the previous medium-term plan, in coordination with the HR Department.

**Acceleration of SX through strategic alliances and acquisition of GK Software**

One of the Fujitsu Group’s competitive advantages is the ecosystem formed with its partners. In addition to SAP, Salesforce, and ServiceNow, which comprise the Business Applications area, we are also reinforcing our strategic alliances with Microsoft Corporation and Amazon Web Services, Inc. By combining the intellectual property (IP) of these strategic partners, including their individual applications, with the IP of the Fujitsu Group, we will be able to create the Group’s distinctive added value.

In addition, we plan to provide services to help customers achieve carbon neutrality by teaming up with the Anthesis Group, a global sustainability company with a track record in climate change countermeasures. We also plan to leverage a collaboration with Hexagon’s Safety, Infrastructure & Geospatial division in the area of digital twin technology to springboard functional augmentation of Fujitsu Uvance.

In May 2023, we completed a public takeover offer of GK Software, a leading global provider of advanced cloud solutions for the international retail industry. We have already made inroads in cross-selling between GK Software and the Company, and we have been supplying GK Software offerings to the Japanese market. In addition, we will accelerate the growth of Fujitsu Uvance by using GK Software’s excellent engineering personnel and applying its human resource development methods to the Company’s reskilling program.



## Business model and portfolio strategy: Delivery



### Megumi Shimazu

Corporate Executive Officer  
SEVP, Head of Global Technology Solutions,  
in charge of Modernization

The establishment of Japan Global Gateway (JGG) and the use of Global Delivery Centers (GDCs), along with the introduction of shared services, formed the backdrop for a strengthening of our delivery capabilities and an improvement in our productivity that were, in turn, the drivers for an increase in profit margins under the previous medium-term plan. Greater promotion of these initiatives is a priority of the delivery strategy in our medium-term plan, along with standardizing, automating, and utilizing AI in development operations, and further driving expansion of internal IT development and offshoring. In particular, in our delivery model based on shared services, we will accelerate introduction of a system that involves participation of delivery personnel from the initial stages of business talks with customers.

Modernization of customers' system assets is another priority. Our Modernization Knowledge Center was established as a center of excellence (CoE). It is spearheading our work to combine the knowledge it has accumulated as a CoE with the Fujitsu Group's insight into customers' system assets to powerfully promote modernization services.

By expanding our delivery capabilities and steadily capturing modernization demand, we will contribute to our overall business strategy of improving the gross profit margin by one percentage point per year and expanding the DX business.

<p><b>Progress up to fiscal 2022</b></p>	<ul style="list-style-type: none"> <li>• Strengthened delivery capabilities through the establishment of JGG in fiscal 2021 and the integration of system integration subsidiaries. JGG had 7,000 personnel as of the end of fiscal 2022.</li> <li>• Expanded GDCs to seven overseas locations, with 23,000 personnel as of the end of fiscal 2022.</li> <li>• Enhanced GDCs/JGG and maintained collaboration with expert solution partners to expand project internalization rate.</li> <li>• Pursued increases in quality and productivity simultaneously through standardization and automation of delivery with the use of shared services.</li> </ul>
<p><b>Priorities and key measures in the new medium-term plan</b></p>	<ul style="list-style-type: none"> <li>• Aim to increase delivery efficiency, quality, and speed through use of the Fujitsu Developers Platform, a common platform for project management and development technology.</li> <li>• Increase the level of human resource management and promote reskilling at GDCs to match progress in automation and streamlining, and bolster the contingent of human resources with the ability to work in growth areas.</li> <li>• Through new hiring and reskilling, increase the number and capabilities of personnel at GDCs and JGG.</li> <li>• Foster services supporting the modernization of customers' system assets, centered on the Modernization Knowledge Center.</li> </ul>
<p><b>Targets and KPIs</b></p>	<ul style="list-style-type: none"> <li>• Increase the total number of delivery personnel for GDCs and JGG from 30,000 as of the end of fiscal 2022 to 40,000 by the end of fiscal 2025.</li> <li>• Between fiscal 2022 and fiscal 2025, lift the project internalization rate from 59% to 64%, the offshoring rate from 11% to 18%, and the application of standardization and automation from 30% to 45%.</li> <li>• Increase the ratio of GDC employees assigned to growth areas from 10% to 45%.</li> <li>• Maintain a high level of employee engagement at GDCs.</li> <li>• Promote modernization and on-cloud business expansion at a faster pace than market growth.</li> </ul>

Business model and portfolio strategy: Delivery

**Delivery model**

At the heart of our delivery model, which is based mainly on shared services, are systematization and standardization of our development processes, technologies, and results. By standardizing all work processes related to design, development, and testing leading to service provision or offering implementation, we will provide high-quality common global services at speed. With conventional delivery models, development differed for each customer or project based on the customer's unique methodology or individualized expertise. By minimizing such models as far as possible, we aim to increase productivity.

One of the results of our continuous evolution of this model that was introduced when JGG was established is the Fujitsu Developers Platform. A common platform for project management and development technologies, it provides libraries for application and software development in a secure environment, while helping to streamline project management and improve development quality through the early detection of risks such as unprofitable projects.

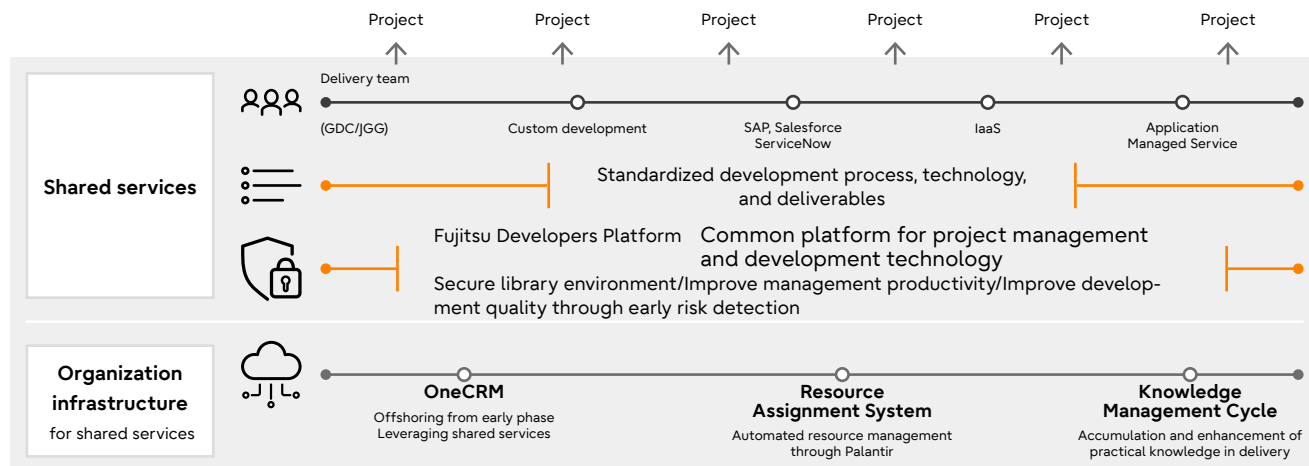
To establish a delivery model based on shared services, it is also essential to create an organizational foundation that can maximize the effects of such a model. In particular, in a system where delivery staff participate in projects from the initial stage of business talks, it is important that customer understanding be obtained regarding the use of GDCs/JGG. It is equally important that the GDC/JGG side establishes demand projections for services and assigns the necessary human resources to projects as required to enhance operational efficiency. To help materialize this model, we are currently working to share business deal information utilizing OneCRM, which has been launched globally. At the same time, we are also making headway on skill mapping of a total of approximately 30,000 personnel assigned to GDCs/JGG as of the end of fiscal 2022, and are using automation technology to match the right people to the right projects for optimal and timely resource allocation.

**Modernization Knowledge Center**

Modernization refers to the transformation of customers' system assets, expanding, renewing, and increasing their cost effectiveness by migrating customers' existing on-premises application assets to an optimal IT platform, such as the cloud, while making full use of them. Achieving this requires insight into the existing system assets and a wide range of capabilities, including cloud design that also takes into consideration SX after the modernization step.

Japan's modernization is lagging behind that of Europe, the United States, and certain emerging markets, and the Fujitsu Group expects demand for this service to expand in Japan through to 2026. To capture this demand and meet the anticipated spread in demand for on-cloud services spurred by modernization, we established the Modernization Knowledge Center in September 2022.

As a CoE, the Modernization Knowledge Center will serve as a focal point for the Fujitsu Group's technologies and know-how related to modernization, and will bring together specialists with relevant expertise. It will provide support in business talks with business producers (BPs) responsible for dealing with customers, as well as technical support for system engineers (SEs) undertaking project delivery such as cloud migration or application optimization. Furthermore, the center will collect, organize, and share delivery knowledge, furnish modernization methods and tools, provide follow-up on the modernization implementation state of customers' systems, and lead efforts to cooperate with strategic partners with a focus on modernization demand in Japan. In these ways, the CoE will provide essential knowledge to ensure successful modernization.



## Technology strategy: Five Key Technologies

### Vivek Mahajan

Corporate Executive Officer  
SEVP, CTO, CPO  
Co-Head of System Platform  
\* Technology \* Portfolio



As CTO, my role is to promote R&D in the five Key Technologies, in which the Fujitsu Group has strong competitive advantages, so as to contribute to the Fujitsu Uvance business. Having developed differentiated technologies, we will incorporate them into Fujitsu Uvance offerings, including consulting, services, software, and products, and lead the Company's R&D toward business creation and expansion. Furthermore, to continuously create value through technology, we will make proactive use of our partnerships with world-class research institutes and universities, and leading companies.

Speed is the key to successful co-creation with customers to strengthen the development pipeline of Fujitsu Uvance offerings. With a consistently agile response to customers' requirements of the Company, we will achieve market-leading innovation through technology.

<p><b>Progress up to fiscal 2022</b></p>	<ul style="list-style-type: none"> <li>• Concentrated R&amp;D resources on the five Key Technologies supporting Fujitsu Uvance. Advanced world-leading R&amp;D in the latest AI, which creates new value that leads to the transformation of society and business; Computing, which supports innovation; Network, which processes very large data volumes in real time; Data &amp; Security, which enables the achievement of autonomous distributed social systems through digital trust; and Converging Technologies, which merge diverse knowledge, including human, cultural, social and scientific fields, with digital technology.</li> <li>• Made steady progress with R&amp;D in the five Key Technologies. In Computing especially, we succeeded in developing the world's fastest*<sup>1</sup> quantum simulator. We also maintained the No. 1*<sup>2</sup> position in Japan for the number of published patents related to AI.</li> <li>• Merged Fujitsu Laboratories Limited into Fujitsu Limited in 2021 to accelerate the commercialization of research results. In 2022, we established new research centers in India and Israel.*<sup>3</sup> Together with centers in Japan, the United States, Canada, the United Kingdom, Spain, and China, the Group has over 850 R&amp;D personnel working in eight countries around the world, establishing a global R&amp;D structure that leverages the strengths of each center.</li> <li>• Pursued joint research with a number of the world's top-ranking universities and research institutes. These include RIKEN, our joint development partner for the supercomputer Fugaku, as well as Ben-Gurion University (Security), the Indian Institute of Science (AI, quantum computing), the Delft University of Technology (quantum computing), the University of Toronto (Computing), Carnegie Mellon University (Converging Technologies), Fraunhofer Institute for Telecommunications, Heinrich-Hertz-Institut (Network), Tokyo Institute of Technology (Computing, Converging Technologies), Osaka University (quantum computing), Tohoku University (AI), and Kyoto University (Computing, AI).</li> </ul>
<p><b>Priorities and key measures in the new medium-term plan</b></p>	<ul style="list-style-type: none"> <li>• Advance social implementation of the five Key Technologies through Fujitsu Uvance. In AI technology, having globally launched Fujitsu Kozuchi (code name) – Fujitsu AI Platform (Fujitsu Kozuchi) in April 2023, accelerate business development through cutting-edge AI. In quantum computing, cover all technology fields, from quantum devices to basic software and application development through joint research with preeminent research institutes and leading companies worldwide.</li> <li>• Enhance Fujitsu's product portfolio based on Fujitsu Uvance.</li> <li>• Strengthen global strategies through alliances with major partners, such as AWS, Microsoft, SAP, ServiceNow, and Salesforce.</li> <li>• Accelerate research under a global structure by expanding recruitment of world-leading human resources. Actively recruit talent specializing in AI, Network, and Computing in India, and Security in Israel.</li> </ul>

\*1 At the time of announcement in March 2023  
\*2 Research by the Japan Patent Office (October 2022)  
\*3 Subsidiary established in April 2023



Technology strategy: Five Key Technologies

**Fujitsu Kozuchi**

Named after the magic mallet of the Japanese legend, "Uchide no kozuchi," which could be swung to produce any treasure the bearer wished, Fujitsu Kozuchi is a platform that provides AI innovation components one after another. We will provide Fujitsu's cutting-edge AI technologies, the AI core engines, which include explainable AI, causal discovery, human sensing, and generative AI, in combination with our strategic partners' IP and software published on other companies' platforms to successively provide AI innovation components that respond to customer issues on the front line and in management.

Over the last few years, Fujitsu has incorporated a range of approaches to lessen the distance between R&D and business, and in fact the gap between our Company and customers has also been diminishing year

by year. We are working to promote an agile approach of having various customers utilize our technologies to enhance their level of completion, rather than completing technologies through our own independent efforts. The development of Fujitsu Kozuchi is also based on this approach, enabling faster provision of components to customers. In practice, the time needed prior to launch of products has been reduced from several years to a matter of months, and over 120 customers are already using the platform.

**Bolstering R&D personnel**

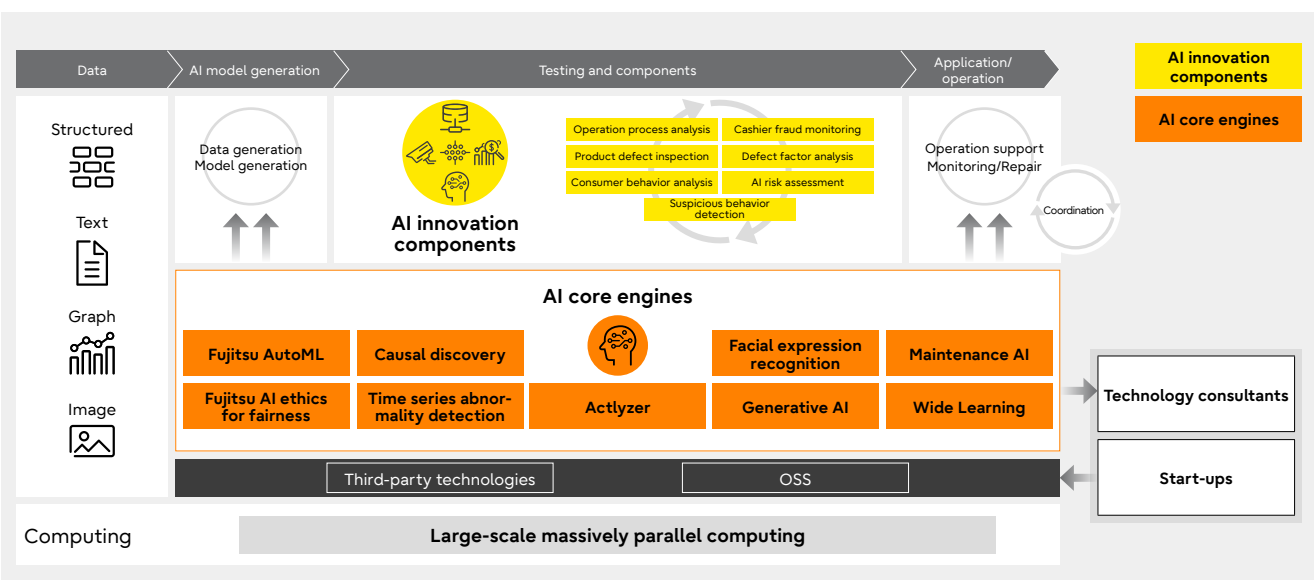
To actualize the latest competitive innovations in technology, it is essential to secure talented R&D personnel. The Fujitsu Group actively recruits personnel at R&D centers in eight countries worldwide.

The heart of the Company's research is Fujitsu Research, which conducts basic to applied research on a wide range of themes. We call for research themes from all of our researchers and officially adopt themes using a voting system. This kind of free and open research environment is important.

We are conducting research using a global matrix structure comprising research themes and research centers, which are located in Japan, the United States, Canada, the United Kingdom, Spain, China, India, and Israel. We offer researchers attractive career opportunities globally, including relocation between centers.

**Collaboration with universities and research institutes worldwide**

In addition to its own R&D, the Fujitsu Group is also focused on collaboration with universities and research institutes. For example, in the medium- to long-term theme of quantum computing development, we are pursuing joint research with RIKEN, the Delft University of Technology, Osaka University, and the university-launched venture company QunaSys Corporation. Our partner universities and research institutes are also global and diverse, and take into account the different strengths in individual countries, such as the United Kingdom, which is a leader in research on AI ethics; Israel, which is a leader in research on security; and India, which is a leader in algorithm development. In addition, we are also deploying the Fujitsu Small Research Lab project at universities worldwide, during which Fujitsu Group research staff are stationed on campus to accelerate joint research and discover new themes.



## Technology strategy: Intellectual property management

### Overview of our IP strategy

The Fujitsu Group's Purpose is "to make the world more sustainable by building trust in society through innovation." The Intellectual Property Division seeks to help achieve this Purpose by formulating and promoting an intellectual property (IP) strategy that will contribute to value creation through innovation. Specifically, we are focusing on a technology strategy of concentrating management resources on the five Key Technologies essential for digital services and on building an IP portfolio to advance the progress of our portfolio strategy.

The role of IP management as part of overall corporate management has been changing significantly over recent years. Whereas the conventional approach of "protecting value" involved establishing and managing rights for the Company's own technologies, designs, and brands, today we are expected to go further by conducting management that "creates value" from the perspective of utilizing the IP held by the Company and others in a broader context. Aiming for growth centered on Fujitsu Uvance, the Fujitsu Group is utilizing its own IP, using it in combination with other companies' IP to jointly develop offerings, and is starting to license its own IP out. Coming up with IP strategies based on concepts that differ from those of the past and engaging in flexible IP management are urgent tasks.

### Fujitsu Uvance and IP management

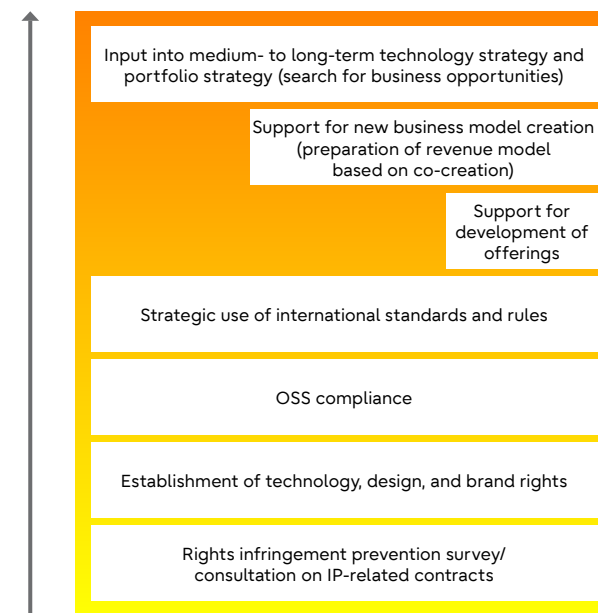
The Intellectual Property Division takes an organizational approach to IP activities linked with its technology and portfolio strategies, centered on the five Key Technologies. These activities help to maintain and strengthen the Group's competitive advantages and capture new business opportunities. In our IP activities, we are working to promote the global protection of rights to our technologies, designs, and brands, and to manage these rights appropriately with the objective of differentiating our technologies and services from those of other companies, while simultaneously maintaining and strengthening our competitive advantages. Furthermore, in the domain of open innovation, we will promote co-creation using IP, including strategic utilization of IP licensing, international standards, rules, and open source software (OSS).

What is the best form of IP management for encouraging co-creation with various companies, universities, and research institutes, and public organizations such as national and local governments? To co-create value by building a cross-industry ecosystem, how should the Fujitsu Group make best use of its IP portfolio? How should we monitor and disclose the changing contributions and roles of IP management that cannot be measured solely in terms of numbers of patents? The Intellectual Property Division is working to answer these questions in coordination with the Technology Strategy Division, led by the CTO and the CPO, and IP strategy officers appointed within each business division. We constantly revise our IP strategies and strive to implement practical IP management that aligns with our management, technology, and portfolio strategies.

### Technology strategy, portfolio strategy, and IP management



Domains for future functional enhancement



Functions from the past to the present day

For details Fujitsu's Intellectual Property

## Customer success/regional strategy: Customer success

### Shunsuke Onishi

Corporate Executive Officer  
SEVP, CRO  
Head of Global Customer Success  
\* Revenue



Since 2022, I have been responsible for global customer success, leading the development of organizations, human resources, and account portfolios, as well as the formulation of business plans, all directed at attaining growth in our customers' businesses. In April 2023, I was appointed as CRO, a role in which I am dedicating every effort to promoting a consistent global customer success strategy and realizing the growth of the Fujitsu Group.

We recognize three priority issues for achieving the targets of the new medium-term plan, particularly that of maximizing revenue. The first is ensuring consistency across the Fujitsu Group on frontline activities such as our account portfolio, marketing, and pricing strategy. The second is changing the behavior of business producers (BPs) and moving away from a sales style that relies on individual team member experience. Instead, we will use data to set priorities, build hybrid customer contact points that include digital sales, and switch to a proposal style based on value pricing. The third is realizing growth in conjunction with our business portfolio transformation. "Growth" is not only effective from the perspective of maximizing revenue but also in terms of inspiring behavior change. Rather than simply increasing sales, we need to achieve a portfolio transformation to align with Fujitsu Uvance, and we will also review our approach to incentives to realize this.

By creating a virtuous cycle of taking on challenges, winning projects, and contributing to growth, we will achieve frontline organization reform, customer success, and maximization of revenue.

<p><b>Progress up to fiscal 2022</b></p>	<ul style="list-style-type: none"> <li>• Merged the BP and system engineer (SE) organizations to integrate production and sales, defined and developed the role of Account General Manager (AGM), and prepared a globally standardized account portfolio, including the formulation of account plans and sales strategies for each customer. These measures established a solid foundation for a frontline organization interfacing with customers.</li> <li>• Launched operation of OneCRM in all regions in April 2022. Business deal details and progress were presented visually, enabling data-driven decision-making.</li> </ul>
<p><b>Priorities and key measures in the new medium-term plan</b></p>	<p>[Customers]</p> <ul style="list-style-type: none"> <li>• Thoroughly implement globally standardized account portfolio operation and utilization of OneCRM, and establish mechanism for setting pricing commensurate with added value.</li> </ul> <p>[Organization]</p> <ul style="list-style-type: none"> <li>• CRO to take responsibility for global governance and deploy cross-regional strategy for revenue maximization with the main focus on expansion of Fujitsu Uvance.</li> </ul> <p>[Operations]</p> <ul style="list-style-type: none"> <li>• Establish a multiregional account management structure.</li> </ul> <p>[Talent]</p> <ul style="list-style-type: none"> <li>• Develop and appoint global account directors (GADs) who are capable of competing on a global stage, and implement a new operating model for global accounts.</li> <li>• Accelerate talent acquisition from the global market.</li> </ul> <p>[Partners]</p> <ul style="list-style-type: none"> <li>• Encourage global-scale go-to-market strategies with strategic partners.</li> </ul>

Customer success/regional strategy: Customer success

**Account portfolio management**

One of the Group's greatest intangible assets is its customer base. Our customers cover a variety of industries and business types, including manufacturing, distribution, finance, telecommunications, national and local governments. To support these customers in achieving business growth, or customer success, we analyzed the details and scale of our transactions with existing customers, as well as their needs, and created an account portfolio that organizes our sales activities based on consistent global rules during the previous medium-term plan period.

Management of this account portfolio is the key to achieving the targets of the new medium-term plan, including the growth of Fujitsu Uvance, through the realization of customer success. Through optimal

deployment of sales resources and use of OneCRM to visualize global business deal information in real-time, we will capture customers' needs accurately and quickly, and connect them to proposal activities. At the same time, we share customer needs and feedback with the solution development divisions to enable continuous evolution of Fujitsu Uvance offerings and the provision of competitive solutions. In providing competitive services, we changed our conventional approach, which involved aggregating costs, and adopted a policy of securing revenues based on value-based pricing.

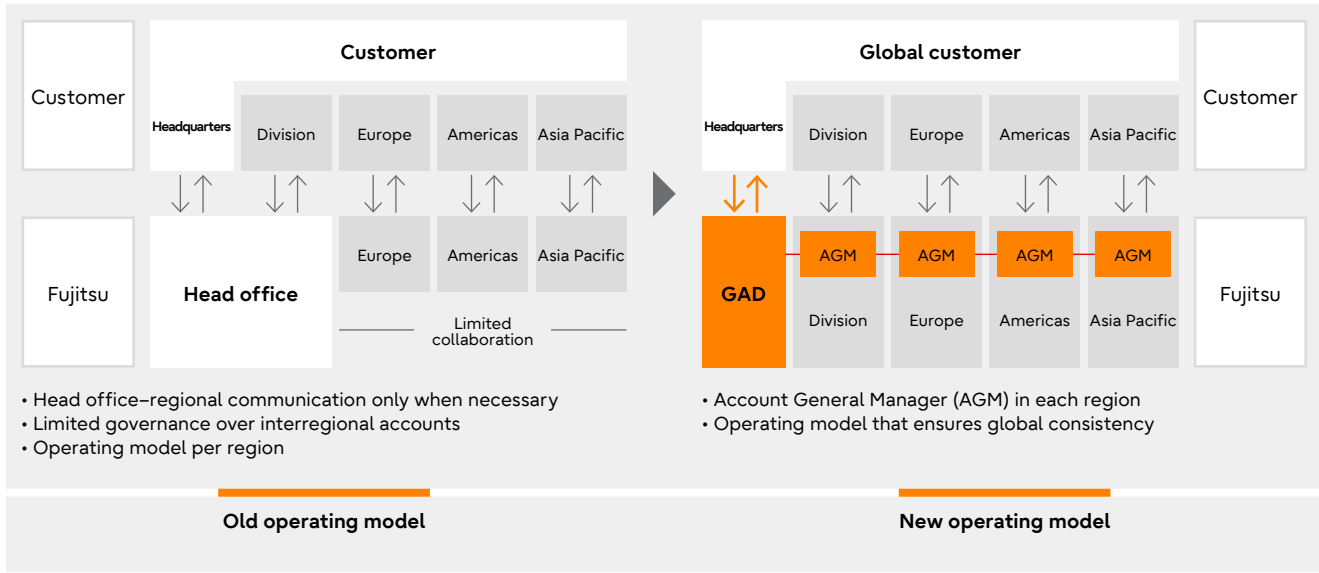
**Transformation of the operating model**

We will introduce and run a new operating model tailored to the needs of customers who are developing their businesses globally. Previously, BP's assignments to

customers were optimized for each region, so we were not always able to fully meet the needs of customers seeking consistent global services. The new operating model is intended to resolve this issue.

AGMs and GADs play a central role in the new operating model. The AGMs are the representatives of the Fujitsu Group, integrating the account sales and system engineer functions. This small number of elite personnel are selected and appointed after completing a development process with an intensive training program. We have already been seeing tangible results, including orders for collaborative projects with customers for their transformation during the previous medium-term plan. Under the new operating model introduced with the new medium-term plan, we intend to assign AGMs to Japan, Europe, the Americas, and Asia Pacific in accordance with customers' deployment locations.

GADs will have global responsibility and authority for the global accounts and will be leading the AGMs for each region to provide globally consistent services. Under the new operating model, we will support our customers' global business development and contribute to realize new value creation, including SX, and business transformation.



## Customer success/regional strategy: Regions (Japan)

### Hiroyuki Tsutsumi

Corporate Executive Officer  
SEVP, CEO, Japan Region



Under its previous medium-term plan, the Fujitsu Group embarked on a transformation to become a global IT services company. In our frontline organization that interacts with customers, we conducted various reforms, including the reskilling of around 8,000 personnel and deploying the business producers (BPs) who were created as a result. However, our customers also aspire to achieve transformations. The strategic task of the front-end divisions is to analyze the transformation needs of customers whom we have not followed up on yet and to provide them with proposals that meet their expectations. The centerpiece of these proposals is Fujitsu Uvance, which is predicated on modernization.

In the Japan region, which is the earnings base of the Fujitsu Group, we aim to lead the Group's efforts to achieve the financial targets of the new medium-term plan, particularly with respect to raising the operating profit margin. To this end, we will thoroughly change the mindset of BPs in terms of leading the increase in profitability.

We are working to transform our business model and to go beyond the business of our current trajectory by focusing on the growth of digital services, which are at the heart of Fujitsu Uvance. As the driver for this change, we are working urgently to promote our business.

<p><b>Progress up to fiscal 2022</b></p>	<ul style="list-style-type: none"> <li>• Fujitsu Japan Limited began full-scale operations. Established an unrivaled No. 1 position in the Japan market in terms of both market share and customer base, boosting profitability in the Japan region.</li> <li>• Reorganized system integration (SI) Group companies to concentrate knowledge and strengths inside the Group. Encouraged transformation of service delivery from the customer-facing front lines.</li> <li>• Completed reskilling training for 8,000 sales personnel, converting their roles to BPs working with customers on DX.</li> <li>• Steady growth of consulting subsidiary Ridgelinez Limited, established in 2020. In addition to setting up its organizational and personnel base as a consulting firm, Ridgelinez also demonstrated its presence as a partner in customers' management and business transformations.</li> </ul>
<p><b>Priorities and key measures in the new medium-term plan</b></p>	<ul style="list-style-type: none"> <li>• Achieve revenue growth by proposing Fujitsu Uvance offerings to customers and capturing the modernization needs of customers who use products such as mainframe computers, UNIX servers, and office computers.</li> <li>• Promote reform of customer-facing front lines by expanding our consulting in conjunction with Ridgelinez, conducting proposals and sales tailored to offerings, as well as digital sales, and increasing engagement with development and sales partners in Japan.</li> <li>• Accelerate the transformation of delivery through measures such as comprehensive utilization of GDCs and JGG, and proper allocation of resources through the use of OneCRM.</li> <li>• Strengthen quality management across the entire customer-facing frontline organizations, led by the CQO (Chief Quality Officer) and CISO (Chief Information Security Officer), to reduce the number of unprofitable projects and the incidence of system quality issues.</li> </ul>
<p><b>Targets and KPIs</b></p>	<ul style="list-style-type: none"> <li>• Grow revenue in Regions (Japan) from ¥1,194.6 billion in fiscal 2022 to ¥1,450.0 billion in fiscal 2025, and increase the operating profit margin from 12.4% to 19.3%.</li> <li>• Realize growth by securely capturing soaring demand from enterprises, focusing on this sector out of the public and enterprise sectors, which each accounted for around 50% of revenue in fiscal 2022.</li> <li>• Revenue targets for fiscal 2025 call for ¥210.0 billion from Fujitsu Uvance and ¥250.0 billion from modernization.</li> <li>• Contribute to gross margin improvement of one percentage point per year by improving development efficiency through service delivery transformation and by steadily capturing modernization demand.</li> </ul>

Customer success/regional strategy: Regions (Japan)

**Customer-facing frontline transformation**

One of the main priorities in the new medium-term plan is transforming our front line in the Japan region through the following three measures.

The first measure is to expand our consulting approach with Ridgelinez. We work with Ridgelinez to build relationships with the management teams of customer firms and with those in charge of the operating divisions responsible for revenue. Next, Ridgelinez undertakes overall program management, including consensus formation among management. Then, the Company's customer-facing frontline divisions take over the practical side of a project, building a platform for data utilization, or a standard core system, such as an enterprise resource planning (ERP) system. Finally, we aim to create opportunities for further business deals. Using projects carried out during the previous medium-term plan as model cases, we will expand our approaches to capture every benefit from strengthening our consulting capabilities.

The second measure is to develop markets using new approaches such as the sale of offerings and digital sales. BPs assigned to customers will utilize these new approaches in addition to the conventional one of undertaking every step in the process from cultivating a new customer to after-sales follow up. In this way, we will achieve an optimal allocation of frontline division resources and timely engagement with customers. Specifically, we envisage optimizing our sales of offerings to suit sales activities for Fujitsu Uvance offerings, BDRs\*1 responsible for handling the creation of new customer contact points and information exchange, and SDRs\*2 who specialize in digital sales, such as online seminars and information distribution, as well as customer engagement from a remote environment.

The third measure is stepping up engagement with our development and sales partners. Since the central focus of the Fujitsu Group's business platform is gradually shifting from products to digital services centered on Fujitsu Uvance, we will also unify our contact points

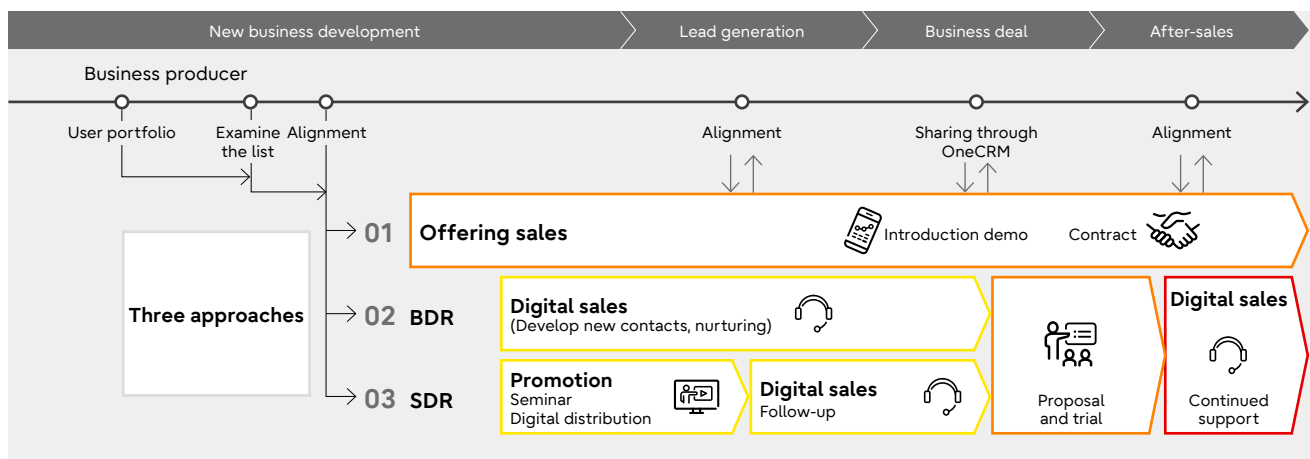
for partners and increase our engagement with them, encouraging them to try different sales approaches than used in the past and to acquire new capabilities.

\*1 Business Development Representatives  
\*2 Sales Development Representatives

**Increasing development efficiency and strengthening quality management**

Under our delivery strategy, even if we increase our GDC and JGG personnel, without an accompanying expansion in the use of GDCs and JGG by customer-facing frontline divisions, productivity may decline. In other words, it is increasing the efficiency of development of solutions and applications by system engineers in the Japan region that is the key to lifting the Fujitsu Group's overall productivity and ultimately contributing to increasing our profit margin. In addition to the utilization of GDCs and JGG, we will promote delivery transformation by standardizing development methods and technologies, strengthen agile development, and further expand remote system operation from locations not on customers' sites, as well as appropriately allocate development resources through the use of OneCRM.

We will also take steps to bolster quality control throughout the Japan region. Following instances of unprofitable projects and system quality issues in recent years, we will reinforce governance by the CQO (Chief Quality Officer) and CISO (Chief Information Security Officer), and centralize authority over quality control. Specifically, we are thoroughly implementing project management based on One Delivery, standardizing quality management processes and consolidating the systems that support quality control and risk monitoring into the Fujitsu Developers Platform. By applying these measures sincerely and continuously at our customer-facing front lines, we will uphold the trust that our customers place in us.





## Customer success/regional strategy: Regions (International)

	Europe region	Americas region	Asia Pacific region
<p><b>Progress up to fiscal 2022</b></p>	<p>[Select and concentrate]</p> <ul style="list-style-type: none"> <li>Recognizing the need to focus on high-profitability service businesses, we have identified countries in which profits are low. We will phase out our product-based business in those countries and focus on the service business in 14 countries.</li> <li>We transferred the development of global offerings, which had been partially conducted in certain regions, to the Global Business Solutions Group.</li> <li>Through the measures outlined above, we have boosted our foundation for expanding the service business.</li> </ul>	<p>[Business portfolio transformation]</p> <ul style="list-style-type: none"> <li>In fiscal 2021, we introduced structural reforms to discontinue low-profit product business, equipment sales for the retail industry, hosting services, and maintenance services. We also successfully completed the restructuring and consolidation of key Group companies in North America.</li> <li>By highlighting the service business, profitability improved and we moved into the black in fiscal 2022.</li> </ul>	<p>[Business model transformation]</p> <ul style="list-style-type: none"> <li>To enhance knowledge of customer industries, we are shifting toward an industry-focused and consulting-led approach.</li> <li>We elevated our capabilities by acquiring Versor, oobe, Enable Professional Services, and InPhySec, strengthening and expanding our offerings in the DX domain.</li> <li>In fiscal 2022, we created a new organizational structure, combining the Asia and Oceania regions to create the Asia Pacific region.</li> </ul>
	<p>[Offerings]</p> <ul style="list-style-type: none"> <li>We started to focus on the expansion of global offerings for Fujitsu Uvance. As a result, we racked up successes in Hybrid IT, Business Applications, and Digital Shifts, with a particular emphasis on the Europe region.</li> </ul> <p>[Accounts]</p> <ul style="list-style-type: none"> <li>We prioritized certain strategic accounts in each region.</li> </ul> <p>[Delivery]</p> <ul style="list-style-type: none"> <li>We used the Americas as our reference model, as this region succeeded in becoming profitable within one fiscal year, to step up collaboration and utilization with GDCs, and to pursue higher productivity through standardization.</li> </ul> <p>[Alliances]</p> <ul style="list-style-type: none"> <li>Led by headquarters, we strengthened and expanded our business with strategic alliance partners, both global and regional.</li> </ul>		
<p><b>Priorities and key measures in the medium-term plan</b></p>	<p>[Business model and portfolio strategy]</p> <ul style="list-style-type: none"> <li>We will accelerate the shift from the MIS*1 to the BAS*2 business, work to increase profitability, and focus on expanding our offerings in Fujitsu Uvance's Vertical areas.</li> <li>We will fortify alignment with the business groups leading the global strategy to confirm effective oversight of offering development and investment, as well as delivery and sales. Additionally, we will expand our business by monitoring progress using globally consistent KPIs and by operating an incentive program.</li> </ul> <p>[Customer success/regional strategy]</p> <ul style="list-style-type: none"> <li>We will develop and expand our consulting capabilities and approach methodologies.</li> <li>We will create a globally standardized customer-facing organizational structure.</li> </ul> <p>[Technology strategy]</p> <ul style="list-style-type: none"> <li>We will develop a framework to utilize the latest technologies, including AI.</li> <li>We will build use cases with customers who are interested in advanced initiatives and roll them out as reference models within the region.</li> </ul> <p>[People strategy]</p> <ul style="list-style-type: none"> <li>We will reskill our human resources to ensure their ability to respond in growth domains.</li> <li>We will differentiate our proposals and enhance value via strategic alliances with SAP, ServiceNow, Salesforce, Microsoft, and AWS.</li> </ul>		

\*1 Managed infrastructure services

\*2 Business application services

## System quality and information security



**Tomoko Tsukahara**  
Corporate Executive Officer  
EVP, CQO  
\* Quality



**Masahiro Ohta**  
Corporate Executive Officer  
EVP, CISO  
\* Information Security

Our mission as CQO and CISO is to drive efforts to reinforce the management framework for system quality and information security, which are core to the Group's business. We aim to further stabilize customers' businesses, and thereby earn and maintain their trust.

We are currently making progress in utilizing the data collection infrastructure and implementing organizational changes to step up the centralized management of system quality. Specifically, we are accelerating the standardization of project management through data sharing and are introducing a framework to manage quality on a project basis, integrating business divisions and business partners.

On the information security front, we are enhancing Companywide security risk management by accurately ascertaining and visualizing the situation in each business division. Additionally, we intend to augment risk management for the entire supply chain, responding to the need to address security risks from the perspective of preserving economic security.

<p><b>Progress up to May 2023</b></p>	<p>[Strengthening the system]</p> <ul style="list-style-type: none"> <li>• We appointed a dedicated CISO in October 2021, followed by the establishment of a CQO position in May 2023.* By adding the CISO and CQO to the Risk Management &amp; Compliance Committee, which serves as the forum within the Group for deliberating important risk and compliance issues, the CISO and CQO were assigned more authority than before.</li> <li>• We restructured the Risk Management &amp; Compliance Committee to make decisions on specific measures, such as Companywide measures related to information security and system quality, including resource allocation and responses to individual events, and to promptly enforce these measures.</li> <li>• To ensure the rapid and effective implementation of measures, the Committee will be held every month, as well as on an ad hoc basis when needed.</li> </ul> <p>[Improvement and enhancement of system quality]</p> <ul style="list-style-type: none"> <li>• We are making the transformation from a quality assurance structure specific to each business area and organization to one in which customer-facing divisions, the JGG, and the GDCs work together to institute projects for the system integration business in Japan. Corresponding quality regulations were issued, and quality control and risk monitoring based on Companywide quality standards were rolled out to Fujitsu Limited in fiscal 2022.</li> </ul> <p>[Information security measures]</p> <ul style="list-style-type: none"> <li>• We established the Global Information Security Unit, led by the CISO, expanding the scope of responsibility beyond internal systems to include the Fujitsu Group's business systems and products.</li> <li>• In fiscal 2022, we redefined the profile of security managers in business lines in terms of skills and roles. We completely overhauled, reorganized, and consolidated the structure of security managers, and also unified the chain of instructions from the CISO to each business line.</li> <li>• To strengthen the global structure, an independent and dedicated regional CISO and teams are formed directly under the region head. Dual reporting to the region head and CISO is installed.</li> </ul>
<p><b>Status of current measures and future initiatives</b></p>	<p>[Improvement and enhancement of system quality]</p> <ul style="list-style-type: none"> <li>• We have completed the centralization of quality control authority within the Company, in response to the system quality issues that have occurred at Fujitsu Japan. Moving forward, we will introduce standardized project management, predictive detection based on quality management and risk monitoring, and rapid physical confirmation.</li> <li>• To ensure the quality of systems that handle personal information, particularly those involving residential services such as certificate issuance, we have set up a third-party framework to assess whether processes we have planned and deployed are adequate. Operations under this framework commenced in May 2023.</li> <li>• We are currently building a system to objectively evaluate the quality of development sites and shipment decisions by integrating quality-related information generated in the development field into the Fujitsu Developers Platform, our common development platform. This system will analyze the data in a timely manner, combining it with Earned Value Management (EVM) and quality indicators. We plan to commence operations in October 2023.</li> </ul> <p>[Information security measures]</p> <ul style="list-style-type: none"> <li>• We will work to accurately ascertain and visualize the security risks throughout the Company and share them with management and operational departments. By doing so, we will promote Companywide security management led by the CISO, encourage self-improvement in business lines, and implement measures that contribute to the prevention of security incidents.</li> </ul>

\* The CQO was appointed in June 2023.



# Reinforcing management capital

We are working to maintain and strengthen our management capital by building a workforce portfolio that drives business promotion and delivers value to customers, the acceleration of digital transformation (DX) to achieve data-driven decision-making and productivity improvement, and the practice of sustainability management that can serve as a reference for customers. We will utilize our management capital as a source of energy for the transformation to realize Our Purpose and strive for sustainable value creation.



## Message from the CHRO (Chief Human Resource Officer)

By increasing the self-starting job mobility of employees who take career ownership, we will create a workforce portfolio that dovetails with our business strategies and helps enhance corporate value.

### Hiroki Hiramatsu

Corporate Executive Officer  
EVP, CHRO  
\* Human Resource




### Implementing human resource management transformation to realize Our Purpose

In 2019, the Fujitsu Group declared that it will become a “DX company” that leads the digital transformation of its customers. In 2020, we updated the Fujitsu Way, putting Our Purpose at the apex. To realize Our Purpose as a DX company, we had to think about what changes individuals and organizations needed to make. The HR department discussed this question with the CEO and other members of the management team to formulate our HR vision, to be a “DX company where diverse talent gathers to create innovation everywhere in society.” During the past three years, we have been pushing forward with human resource management transformation to realize this vision.

One key initiative of these reforms was our introduction of job-based human resource management. This system requires clear definition of the responsibilities, authority, and talent requirements associated with specific jobs, and allocating personnel accordingly. We have gradually adapted this type of system in Japan, which is commonly used in other countries. In addition, we have significantly revised our education, performance management, and compensation systems. With this overhaul we aimed to raise employees’ awareness of taking charge of their own career development. We sought to recast the relationship between the Company and its employees, and to transform the organizational culture more broadly.

### Building a workforce portfolio aligned with our business strategies


Through fiscal 2022, we focused on carrying out comprehensive transformation that involved the development of various systems. In fiscal 2023, we are building a workforce portfolio aligned with the business strategies outlined in the 2023–2025 Medium-Term Management Plan (the new medium-term plan). Specifically, we are working with our business divisions to determine the workforce portfolio that we require to transform our business portfolio. Our considerations are based on a globally unified set of roles under the resource strategy outlined in the new medium-term plan. In these discussions, we are focusing on questions including how our transformation will enable our workforce portfolio to support our business portfolio three years hence, and even into 2030. We will clarify our current situation and define our ideal state (where we desire to be). We will then calculate the workforce needed for each role, and begin planning and implementing recruitment and training programs to realize this ideal state.

This approach to human resource management differs markedly from the traditional method of annual workforce planning and operation based on interviews with business divisions. The new approach represents a considerable challenge for the HR department, as we now need to contribute to the strategies of the business units. However, we see this as an unprecedented opportunity to establish a framework for investment in the acquisition and training of talent from a medium- to long-term perspective toward our ideal state for 2030, based on our [Materiality](#) .

Message from the CHRO (Chief Human Resource Officer)

## Two approaches to realize our ideal state

Once we have established a clear quantitative framework for our future workforce portfolio, the next step is to understand the gap between where we are now and where we wish to be, plan how to fill the gap, and then proceed to approach this ideal state. We believe this process will require a combination of top-down and bottom-up approaches.

In the top-down approach, we will use a reskilling program to help designated personnel acquire the knowledge and skills necessary for specific roles. A forerunner to this initiative was a reskilling program we conducted in fiscal 2020, which transformed approximately 8,000 sales employees into business producers. We now also plan to take a top-down approach to running development programs, and with a sense of urgency, for major portfolio transformations such as strengthening consulting resource offerings capable of delivering in Fujitsu Uvance's  Vertical areas or expanding specialized resources to enhance delivery.

At the same time, we believe that the act of clearly establishing a future workforce portfolio is a means of adopting a bottom-up approach. As the Group defines its workforce portfolio more clearly, employees will better understand which skills they need to acquire in the future. In this way they will be able to see which skills will offer them new opportunities and contribute to their own growth and success.

## Career ownership and self-starting job mobility as keys to building a robust workforce portfolio

Workforce mobility represents a key in building a workforce portfolio that aligns with our business objectives and allows for agile adjustments based on the progress of and changes in our strategies. In addition to ensuring workforce mobility through systematic placement and transfer of talent, we believe it is crucial to foster employee initiative and self-starting job mobility, as this helps create value within the Group. As an example, consider a project that is critical to the execution of our business strategies. Selecting team members from among multiple candidates who express the desire to be involved makes it easier to form a highly skilled and motivated team. However, if the pool of employees volunteering for such an opportunity is small and lacks diversity, a bottom-up approach will eventually become ineffective. To help the bottom-up approach function well, we emphasize the importance of career ownership, in which employees shape their own careers.

Over the past two years, we have seen a significant upswing in the number of people taking advantage of our internal job-posting (internal recruitment) system to volunteer for transfers and promotions tailored to their desired career plans. This change is meaningful because it allows us to create a workforce portfolio based on greater employee mobility. The number of people using the job-posting system has increased, and more employees have inspired colleagues and supervisors to utilize the system, encouraging others to take action in developing their careers. We believe the Group's organizational culture will change further as a result, reinforcing the dynamic interplay between business strategies and the workforce portfolio.

## Evolving as a competitive company with high employee engagement

The effects of personnel and organizational transformation can also be seen in the [employee engagement !\[\]\(aff7c69c44a5e015f18c35867ef3f5c3\_img.jpg\)](#) survey results. Under the previous Medium-Term Management Plan, we set 75 as our target value. In fiscal 2022, we reached 69, which was below our target but was six points higher than in fiscal 2019 when we started conducting the survey.

Our analysis of survey results suggests that communication with managers strongly affects engagement. As talent mobility increases, it is important for companies to enhance employee engagement and create an environment where employees feel motivated to take on challenges and believe they can grow within the organization. Keeping this in mind, we encourage managers to regularly engage in 1-on-1 meetings with their team members. We also provide managers with knowledge and tools to facilitate smooth communication.

In April 2023, we revised our compensation of employees in Japan to bolster our competitiveness in talent acquisition, ultimately enabling us to provide sustained value to our customers as a global DX company. Employees' monthly wages were raised by 10% on average. By raising compensation levels and creating an environment that fosters growth, we aim to heighten engagement and strengthen the link between our business strategies and our workforce portfolio. We will also continue working to transform employees' mindsets and our organizational culture, contributing to the Group's growth and elevating our corporate value.

## Overall human resource strategy

The Fujitsu Group is working to transform its businesses and the Group itself to realize Our Purpose. From the perspective of human capital management, we are focusing on connecting the growth of each employee and the overall growth of the Group toward individual and organizational transformation. We are promoting human resource management measures that can be broadly categorized into two areas: “results-producing initiatives” and “sustainable-effects initiatives.”

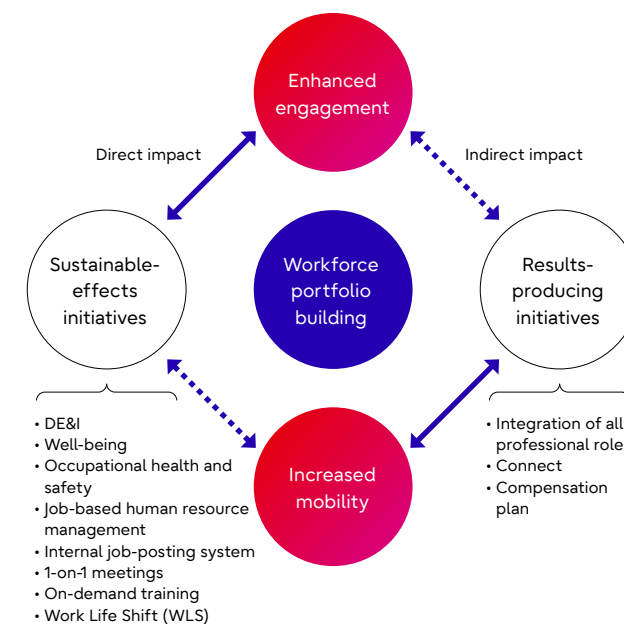
“Results-producing initiatives” are indispensable human resource strategies that are integral to the fulfillment of management and business strategies. As part of the resource strategy under the new medium-term plan, these initiatives include the global standardization of role definitions, the development of a workforce portfolio, and the implementation of our global personnel evaluation system, called “Connect.”

“Sustainable-effects initiatives,” meanwhile, create a framework to provide ongoing support for “results-producing initiatives.” “Sustainable-effects initiatives” include those that seek to enhance diversity, equity, and inclusion (DE&I) and well-being under the GRB (Global Responsible Business) platform, our operation of job-based human resource management and internal job-posting systems, ongoing 1-on-1 meetings (regular dialogue between managers and their team), and the provision of on-demand training programs that support employees’ autonomous learning. Another example is our promotion of the Work Life Shift initiative, which allows employees to optimize working styles to match job content and personal lifestyles.

As part of our data-driven management approach, we analyze personnel-related data. We have learned that utilization of an internal job-posting system and other initiatives to promote self-starting job mobility can play a potentially vital role in elevating corporate value. From

the perspective of bolstering employee engagement, we have also realized the need to foster a deep understanding of the organizational vision and to arrange effective 1-on-1 meetings to help achieve this understanding.

To successfully roll out the business strategies outlined in the new medium-term plan, we need to establish a workforce portfolio to help execute those strategies and create an environment that encourages all employees to perform to the best of their abilities. To create our ideal workforce portfolio, we will strategically allocate and develop talented individuals in collaboration with each business division. Simultaneously, we will continue to prioritize consistent human resource management, with a focus on maximizing employee engagement, improving the mobility of talent based on career ownership, and further promote DE&I to contribute to the growth and enhancement of corporate value.



### Human capital management and data analysis

Beginning in March 2022, we held a series of six CHRO Roundtable meetings, bringing together chief human resource officers (CHROs) from five companies (including Fujitsu Limited) with the aim of defining human capital management strategies that improve corporate value. As part of this initiative, we analyzed data related to human capital and identified key performance indicators (KPIs) that would contribute to this goal. Specifically, we conducted correlation analysis by multiplying the growth rates of revenue and operating profit from fiscal 2020 to fiscal 2021 with data from approximately 50 categories related to internal talent to identify KPIs that are correlated with enhancing corporate value.

Through analyses from various perspectives, we found a positive correlation between the percentages of internal transfers

and mid-career recruits in an organization’s workforce and the growth rate of financial indicators. Conversely, we found a negative correlation between the percentage of transfers based on convenience to the company and the financial indicator growth rate. These results suggest that voluntary mobility through internal transfers and mid-career recruiting helps in improving an organization’s operational capabilities. As the Group undergoes various HR transformations, including job-based human resources management, it has become evident that “talent mobility,” which we considered to be of great importance, also has the potential to enhance corporate value from a data analysis perspective.

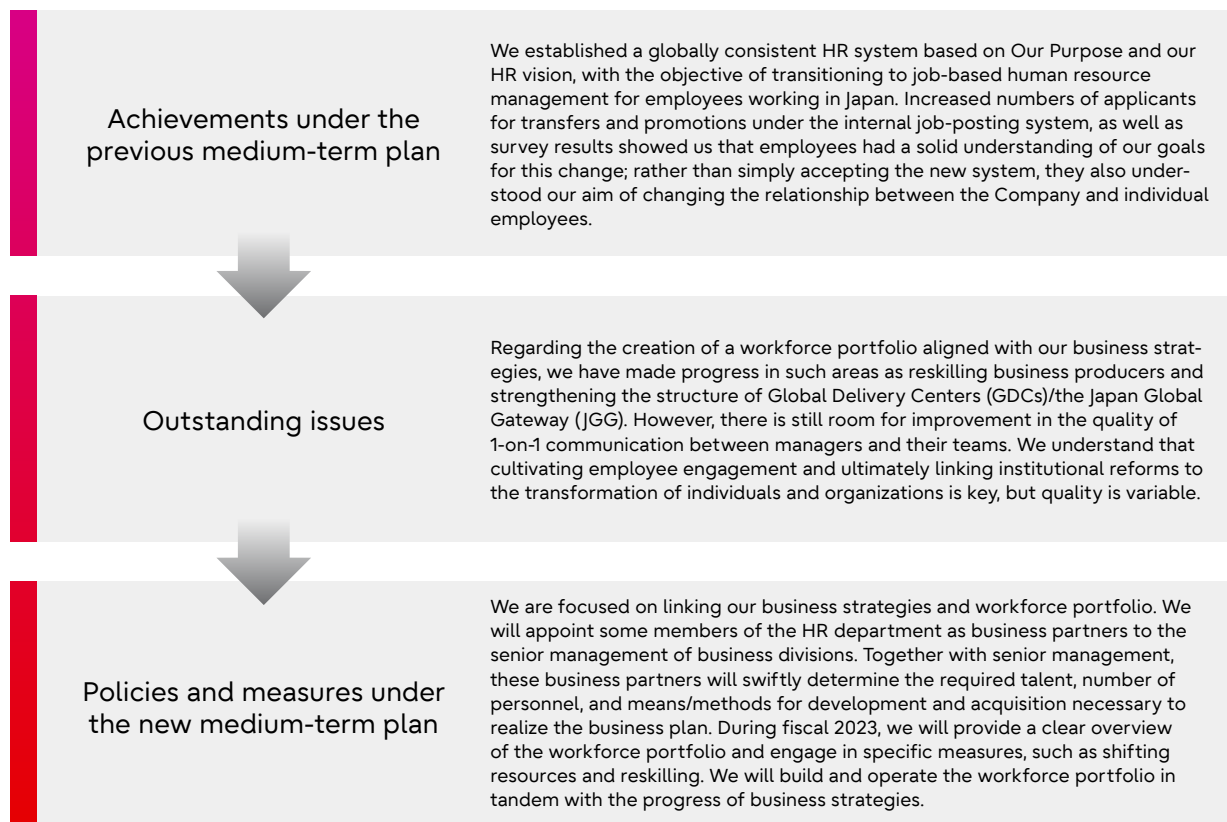
For details  (CHRO Roundtable Report)

## The human resource management trajectory

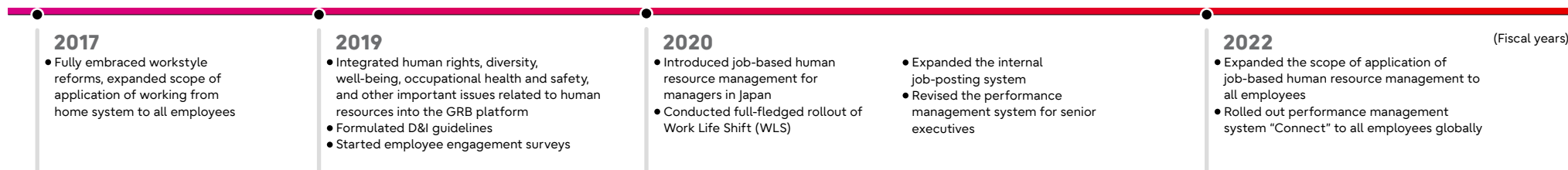
For the Fujitsu Group, the turning point in human resource management came in 2019, when we started to shift from being an IT company to a DX company. Since then, we have taken a wide range of initiatives to transform human resource management, including the adoption of a job-based human resource management system to drive innovation and promote DX.

Under our 2020–2022 Medium-Term Management Plan (the previous medium-term plan), we identified employee engagement as one of the non-financial indicators to measure the progress of transformation for our business and ourselves. We accelerated the transformation of individuals and organizations to promote employees' autonomous career development. The outbreak of COVID-19 coincided with the start of our previous medium-term plan, prompting us to reevaluate employees' workstyles and attitudes toward work, and we reaffirmed the importance of employee engagement.

As employee engagement is an ongoing theme, we have set our target for employee engagement at 75. This level is a benchmark for global companies, and we aspire to achieve competitiveness on a par with those companies. We will gather data by conducting global surveys twice a year and reflect the results of this analysis in our human resource management strategies.

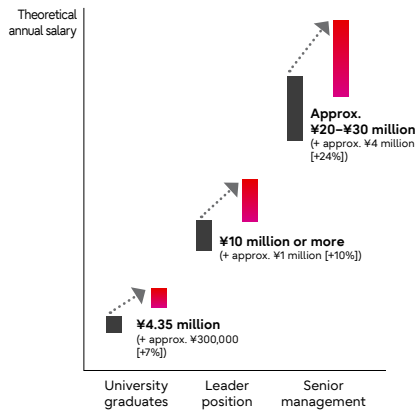


### Chronological overview of our human resource management transformation



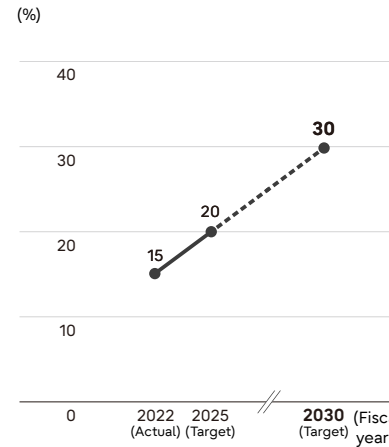
## Major human resource management initiatives and progress

### Revision of the compensation system



In fiscal 2023, we reviewed our compensation system to further enhance our global competitiveness over the medium to long term. Specifically, we raised annual salaries of employees in Japan by an all-employee average of 7%, with maximum increases of 24%. Annual salaries for employees in leader positions rose to around ¥10 million, and those for senior management reached around ¥20 million to ¥30 million. Going forward, we will continue to step up our investment in human capital, aiming to recruit and retain talent that will help to increase our corporate value.

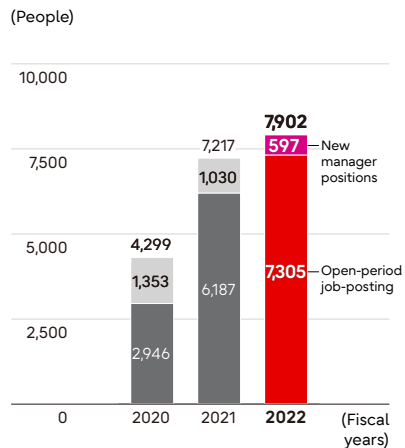
### DE&I (ratio of female managers)



To realize a corporate culture in which diverse human resources can leverage their capabilities and express their values, in fiscal 2023 we set the percentage of female managers as one of our non-financial indicators, targeting a rate of 30% by the end of fiscal 2030. As a milestone toward that goal, we aim to achieve a 20% ratio of female managers by the end of fiscal 2025.

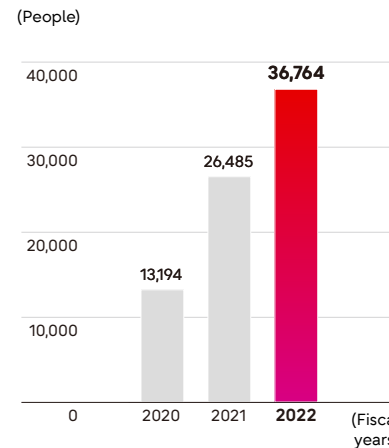
In addition to these efforts, we will continue to promote various other initiatives, such as "mindset shift," "positive action," and "improving the working environment through Work Life Shift."

### Mobility (number of applicants for the internal job-posting system)



Together with the job-based human resource management system that we introduced in fiscal 2020, we significantly expanded our internal job-posting system with the aim of optimizing allocation of our talent to realize our business strategy and promote talent mobility and diversity. Over the course of three years, we received more than 19,000 applicants, and more than 7,500 employees have actually been transferred, demonstrating the willingness of employees to take ownership of their own careers. Moving forward, we will continue to provide opportunities for employees to realize their desired careers.

### Reskilling (people enrolled in on-demand courses on Udemy)



Over a three-year period, the number of people in the Fujitsu Group in Japan participating in on-demand training through a partnership with Udemy, one of the world's largest online video learning platforms, has grown by 2.8 times.

The number of participants increased across all age groups. Participation among people aged 50 and older grew by 3.6 times, marking the highest increase in comparison to other groups.

Over the same period, total training hours also increased by 3.2 times. Across the three years, people have tended to take courses related to their current position and job type, and we have noted a meaningful change in awareness and behavior toward autonomous learning.

## Employee opinions

### Internal job-posting system



**Misako Shimazaki**  
Cross Industry Solution  
Business Unit

After joining the Company, I worked as a system engineer on a public-sector account. However, I had a strong desire to contribute to the resolution of customer issues from upstream processes and to venture into new areas. I believed that the challenge of supporting the entire process, from identifying customers' challenges to developing and implementing strategies, aligned with my own

aspirations. For that reason, I applied for a position in my current department through the internal job-posting system. Transitioning from a system engineer to a consultant position presented challenges in terms of my job responsibilities and ways of working. However, being closer to customers and working together to address their business challenges brings me a sense of fulfillment on a daily basis. The introduction of the internal job-posting system provided a good opportunity for me to reevaluate the type of work I wanted to do and the way I wanted to work. Additionally, I realized that I could explore new areas within the Company while leveraging my previous experience, which was a big advantage for me. What I found attractive about the internal job-posting system is that it gave me the chance to proactively reassess and take action toward my own career development.

#### About the internal job-posting system

The internal job-posting system allows employees to choose opportunities for reassignment or take on positions at the management level based on their desired career plans. Group employees can access a dedicated website on the intranet to view and apply for open positions and check the requirements. Fujitsu also offers a global job opportunities system to recruit talent for cross-border assignments.

### 1-on-1 meetings



**Takeshi Nagasawa**  
Consumer Products/Service  
and Retail Business Unit

Regular 1-on-1 meetings have made it easier to consult with my manager and has improved the psychological safety at the workplace. When 1-on-1 meetings were first introduced, we first saw them as an opportunity to discuss work issues and personal matters with our managers. However, I now also use them as a platform to discuss and debate themes including our organizational vision, priority themes,

medium-term achievements, and individual growth visions. The greatest benefit of 1-on-1 meetings is ease of communication. It has become commonplace to have 1-on-1 meetings, regardless of position, and these days we set up meetings whenever we have something we want to discuss, regardless of our regular interactions. Using the 1-on-1 meeting support tool further allows us to look back on past meetings in chronological order. It helps us confirm what we discussed and what we noted down when we had doubts about continuing to work in our current department, and it also helps us reaffirm our career aspirations.

#### About 1-on-1 meetings

1-on-1 meetings provide a forum for dialogue between managers and their teams, helping to align departmental and organizational visions with an individual employee's career direction. They provide an opportunity for reporting and consulting on daily business tasks, sharing medium- to long-term departmental policies, and confirming team members' challenges and growth, thereby enhancing employees' awareness of autonomous career development. All employees are engaging in 1-on-1 meetings at least once a month.

### Reskilling



**Maki Orita**  
Japan Global Gateway

I participated in reskilling to become a SAP consultant, which is one of our most important offerings in our DX business, as I wanted to drive this business forward. While I had been responsible for making estimates in Japan in my role as a system engineer, I also wanted to gain experience in global work, acquire skills in enterprise resource planning (ERP), as well as in a wide range of business

domains and consulting.

As part of this reskilling initiative, I completed an internal program called SAP Practical Training Program (SPTP), which consisted of a six-month curriculum including foundational education (collective and behavioral change program) and practical on-the-job training. Through the SPTP, I was able to systematically learn the principles and fundamentals of SAP, and I am currently leveraging the knowledge I gained in the project I am involved in, striving daily to make the most of my new skills.

I believe that the reskilling program as part of initiatives to expand my career perspectives enabled me to better adapt to a society that continues to change.

#### About reskilling

Reskilling refers to acquiring and relearning skills in preparation for future jobs and roles. The Fujitsu Group provides specific training programs that enable systematic learning of essential content for business strategies. We also promote autonomous learning in line with employees' individual career plans. To support the latter, Fujitsu has introduced an on-demand education platform to facilitate learning.

## Message from the CDXO (Chief Digital Transformation Officer), CIO (Chief Information Officer)

We will promote Groupwide transformation while building a corps of people willing to break the status quo to realize DX that will directly boost corporate value.

### Yuzuru Fukuda

Corporate Executive Officer  
EVP, CDXO, CIO  
\* Digital Transformation \* Information



Fujitsu better. DX officers participate from all of the main divisions and regions of the Group, and the team therefore has an inherently strong ability to take on cross-divisional initiatives. This is because transformation requires the breaking down of organizational barriers.

Fujitsu Uvance is a case in point. To provide cross-industry digital services, offerings and delivery formats naturally have to go beyond the existing concepts. But that is not all. It is also essential to consider product development processes and revenue models that are suitable for co-creation with customers, as well as the conditions of contracts with customers. We also need to revise various operational systems related to rules for recording sales and expenses. To change to an optimal arrangement across divisions requires an approach that addresses multiple aspects, such as the budgeting system, personnel systems, and internal communications. Fujitra works with a view to optimizing the entire Group by addressing these issues between organizations.

### Challenging an unchanging corporate culture

The period of the 2020–2022 medium-term plan was a trial-and-error phase for the Fujitsu Group. Out of numerous discussions led by President Tokita, we elicited Our Purpose and Vision, which are our reason for existence, our so-called “Why,” along with our “What,” which took the form of growth through digital services centered on [Fujitsu Uvance](#). In April 2023, I took on the role of CDXO from President Tokita. My mission is to thoroughly implement and actualize the “Why” and the “What” during the 2023–2025 Medium-Term Management Plan (new medium-term plan) and to contribute to growth and the creation of corporate value.

The most important task for progressing on implementation and accomplishment is ensuring that a transformative mindset is promoted throughout the Company. To put it in stronger terms, employees who just watch from the sidelines and do not get involved in the reform of their own organization cannot be DX partners for our customers. This challenge to the unchanging stance and corporate culture has been led by our Groupwide DX project, Fujitsu Transformation, known as “Fujitra.”

### Fujitra tackles issues across divisions

At the core of Fujitra is a team around 60 DX officers, who are united by a mission and aspiration to make

### Supporting employees who take on challenges

The transformative mindset is steadily spreading. Around 80% of the entire Group’s employees, or 100,000 people, actively use our internal social media and this is evidenced by their communication across organizations, ranks, and roles, as well as countries. There are now examples of the Company’s own active DX initiatives linking directly to its initiatives as a DX partner of customers. We will support employees who are working to break the status quo and speed up our transformation.




## Fujitsu Group's DX

### Fujitsu Group's DX and Fujitra

The true value of DX lies not only in the use of digital technology (D) in operations, but the transformation (X) that goes beyond this. Fujitra is a Groupwide DX project that aims to achieve a true transformation by employing a top-down approach from the management leadership in tandem with promoting the spread of bottom-up initiatives with employee participation, and sharing the transformative mindset throughout the entire Group.

With Fujitra, we are encouraging any employee to promote a transformation theme that the Group should address, gather a team together, and take action. Up until fiscal 2022, over 150 transformation themes were established, and the number of people participating in cross-organizational communities grew to around 9,000. The initiative is now becoming even more diverse, from the planning and operation of a program that aims to develop 1,000 in-house entrepreneurs over three years to create new businesses, to the holding of DX events targeting the involvement of several hundred customers.

The Fujitsu Group set DX Promotion Indices  as one of the non-financial indicators under the previous medium-term plan. Along with progress on the preparation of infrastructure for achieving data-driven management, such as OneCRM, we also monitored the change in organizational culture and employee mindset toward realizing Our Purpose. There is little doubt that the continuous improvement of our performance on the DX Promotion Indices throughout the previous medium-term plan period has contributed meaningfully to DX integrating the whole organization, symbolized by Fujitra. Under the new medium-term plan, we will set indices suitable for a new management phase that succeed and further develop the DX Promotion Indices. We will work to provide quantitative clarification of which initiatives accelerate transformation and contribute to financial growth.

### Main internal DX activities implemented up to fiscal 2022

Theme	Overview
Purpose Carving	A dialogue program for putting individual employees' personal purposes into words. While carving out their own purpose, individuals explore the overlap with Fujitsu's Purpose, which provides motivation for future transformation.
exPractice	Provision of practical methods and study tools combining data science, design thinking, and agile development in a framework to support self-generated transformation inspired by one's purpose.
VOICE program	This program is designed to sustainably enhance the Company's competitive advantages by visually presenting the opinions ("voice") of customers and employees and using them to speed up decision-making, change behavior, and uncover new insights.
Data Analytics Center	A specialist organization established in 2021, the Data Analytics Center is leading a shift to optimal Companywide data-driven management, including preparation of a data foundation, systems, human resources and skills, and organizational culture.
Utilization of internal social media	Internal social media functions as a starting point for transforming workstyles and behavior patterns, with members in over 10,000 cross-organizational communities disseminating information and sharing knowledge and expertise.
Internal DX events	Events held every three months to share DX promotion themes and frontline initiatives, with a focus on two-way communication through activities such as discussions and questionnaire voting.
Fujitsu Innovation Circuit	A program that seeks to nurture entrepreneurs and create businesses through taking up new business challenges. The program aims to foster an organizational culture that welcomes challenges.

### Data-driven management

One of the objectives of DX is to pivot from management based on past achievements and experience value to management based on predicting the future using data. This will enable flexible and rapid responses to changes in the business environment as well as rational decision-making. To attain this objective, the Fujitsu Group will promote infrastructure upgrades under the OneFujitsu Program to facilitate data-driven management.

Specifically, we are currently promoting the global introduction of the OneERP+ system for presenting tangible and intangible management resources visually in the form of data. Moreover, during the previous medium-term plan we already brought OneCRM into operation in 31 countries, where it is now used by 20,000 Group employees. The system enables all movements to be followed in real time, from the initial contact between the customers in every region and the customer-contact divisions, to the progression of business deals, receiving of orders, service provision, and the acquisition of new business opportunities through follow-up actions.

The key to introducing and utilizing these systems is the standardization of business operations. If customer-contact divisions in two different countries have completely different operating methods and data management practices, the systems will not function. Therefore, it is essential that global operational standards are determined and implemented before introducing the systems.

Through our efforts to achieve our own DX, we are accumulating a wide range of practical knowledge, including issues involved with standardizing operations and methods for resolving them. We plan to use this knowledge as a reference for making proposals to customers and leading their DX.

## Message from the CSuO (Chief Sustainability Officer)

We will encourage all employees to take ownership of sustainability and accelerate the sustainability transformation of the Fujitsu Group and its customers.

**Yumiko Kajiwara**  
Corporate Executive Officer  
EVP, CSuO  
\* Sustainability



### Materiality that reflects Fujitsu's unique character

In 2020, the Fujitsu Group revamped the Fujitsu Way centered on Our Purpose. Since then, we have been promoting GRB (Global Responsible Business) and initiatives in non-financial areas guided by the Sustainability Management Committee. Through these initiatives, the Group has fulfilled its responsibilities as a global company, while employees have experienced a stronger sense of belonging and job satisfaction.

We have been actively promoting sustainability management through these measures, and to make sustainability even more central to business growth in the future—while making use of our activities to date—we also defined the Group's material issues ("Materiality"). In the process, we conducted surveys and interviews with a wide range of stakeholders, including customers, institutional investors, and employees. Looking ahead to the society of 2030, we sought out the intersections between the issues that the Group should focus on to achieve its own sustainable growth and the role that stakeholders expect the Group to play. In addition, we

emphasized the perspective of Fujitsu's unique character, reflecting the discussions held at management level.

I think that defining our Materiality has clarified key issues that we need to focus on and has made the path to realizing Our Purpose clearer for employees. In addition, we have had feedback from our external directors and auditors indicating the need for each employee to take ownership of Materiality, so as we promote initiatives across the Company, we will take measures to foster their awareness of how Materiality relates closely to their work.

### Sharing a recognition of issues with customers

Taking ownership of sustainability and the link between sustainability and business are issues that we have in common with our customers. This means that our own in-house practices can serve as a reference model for making proposals to customers. I myself have experienced an increase in opportunities to visit customers, together with business producers (BPs), to talk about the Fujitsu Group's implementation of know-how for data-driven management in the area of sustainability, including initiatives to reduce greenhouse gas (GHG) emissions and the correlation between financial and non-financial aspects of business. The knowledge of our BPs regarding sustainability is increasing, along with their ability to understand and empathize with customers' business issues.

As a company that conducts business globally, and as a partner working together with our customers, we will accelerate our initiatives to drive sustainability transformations.

## Overview of our sustainability management

As a member of international society, the Fujitsu Group is working earnestly to resolve societal issues through responsible business activities, from the perspectives of the environment, society, and the economy. We aim to grow over the long term while generating a positive impact on society. To realize this goal, we are promoting sustainability management under the guidance of our senior management team.

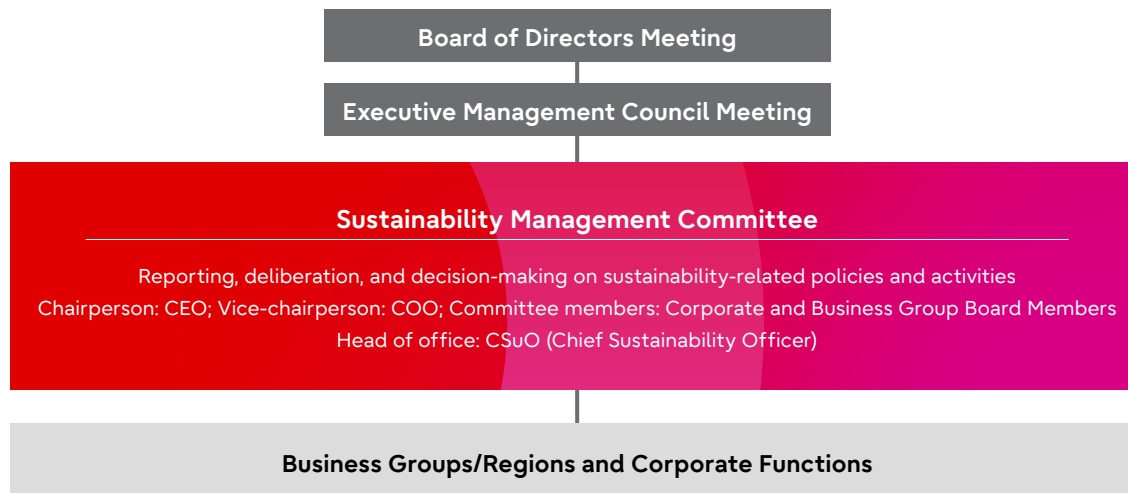
### Sustainability Management Committee

The Fujitsu Group has established the Sustainability Management Committee, which will drive a sustainability-focused management approach under the supervision and direction of the Board of Directors Meeting and the Executive Management Council Meeting. The committee is tasked with discussing how a responsible global company should conduct sustainability management in order to realize long-term growth and transformation, while taking into consideration environmental, social, and economic impacts, as well as all of the Group's stakeholders.

The committee is chaired by the CEO and comprises executives appointed by the chairperson. As of June 2023, the committee had 13 members, including the chairperson. Meeting once every six months, the committee expanded its meeting duration from fiscal 2022 from one day to two, in order to allow more active exchange of opinions and a fuller discussion of the agenda items.

Based on Our Purpose and Our Values as set out in the Fujitsu Way, we identified priority issues that are deeply connected to the sources of the Fujitsu Group's value creation. These included respect for human rights, acceptance of diversity and equity, human resource development, maintenance of the global environment, and contributing to the development of regional communities. We refer to such matters as GRB (Global Responsible Business), and our activities in these areas have been reported and discussed in the committee since fiscal 2020. Moreover, having defined our Materiality in 2023, we will now strengthen our activities and discussion in areas where we contribute to customers and society through our business activities. In this way, we aim to increase the Fujitsu Group's corporate value sustainably over the long term.

### Sustainability management promotional framework



#### Agenda items for committee meetings held in fiscal 2022

- Activity reports on GRB priority issues and setting of new KPIs for fiscal 2025
- Materiality
- Correlational analysis of non-financial and financial indicators
- Information disclosure on sustainability

For details The Fujitsu Group's sustainability management

## Overview of GRB progress

The Fujitsu Group has designated the priority issues under GRB (Global Responsible Business) that it must address as a responsible global company. Since fiscal 2020, we have defined what Fujitsu aspires to be, and its related goals, for each priority issue and have managed these globally. In fiscal 2023, we embarked on the new medium-term management plan, which ends in fiscal 2025. Together with this plan, we updated our existing statement of what Fujitsu aspires to be based on social trends and the challenges facing the Company, and set new goals to be reached by the end of fiscal 2025. To reach those goals, we will build an effective management structure and take specific actions to enable us to implement activities on a higher level globally, while taking into account the different laws and cultures of each country.

For details  Goals of GRB for fiscal 2025

Priority issue	What Fujitsu aspires to be and goals for fiscal 2022	Major achievements in fiscal 2022	What Fujitsu aspires to be for fiscal 2023 onward
<b>Human Rights and DE&amp;I</b>	<p>▶ <b>Human Rights</b>  <b>[What Fujitsu aspires to be]</b>            In both the real-world and digital societies, consideration for "human dignity" is reflected in all our corporate activities and we constantly work to "create human-centric value."  <b>[Goals for fiscal 2022]</b>  <b>Embedding "respect for human rights" within the Fujitsu Group</b>            • Completion rates for global human rights training: 80%</p> <p>▶ <b>Diversity, Equity &amp; Inclusion (DE&amp;I)</b>  <b>[What Fujitsu aspires to be]</b>            Be a responsible business that reflects the diversity of our world. Build an inclusive and equitable culture where everyone belongs and can be completely themselves. We will celebrate difference and ensure that people can succeed regardless of their personal identity.            Through inclusive design and innovation, we will endeavor to make a positive impact within society and empower each other to make the world more sustainable.  <b>[Goals for fiscal 2022]</b>  <b>Cultivation of inclusive corporate culture</b>            • The Fujitsu Group aims to achieve at least consolidated 69% from 66% (fiscal 2019) / non-consolidated 63% from 59% (fiscal 2019), in favorable answers to Diversity, Equity and Inclusion question in the engagement survey by fiscal 2022.            • The Fujitsu Group aims to achieve at least consolidated 10% from 8% (fiscal 2019) / non-consolidated 9% from 6% (fiscal 2019) female leadership by fiscal 2022.</p>	<p>▶ <b>Human Rights</b>            • Conducted e-learning on business and human rights for all Group employees in 16 languages worldwide            Attendance rate: 92%</p> <p>▶ <b>Diversity, Equity &amp; Inclusion (DE&amp;I)</b>            • Favorable answers rate of engagement survey related to "Diversity, Equity and Inclusion" question            Consolidated 73% / non-consolidated 69%            • Female leadership rate            Consolidated 10.8%* / non-consolidated 91%            * In the past, standards for leadership rates were set by region, but from fiscal 2023 a unified global standard has been set at 15% on a consolidated basis.</p>	<p>▶ <b>Human Rights</b>            In both the real-world and digital societies, consideration for "human dignity" is reflected in all our corporate activities and we constantly work to "create human-centric value."</p> <p>▶ <b>Diversity, Equity &amp; Inclusion (DE&amp;I)</b>            Be a responsible business that reflects the diversity of our world. Build an inclusive and equitable culture where everyone belongs and can be completely themselves. We will celebrate difference and ensure that people can succeed regardless of their personal identity. Through inclusive design and innovation, we will endeavor to make a positive impact within society and empower each other to make the world more sustainable.</p>
<b>Well-being</b>	<p><b>[What Fujitsu aspires to be]</b>            To create an environment where all employees can work positively and healthily in both mind and body. We will also endeavor to provide opportunities for employees to develop personally and display their abilities to the fullest extent.  <b>[Goals for fiscal 2022]</b>  <b>Providing a positive work environment</b>            • An average score of 71 globally for "Work Life Balance" and "Well-being"*1 in the engagement survey  <b>Provide opportunities for employees to develop personally and display their abilities to the fullest extent</b>            • An average score of 70 globally for "Growth Opportunities" in the engagement survey</p>	<p>• Global average score for "Work Life Balance" and "Well-being"*1: 67            • Global average score for "Growth Opportunities": 71</p>	<p>Achieve a state in which each individual can realize their work and private life as they envision, and they have the discretion and decision-making power to achieve self-realization.</p>

\*1 "Work Environment" has been changed to "Well-being" from fiscal 2022.

Overview of GRB progress

Priority issue	What Fujitsu aspires to be and goals for fiscal 2022	Major achievements in fiscal 2022	What Fujitsu aspires to be for fiscal 2023 onward
<b>Environment</b>	<p><b>[What Fujitsu aspires to be]</b> Fujitsu will fulfill its social responsibilities as a global corporate environmental leader. We aim to contribute to achieving the 1.5°C climate change goal of the Paris Agreement and also to resolving environmental challenges, through such measures as developing innovative solutions that make effective use of resources.</p> <p><b>[Goals for fiscal 2022]</b> <b>Fulfill our social responsibilities and help to resolve environmental challenges</b></p> <ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions at Fujitsu sites by 37.8% or more from the base year level (reduce by 4.2% each year compared with fiscal 2013)</li> <li>Avoid risks associated with our business activities and minimize our impact on the environment</li> <li>Help to resolve environmental challenges for customers and society through our business operations</li> </ul>	<p><b>Greenhouse gas emissions reduction rate:</b></p> <ul style="list-style-type: none"> <li>Actual 47.5%; 403,000 tons-CO<sub>2</sub> against a target of 37.8% or more reduction; down to 478,000 tons-CO<sub>2</sub> or less (reduced by 4.2% each year compared with fiscal 2013)</li> <li>Renewable energy usage ratio: actual 30.0% against a target of 16% or more</li> </ul> <p><b>Avoid risks and minimize our impact on the environment:</b></p> <p><b>[Business sites]</b></p> <ul style="list-style-type: none"> <li>Improve power usage effectiveness (PUE) at datacenters: actual 1.57 against a target of 1.54</li> <li>Water usage: actual 87,645 m<sup>3</sup>-reduction from the previous year against a target of 30,000 m<sup>3</sup> or more</li> <li>Promoted eco design for resource savings and circulation and increased resource efficiency of newly developed products: actual 11.2% against a target of 10% or more (compared with fiscal 2019)</li> </ul> <p><b>[Supply chain]</b></p> <ul style="list-style-type: none"> <li>Reduced CO<sub>2</sub> emissions due to power consumption during product usage: actual 25% against a target of 17% (compared with fiscal 2013)</li> <li>Reduce CO<sub>2</sub> emissions and conserve water resources in the upstream supply chain: request the Fujitsu Group's key partners to undertake reduction activities, 100% completed</li> </ul> <p><b>Help to resolve environmental challenges:</b></p> <ul style="list-style-type: none"> <li>Transfer of carbon-neutral knowledge to business units</li> <li>Improving the professional skills of employees by conducting in-house education such as seminars, workshops and e-learning courses</li> <li>Support customer proposals to resolve environmental issues</li> </ul>	<p>Fujitsu will fulfill its social responsibilities as a global corporate SX leader. In addition to achieving our carbon neutrality goals, we will solve various environmental challenges by providing innovative solutions through co-creation with our customers.</p>
<b>Compliance</b>	<p><b>[What Fujitsu aspires to be]</b> Ensure that all officers and employees within the Fujitsu Group conduct their business activities with a high level of compliance awareness and through those activities, the Fujitsu Group fulfills our social responsibilities and earns the trust of our stakeholders.</p> <p><b>[Goals for fiscal 2022]</b> <b>To further disseminate compliance-related part of the Fujitsu Way Code of Conduct throughout the entire organization, the Global Compliance Program is rolled out for the entire Fujitsu Group, thereby instilling a high level of compliance awareness in the organization, and the management is to take the lead in fostering a corporate culture where each employee does not tolerate any wrongdoings (Zero Tolerance).</b></p> <ul style="list-style-type: none"> <li>Deliver messages from the president or the heads of each business group/region on the importance of compliance (at least once a year)</li> </ul>	<ul style="list-style-type: none"> <li>Delivered messages to all employees from the CEO, the heads of each business region, and presidents of Group companies in each country on the importance of compliance at Fujitsu Compliance Week to coincide with International Anti-Corruption Day</li> </ul>	<p>Ensure that all officers and employees within the Fujitsu Group conduct their business activities with a high level of compliance awareness, and through those activities the Fujitsu Group becomes a trusted corporate group that is chosen by stakeholders for investment, business transactions, and employment and that fulfills its role as a model for society.</p>

Overview of GRB progress

Priority issue	What Fujitsu aspires to be and goals for fiscal 2022	Major achievements in fiscal 2022	What Fujitsu aspires to be for fiscal 2023 onward
<b>Supply Chain</b>	<p><b>[What Fujitsu aspires to be]</b> In its supply chain, the Fujitsu Group will achieve responsible procurement that embraces diversity and gives full consideration to human rights, the environment and health &amp; safety.</p> <p><b>[Goals for fiscal 2022]</b> <b>The Fujitsu Group will achieve responsible procurement in its supply chain.</b></p> <ul style="list-style-type: none"> <li>To ensure that its major suppliers comply with the international standards for responsible procurement, the Fujitsu Group will obtain one of the following documents from its major manufacturing subcontractors and parts suppliers for its core products (Target KPI = 100%) <ul style="list-style-type: none"> <li>- A platinum or gold level of site recognition under the RBA*2 Audit Recognition program</li> <li>- Written consent with the Fujitsu Group CSR Procurement Guideline (equivalent to the RBA Code of Conduct)</li> </ul> </li> </ul> <p><b>Promotion of supply chain diversity</b></p> <ul style="list-style-type: none"> <li>We set supply chain diversity as our goal of Responsible Business and promote it globally.</li> </ul> <p><b>Reduction of Greenhouse Gas (GHG) Emissions in Supply Chain</b></p> <ul style="list-style-type: none"> <li>We requested our foremost suppliers to set the quantitative targets complying with international standards to reduce GHG emissions.</li> </ul>	<p><b>Availability of any of the following documents: 100%</b></p> <ul style="list-style-type: none"> <li>- A platinum or gold level of site recognition under the RBA Audit Recognition program</li> <li>- Written consent with the Fujitsu Group CSR Procurement Guideline</li> </ul> <p>Achievement: 100% obtained</p> <p><b>Achieved procurement KPIs from enterprises with diverse attributes, such as SMEs, women's management, and minority enterprises in the UK, the Americas, and Oceania</b></p> <p>Achievements:</p> <ul style="list-style-type: none"> <li>• Achieved key targets in each region/country</li> <li>• Determined women's empowerment as the perspective and target for diversity in Japan</li> </ul> <p><b>Completed to request 293 companies to participate in our briefing for target setting</b></p> <p>Achievement: Understood the situation with suppliers, requested responses and provided support in line with targets</p>	<p>The Fujitsu Group will realize a responsible supply chain that takes into consideration human rights, health and safety, and the environment and also ensures diversity.</p>
<b>Occupational Health and Safety</b>	<p><b>[What Fujitsu aspires to be]</b> The Fujitsu Group's first priority in all business activities is to protect the health and safety of our employees both in mind and body by providing a safe and healthy work environment tailored to the different cultures in which we operate.</p> <ul style="list-style-type: none"> <li>We will foster a culture that does not tolerate accidents, incidents and poor safety performance.</li> <li>We will ensure safety is a core business value, and make safety important and personal in order to influence people's decisions and behavior.</li> <li>We will completely eliminate the loss of business opportunities due to preventable illnesses, injuries, and unexpected work-related accidents.</li> </ul> <p><b>[Goals for fiscal 2022]</b> <b>The Fujitsu Group will maintain a safe and comfortable working environment, and promote employees' mental and physical health in every workplace.</b></p> <ul style="list-style-type: none"> <li>• Zero occurrences of serious accidents</li> <li>• Implementing health and safety-related management reviews at the global level, conducted once a year</li> </ul>	<ul style="list-style-type: none"> <li>• One serious accident</li> <li>• Replaced management reviews in each country/region with meeting structures (such as the Central Safety and Health Committee and the Europe, GD and Americas OH&amp;S Leadership Forum)</li> </ul>	<p>Note: From fiscal 2023, "Occupational Health and Safety" has been integrated into "Well-being"</p>
<b>Community</b>	<p><b>[What Fujitsu aspires to be]</b> Our employees, who possess an awareness that they belong to a global society, will have a positive impact not just on society, but on the economy and on business, by increasing their empathy for social issues and engaging in the co-creation of activities. We will evaluate, analyze and communicate the impact that our employees have made, and offer greater value to society.</p> <p><b>[Goals for fiscal 2022]</b> <b>Contributing to the transformation of both our corporate culture and mindset of employees</b></p> <ul style="list-style-type: none"> <li>• Rate of increase in the number of employees participating in social contribution activities related to social issues: 10% increase compared with fiscal 2019 under the "new normal" situation</li> </ul>	<ul style="list-style-type: none"> <li>• Increase of 38% compared with fiscal 2019</li> </ul>	<p>Every employee is increasing their empathy for social issues and engaging in activities through collaboration and co-creation with a wide range of stakeholders, making a significant and positive impact on society, thereby creating growth opportunities for Fujitsu and contributing to the realization of Our Purpose.</p>

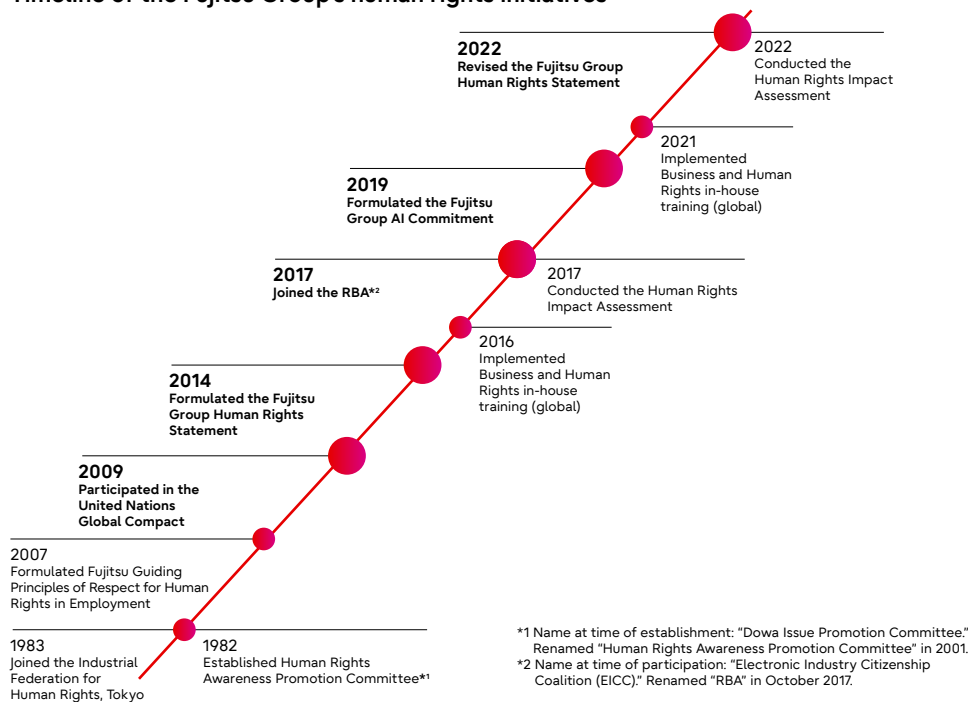
\*2 Responsible Business Alliance  
Fujitsu Joins EICC, a Global Corporate Social Responsibility Coalition (renamed as the Responsible Business Alliance (RBA) in October 2017)

# Human Rights

## Framework

The Fujitsu Group promotes human rights due diligence based on the United Nations Guiding Principles on Business and Human Rights (UNGPs). Through interviews with a wide range of internal divisions and exchanges of opinions with experts in and outside Japan, we have identified "supply chain," "employees," and "customers and end-users" as three areas where human rights are particularly affected by our business activities, and are implementing activities to resolve human rights issues in these areas. Within the framework of "Human Rights, Diversity, Equity & Inclusion," one of the priority issues of GRB (Global Responsible Business), we have also established a system in which human rights officers from each overseas region meet regularly to promote initiatives globally and to implement activities to address human rights issues throughout the supply chain, in collaboration with each region, business division, and corporate division.

## Timeline of the Fujitsu Group's human rights initiatives

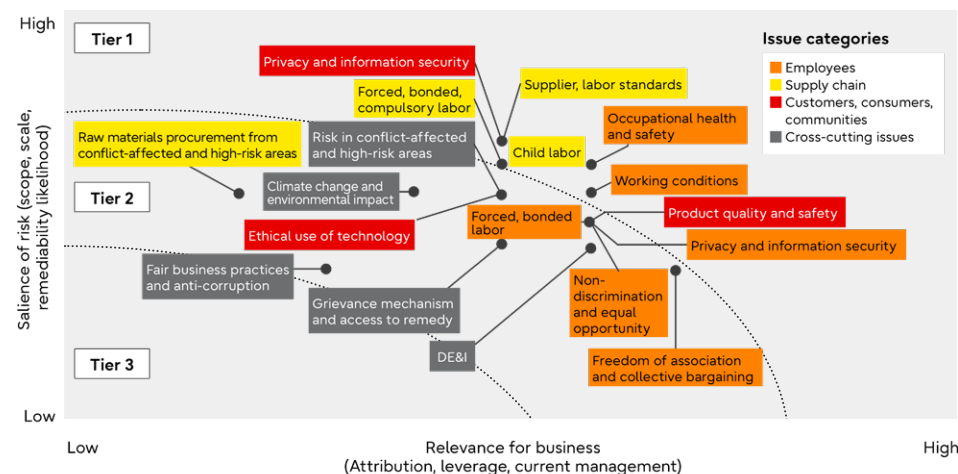


## Greater importance of business and human rights, and the Fujitsu Group's initiatives

In international society, there is a growing movement toward mandating respect for human rights, as seen in the establishment of "The Act on Corporate Due Diligence Obligations in Supply Chains" (Germany) and the announcement of the EU proposal for a "Corporate Sustainability Due Diligence Directive." We will respond by taking measures such as establishing a due diligence system and conducting regular risk analysis, including in our supply chains.

In fiscal 2022, the Fujitsu Group revised the "Fujitsu Group Human Rights Statement" for the first time in the eight years since its formulation in fiscal 2014. The statement clearly explains the Group's approach and initiatives on respecting human rights to customers and society. We also asked the international non-profit organization Business for Social Responsibility (BSR) to assist us with conducting an independent human rights impact assessment of the Group's management and business from a third-party standpoint. The assessment enabled us to identify priority areas such as the working environment and health and safety of employees, forced labor and child labor in supply chains, and data privacy and data security in business operations.

## Human rights issues identified through a human rights impact assessment conducted in fiscal 2022



## Human Rights

Fujitsu conducted e-learning in fiscal 2021 on “Business and Human Rights” in 16 languages to raise each employee’s awareness of human rights issues, with 92% of all employees completing the course. We also run periodic webinars on human rights. In fiscal 2022, we also conducted e-learning on the topic of “AI Ethics and Business” for all Group employees in Japan, with a 94% participation rate.

### Supporting human rights promotion activities through donations to the International Rescue Committee

In fiscal 2022 the Fujitsu Group made strategic community investments aimed at contributing to solutions for social issues through support for NGOs and NPOs. One of these was an investment of US\$50,000 to the International Rescue Committee (IRC), to support the development and implementation of a digital literacy curriculum for women and girls, which aims to improve their access to information to increase their autonomy and confidence. The initial pilot program was implemented in August 2023 for a group of women in Yemen aged between 22 and 35. Once it is established, the curriculum is to be expanded to other countries supported by the IRC.



IRC staff also work as healthcare staff for women supported by the program  
© Gabreez Productions for the IRC

For details  Human Rights

## Supply Chain

### Supply chain strategy encompassing financial and non-financial aspects

Supply chains are vital for the Fujitsu Group to supply products and services to its customers. We drive our supply chain strategies from both financial and non-financial viewpoints.

On the financial side, the Company is promoting collaboration with strategic partners based on its seven Key Focus Areas. To prepare a foundation to support business growth, we are working to standardize and automate operations when procuring other companies’ services, and taking steps to deal with IT personnel shortages by using IT personnel databases that we share with our partners. This system ensures that we can secure the necessary personnel when needed.

On the non-financial side, aiming to realize responsible procurement in our own supply chain, we have established a global coordination structure and we are working together with each region in planning and operations. Moreover, we promote integrated efforts in which key social issues such as human rights, diversity, compliance, and the environment are addressed in our supply chain. To this end, we coordinate closely with relevant business units to promote initiatives.

### Building responsible supply chains

In its supply chain, the Fujitsu Group will achieve responsible procurement that embraces diversity and gives full consideration to human rights, the environment, and health & safety. We are promoting sustainable procurement activities as part of what Fujitsu aspires to be. In 2005, we formulated the Fujitsu Group CSR Procurement Guideline, and in 2018 we adopted the Code of Conduct of the RBA, a global industry initiative, as part of the guideline, and have clarified the items that our suppliers are required to comply with. For major suppliers, we obtain platinum or gold level site recognition under the RBA Audit Recognition program, or a written statement of agreement with the Fujitsu Group CSR Procurement Guideline. We are also working with our suppliers to reduce greenhouse gas (GHG) emissions in the supply chain by holding briefing sessions with major suppliers and requesting that they set numerical targets in line with international standards. Furthermore, to ensure supply chain diversity, in each region and country we are promoting procurement from companies with diverse characteristics, such as small and medium-sized enterprises (SMEs) and companies headed by women or operated by ethnic minorities. In addition, in selecting suppliers, we conduct due diligence and provide training on information security and compliance.

For details  Supply Chain



## Compliance

### Fujitsu Way Code of Conduct

The Fujitsu Way contains a Code of Conduct, which outlines the fundamental principles that all Fujitsu Group employees should abide by, as shown on the right. Fujitsu has also refined its Fujitsu Way Code of Conduct by developing the Global Business Standards (GBS) in 20 languages to serve as a guide on legally compliant behavior for all Fujitsu Group-affiliated employees worldwide and applies the GBS uniformly across the Fujitsu Group.

#### Fujitsu Way Code of Conduct



For details Global Business Standards (GBS)

### Global Compliance Program

Fujitsu has developed the Fujitsu Global Compliance Program (GCP) to implement and disseminate the Fujitsu Way Code of Conduct and the GBS, and is working to maintain and improve the Fujitsu Group's global legal compliance structure. The GCP organizes Fujitsu's various compliance-related activities into five pillars in a systematic manner. The GCP promotes external understanding of Fujitsu's compliance structure and its compliance activities, in addition to clarifying what items Fujitsu needs to address on a continual basis. Based on this GCP, we implement various policies and initiatives in each region, taking into account factors such as each country/region's legal systems and government institutions' guidelines.

#### Five pillars of the GCP



For details Our approach to tax matters

### Communication from management regarding compliance

The Fujitsu Group aims to have the management team take the lead in fostering a corporate culture where no employee tolerates any kind of misconduct (Zero Tolerance). We have set a KPI of having the management team at head office, including the CEO, and the heads of Group companies in each country send out annual messages on the importance of compliance.

#### Message from President Tokita during the Fujitsu Compliance Week (December 2022, excerpt)

Our purpose is to make the world more sustainable by building trust in society through innovation. Throughout the year, not just during Compliance Week, I have emphasized the importance of compliance in business management. In order to accomplish that, building trust in relationships not only with business partners, but also various stakeholders are crucial, and it is necessary for us to take a proactive action along with awareness of compliance more than ever.

I would like everyone to not only follow the code of conduct outlined in the Fujitsu way, but also to maintain a high level of compliance awareness and maintain a fair, impartial and open attitude in all aspects of our business.

If you have a concern in business, please do not hesitate to consult anything to your supervisor and colleagues. All the supervisors should try to create an environment in which it is easy to converse and concern about team member's actions and to listen to them. Also, please report issues as soon as they are discovered. Each of you is responsible for prevention and early detection.

### Compliance training

We provide compliance e-learning for all Fujitsu Group executives and employees every year (for approximately 120,000 people in 14 languages). The participation rate is high, at over 95% annually. In fiscal 2022, we also conducted training on fair business practices for employees and around 1,300 partner companies. We plan to continue these programs every year.

#### Participation in compliance e-learning by all executives and employees

Fiscal 2022	<b>98.1%</b>
Fiscal 2021	<b>97.6%</b>
Fiscal 2020	<b>98.1%</b>

For details Compliance

## The Environment

The Fujitsu Group has positioned its response to the environment as one of its highest management priorities since its founding, and we are promoting environmental activities with the commitment of the senior management. From fiscal 2023, we have been promoting activities under "The Fujitsu Group Environmental Action Plan (Stage XI)" (fiscal 2023 to 2025), and we are working to achieve a reimagined environmental vision in light of expanding social demands and roles expected of companies with respect to the environment. As a global company, we are making efforts to fulfill our responsibilities, and to provide solutions and services to help resolve the environmental issues confronting our customers and society.

### Environmental Action Plan

#### Environmental Action Plan Stage X (fiscal 2021–2022)

The overall Group achieved its GHG emissions reduction targets and delivered results from initiatives for resource circulation and living in harmony with nature. These were achieved through measures such as using advanced ICT to save energy at datacenters and introducing and expanding renewable energy for cloud computing services in Japan.

	Targets	Fiscal 2022 achievements
Climate change (Decarbonization)	1 Reduce greenhouse gas (GHG) emissions from business sites each year by 4.2% or more, compared with the base year of fiscal 2013	Target: 37.8% or more reduction (478,000 tonnes or less per year) ⇒Achieved: 47.5% reduction (403,000 tonnes/year)
	2 Improve PUE (Power Usage Effectiveness) of our datacenters by 3%, compared with fiscal 2017	Target: PUE 1.54 or less ⇒Result: PUE 1.57
	3 Increase renewable energy usage to 16% of total electricity	Target: 16% ⇒Achieved: 30.0%
	4 Reduce CO <sub>2</sub> emissions due to power consumption during product usage by 17% or more, compared with fiscal 2013	Target: Reduction of 17% or more ⇒Result: 25% reduction expected
	5 Drive activities to reduce CO <sub>2</sub> emissions in the upstream supply chain	Requests to key partners to undertake reduction activities
Resource circulation	6 Promote eco design for resource saving and circulation, and increase resource efficiency of newly developed products by 10% or more, compared with fiscal 2019	Target: Increase 10% or more ⇒Achieved: 11.2% improvement
	7 Reduce water consumption by 30,000 m <sup>3</sup> or more by implementing water resource conservation measures	Target: 30,000 m <sup>3</sup> or more ⇒Achieved: 87,645 m <sup>3</sup>
	8 Reinforce awareness of the need to conserve water resources in the upstream supply chain	Requests to key partners to undertake reduction activities
Living in harmony with nature (Conservation of biodiversity)	9 Visualize and reduce the impact of corporate activities on ecosystems and on biodiversity	Established a calculation method using the Ecological Footprint as an index to visualize the impact of corporate activities on ecosystems and on biodiversity

#### Environmental Action Plan Stage XI (fiscal 2023–2025)

	Customers and society	Fujitsu and supply chain		
	Business field	Upstream business	Fujitsu's business areas	Downstream business
Climate change	<ul style="list-style-type: none"> <li>Development and provision of solutions that contribute to SX</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers' GHG reduction (well below 2°C target)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of GHG emissions at business sites (1.5°C target)</li> <li>Increase in the use ratio of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of GHG emissions by reducing power consumption during product use</li> </ul>
Resource circulation				
Living in harmony with nature (Conservation of biodiversity)		<ul style="list-style-type: none"> <li>Reduction of negative impacts of corporate activities on biodiversity</li> </ul>		

#### Environmental Action Plan Stage XI (fiscal 2023–2025)

			Goal	Base line	Targets for fiscal 2025
Customers and society			<ul style="list-style-type: none"> <li>Fiscal 2023: Environmental contribution metrics will be developed. Fiscal 2024 to fiscal 2025: The amount of contribution will be measured and disclosed.</li> <li>To earn the objective recognition of global customers and society as an SX leader.</li> </ul>	—	Deliver SX offerings to customers
Fujitsu and supply chain	Climate change*	Scope 1 and 2	Reduce GHG emissions at business sites by half of the base year by the end of fiscal 2025 • Increase use of renewable energy to 50% or more by 2025	Fiscal 2020	Reduction of at least 50%
		Scope 3 (Category 11)	Reduce CO <sub>2</sub> emissions from power consumption during product use by 12.5% or more	Fiscal 2020	Reduction of at least 12.5%
		Scope 3 (Category 1)	Reduce GHG emissions in the supply chain • Major business partners should set emissions reduction targets (equivalent to SBT well below 2°C target) • Collection of GHG reduction data, construction and deployment of mechanisms	—	To complete target setting
	Resource circulation		Development of products and services that contribute to a circular economy business model	—	Circular economy business products and service development
			Reduce water consumption by 57,000 m <sup>3</sup> or more by implementing continuous water reduction measures	—	57,000 m <sup>3</sup> or more
		Strengthen awareness of water resource conservation in the upstream supply chain • Requesting our major suppliers to make efforts to raise their awareness of the importance of water resources	—	To complete the request	
Living in harmony with nature (Conservation of biodiversity)		Reducing negative impacts on biodiversity in the areas of our corporate activities, including supply chains, by at least 12.5%. In addition, promote activities that increase positive impacts on biodiversity.	Fiscal 2020	Reduction of at least 12.5%	

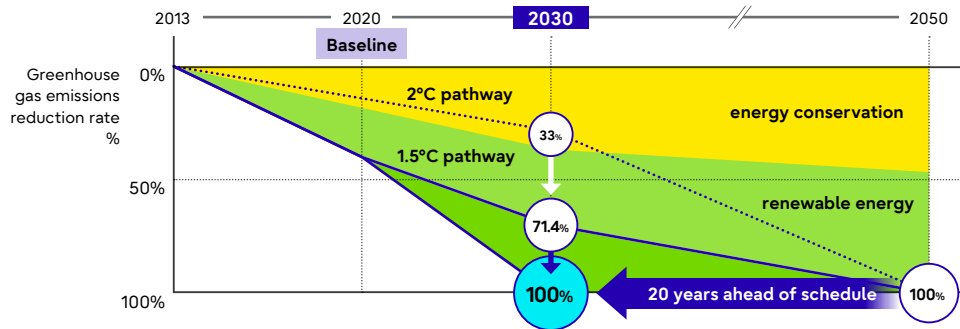
\*1 Scope 1, 2, and 3 adjusted for acquisitions and divestitures

The Environment

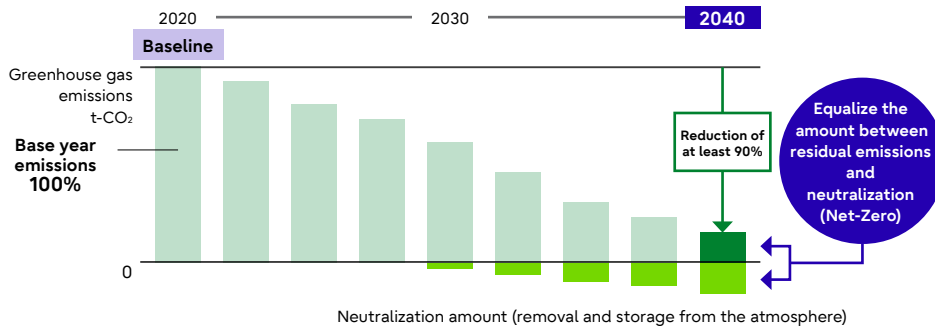
**Roadmap to zero emissions**

The Fujitsu Group has been working toward carbon neutrality, revising its fiscal 2030 target for reducing GHG emissions from business activities (Scope 1 and 2) from a 33% to a 71.4% reduction compared with fiscal 2013 levels. Now, we have decided to aim for Net-Zero GHG emissions\*2 from business activities by fiscal 2030 and Net-Zero GHG emissions\*2 across the entire value chain (Scope 1, 2, and 3) by fiscal 2040 (validated by SBTi).

**Reduction of GHG emissions from business activities (Scope 1 and 2)**



**Reduction of GHG emissions across the entire value chain (Scope 1, 2, and 3)**



\*2 Refers to reducing GHG emissions by at least 90% from the emissions in the base fiscal year by the target fiscal year, then removing 10% of lower residual emissions by absorbing atmospheric CO<sub>2</sub> through the use of Direct Air Capture (DAC) technology and afforestation

**Greening datacenters (strategic introduction of renewable energy and innovative energy conservation)**

The Fujitsu Group is strategically procuring renewable energy to help promote its spread. Ahead of Companywide adoption of renewables, in fiscal 2022 we realized 100% renewable energy to supply all of the electricity needs for operating “FUJITSU Hybrid IT Service Fjcloud,” a cloud service provided by datacenters in Japan. Going further, we aim to convert all Fujitsu datacenters to 100% renewable energy by fiscal 2025, which will contribute to the decarbonization of the Fujitsu Group, as well as the decarbonization and climate-change response of our customers and society. We will also continue to implement energy conservation measures, aiming to reduce power consumption by 15% to 20% per year by optimizing cooling efficiency through air conditioner control utilizing outside air cooling and AI. Looking forward, we will continue to promote activities aimed at realizing a sustainable society, such as the popularization of renewable energy and innovative energy conservation.

**Initiatives for living in harmony with nature (preservation of biodiversity)**

Biodiversity loss has been recognized as a serious global risk. Realizing a goal called “Nature Positive,” which refers to the achievement of a net positive improvement in nature by 2030, represents an essential step in resolving this issue. At the Convention on Biological Diversity (CBD) COP15, the Kunming-Montreal Global Diversity Framework was adopted.

In line with these international initiatives, the Fujitsu Group has established what it aspires to be in 2050 as “realizing a world in harmony with nature by using digital technology to fully restore the foundation of a sustainable society, which is nature and biodiversity.” Moreover, we have formulated our medium-term target for 2030 as “Reduce negative impacts on biodiversity in the areas of our corporate activities, including supply chains, by at least 25% (compared to 2020), and increase positive impacts.” We have also set a short-term target for fiscal 2025 in the Environmental Action Plan (Stage XI). The “Ecological Footprint” was selected as the assessment indicator to establish a method for assessing the negative impacts. In our activities to increase positive impacts, we will work on using digital technology for the conservation of tropical rainforests and protection of endangered species.

The Fujitsu Group will provide disclosure in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD) Framework going forward. In addition to our Ecological Footprint, we will also assess regional characteristics, starting with assessments of the land use and water resource use of our own sites, and plan to expand the assessment target to include other company activities and the value chain. We will disclose the assessment results appropriately.

## TCFD-based information disclosure

The Fujitsu Group recognizes that climate change is an important issue for management as it has a significant impact on the sustainability of society over the long term, and we therefore conduct analysis to ascertain medium- to long-term risks and opportunities. In addition to our own response to climate change risks, we believe that examining the potential climate change risks affecting our customers and making value creation proposals to them using our strengths in digital technology will also lead to business opportunities. As a result, we have also strengthened our governance as we aggressively promote initiatives on management strategies for climate change countermeasures. In April 2019, we announced our support for the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD), and we are working to disclose information effectively to various stakeholders, including investors.

For details TCFD-based information disclosure

Item		Response status
Governance	Oversight structure under the Board of Directors for climate-related risks and opportunities	<ul style="list-style-type: none"> <li>The Sustainability Management Committee shares the risks and opportunities arising from climate change, deliberates on medium- and long-term issues, and formulates policies. These results are reported to the Board of Directors via the Management Council.</li> <li>In fiscal 2021, the results of analysis using multiple climate change scenarios, including limiting global warming to 1.5°C, were reported on and discussed by the Sustainability Management Committee.</li> <li>Important risks identified for the overall Group, including climate risk, are reported periodically to the Board of Directors by the Risk Management &amp; Compliance Committee.</li> </ul>
	Role of management in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> <li>The representative director and CEO serves as the chair of the Sustainability Management Committee, with responsibility for the highest level of decision-making and for business execution. Directors are responsible for supervision based on reports by the Management Council. The CSuO (chief sustainability officer) proposes reforms to directors and the executive team and executes business related to sustainability.</li> <li>The Company introduced ESG indicators, including consideration of climate-change issues, for evaluation of executive directors' bonuses.</li> </ul>
Strategy	Short-, medium-, and long-term climate-related risks and opportunities	<ul style="list-style-type: none"> <li>The provision of ICT products that can contribute to climate change mitigation and adaptation measures creates opportunities to increase sales. Physical risks and legal risks have an impact on operational costs by requiring the implementation of measures in the Group's operations and supply chains.</li> </ul>
	Impacts on business, strategy, and financial planning	
	Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> <li>In fiscal 2021, scenario analysis was conducted for businesses susceptible to climate change, covering the period to 2050 and using 1.5°C and 4°C scenarios.</li> <li>Analysis of the risk to the Company and the opportunities acquired by supporting resolutions to customers' issues found that the Company's businesses have strategic resilience from a medium- to long-term perspective.</li> </ul>
Risk management	Climate-related risk identification and assessment process	<ul style="list-style-type: none"> <li>The Risk Management &amp; Compliance Committee promotes Companywide risk management policy, including for risks related to climate change. Based on the risk assessment results for each division, the committee conducts a two-factor matrix analysis with severity and likelihood axes, selects and assesses risks, and reports the results to the Board of Directors.</li> </ul>
	Climate-related risk management process	<ul style="list-style-type: none"> <li>The Company conducts risk monitoring using an environmental management system based on ISO 14001. The Sustainability Management Committee is responsible for managing the progress of climate change measures.</li> </ul>
	Status of integration with organization-wide risk management	<ul style="list-style-type: none"> <li>The Risk Management &amp; Compliance Committee identifies and evaluates Companywide risks, including climate change, and coordinates with the Sustainability Management Committee to identify, analyze, and evaluate risks, and to propose and implement recurrence prevention strategies.</li> </ul>
Metrics and targets	Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> <li>Fujitsu uses greenhouse gas (GHG) emissions and the renewable energy introduction rate as metrics.</li> </ul>
	Scope 1 & 2, and the corresponding Scope 3 GHG emissions (Aggregate data based on the latest boundaries)	<ul style="list-style-type: none"> <li>Scope 1: 65 kt-CO<sub>2</sub></li> <li>Scope 2: 476 kt-CO<sub>2</sub> (Location based), 341 kt-CO<sub>2</sub> (Market based)</li> <li>Scope 3: 1,361 kt-CO<sub>2</sub> (Category 1: Purchased Goods and Services), 3,693 kt-CO<sub>2</sub> (Category 11: Use of Sold Products)</li> </ul>
	Targets used by the organization to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> <li>Set new targets to achieve net zero GHG emissions in the Company's own business activities by fiscal 2030 and across the entire value chain by fiscal 2040</li> <li>Scope 1 and 2 (compared with fiscal 2020): 34% reduction in fiscal 2022 versus a target of 100% reduction by fiscal 2030</li> <li>Scope 1 to 3 (compared with fiscal 2020): 4% reduction in fiscal 2022 versus a target of 90% reduction by fiscal 2040</li> </ul>

## TCFD-based information disclosure

## Climate change risks and opportunities

Based on external scenarios, we analyzed the business impacts of climate change in fiscal 2018 using a 2°C scenario and in fiscal 2021 using 1.5°C and 4°C scenarios. We identified the climate change risks and opportunities for the Group and examined countermeasures. Our aims are to respond to the negative impacts on the Company's operations and supply chains due to transition and physical risks, while also making proposals for value creation by understanding customers' climate change risks and capturing business opportunities.

## Risks

Risk type		Term	Details	Key responses
Transition	Policy/Regulation	Short- to long-term	<ul style="list-style-type: none"> <li>Increase in costs for responding to the strengthened laws and regulations on GHG emissions and energy use (such as a carbon tax, energy-saving policies, etc.)</li> <li>Risk of diminished corporate value in the event of a violation of the above laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Continued reduction of GHG emissions (increased use of renewable energy and implementation of energy-saving measures)</li> <li>Ensure legal compliance through EMS</li> </ul>
	Market	Medium- and long-term	<ul style="list-style-type: none"> <li>Increase in electricity prices associated with promotion of a carbon-neutral society (spread of electrification)</li> </ul>	<ul style="list-style-type: none"> <li>Reduced electricity consumption by formulating internal company standards and development of innovative technologies, etc.</li> </ul>
	Technology	Medium- and long-term	<ul style="list-style-type: none"> <li>Risk that the Company could lose business opportunities if it were to fall behind in fierce competition in technological development (such as energy-saving performance and low-carbon services) and be unable to meet market needs</li> </ul>	<ul style="list-style-type: none"> <li>Development of products and services for solving customers' climate change issues and promotion of innovation</li> </ul>
	Reputation	Short- to long-term	<ul style="list-style-type: none"> <li>Increase in costs for responding to demands from stakeholders such as investors and customers</li> <li>Negative impacts on ratings and sales due to delay in response to external requests</li> </ul>	<ul style="list-style-type: none"> <li>Formulation and promotion of medium- to long-term environmental vision and Environmental Action Plan</li> <li>Active disclosure of information to ensure transparency of climate change strategy</li> </ul>
Physical (Natural disasters, etc.)	Chronic/Acute	Short- to long-term	<ul style="list-style-type: none"> <li>Increase in costs for responding to changes in rainfall and weather patterns, increase in average temperature, sea level rise, flooding</li> <li>Increase in costs for operation stoppages and recovery, including supply chains, due to increasing severity of abnormal weather</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of BCP measures, survey of suppliers' business continuity systems and application of countermeasure such as multi-sourcing</li> <li>Assessment and monitoring of potential water risks</li> </ul>

## Opportunities

Opportunity type	Term	Details	Key responses
Products/services	Short- to long-term	<ul style="list-style-type: none"> <li>Increase in sales due to development and supply of highly energy-efficient products and services</li> </ul>	<ul style="list-style-type: none"> <li>Development and provision of high-performance and energy-saving 5G virtualized radio access network (vRAN) technology, high-performance and low-energy supercomputers, etc.</li> </ul>
Market	Short- to long-term	<ul style="list-style-type: none"> <li>Acquisition of new market opportunities by applying ICT to create climate change countermeasures</li> </ul>	<ul style="list-style-type: none"> <li>Development and provision of services to measure and visualize CO<sub>2</sub> emissions in supply chains and more efficient methods for the discovery of new materials for achieving zero emissions</li> </ul>
Resilience	Short- to long-term	<ul style="list-style-type: none"> <li>Sales growth through new products and services for strengthening resilience</li> </ul>	<ul style="list-style-type: none"> <li>Development and provision of disaster prevention information systems and an AI water management prediction system for estimating river levels during floods</li> </ul>

## Scenario analysis

In fiscal 2021, we conducted scenario analysis for our business areas that are considered particularly susceptible to the impacts of climate change covering the period to 2050 and using 1.5°C and 4°C scenarios. These areas were Sustainable Manufacturing (sectors studied: petrochemicals, automotive, foods, electronic device-related businesses), Trusted Society (sectors studied: public sector, transportation, energy-related businesses), and Hybrid IT (sector studied: datacenter-related businesses). The analysis was conducted in four steps: 1) assessment of risk severity, 2) definition of scenarios, 3) evaluation of impacts on business, and 4) discussion of countermeasures.

For Sustainable Manufacturing and Trusted Society, our analysis focused mainly on opportunities for the Company's businesses, such as helping customers respond to climate change risks. For Hybrid IT, we analyzed both risks and opportunities, including response to climate-related risks for the Company's businesses and for its customers.

## Analysis results

The analysis confirmed that the opportunities under the scenarios are aligned with the discussion and development direction of the Company's offerings, and that the Company has prepared countermeasures for the risks. From a medium- to long-term perspective, the Company's businesses were found to have strategic resilience.

In Sustainable Manufacturing, we have announced "Carbon Neutrality" and "Resilient Supply Chain" as the pillars/areas for our ongoing initiatives, while those for Trusted Society are "Sustainable Energy & Environment" and "Sustainable Transportation." These themes will guide the development of our offerings going forward.

TCFD-based information disclosure

**Sustainable Manufacturing** (Opportunity Analysis)

● 1.5°C scenario    ◆ 4°C scenario

Sectors studied	Risk severity assessment (both 1.5°C and 4°C)		Scenario definitions	Countermeasure considerations (in part)
	Policy/regulation, markets, technology, reputation	Natural disasters		
Petrochemical businesses	Spread of ICT as a resource circulation-based business infrastructure to achieve carbon neutrality	Increase in plant and supply chain damage due to increased risk of natural disasters	● Acceleration of conversion of carbon-neutral materials into environmentally friendly products throughout the entire supply chain, advancement of portfolio transformation, and increase in demand for strengthening of traceability and streamlining of R&D	<ul style="list-style-type: none"> <li>● Visualization of CO<sub>2</sub> emissions throughout the supply chain, support for formulation and implementation of decarbonization strategies</li> <li>● Eco-friendly materials development solutions using materials informatics</li> <li>● Management visualization with an ESG pivot, formulation and implementation of SX measures through data-driven management</li> </ul>
			◆ Increase in demand for plants and supply chains that are more resilient to increased severity of natural disasters	<ul style="list-style-type: none"> <li>◆ Support for risk event simulation and timely provision of risk information</li> <li>◆ Rapid response through data-driven management (review of manufacturing systems, suppliers, and SCM)</li> </ul>
Automotive businesses	Increase in regulations on internal combustion engines (ICEs). Increase in spread of electric vehicles, and progress on achieving carbon neutrality throughout the product life cycle	Increase in plant and supply chain damage due to increased risk of natural disasters	● Increase in demand for measures to strengthen supply chain traceability and MaaS to help reduce environmental impacts throughout the life cycle	<ul style="list-style-type: none"> <li>● Visualization of CO<sub>2</sub> emissions throughout the supply chain, support for formulation and implementation of decarbonization strategies</li> <li>● Support for EV demand (e.g., circular management of EV batteries)</li> <li>● Management visualization with an ESG pivot, formulation and implementation of SX measures through data-driven management</li> <li>● Digital technology-based process automation services from design to manufacturing and maintenance</li> </ul>
			◆ Increase in demand for accelerated development and increased advancement of ICEs. Increase in demand for stable raw material procurement and enhanced business continuity capabilities due to increasing severity of natural disasters	<ul style="list-style-type: none"> <li>◆ Support for risk event simulation and timely provision of risk information</li> <li>◆ Rapid response through data-driven management (review of manufacturing systems, suppliers, and SCM)</li> <li>◆ Engineering outsourcing service which contributes to acceleration of development processes/technology and selection of management resources</li> </ul>
Food-related businesses	Increased awareness of ethical consumption, promotion of resource circulation and biodiversity	Increase in agricultural damage due to increased risk of natural disasters and temperature rises	● Changes in consumer awareness are driving an increase in demand for environmentally friendly packaging, certificates of origin, smart agriculture, and response to food loss	<ul style="list-style-type: none"> <li>● Visualization of CO<sub>2</sub> emissions throughout the supply chain, support for formulation and implementation of decarbonization strategies</li> <li>● Support for enhancing traceability throughout the value chain (demand and supply optimization, support for consumer behavior change)</li> <li>● Management visualization with an ESG pivot, formulation and implementation of SX measures through data-driven management</li> </ul>
			◆ Increase in demand for "resilient agriculture" as natural disasters put stable food supply at risk	<ul style="list-style-type: none"> <li>◆ Support for risk event simulation and timely provision of risk information</li> <li>◆ Rapid response through data-driven management (review of manufacturing systems, suppliers, and SCM)</li> </ul>
Electronic device-related businesses	Increase in plant energy efficiency and expansion in market for products for EVs. Increased potential for radical manufacturing reforms, such as local production for local consumption and 3D printing	Increase in plant and supply chain damage due to increase in natural disaster and water shortage risk	● Spread of energy- and labor-saving technologies. Increase in demand for radical transformation of business model, such as demand chain management	<ul style="list-style-type: none"> <li>● Visualization of CO<sub>2</sub> emissions throughout the supply chain, support for formulation and implementation of decarbonization strategies</li> <li>● Digital technology-based process automation services from design to manufacturing and maintenance</li> <li>● Management visualization with an ESG pivot, formulation and implementation of SX measures through data-driven management</li> </ul>
			◆ Increase in demand for higher labor productivity at production sites and construction of plants and supply chains resilient against natural disaster risks	<ul style="list-style-type: none"> <li>◆ Digital technology-based process automation services from design to manufacturing and maintenance</li> <li>◆ Support for risk event simulation and timely provision of risk information</li> <li>◆ Rapid response through data-driven management (review of manufacturing systems, suppliers, and SCM)</li> </ul>

TCFD-based information disclosure

**Trusted Society** (Opportunity Analysis)

● 1.5°C scenario   ◆ 4°C scenario

Sectors studied	Risk severity assessment (both 1.5°C and 4°C)		Scenario definitions	Countermeasure considerations (in part)
	Policy/regulation, markets, technology, reputation	Natural disasters		
Public sector-, transportation-, and energy related-businesses	The values by which people select cities and services, such as environmental concerns, will change as decarbonization progresses	Increase in damage to cities, buildings, and infrastructure due to increase in natural disaster risk	● Increase in need for digitalization of city and energy infrastructure and quantification and visualization of new values such as environmental concerns	● Services/solutions related to prediction and control of energy demand and supply balance using real-time data to help achieve a carbon-neutral society through green energy
			◆ Increase in demand for resilient city infrastructure	◆ Building of digital twin infrastructure and enhanced use in simulations, city infrastructure optimization giving consideration to human traffic and individuals, support for resilience in transport and logistics, and disaster prevention/mitigation

**Hybrid IT** (Risk & Opportunity Analysis)

● 1.5°C scenario   ◆ 4°C scenario

Sectors studied	Risk severity assessment (both 1.5°C and 4°C)		Scenario definitions	Countermeasure considerations (in part)
	Policy/regulation, markets, technology, reputation	Natural disasters		
Datacenter-related businesses	Advancement of environmental value traceability, adoption of smart electricity management systems for datacenters	Increase in damage to datacenters due to increase in natural disaster risk	● Datacenter carbon neutrality itself becomes a source of competitive advantage as energy-saving and environmental considerations become standard selection criteria for customers	● Highly energy-efficient datacenters
			◆ Increase in demand for resilient datacenters and need for response to heightened disaster risk for the Company-owned datacenters	◆ Disaster recovery center services in preparation for disasters ◆ Robust datacenters with fully prepared earthquake and security countermeasures

The above scenario analyses are intended to verify the strategic resilience of the Company's business based on assumed hypotheses and are positioned as one simulation that takes into account future uncertainties.

For details  TCFD-based information disclosure

## Collaboration with stakeholders

### Participation in external organizations

#### World Economic Forum

In January 2023, the Annual Meeting of the World Economic Forum was held in Davos. The meeting was held under the theme of “Cooperation in a Fragmented World,” and included discussions on economic issues including inflation and price increases, geopolitical risks, issues with resources such as energy and food, and social vulnerabilities.

CEO Takahito Tokita and COO Hidenori Furuta shared the global agenda on sustainability, DX, increasing resilience, and the digital divide with other leaders from the government and financial sectors, and all participants exchanged opinions from their respective standpoints on specific actions to be taken for resolving issues.

Furthermore, we opened our own booth at the venue, “Fujitsu Uvance House,” in a first for the Group and as the only Japanese company to do so. At the booth, CRO Shunsuke Onishi, SEVP Hiroyuki Tsutsumi, CMO Taeko Yamamoto, EVP Paul Patterson, and EVP Graeme Beardsell used the occasion to establish networks with government personnel and corporate leaders from various countries. They also forged connections with the management of important business partners through a roundtable discussion held in conjunction with the Financial Times.

As a World Economic Forum Partner, the Fujitsu Group will work toward realizing the themes of this year’s annual meeting by linking its global agenda with the Group’s Materiality, and leading the formation of a global consensus as a technology company working to achieve a net positive outcome.



CEO Takahito Tokita (right) and COO Hidenori Furuta (left) at the annual meeting



The Fujitsu Uvance House booth

#### World Business Council for Sustainable Development

The World Business Council for Sustainable Development (WBCSD) is an international organization with over 200 member companies worldwide that aims to realize a sustainable society through business. Fujitsu has been a member since 2013, and Takahito Tokita, our CEO, is currently serving on the organization’s board.

In 2022, the annual meeting of the council was held in Tokyo on the theme of “The era of sustainability: how to lead the transformation and thrive,” attended by leaders of approximately 170 companies from around the world. CEO Tokita was on the podium for the opening address as a member of the board of directors, and we also hosted a meeting for managers inside Japan.

We also hosted part of the WBCSD’s activities, including inviting participants at the meeting to the executive briefing center, Fujitsu Uvance Rooftop, at our head office.

The Fujitsu Group will continue to engage actively in cooperation with the WBCSD, which shares a common direction with the Group’s Purpose, as part of contributing to a sustainable future.

#### Stakeholder dialogue: Advancing business management through dialogue with external experts

We invited President and CEO Akimoto Uchikawa of Teijin Limited, a company operating global businesses in materials, healthcare, and high-performance fibers, and Ms. Shihoko Aoki, representative of Wholeness Lab, a company providing environmental impact quantification (life-cycle assessments) and creating next-generation lifestyles, to participate in a dialogue with Fujitsu Group management on the theme of “What should a company that has sustainability at the heart of its business strategy be like?” Our two experts offered many insights regarding co-creative businesses for societal issues, the Fujitsu Group’s Materiality, and other topics. We will reflect and implement their valuable opinions in the Group’s sustainability management.



For details Stakeholder dialogue

Stakeholder engagement



# Corporate governance



(Back row from left)

**Megumi Yamamuro**  
Audit & Supervisory Board Member

**Catherine O'Connell**  
Audit & Supervisory Board Member\*

**Takeshi Isobe**  
Director and Corporate Executive Officer SEVP, CFO

**Takahito Tokita**  
Representative Director CEO

**Hidenori Furuta**  
Representative Director COO

**Yoshiko Kojo**  
Director\*

**Byron Gill**  
Director\*

**Youichi Hirose**  
Audit & Supervisory Board Member

(Front row from left)

**Hideo Makuta**  
Audit & Supervisory Board Member\*

**Masami Yamamoto**  
Director Senior Advisor

**Atsushi Abe**  
Director\*

**Chiaki Mukai**  
Director\*

**Kenichiro Sasae**  
Director\*

**Koji Hatsukawa**  
Audit & Supervisory Board Member\*

\* Independent directors and Audit & Supervisory Board members

## Interview with the Chairman of the Board of Directors



**Atsushi Abe**

Director  
Managing Partner,  
Advanced Solutions, Inc.

We asked Atsushi Abe, Chairman of Fujitsu's Board of Directors, and Chairperson of Fujitsu's Executive Nomination Committee, about discussion points at the Board of Directors meetings with regard to the formulation of the 2023–2025 Medium-Term Management Plan (new medium-term plan) and the activities of the Executive Nomination Committee in fiscal 2022.

**Q** Please describe the key activities of the Board of Directors in the year to June 2023.

**A** We prioritized our allocation of time according to three strategic themes. The first theme—which took up the most time during the Board of Directors meetings—was related to the [new medium-term plan](#). Over the course of nearly a year, we held in-depth discussions to define our ideal state for 2030, the management strategies to achieve this, a three-year business plan, and financial and non-financial targets for fiscal 2025 that we created by backcasting from our ideal state. We pursued these deliberations with the aim of announcing the plan in May 2023. We also considered our revised [Materiality](#) in conjunction with the medium-term plan, taking into account global information disclosure requirements and other developments.

The second theme was improving our compensation system for executives and employees. We had already revised our basic policy on executive compensation for executive directors in fiscal 2022, but we continued our discourse as we realized that we still needed to make changes, particularly to the level of compensation of employees in Japan.

The third theme involved the supervision of our system quality and information security management. In this category, we monitored the progress of the third-party verification committee that was set up in response to an information security incident that occurred in fiscal 2021. We sought to determine whether the committee's improvement proposals had resulted in specific remedial actions.

**Q** What were the main points of discussion regarding the new medium-term plan?

**A** The key to achieving growth lies in how we go about it. Our current source of earnings as a system integrator that develops and operates on-premises systems is essentially built on our legacy. In our new medium-term plan, we place significant emphasis on businesses that leverage the foundational legacy we have cultivated, particularly by supporting modernization. We also focused on discussing how we can further expand Fujitsu Uvance, especially in Vertical areas, as a growth business, and how we can capitalize on our competitive advantages. In line with this, we decided to make changes to our business segments to clearly indicate the businesses we are concentrating on and their growth prospects to internal and external stakeholders.

The conversation about strategy during the Board of Directors meetings did not end with the announcement of the new medium-term plan. We intend to continue this discussion, monitoring the progress and results of our initiatives, to determine how much growth we can achieve during the period of the plan and how we should accelerate that growth.

**Q** What sort of discussions did you have about Materiality?

**A** The Group has been promoting sustainable management through our [GRB \(Global Responsible Business\)](#) framework. Now, we have further clarified the

## Interview with the Chairman of the Board of Directors

value we provide to society through digital services as “solving global environmental issues,” “developing a digital society,” and “improving people’s well-being.” We have identified specific initiatives to achieve these goals and organized them as our Materiality.

In our Board of Directors discussions, we zeroed in on embracing the values of our employees. In 10 years, Millennials and Generation Z will make up the majority of the workforce. Many people from these generations have made it clear through various surveys that they believe contributing to society is the purpose and mission of a company, and they do not want to work for a company that does not align with their values. In other words, companies that do not reflect their values may struggle to attract talent and achieve sustainable growth.

In establishing our Materiality, we focused on going beyond the superficial message that the Fujitsu Group is necessary and good for society. Going forward, we will monitor the incorporation of specific initiatives to create social value through our business activities and translate that into corporate value.

### Q Could you provide some details and describe the objective of your revisions to the compensation system for executives and employees?

A As part of our investment in human capital, we decided to increase the monthly salaries of employees in Japan by an average of 10%, up to a maximum of 29%, starting in April 2023. This decision was driven by the need to compete globally and to attract top talent in the highly competitive global IT services industry. We recognized that low compensation levels for our employees in Japan were an issue and that it was crucial to address this concern.

To bring the perspective of directors into alignment with that of shareholders and investors, we resolved to introduce a system to pay part of the independent directors’ remuneration under a post-delivery type stock remuneration plan, as restricted stock units rather than cash, without changing the compensation level. This proposal was approved at the Annual Shareholders’ Meeting in June 2023. Following a recommendation by the Compensation Committee, in July 2023 we updated the basic policy on executive compensation in accordance with the financial and non-financial targets set forth in the new medium-term plan.

### Q What progress has been made with the supervision of the system quality and information security management?

A The Board of Directors takes the recent recurrence of system quality issues very seriously, especially in light of our ongoing efforts to strengthen our system quality and information security management measures following major system failures and information security incidents. System quality and information security are fundamental to the Group’s business. We will continue to monitor the status of improvement measures to prevent further occurrences under the reorganized structure led by the CISO (Chief Information Security Officer) and the CQO (Chief Quality Officer).

### Q Please also describe the activities of the Executive Nomination Committee.

A Scott Callon, who served as a director from 2020, asked to retire at the expiration of his term in June 2023 due to increased commitments outside of our Company. Our search for an equally qualified candidate who could

convey the voice of the capital markets directly to the Board of Directors was successful, and we welcomed Byron Gill as a director, following approval at the Annual Shareholders’ Meeting. Mr. Gill is a seasoned executive from an asset management firm, with extensive knowledge and practical experience in finance and investing. He also possesses a deep understanding of Japanese companies, making him a perfect fit for our company.

I think our management succession planning, with a focus on the CEO and CFO, is appropriate. In its regular assessments, the Executive Nomination Committee confirms candidates’ suitability and readiness, including aptitude and experience, for future expected roles. The committee also creates opportunities for communication with candidates, getting to know them personally, to foster ongoing development of the management team.

### Q In closing, please describe the tasks you plan to tackle in your role as Chairman of the Board of Directors during the year to June 2024.

A I understand that although shareholders and investors are acknowledging the growth potential of our digital services, centered on Fujitsu Uvance, some have expressed skepticism about us reaching the financial targets outlined in the new medium-term plan. To address these concerns, we need to demonstrate numerical results, in terms of revenue and operating profit margin. At the same time, we need to increase the “granularity” of our communication to provide a more concrete roadmap for growth. I intend to discuss with the Board of Directors how to disclose information in a way that will aid communication with shareholders and investors, as well as to supervise the progress of our growth strategy.

## Management

(As of October 1, 2023)

### Executive Directors



Born: September 2, 1962  
 Apr. 1988 Joined the Company  
 Jun. 2014 Head of Financial Systems Unit  
 Apr. 2015 Corporate Executive Officer  
 Jan. 2019 Corporate Executive Officer, EVP\*2  
 Head of Global Delivery Group  
 Mar. 2019 Corporate Executive Officer, SEVP  
 Jun. 2019 Representative Director and CEO (Chief Executive Officer)\*3  
 Chairman of the Risk Management & Compliance Committee\*3  
 Oct. 2019 CDXO (Chief Digital Transformation Officer) (until March 2023)

#### Takahito Tokita

Representative Director  
 CEO  
 Number of years as director: 4  
 Number of Fujitsu shares held: 5,923\*1



Born: December 13, 1958  
 Apr. 1982 Joined the Company  
 May 2009 Head of Manufacturing Industry Solutions Business Unit  
 Apr. 2012 Corporate Executive Officer  
 Apr. 2014 Corporate Executive Officer, EVP\*2  
 Head of Global Delivery  
 Apr. 2018 Corporate Executive Officer, SEVP\*2  
 Head of Digital Services Business  
 Jan. 2019 SEVP, Head of Technology Solutions Business  
 CTO (Chief Technology Officer) (until June 2021)  
 Jun. 2019 Representative Director and COO (Chief Operating Officer)\*3  
 Apr. 2020 SEVP, Head of Global Solutions Business  
 Oct. 2021 CDPO (Chief Data & Process Officer) (until March 2023)

#### Hidenori Furuta

Representative Director  
 COO  
 Number of years as director: 4  
 Number of Fujitsu shares held: 5,933\*1



Born: July 29, 1962  
 Apr. 1985 Joined the Company  
 Jun. 2014 VP of Corporate Controller Division, Corporate Finance Unit  
 Apr. 2018 Corporate Executive Officer  
 Head of Corporate Finance Unit (until March 2021)  
 Jun. 2019 Corporate Executive Officer, EVP\*2  
 CFO (Chief Financial Officer)\*3  
 Apr. 2020 Corporate Executive Officer, SEVP\*2  
 Jun. 2020 Director and Corporate Executive Officer, SEVP\*3

#### Takeshi Isobe

Director  
 CFO  
 Number of years as director: 3  
 Number of Fujitsu shares held: 2,441\*1

### Non-Executive Directors



Born: January 11, 1954  
 Apr. 1976 Joined the Company  
 Jun. 2004 Vice Head of Personal Systems Business Group  
 Jun. 2005 Corporate Vice President  
 Jun. 2007 Corporate Senior Vice President  
 Jan. 2010 Corporate Senior Executive Vice President  
 Apr. 2010 President  
 Jun. 2010 Representative Director and President  
 Jun. 2015 Representative Director and Chairman (until June 2017)  
 Chairman of the Board of Directors (until June 2019)  
 Jul. 2015 Member of the Executive Nomination Committee (until June 2019)  
 Member of the Compensation Committee (until June 2019)  
 Jun. 2017 Director and Chairman (until June 2019)  
 Outside Director, JFE Holdings, Inc.\*3  
 Oct. 2018 Member of Council for Promotion of Regulatory Reform, Cabinet Office (until July 2019)  
 Mar. 2019 Member of Intellectual Property Strategy Headquarters, Cabinet Office (until March 2021)  
 Jun. 2019 Director and Senior Advisor\*3  
 Member of the Board of Directors (Outside Director), Mizuho Financial Group, Inc.\*3  
 Jul. 2021 Member of the Executive Nomination Committee\*3

#### Masami Yamamoto

Director  
 Senior Advisor  
 Number of years as director: 13  
 Number of Fujitsu shares held: 10,182\*1



Born: May 6, 1952  
 Apr. 1977 Staff of Department of Surgery, Keio University School of Medicine (until November 1985)  
 Aug. 1985 Payload Specialist of National Space Development Agency of Japan\*4 (until March 2015)  
 Jun. 1987 Visiting Scientist of Division of Cardiovascular Physiology, Space Biomedical Research Institute, NASA Johnson Space Center (until December 1988)  
 Oct. 2014 Vice President of Science Council of Japan (until September 2017)  
 Apr. 2015 Vice President, Tokyo University of Science (until March 2016)  
 Jun. 2015 Director\*3  
 Apr. 2016 Specially Appointed Vice President of Tokyo University of Science\*3  
 Jul. 2016 Member of the Executive Nomination Committee (until June 2021)  
 Member of the Compensation Committee (until June 2018)  
 Jan. 2017 Chair of the Scientific and Technical Subcommittee, UN Committee on the Peaceful Uses of Outer Space (COPUOS) (until January 2018)  
 Apr. 2018 Special Counselor of JAXA (until March 2021)  
 Jul. 2018 Chairperson of the Compensation Committee\*3  
 Mar. 2019 Outside Director, Kao Corporation\*3

#### Chiaki Mukai

Director  
 Specially Appointed Vice President of Tokyo University of Science  
 Number of years as director: 8  
 Number of Fujitsu shares held: 3,526\*1



Born: October 19, 1953  
 Apr. 1977 Joined Mitsui & Co., Ltd.  
 Jun. 1990 Manager, Electronic Industry Department, Mitsui & Co., Ltd.  
 Jan. 1993 Managing Director, Alex. Brown & Sons, Inc.\*5  
 Aug. 2001 Managing Director and Head of Global Corporate Finance, Deutsche Securities, Ltd.\*6  
 Aug. 2004 Partner & Head of Japan, J.P. Morgan Partners Asia\*7 (until March 2009)  
 May 2007 Board Member, Edwards Group Ltd.\*8 (until October 2009)  
 Dec. 2009 Managing Partner, Sangyo Sosei Advisory Inc. (until June 2022)  
 Feb. 2011 Board Member, ON Semiconductor Corporation\*3  
 Jun. 2015 Director\*3  
 Jun. 2019 Chairman of the Board of Directors\*3  
 Dec. 2019 Senior Advisor, Sangyo Sosei Advisory Inc. (until June 2022)  
 Jul. 2021 Chairman of the Executive Nomination Committee\*3  
 Jul. 2022 Managing Partner, Advanced Solutions, Inc.\*3

#### Atsushi Abe

Director  
 Managing Partner, Advanced Solutions, Inc.  
 Number of years as director: 8  
 Number of Fujitsu shares held: 3,134\*1

Management

Non-Executive Directors



**Yoshiko Kojo**

Director  
Professor of Department of International Politics, Aoyama Gakuin University School of International Politics, Economics and Communication  
Number of years as director: 5  
Number of Fujitsu shares held: 1,081\*

Born: June 19, 1956  
Apr. 1988 Assistant Professor of International Relations, Faculty of Law, Kokugakuin University  
Apr. 1991 Associate Professor of International Relations, Faculty of Law, Kokugakuin University  
Apr. 1996 Associate Professor of International Relations, Department of Advanced Social and International Studies, The University of Tokyo  
Jun. 1999 Professor of International Relations, Department of Advanced Social and International Relations, The University of Tokyo (until March 2020)  
Oct. 2010 President, Japan Association of International Relations  
Oct. 2012 Member of Advisory Board, Japan Association of International Relations\*<sup>3</sup>  
Oct. 2014 Member of Science Council of Japan (until September 2020)  
Jun. 2018 Director\*<sup>3</sup>  
Jul. 2019 Member of the Executive Nomination Committee\*<sup>3</sup>  
Apr. 2020 Professor of Department of International Politics, Aoyama Gakuin University School of International Politics, Economics and Communication\*<sup>3</sup>



**Kenichiro Sasae**

Director  
President, The Japan Institute of International Affairs  
Number of years as director: 2  
Number of Fujitsu shares held: 139\*<sup>1</sup>

Born: September 25, 1951  
Apr. 1974 Joined Ministry of Foreign Affairs  
Mar. 2002 Director-General of Economic Affairs Bureau, Ministry of Foreign Affairs  
Jan. 2005 Director-General of Asian and Oceania Affairs Bureau, Ministry of Foreign Affairs  
Jan. 2008 Deputy Minister for Foreign Affairs  
Aug. 2010 Vice-Minister for Foreign Affairs  
Sep. 2012 Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America  
Jun. 2018 President and Director General, The Japan Institute of International Affairs  
Jun. 2019 Outside Director, SEIREN CO, LTD.\*<sup>3</sup>  
Dec. 2020 President, The Japan Institute of International Affairs\*<sup>3</sup>  
Jun. 2021 Director\*<sup>3</sup>  
Jul. 2021 Member of the Compensation Committee\*<sup>3</sup>  
Mar. 2022 Outside Director, Asahi Group Holdings, Ltd.\*<sup>3</sup>



**Byron Gill**

Director  
Managing Partner, Indus Capital Partners, LLC.  
Number of years as director: Newly appointed  
Number of Fujitsu shares held: 0\*<sup>1</sup>

Born: December 29, 1968  
Sep. 1991 Joined Saison Corporation  
Jul. 1997 Vice President, Nikko Salomon Smith Barney Limited \*\*  
Aug. 1999 Chief Representative, Japan Branch, Soros Global Advisors, LLC  
Aug. 2000 Founding Partner, Indus Capital Partners, LLC.  
Jul. 2016 Japan Representative, Indus Capital Partners, Inc.  
Jun. 2023 Managing Partner, Indus Capital Partners, LLC.\*<sup>3</sup>  
Jun. 2023 Director\*<sup>3</sup>  
Jun. 2023 Member of the Compensation Committee\*<sup>3</sup>

Audit & Supervisory Board Members



**Youichi Hirose**

Audit & Supervisory Board Member  
Number of years as Audit & Supervisory Board Member: 6  
Number of Fujitsu shares held: 3,209\*<sup>1</sup>

Born: March 5, 1958  
Apr. 1981 Joined the Company  
Jun. 2009 Vice President, Corporate Contoller, Corporate Finance Unit (until June 2014)  
Apr. 2012 Executive Vice President  
Vice Head of Corporate Finance Unit (until March 2014)  
May. 2013 Corporate Vice President (until March 2017)  
Apr. 2014 Head of Corporate Finance Unit  
Apr. 2017 Executive Advisor  
Jun. 2017 Audit & Supervisory Board Member\*<sup>3</sup>  
Jun. 2018 External Audit & Supervisory Board Member, FUJITSU GENERAL LIMITED\*<sup>3</sup>



**Megumi Yamamuro**

Audit & Supervisory Board Member  
Number of years as Audit & Supervisory Board Member: 3  
Number of Fujitsu shares held: 0\*<sup>1</sup>

Born: March 8, 1948  
Apr. 1974 Assistant Judge, Tokyo District Court  
Apr. 1984 Judge, Tokyo District Court  
Apr. 1988 Professor, The Legal Training and Research Institute of Japan  
Apr. 1997 Judge, Tokyo High Court  
Jul. 2004 Registered as lawyer  
Oct. 2004 Participated in CAST Law P.C.\*<sup>10</sup> \*<sup>3</sup>  
Oct. 2004 Professor, The University of Tokyo Graduate Schools for Law and Politics (until September 2010)  
Jun. 2005 External Audit & Supervisory Board Member (until June 2020)  
Jun. 2013 External Audit & Supervisory Board Member, Yachiyo Industry Co., Ltd. (until June 2020)  
Jul. 2013 Member of the Executive Nomination Committee (until July 2016)  
Jun. 2020 Member of the Compensation Committee (until July 2016)  
Jun. 2020 Audit & Supervisory Board Member\*<sup>3</sup>



**Koji Hatsukawa**

Audit & Supervisory Board Member  
CPA  
Number of years as Audit & Supervisory Board Member: 10  
Number of Fujitsu shares held: 1,954\*<sup>1</sup>

Born: September 25, 1951  
Mar. 1974 Joined Price Waterhouse Accounting Office  
Jul. 1991 Representative Partner, Aoyama Audit Corporation  
Apr. 2000 Representative Partner, ChuoAoyama PricewaterhouseCoopers  
Oct. 2005 Director and Manager of International Operations, ChuoAoyama PricewaterhouseCoopers  
May 2009 CEO, PricewaterhouseCoopers Aarata\*<sup>11</sup> (until May 2012)  
Jun. 2012 Audit & Supervisory Board Member, The Norinchukin Bank (until June 2021)  
Jun. 2013 Audit & Supervisory Board Member\*<sup>3</sup>  
Jun. 2016 External Director (Audit & Supervisory Committee member), Takeda Pharmaceutical Company Limited\*<sup>3</sup>

## Management

## Audit &amp; Supervisory Board Members

**Hideo Makuta**

Audit & Supervisory Board Member  
Lawyer, GINZA CHUO LAW OFFICE

Number of years as Audit & Supervisory Board Member: 3  
Number of Fujitsu shares held: 0\*1

Born: February 6, 1953

Apr. 1978 Public Prosecutor, Tokyo District Public Prosecutors Office  
Dec. 2006 Chief Prosecutor, Niigata District Public Prosecutors Office  
Apr. 2010 Chief Prosecutor, Chiba District Public Prosecutors Office  
Aug. 2011 Director, Criminal Affairs Department, Supreme Public Prosecutors Office  
Jul. 2012 Commissioner, Japan Fair Trade Commission (until June 2017)  
Sep. 2017 Registered as a Lawyer Advisor, Nagashima Ohno & Tsunematsu (until February 2023)  
Apr. 2019 Commissioner, Contract Monitoring Committee, Japan Atomic Energy Agency\*4  
Jun. 2020 Audit & Supervisory Board Member\*3  
External Audit & Supervisory Board Member, Daicel Corporation\*3  
Mar. 2023 Lawyer, GINZA CHUO LAW OFFICE\*3

**Catherine O'Connell**

Audit & Supervisory Board Member  
Principal, Catherine O'Connell Law  
Number of years as Audit & Supervisory Board Member: 1  
Number of Fujitsu shares held: 0\*1

Born: February 10, 1967

Nov. 1994 Anderson Lloyd Barristers & Solicitors  
Mar. 2012 Head of Legal, Molex Japan LLC  
Jun. 2017 Representative Director, O'Connell Consultants (until December 2017)  
Jan. 2018 Principal, Catherine O'Connell Law\*3  
Jun. 2022 Audit & Supervisory Board Member\*3  
Jun. 2023 External Audit & Supervisory Board Member, Toyota Motor Corporation\*3

\*1 Number of shares held as of March 31, 2023

\*2 Regarding Corporate Executive Officers, in April 2022, we eliminated position names (Senior Executive Vice President/Executive Vice President) and changed to naming that demonstrates the scale of job responsibility using the FUJITSU Level (SEVP, EVP, SVP, etc.).

\*3 To present

\*4 Currently, the Japan Aerospace Exploration Agency (JAXA)

\*5 Currently, Raymond James & Associates, Inc.

\*6 Currently, Deutsche Securities Inc.

\*7 Currently, Unitas Capital

\*8 Currently, Atlas Copco

\*9 Currently, Citigroup Global Markets Japan Inc.

\*10 Currently, URYU & ITOGA

\*11 Currently, PricewaterhouseCoopers Aarata LLC

## Representative Directors / Corporate Executive Officers

Representative Director  
CEO

**Takahito Tokita**

Representative Director  
COO

**Hidenori Furuta**

Director and Corporate Executive Officer  
SEVP, CFO

**Takeshi Isobe**

Corporate Executive Officers

**Taizo Takahashi****Vivek Mahajan****Shunsuke Onishi****Yoshihiko Oishi****Ryuji Kushida****Megumi Shimazu****Yoshinami Takahashi****Hiroyuki Tsutsumi****Tim White****Yuzuru Fukuda****Shunsuke Baba****Yumiko Kajiwara****Tomoko Tsukahara****Masahiro Ohta****Hiroki Hiramatsu****Kyoko Mizuguchi****Taeko Yamamoto****Nicholas Fraser****Junichi Saito****Yuuchi Koseki****Takashi Yamanishi****Seishi Okamoto****Shingo Mizuno****Rupert Lehner****Kazushi Koga****Masaru Yagi****Masuo Yasuda****Tsuneo Hayashi****Ryuichi Kubota****Paul Patterson****Mikihito Saito****Graeme Beardsell**

For details  Management

## Status of corporate governance

### Basic approach to corporate governance

We regard corporate governance as a critical mechanism to fulfill the senior management team's mission in a manner befitting shareholders' trust. This mission is based on Our Purpose, and enables a form of business management that, rather than pursuing short-term profits, earns the trust of customers and business partners, motivates employees to work with vitality and pride, and contributes to society. Through such business management, the Company will grow and enhance corporate value over the medium to long term.

### Corporate governance as a foundation for sustainable development

In our recently formulated Materiality, we have identified governance and compliance as key elements forming the foundation for sustainable development. We are committed to continuously reviewing our corporate governance, enhancing disclosure to facilitate collaboration with shareholders and all other stakeholders, and promoting constructive dialogue with shareholders. Through these efforts, we aim to uphold the trust placed in us by our shareholders.



### Reasons for adopting our current corporate governance system

We believe that we can ensure a more robust supervisory function by having non-executive directors supervise business execution, with independent oversight provided by Audit & Supervisory Board members who do not participate in decision-making. In line with this thinking, we have adopted the form of a company with an Audit & Supervisory Board system, composed of independently appointed members.

The Board of Directors consists mostly of non-executive directors (the term used for the combination of independent directors and non-executive directors appointed from within the Company), as we believe this arrangement is ideally suited to the correction and remediation of errors, insufficiencies, and recklessness in business execution. Independent directors constitute a majority on the Board of Directors. At the core of our non-executive directors are external directors who have a high degree of independence and diverse perspectives. In addition, we appoint at least one non-executive director from within the Company to complement any lack of knowledge about or understanding of our business areas, corporate culture, or other aspects of the Company. This arrangement enhances the effectiveness of supervision and advice provided by non-executive directors.

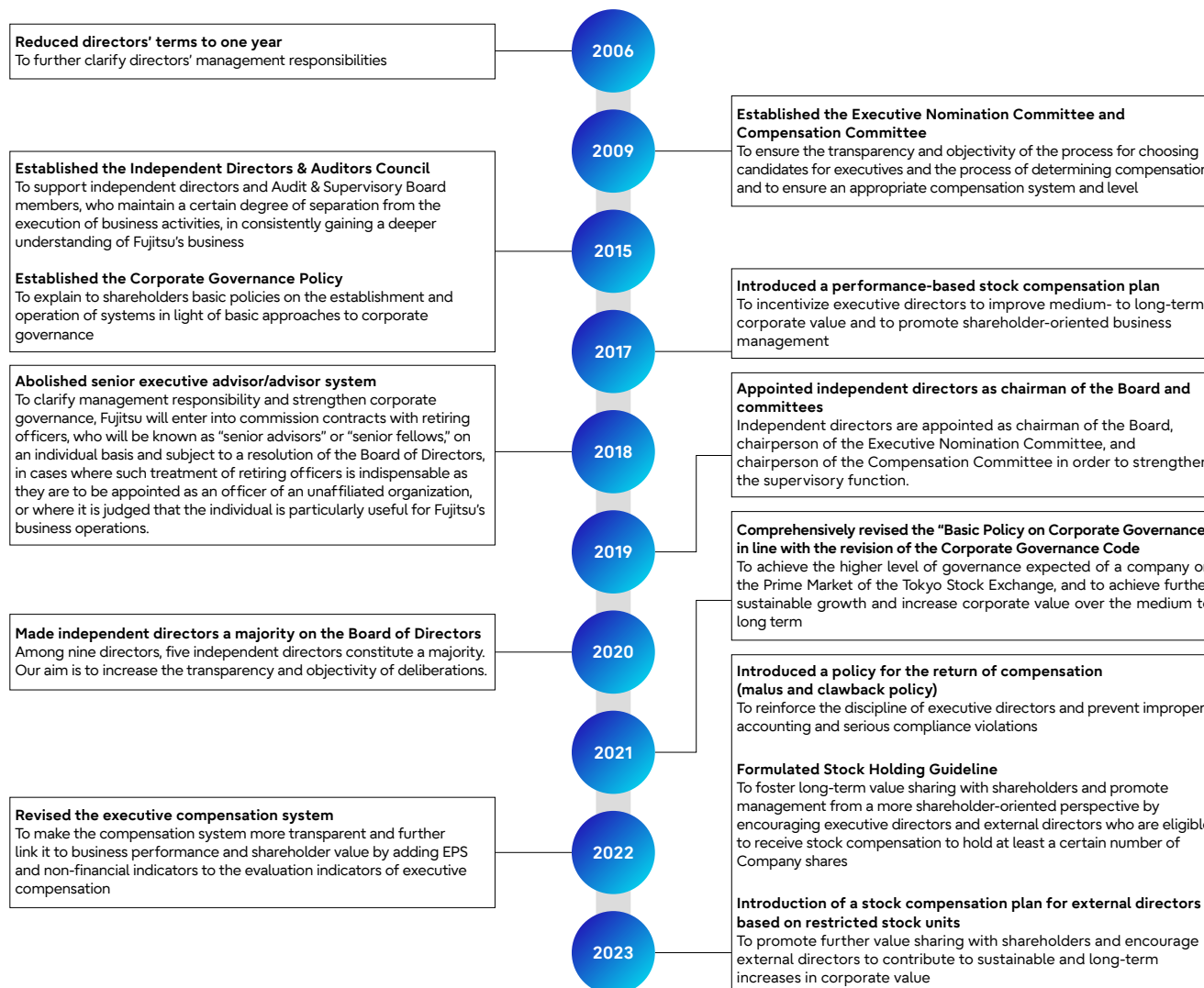
### Structural framework

We endeavor to ensure that the oversight and advice from the diverse perspectives of non-executive directors are reflected in the management execution of executive directors, as part of the Board of Directors' function, while leveraging the advantages of a company with an Audit & Supervisory Board system. (For specific measures, please see "1. Overview of corporate governance structure.") Based on a decision made by the Board of Directors in December 2015, we have established a basic policy, "Corporate Governance Policy," summarizing our approach to corporate governance. We updated the policy in September 2023, and we constantly review the policy to ensure that it does not become rigid or lose its relevance, discuss it with the Board of Directors as appropriate, and strive to maintain the best corporate governance system at all times.

For details  Corporate Governance Policy  
 Corporate Governance

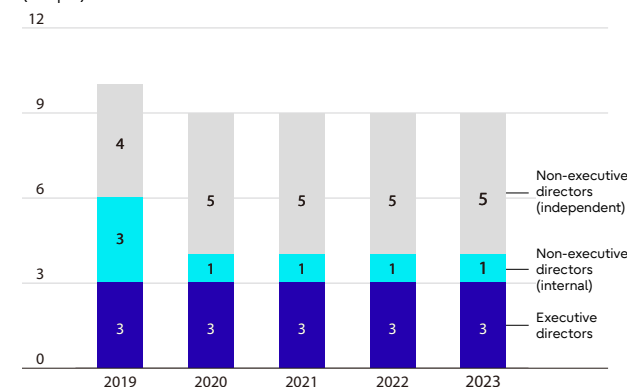
Status of corporate governance

Initiatives taken to strengthen corporate governance



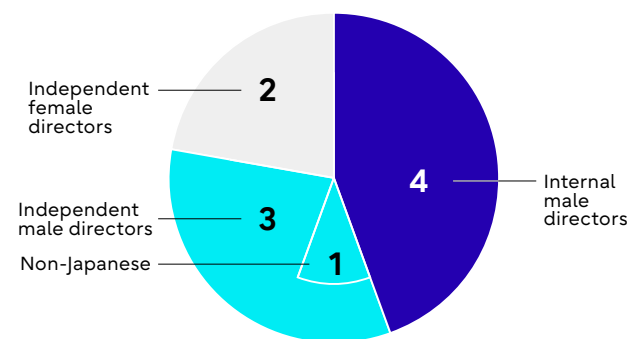
Composition of the Board of Directors

Executive directors, non-executive directors (internal), and non-executive directors (independent) (As of June 30) (People)



Diversity of the Board of Directors

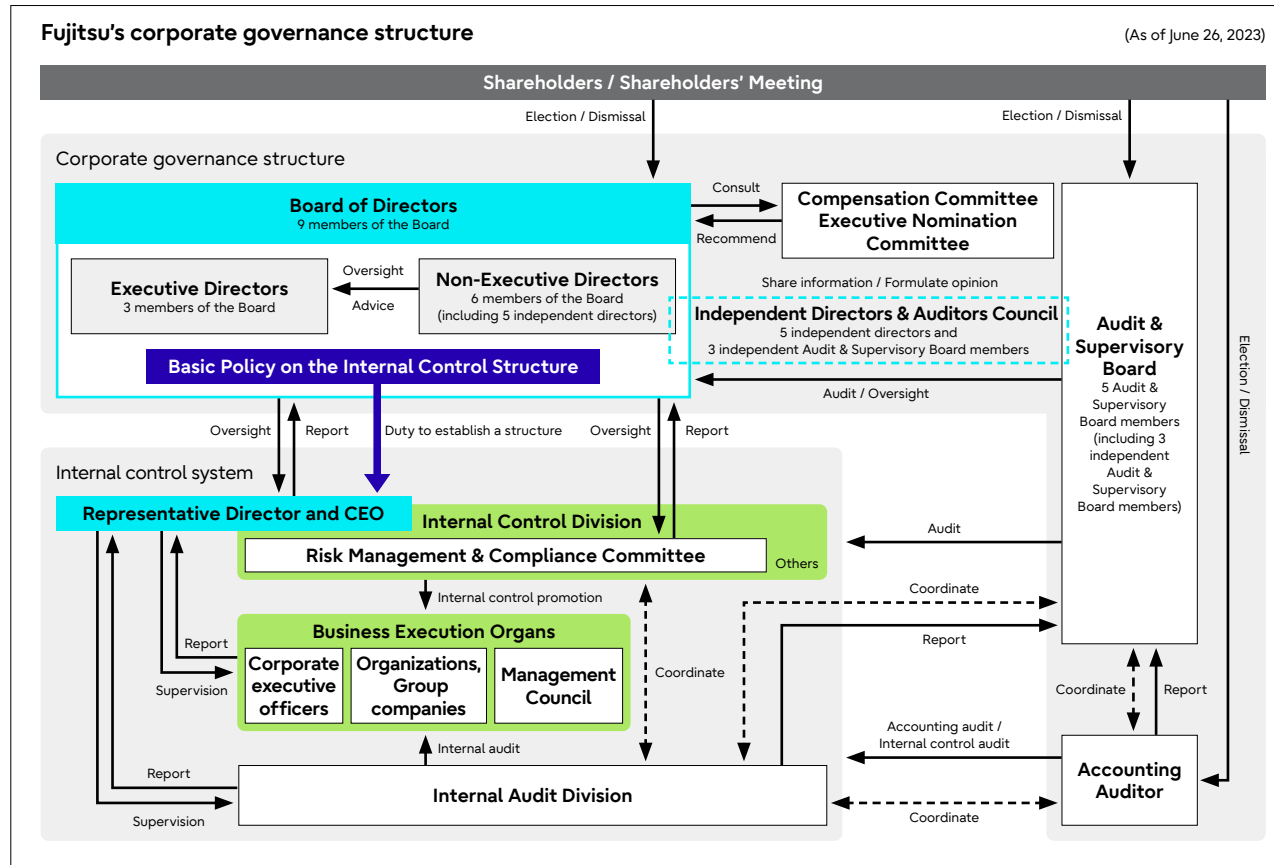
(As of June 26, 2023)





Status of corporate governance

1. Overview of corporate governance structure



Roles and composition of key boards, committees, and councils

<p><b>Board of Directors</b></p>	<ul style="list-style-type: none"> <li>Serves as a body for making important decisions and overseeing management</li> <li>Mainly oversees and acts in an advisory capacity in relation to the management execution of executive directors</li> <li>Composed mainly of non-executive directors, with a majority of the Board of Directors consisting of independent directors</li> <li>At least one non-executive director appointed from within the Company</li> <li>Proactive appointment of independent directors to the position of non-executive director</li> <li>One-year term of office for directors</li> <li>As of June 26, 2023, the Board of Directors is composed of nine members, of whom three are executive and six are non-executive directors (including five independent directors). The Board of Directors is chaired by an independent director.</li> </ul>
<p><b>Audit &amp; Supervisory Board</b></p>	<ul style="list-style-type: none"> <li>From an independent position, audits and provides oversight of the Board of Directors as well as management execution functions, and conducts accounting audits</li> <li>Four-year term of office for Audit &amp; Supervisory Board members</li> <li>As of June 26, 2023, the Audit &amp; Supervisory Board comprises five members, of whom two are full-time Audit &amp; Supervisory Board members and three are external Audit &amp; Supervisory Board members.</li> </ul>
<p><b>Executive Nomination Committee and Compensation Committee</b></p>	<ul style="list-style-type: none"> <li>Serve as advisory bodies to the Board of Directors</li> <li>The Executive Nomination Committee deliberates on candidates for director and Audit &amp; Supervisory Board member positions in accordance with the Structural Framework of the Corporate Governance Structure and the Procedures and Policy of Directors' and Auditors' Nomination/Dismissal stipulated in the Company's Corporate Governance Policy, and submits recommendations to the Board of Directors.</li> <li>The Compensation Committee submits recommendations on the level of base compensation and the method for calculating performance-based compensation to the Board of Directors in accordance with the Procedures and Policy of Directors' and Auditors' Nomination/Dismissal stipulated in the Company's Corporate Governance Policy.</li> <li>As of June 26, 2023, the Executive Nomination Committee comprises two independent directors and one non-executive director; the Compensation Committee comprises three independent directors. (For details on committee members, please see "Members of the Board of Directors and Audit &amp; Supervisory Board" on page 81.)</li> <li>As of June 26, 2023, both committees are chaired by independent directors.</li> </ul>
<p><b>Independent Directors &amp; Auditors Council</b></p>	<ul style="list-style-type: none"> <li>Serves as a framework under which independent directors and independent Audit &amp; Supervisory Board members share information and further their understanding of the Company's businesses. Council members discuss the medium- and long-term direction of the Company, share information, and exchange viewpoints so that all members can formulate their own opinions.</li> <li>Is composed of all independent directors and independent Audit &amp; Supervisory Board members</li> </ul>

Status of corporate governance

## 2. Directors / Audit & Supervisory Board members

### Independence standards for external directors and auditors

The Company has established independence standards and evaluates the independence of external directors and auditors based on these standards.

For details Corporate Governance Policy

### Skills of directors and Audit & Supervisory Board members

As a global company with the purpose “to make the world more sustainable by building trust in society through innovation,” Fujitsu Limited has identified requisite qualities including diversity and the necessary skills for the Board of Directors and Audit & Supervisory Board members to provide appropriate advice and supervision in their respective roles, and summarizes and discloses the qualities and skills in a matrix.

### Skills matrix of the Board of Directors and Audit & Supervisory Board members (As of June 26, 2023)

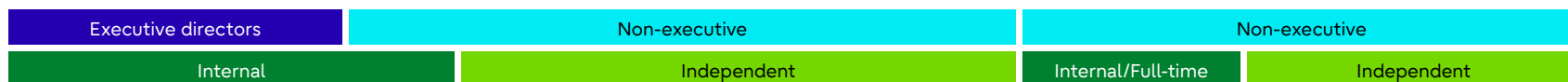
	Name	Nationality	Independent	Skills matrix				
				Corporate management	Finance and investment	Global	Technology	ESG, academia, and policy
CEO	Takahito Tokita	Japan		○		○	○	
COO	Hidenori Furuta	Japan		○		○	○	
CFO	Takeshi Isobe	Japan		○	○	○		
Senior Advisor	Masami Yamamoto	Japan		○		○	○	
Independent Director	Chiaki Mukai	Japan	○			○	○	○
Independent Director	Atsushi Abe	Japan	○		○	○	○	
Independent Director	Yoshiko Kojo	Japan	○			○		○
Independent Director	Kenichiro Sasae	Japan	○			○		○
Independent Director	Byron Gill	United States	○		○	○		

	Name	Nationality	Independent	Skills matrix		
				Legal affairs and compliance	Finance and accounting	Operating process
Full-time Audit & Supervisory Board Member	Youichi Hirose	Japan			○	○
Full-time Audit & Supervisory Board Member	Megumi Yamamuro	Japan		○	○	
Audit & Supervisory Board Member	Koji Hatsukawa	Japan	○		○	○
Audit & Supervisory Board Member	Hideo Makuta	Japan	○	○	○	
Audit & Supervisory Board Member	Catherine O'Connell	New Zealand	○	○		

### Members of the Board of Directors and Audit & Supervisory Board (As of June 26, 2023)

#### Nine members of the Board of Directors

#### Five members of the Audit & Supervisory Board



Male Female  
● Chairperson ○ Member



	Takahito Tokita	Hidenori Furuta	Takeshi Isobe	Masami Yamamoto	Chiaki Mukai	Atsushi Abe	Yoshiko Kojo	Kenichiro Sasae	Byron Gill	Youichi Hirose	Megumi Yamamuro	Koji Hatsukawa	Hideo Makuta	Catherine O'Connell
Executive Nomination Committee				○		●	○							
Compensation Committee					●			○	○					
Independent Directors & Auditors Council					○	○	○	○	○			○	○	○

## Status of corporate governance






**Appointment of external directors and auditors**

Fujitsu Limited actively appoints external directors and auditors to increase management transparency and further improve efficiency.

We determine independence based on the independence standards as introduced on page 81. All external directors and auditors have been registered with and accepted as independent directors and Audit & Supervisory Board members by the financial instruments exchanges on which we are listed in Japan.

Our views on the roles, functions, and specific reasons for nomination of external directors and external Audit & Supervisory Board members are as follows:

**External directors**

 <p>Chiaki Mukai</p>	<p>Dr. Chiaki Mukai has an impressive personal history as a doctor who became Asia's first female astronaut, and she exemplifies the Company's spirit of taking on challenges at the cutting edge of science. She led discussions on executive compensation in her capacity as the chairperson of the Compensation Committee. The Company expects that she will continue to be able to provide oversight and advice as an external director from a fair and objective standpoint based on her broad knowledge of science and technology, as well as her global perspective. Fujitsu and Academic Corporation Tokyo University of Science, which operates the Tokyo University of Science where Dr. Mukai serves as vice president, had business transactions in fiscal 2022 amounting to approximately ¥2 million. Taking into account the scale of our sales, the amount of transactions is immaterial and does not constitute a conflict of interest. Therefore, Fujitsu considers Dr. Mukai to be independent.</p>
 <p>Atsushi Abe</p>	<p>Mr. Atsushi Abe has gained a deep understanding of the ICT industry and mergers and acquisitions through many years of experience in investment banking and private equity. As chairman of the Board of Directors, he has been managing proceedings objectively from his perspective as an investor gained through his experience to date and dialogues with institutional investors. Additionally, he has led discussions on the qualities required of candidates for director and Audit &amp; Supervisory Board members to improve the composition of the Company's Board of Directors, such as through management succession planning, as the chairperson of the Executive Nomination Committee since July 2021. The Company expects that, in addition to being able to provide oversight and advice as an external director from a shareholder and investor perspective, Mr. Abe will continue to contribute to timely and decisive management decision-making. Fujitsu and ON Semiconductor Corporation, where he serves as director, had business transactions in fiscal 2022 amounting to approximately ¥160,000. Taking into account the scale of our sales, the amount of transactions is immaterial and does not constitute a conflict of interest. Mr. Abe has never been a major shareholder, nor has he held a position involved in business execution of a major business partner of the Company, and does not receive monetary benefits other than the compensation as a director of the Company. Therefore, Fujitsu considers Mr. Abe to be independent.</p>
 <p>Yoshiko Kojo</p>	<p>Dr. Yoshiko Kojo has served in several important positions, including as president of the Japan Association of International Relations, and her research has for many years focused mainly on the impact of economic entities (including private companies) on international politics. The Company expects that she will be able to provide advice and oversight as an external director concerning the Company's responses to change in the external environment during a dramatic transition of international politics and with regard to initiatives for ESG management based on her deep insight. Dr. Kojo has never been a major shareholder, nor has she held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers Dr. Kojo to be independent.</p>
 <p>Kenichiro Sasae</p>	<p>Mr. Kenichiro Sasae has served in several important positions, including as Vice-Minister for Foreign Affairs, Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America, and currently as president of The Japan Institute of International Affairs (JIIA). He has extensive knowledge and practical experience in international politics and economics. As the international situation has become more complicated in recent times, the Company expects that Mr. Sasae will be able to provide oversight and advice from a fair and objective global perspective based on his extensive knowledge and experience. Therefore, the Company expects that he will be able to fulfill his supervisory function and role as independent director. JIIA, where Mr. Sasae serves as president, and the Company have no business relationship. As he has never held a position involved in business execution of a major business partner of the Company, Fujitsu considers Mr. Sasae to be independent.</p>
 <p>Byron Gill</p>	<p>Mr. Byron Gill, who formerly worked at a non-Japanese securities company, currently serves as managing partner at Indus Capital Partners, LLC, an institutional investor specializing in Asian markets. As an institutional investor, Mr. Gill has extensive experience in engaging in dialogue with investees, as well as knowledge about finance and investment. In view of his experience, the Company expects that he will be able to provide oversight and advice from a fair and objective perspective, as well as offer the Company's management useful feedback on shareholder and investor opinions. Accordingly, the Company believes he will be able to fulfill the oversight function and role of an external director. Indus Capital Partners, where Mr. Gill serves as managing partner, and the Company have no business dealings, nor is it a major shareholder as defined by the Company's independence standards. Moreover, Mr. Gill has not held an executive management position with a major business partner of the Company. Therefore, Fujitsu considers Mr. Gill to be independent.</p>

**External Audit & Supervisory Board members**

<p>Koji Hatsukawa</p>	<p>Mr. Koji Hatsukawa has been appointed as an external Audit &amp; Supervisory Board member because he has a wealth of auditing experience at global corporations as a certified public accountant, as well as broad knowledge of corporate accounting. At the close of the 123rd Annual Shareholders' Meeting, held on June 26, 2023, Mr. Hatsukawa had served as an Audit &amp; Supervisory Board member for 10 years. By continuing to serve as an Audit &amp; Supervisory Board member, we believe he will help to balance out the relatively short tenure of other independent Audit &amp; Supervisory Board members. Mr. Hatsukawa satisfies the Company's independence standards and, with his outstanding personality, deep knowledge and insight, we believe he will help ensure the effectiveness of audits at the Company. Accordingly, we expect that he will continue to be able to fulfill the oversight function and the role as an external Audit &amp; Supervisory Board member. PricewaterhouseCoopers Aarata (currently, PricewaterhouseCoopers Aarata LLC), where Mr. Hatsukawa served as CEO, has not performed accounting audits for Fujitsu. Fujitsu and PricewaterhouseCoopers Aarata had business transactions in fiscal 2022 amounting to approximately ¥340,000. Taking into account the scale of our sales, the amount of transactions is immaterial and does not constitute a conflict of interest. Therefore, Fujitsu considers Mr. Hatsukawa to be independent.</p>
<p>Hideo Makuta</p>	<p>Mr. Hideo Makuta has been designated as an external Audit &amp; Supervisory Board member because he has profound insight into not only legal but also economic and social matters affecting corporate management, gained through his career as a public prosecutor and as a commissioner of the Japan Fair Trade Commission. Therefore, Fujitsu considers Mr. Makuta to be independent.</p>
<p>Catherine O'Connell</p>	<p>Ms. Catherine O'Connell is an attorney at law in New Zealand. She has a wealth of practical experience at law offices in Japan and internationally, as well as at the legal divisions of Japanese companies. She possesses the legal and compliance knowledge required of the Company's Audit &amp; Supervisory Board members. She also possesses deep insight into issues related to internationality and gender. The Company expects that she will audit and supervise business execution from diverse perspectives. Therefore, Fujitsu believes that she will be able to fulfill the oversight function and the role as an external Audit &amp; Supervisory Board member. Ms. O'Connell has never been a major shareholder, nor has she held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers Ms. O'Connell to be independent.</p>

## Status of corporate governance

**Systems for ensuring the effectiveness of the Board of Directors**

In enhancing the effectiveness of the Board of Directors, we have focused on creating a system under which non-executive directors function efficiently. Specifically, we believe that it is essential to establish a system that enables independent directors and Audit & Supervisory Board members, who maintain a certain degree of separation from the execution of business activities, to consistently gain a deeper understanding of the Company's business. The Independent Directors & Auditors Council convenes on multiple occasions each year (12 times in fiscal 2022), and its members share information and exchange viewpoints so that each member can formulate their own opinions. In fiscal 2022, the members shared information and exchanged views on important management matters, including the Company's management direction and Group business restructuring through M&As and other activities. Moreover, to facilitate the operation of the Independent Directors & Auditors Council, we established the Independent Directors & Auditors Council Support Office in 2015. Under this system, one junior employee is assigned to support each council member so that they are able to acquire information through the support of these employees without requiring the mediation of the management execution team.

**3. Executive compensation****Policy for determining executive compensation**

[Method of determining the amount of remuneration for directors]

In order to make the executive compensation system more transparent, we established the Compensation Committee by resolution of the Board of Directors in October 2009. In addition, the policy for determining the details of individual director compensation (hereinafter referred to as the "Policy for Determination") is determined by the Board of Directors based on the report of the Compensation Committee.

In accordance with the following review of executive compensation, compensation for directors for fiscal 2023 and thereafter will be determined by resolution of the Board of Directors after deliberation by the Compensation Committee, and compensation for Audit & Supervisory Board members will be determined based on discussions by Audit & Supervisory Board members, within the total amount of compensation determined by resolution of the Annual Shareholders' Meeting, based on the framework of this Policy for Determination ("revised policy") after changes in accordance with said review.

[Review of executive compensation for fiscal 2023 and thereafter]

At a meeting on May 11, 2023, the Board of Directors resolved to revise executive compensation from fiscal 2023, based on a recommendation from the Compensation Committee. One of the revisions, the introduction of restricted stock units for external directors, was passed as a resolution at the 123rd Annual Shareholders' Meeting held on June 26, 2023. In July 2023, we also revised the performance indicators used as a basis for calculating bonuses for executive directors. The table below describes the revised executive compensation from fiscal 2023.

Topic	Objective, description
1. Introduction of restricted stock units as a stock compensation plan for external directors	Our aim is to promote further value sharing with shareholders and encourage external directors to contribute to sustainable and long-term increases in corporate value. External directors are selected for this program on the basis of fulfilling their role in overseeing and advising management from an objective standpoint. Accordingly, the program is designed as a non-performance-based stock compensation plan.
2. Formulation of Stock Holding Guideline	This guideline is intended to foster long-term value sharing with shareholders and promote management from a more shareholder-oriented perspective by encouraging executive directors and external directors who are eligible to receive stock compensation to hold at least a certain number of Company shares.
3. Introduction of a policy for the return of compensation (malus and clawback policy)	This policy's objective is to allow the Company to reduce executive directors' performance-linked compensation or request the return of this compensation in the event of improper accounting or serious compliance violations.
4. Revision of evaluation indicators used as a basis for calculating the bonus portion of performance-linked compensation	The purpose is to enhance executive directors' commitment to achieving management targets by setting evaluation indicators for bonuses based on the performance indicators listed as management targets.

**Basic policy on executive compensation**

The Company has established the following basic policy on compensation for executive directors to secure the exceptional talent required to manage the Fujitsu Group and achieve its Purpose "to make the world more sustainable by building trust in society through innovation," and to further strengthen the link between its financial performance and shareholder value while at the same time improving its transparency.

- I. Policy on the compensation system and compensation levels
  - The remuneration system for executive directors consists of the following: "base compensation," which is a fixed monthly amount in accordance with the position and responsibilities; "bonuses," which are linked to short-term business performance; and "stock compensation," which is a medium- to long-term incentive that emphasizes the connection to shareholder value.
  - With the aim of setting competitive compensation that contributes to securing and maintaining exceptional talent, compensation levels and compensation ratio by type shall be determined based on the financial position of the Company, and analyzing the compensation composition ratio and compensation levels for each executive position and responsibility at other companies with similar business lines and similar scale to those of the Company as benchmarks.

Status of corporate governance

- The ratio of performance-based compensation (bonuses and performance-linked stock compensation) to the total compensation for executive directors shall be determined so as to strengthen the link between the Group's financial performance and shareholder value by setting the higher ratio to the greater responsibilities.
- Individual director's remuneration shall be determined by the Board of Directors after deliberation at the Compensation Committee to ensure objectivity, transparency, and fairness.

**(Reference) Executive compensation items and payment recipients**

Recipient	Base compensation		Bonuses	Stock compensation	
	For management oversight	For management execution		Performance-based stock compensation	Restricted stock units
Executive directors	○	○	○	○	—
Independent directors	○	—	—	—	○
Other directors	○	—	—	—	—
Audit & Supervisory Board members	○		—	—	—

II. Our perspectives on each portion of executive compensation

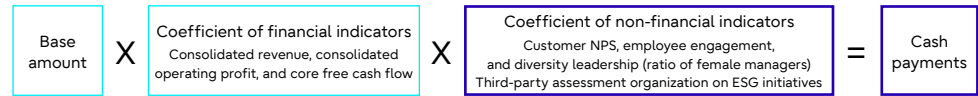
**[Base compensation]**

Base compensation is paid to all executives (directors and Audit & Supervisory Board members). All executives are paid a fixed monthly amount in accordance with their position and responsibilities.

**[Bonuses]**

- Bonuses shall be paid to executive directors. The amount of a bonus shall reflect business performance in the respective fiscal year.
- As a specific evaluation indicator and calculation method, the Company shall adopt an "on target model" to determine the bonus amount to be paid by setting the base amount in accordance with the position and responsibilities in advance. The bonus amount is calculated by multiplying the base amount by the coefficient in accordance with the following elements: the degree of achievement of the performance targets for the respective fiscal year based on the Company's consolidated revenue, consolidated operating profit, and core free cash flow,\*1 which are our financial management target indicators, growth from the previous fiscal year in Customer NPS®,\*2 employee engagement,\*3 and diversity leadership (ratio of female managers), which are our non-financial management target indicators, and acquisition of the highest evaluation from a third-party assessment organization on ESG initiatives.

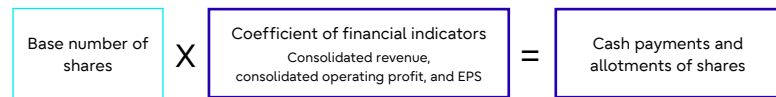
\*1 Free cash flow excluding special items, such as from sales of businesses, acquisitions, and business model transformation expenses  
 \*2 Net Promoter Score<sup>SM</sup>, an indicator to measure "customer loyalty," which presents the degrees of trust and attachment of customers to companies, products, and services, in order to understand the degree of improvement and depth of the customer experience (CX)  
 \*3 An indicator to measure employees' willingness and attachment to work voluntarily and independently, and to contribute to their company, with empathy for the company's direction and purpose



**[Stock compensation]**

(1) Performance-based stock compensation

- Performance-based stock compensation shall be granted to executive directors, in order to share the profit with shareholders and as an incentive to contribute to enhancement of medium- to long-term performance.
- As a specific indicator and calculation method, the Company shall set a base number of shares in accordance with the position and responsibilities in advance, and calculate the number of shares for each fiscal year by multiplying the base number of shares by the coefficient in accordance with the degree of achievement of the performance targets for the performance judging period (three years) based on the Company's consolidated revenue, consolidated operating profit, and EPS, which are financial management target indicators. When the performance judging period is over, a portion of the total number of shares is paid in cash for the amount equivalent to the market value, and the remainder is allocated in shares of the Company.



(2) Restricted stock units

- Restricted stock units (under a post-delivery type incentive plan that grants shares as compensation after confirming the right to receive these units, which is subject to a certain period of continuous service) shall be granted to external directors, in order to share profits with shareholders and encourage their contribution to the sustainable enhancement of corporate value.
- Each fiscal year, the Company shall set in advance a number of stock units corresponding to an external director's position. After the period of continuous service (three years), the external director will be paid in cash for a portion of the shares, based on market value, with the remainder allocated in shares of the Company.

**[Benchmark composition ratio for compensation]**

The benchmark ratio for base compensation (only for the portion for management execution, excluding the portion for management oversight), bonuses, and performance-based stock compensation shall be 1:1:3 for the representative director and CEO, with the percentage for performance-based compensation set higher than that for other executive directors. The benchmark ratio for base compensation (excluding allowances) and restricted stock units for external directors shall be 7:3.

## Status of corporate governance

## [Stock Holding Guideline]

The Company has established Stock Holding Guideline with the aim of promoting long-term value sharing with shareholders. During their terms of office, directors who are eligible to receive stock compensation shall make an effort to hold at least the number of Company shares determined as corresponding to their position. The representative director and CEO shall endeavor to hold shares equivalent to twice their annual base compensation within four years after taking office and continue to hold them during their term of office.

## [Return of compensation (malus and clawback policy)]

In the event of inappropriate accounting, including material ex-post adjustments to past-year financial results or serious misconduct or compliance violations during the term of office, the Company may demand a reduction in or return of performance-based compensation (bonuses and performance-based stock compensation) from an executive director (including executive directors who have retired less than two years ago), based on a decision of the Board of Directors after deliberation by the Compensation Committee.

As resolved at the Annual Shareholders' Meeting, the total amount of base compensation and bonuses to directors shall not exceed ¥1,200 million per year (of which, the portion for external directors shall not exceed ¥150 million per year). The amount of performance-based stock compensation for executive directors shall not exceed ¥1,200 million per year, with the total number of shares to be allocated not exceeding 75,000 shares per year. The amount of restricted stock units for external directors shall not exceed ¥100 million per year, with the total number of shares to be allocated not exceeding 6,000 shares per year, as resolved at the 123rd Annual Shareholders' Meeting. The amount of base compensation for Audit & Supervisory Board members shall not exceed ¥150 million per year.

### Details of performance indicators for the calculation basis and reason for selecting them

## [Bonuses]

In order to provide executive directors with an incentive to achieve their performance targets for each fiscal year, the Company has selected consolidated revenue, consolidated operating profit, and core free cash flow, which are the financial management target indicators for the Company, as evaluation indicators. In addition, the Company has selected Customer NPS®, employee engagement, and diversity leadership (ratio of female managers), which are the non-financial management target indicators for the Company, and third-party assessment, the "third-party assessment on ESG initiatives (DJSI,\*4 CDP Climate Change\*5)," as evaluation indicators to enhance the commitment of executive directors to achieving their performance targets.

\*4 Dow Jones Sustainability Index, a global ESG investment index

\*5 CDP, an international non-profit organization, conducts surveys and evaluations of climate change initiatives at the request of investors and others, and publishes the results.

## [Performance-based stock compensation]

In order to provide executive directors with an incentive to increase corporate value over the medium to long term, as well as to further promote management from the perspective of shareholders, the Company has selected revenue, operating profit, and EPS of the consolidated financial results, which are financial management target indicators for the Company, as evaluation indicators.

### Calculation method

## [Bonuses]

At the beginning of each fiscal year, the Company will present the executive directors with a base bonus amount in accordance with their performance targets, positions, and responsibilities. Then, at the end of the relevant fiscal year, the bonus amount to be paid will be calculated by multiplying the base bonus amount by the coefficient in accordance with the following elements: the degree of achievement of the performance targets for the respective fiscal year based on the Company's consolidated revenue, consolidated operating profit, and core free cash flow; growth from the previous fiscal year in Customer NPS, employee engagement, and diversity leadership (ratio of female managers), which are set out as non-financial management target indicators; and acquisition of the highest evaluation from a third-party assessment organization on ESG initiatives. No bonus will be paid if the degree of achievement of the performance targets is below the preset lower limit. In addition, if the degree of achievement of the performance targets exceeds the preset upper limit, the amount obtained by multiplying the base bonus amount by the preset upper limit of the coefficient will be paid.

## [Performance-based stock compensation]

The Company will present to executive directors a base number of shares in accordance with positions and responsibilities, performance judging period (three fiscal years), and performance targets in advance. At the end of the relevant fiscal year, the bonus amount to be paid will be calculated by multiplying the base bonus amount by a coefficient that reflects the following indicators: the degree of achievement of the performance targets for the respective fiscal year based on the Company's consolidated revenue, consolidated operating profit, and core free cash flow; and growth from the previous fiscal year in Customer NPS, employee engagement, and diversity leadership (ratio of female managers). Another indicator is whether the Company receives the highest ranking on an ESG evaluation, as provided by a third-party assessor. The ratio of the portion to be paid in cash to the total number of shares shall be determined by the Board of Directors, taking into consideration the applicable person's tax obligation.

The executive directors may transfer acquired shares of the Company to third parties at their own discretion, unless they violate regulations regarding insider trading.

## Status of corporate governance

**Name or title of the persons authorized to make decisions regarding the policy for determining the amount of remuneration for executive directors or the method for calculating the amount of remuneration**

The Company established the Executive Nomination Committee and the Compensation Committee as advisory bodies to its Board of Directors for the process of nominating directors and Audit & Supervisory Board members, for ensuring the transparency and objectivity of its process for determining executive compensation, and to enable efficient and substantial discussions, as well as to ensure fairness in the structure and level of executive compensation.

The Compensation Committee provides its recommendations or proposals on the level of base compensation and the method for calculating performance-based compensation to the Board of Directors in accordance with the procedures and policy of determining directors' and auditors' compensation, as stipulated in the Corporate Governance Policy.

Based on the report issued by the Compensation Committee, an advisory body to the Board of Directors, the Board of Directors establishes this decision-making policy and determines the level of compensation for each individual director within the framework of this policy. An individual director's compensation shall be determined by the Board of Directors following deliberation by the Compensation Committee to ensure objectivity, transparency, and fairness.

The Corporate Governance Policy stipulates that the Compensation Committee shall consist of non-executive officers, the majority of whom shall be independent directors, and that this committee shall be chaired by an independent director. The members of this committee, appointed in June 2022, are as follows and consist of four independent directors.

Chairperson: Chiaki Mukai

Members: Yoshiko Kojo, Scott Callon, Kenichiro Sasae

From the appointment of the above committee members in June 2022 through to March 31, 2023, which is the end of fiscal 2022, the Compensation Committee met six times to discuss such matters as the revision of executive compensation details to provide its recommendations to the Board of Directors and considered the introduction of a stock compensation plan for external directors.

Note: The above committee members retired due to expiration of their terms of office at the end of the Annual Shareholders' Meeting held on June 26, 2023; for the committee members appointed on June 26, 2023, please see "Members of the Board of Directors and Audit & Supervisory Board" on page 81.

**4. Policy for strategic shareholdings**

The Company holds only those strategic shares with clear-cut objectives and meaningful significance in a positive manner. The Board of Directors meetings examine the weighted average capital cost of the Company as the standard to evaluate quantitatively whether returns (quantitative factors such as dividends and the state of transactions) or risks are well balanced with the cost. If quantitative significance in shareholdings is not found, the Board of Directors meetings will further evaluate whether there is a qualitative reason that supports the rationale for continuing to hold those shares and will discuss the continuation of such holdings. In fiscal 2022, the Company sold seven issues, and at the Board of Directors meeting, held on June 22, 2023, the Board discussed the continuation of the remaining strategic shareholdings held by the Company at the end of fiscal 2022.

The Company deals with strategic shareholders on an equal footing, just as it does with other business partners. Even when strategic shareholders indicate their sale of shares, we do not prevent them from selling. That said, we sometimes call upon them to consider the timing of the sale or the ways of selling their shares.

**5. Views and policies for Group management and measures to ensure the effectiveness of corporate governance**

Fujitsu Limited manages the Fujitsu Group with the aim of achieving continuous growth and the generation of medium- to long-term corporate value of the entire Group, while also urging each Group company to realize its potential to the maximum extent possible.

For some subsidiaries, we publicly list them with the aim of further improving their business value through diversification of the capital procurement necessary for sustainable growth and enhancing the value of the entire Group. By publicly listing subsidiaries, it is possible to focus on investment in specific businesses rather than just in the Group as a whole, thus contributing to diversifying investment opportunities. As there are some concerns regarding the possibility of a conflict of interest with minority shareholders and our publicly listed subsidiaries, we respect the independence of their management and make efforts to provide advice and support to enhance the corporate value of relevant subsidiaries by holding reporting sessions on an as-needed basis. To further promote our policies for Group management, we established a department in February 2020 as a corporate function that specializes in formulating and conducting plans and measures for the most suitable group formation and corporate governance, thus handling the management of the Group including listed subsidiaries.

Our policy is to turn non-core listed companies into strong independent businesses. We will consider their independence from the following perspectives: ensuring sustainable growth of the relevant business, maximizing the Company's asset value, and considering the best timing for independence.

## Status of corporate governance

**Measures to ensure the effectiveness of corporate governance**

Fujitsu Limited understands that its publicly listed subsidiaries make efforts to enhance corporate governance and provides support for these efforts. All listed subsidiaries are ensured their independence by appointing independent directors and directors dispatched from the Company to help maximize their corporate value. Also, all listed subsidiaries become a company with an Audit and Supervisory Committee to strengthen corporate governance.

**6. Status of internal audits, accounting audits, and the Internal Control Division****Internal audit and accounting audit systems**

[Audits conducted by Audit & Supervisory Board members]

The Audit & Supervisory Board primarily conducts examinations of the appropriateness of audit policy and plans, the audit method of the accounting auditor, the appropriateness of the audit results, and the Key Audit Matters, as well as receiving reports from the Internal Audit Division and conducting examinations of reports on important items submitted by full-time Audit & Supervisory Board members to external Audit & Supervisory Board members.

Further, the activities of Audit & Supervisory Board members include attending and stating opinions at meetings of the Board of Directors, meetings of the Independent Directors & Auditors Council, and other important meetings; reviewing important approval documents; conducting exchanges of opinions with the representative director; auditing the operations of headquarters and subsidiaries; exchanging information with the corporate auditors of subsidiaries; receiving reports from the accounting auditor; receiving reports from the Internal Audit Division on the progress and results of audits; and receiving reports from the Compliance Division on the status of in-house whistleblowing. In addition, with respect to the Key Audit Matters, we continued to hold a sufficient number of discussions and deliberations with the accounting auditor. The discussion topics were potential risks of material misstatements in the consolidated financial statements and impacts of, and developments in, material events, etc., that occurred in fiscal 2022.

Full-time Audit & Supervisory Board member Mr. Youichi Hirose has extensive knowledge of finance and accounting issues and many years of experience in the Company's finance and accounting divisions, having served as the head of the Company's Corporate Finance Unit. As a judge, full-time Audit & Supervisory Board member Mr. Megumi Yamamuro has experience in handling numerous economic cases. He also has considerable knowledge of finance and accounting. (For overviews of the professional backgrounds of external Audit & Supervisory Board members, please see "Appointment of external directors and auditors" on page 82.)

[Internal audits]

The Internal Control & Audit Office serves as an internal audit group. This office audits the internal affairs of the entire Fujitsu Group in cooperation with the internal audit groups of each

Group company. The Internal Control & Audit Office makes regular reports to full-time Corporate Auditors, the Audit & Supervisory Board, and the accounting auditor on auditing plans for and results of internal audits, including matters relating to Group companies.

The Internal Control & Audit Office includes 24 employees with specialist internal auditing knowledge, including certified internal auditors (CIA) and certified information systems auditors (CISA).

[Accounting audits]

The accounting auditor, Ernst & Young ShinNihon LLC, reports to the Audit & Supervisory Board concerning the auditing plans and results. The accounting auditor also conducts an exchange of opinions when needed and carries out coordinated audits.

**Internal control system**

[Internal Control Division]

Based on the Basic Policy on the Internal Control Structure, the Risk Management & Compliance Committee maintains and operates risk management systems, compliance systems, and internal control structures related to financial reporting and executes duties regulated under the basic policy. The status of operation of the internal control system is periodically reported to the Board of Directors.

**7. Review of corporate governance in fiscal 2022**

The Fujitsu Group is strengthening its corporate governance to ensure a sustainable increase in corporate value. Here, we report on the status of this initiative in fiscal 2022.

**Number of meetings of key boards and committees**

Board of Directors meetings (including extraordinary meetings)	Audit & Supervisory Board meetings	Attendance of external directors at Board of Directors meetings
<b>13 (1)</b>	<b>10 (1)</b>	<b>98.5%</b> Chiaki Mukai: 100%; Atsushi Abe: 100%; Yoshiko Kojo: 100%; Scott Callon: 100%; Kenichiro Sasae: 92.3%
Attendance of external Audit & Supervisory Board members at Board of Directors meetings		Attendance of external Audit & Supervisory Board members at Audit & Supervisory Board meetings
<b>100%</b> Koji Hatsukawa: 100%; Hideo Makuta: 100%; Catherine O'Connell: 100%		<b>100%</b> Koji Hatsukawa: 100%; Hideo Makuta: 100%; Catherine O'Connell: 100%

The list above includes executives who retired on June 26, 2023.



## Status of corporate governance

**Major activities of the Independent Directors & Auditors Council**

The Independent Directors & Auditors Council met 12 times in fiscal 2022. The members shared information and exchanged viewpoints on the Company's management direction and important management matters associated with business restructuring, including M&As by the Company and the Fujitsu Group.

**Major activities of the Executive Nomination Committee**


In fiscal 2022, the Executive Nomination Committee met eight times to consider proposals for the nomination of representative directors, including the CEO, as well as for director and Audit & Supervisory Board member candidates, and provided its findings to the Board of Directors at the end of the fiscal year.

**Major activities of the Compensation Committee**

The Compensation Committee met six times in fiscal 2022 to discuss such matters as the revision to executive compensation, and provided its findings to the Board of Directors at the end of the fiscal year.

**Policy for determining executive compensation for fiscal 2022**

The remuneration for directors and Audit & Supervisory Board members for fiscal 2022, as presented in the table below, was determined based on the policy decided in fiscal 2022, prior to the fiscal 2023 revision to the compensation policy for executive directors as described in "3. Executive compensation." Please refer to the following for the policy for deciding executive compensation before the review.

For details  Fujitsu Integrated Report 2022

**Details of remuneration**

Position	Number of recipients	Remuneration type			Total amount of compensation
		Base remuneration	Bonuses	Performance-based stock compensation	
Directors (Internal)	4	¥246 million	¥124 million	¥277 million	¥647 million
External directors	5	¥79 million	—	—	¥79 million
Audit & Supervisory Board members (Internal)	2	¥72 million	—	—	¥72 million
External Audit & Supervisory Board members	3	¥41 million	—	—	¥41 million

- Notes: 1. The above includes directors and Audit & Supervisory Board members who resigned in fiscal 2022.  
 2. The total amount of monetary compensation for directors was resolved to be within ¥1,200 million or less per year (including ¥150 million per year for external directors) at the 121st Annual Shareholders' Meeting held on June 28, 2021. At this Annual Shareholders' Meeting, the total amount of non-monetary compensation was resolved to be ¥1,200 million or less per year and the total number of shares of common stock of the Company to be allocated was set within 75,000 shares per year. As of the close of the 121st Annual Shareholders' Meeting, the number of directors was nine (including five external directors). The Company is paying the compensation shown in the above table, which is within these limits.  
 3. The total amount of compensation for Audit & Supervisory Board members was resolved to be ¥150 million or less per year at the 111th Annual Shareholders' Meeting held on June 23, 2011. As of the close of the 111th Annual Shareholders' Meeting, there were five Audit & Supervisory Board members (including three external Audit & Supervisory Board members). The Company is paying the compensation shown in the above table, which is within these limits.  
 4. Performance-based stock compensation shows the amount that was recorded as expenses in the fiscal year ended March 31, 2023.

**Evaluation of the effectiveness of the Board of Directors**

To maintain and enhance the effectiveness of the Board of Directors, the Company has included annual evaluations of the Board of Directors in the Corporate Governance Policy.

**Actions taken in fiscal 2022 based on the evaluation of fiscal 2021**

In fiscal 2022, the Company continued with the following activities, aimed at sharing information in advance with independent directors and auditors to facilitate the review of high-priority items at Board of Directors meetings, and to enhance vital communication among the Board members. (1) The Independent Directors & Auditors Council met to facilitate the exchange of information and formulate opinions among the members. (2) The Company held private sessions for relevant non-executive directors, providing a platform to enhance communication among them. In addition, the Company concentrated on providing sufficient information to the Board of Directors and the Independent Directors & Auditors Council, such as providing overviews of the Company's business and major initiatives, and sharing materials and proceedings from meetings of the Management Council, which is made up of representative directors and corporate executive officers.

**Fiscal 2022 evaluation method**

The fiscal 2022 evaluation included an evaluation of the chairman and self-evaluations by directors and Audit & Supervisory Board members. As in fiscal 2021 and previous years, an anonymous questionnaire was conducted, in which executives were asked to evaluate performance with items ranked from one to five. In addition, this fiscal year, we conducted interviews based on the questionnaire responses for each respondent to clarify the reasons behind the responses and the direction of countermeasures. The results of the Board of Directors effectiveness evaluation were reported and discussed at regular Board of Directors meetings. Results of an evaluation by a proxy advisory firm of the Company's Board of Directors was also reported.

**Fiscal 2022 evaluation**

Where possible, we compared this year's results with the responses to questionnaires over the past four years and made the following evaluations:

- In the questionnaire responses, the average overall number of evaluation points was up compared to the previous fiscal year. In particular, we saw increases in (1) additional internal terminology and technical terminology used in Board of Directors materials, (2) the number of proposals handled by the Board of Directors, and (3) the duration of Board of Directors meetings.
- To further strengthen the oversight function of the Board of Directors, we will improve meeting efficiency to ensure sufficient time for discussion of important proposals by streamlining meeting proceedings. We will also simplify proposal materials and make sure they are distributed well in advance of meetings. In addition, we will strive to elevate the quality of discussions by expanding opportunities to provide information, including with the Independent Directors & Auditors Council.
- Moreover, we will continue to improve on the careful deliberations and processes leading up to resolutions on important proposals by the Board of Directors, as well as the selection of business activities in which the Board of Directors is required to demonstrate its oversight function.

# Risk management

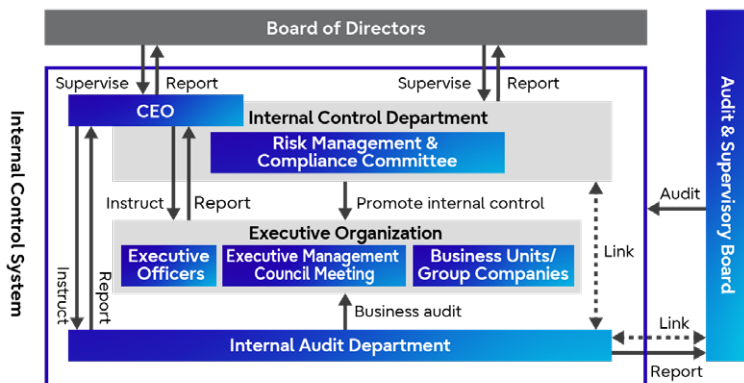
## Guidelines & structure

The Fujitsu Group aims to achieve business continuity, enhanced corporate value, and the sustainable development of corporate activities. Uncertainties that might affect the achievement of these objectives are considered to be risks. To address these risks, the Fujitsu Group established a Risk Management & Compliance Committee based on the Policy on the Internal Control System determined by the Board of Directors. The committee reports directly to the Board of Directors and oversees risk management and compliance for the entire Fujitsu Group.

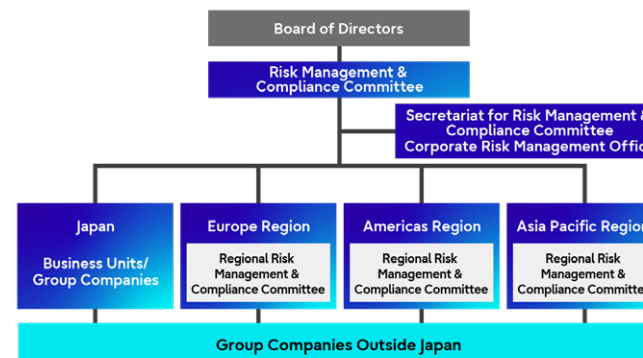
Chaired by the CEO and composed of Board Members, the Risk Management & Compliance Committee continually assesses and verifies risks that could result in losses to the Fujitsu Group, and implements risk control measures such as formulating preventive measures for materialized risks in business execution. To minimize losses arising from the materialization of risks, and in an effort to prevent their recurrence, the committee regularly analyzes the risks that have materialized and reports to the Board of Directors.

In addition, the Risk Management & Compliance Committee has established a Regional Risk Management & Compliance Committee in each region outside of Japan to operate as subordinate committees in a global structure. The committee also assigns risk management & compliance officers to the business units, Group companies and regions for both Japan and overseas. These organizations collaborate to build a risk management and compliance structure for the entire Group.

## Positioning of the Risk Management & Compliance Committee in the internal control system



## Risk management & compliance structure



Furthermore, to strengthen the risk management functions of the Group, we created the Corporate Risk Management Office, which reports directly to the CEO and is independent of the business units. This body carries out the secretariat functions of the Risk Management & Compliance Committee and, under the leadership of the CRMO (Chief Risk Management Officer), is responsible for interpreting risk-related information and spearheading rapid, appropriate responses where required.

Based on the initiatives taken to date, we have appointed a CQO (Chief Quality Officer) as the person responsible for quality for the entire Group, as we believe that Companywide and cross-organizational measures led by top management are more essential than ever to further strengthen measures and ensure effectiveness. Furthermore, we have enhanced the structure and functions of our Risk Management & Compliance Committee, chaired by the CEO, and have strengthened this framework to ensure constant and thorough Companywide responses.

Specifically, the CQO will be included as a member of this committee, which has been the venue for deliberations on important risk compliance issues related to the Group. This framework was established in which concrete measures are determined and promptly implemented, including Companywide measures related to information security and system quality, as well as responses to individual events. By establishing such a framework, we could thoroughly implement risk management led by the CEO, assigning more strengthened authority than ever to the CISO (Chief Information Security Officer) and CQO to supervise the process, including different CxO areas such as personnel systems and investment resources. Additionally, to ensure the rapid and effective implementation of measures, the committee is held every month.

Risk management

**Risk management process**

After identifying and reviewing the key risks associated with business activities from among the various risks around the Group's operations, every year we investigate, analyze, assess, and visualize the possibility of key risks occurring, the potential impact, the status of measures, and so on.

Based on the assessment outcomes, the Risk Management & Compliance Committee confirms the key risks, issues instructions on further measures, and reports to the Board of Directors. The policies and measures determined by the committee are fed back to the entire Group, and the risk management departments established for each key risk then appropriately manage the measures across the Group as part of efforts to minimize risks.

Information obtained through the potential risk management process is disclosed to stakeholders via documents including securities reports and the *Fujitsu Group Sustainability Data Book*.

In addition, when a risk materializes, the committee has established mandatory rules such as rapid escalation to the Risk Management & Compliance Committee in accordance with risk management regulations, and ensures that all employees are aware of these regulations to raise awareness of risk management.

By implementing such a process and confirming it by the risk management department on a quarterly basis, we aim to reduce risks across the Group and to minimize the impact when risks become apparent.

**Risk management process**

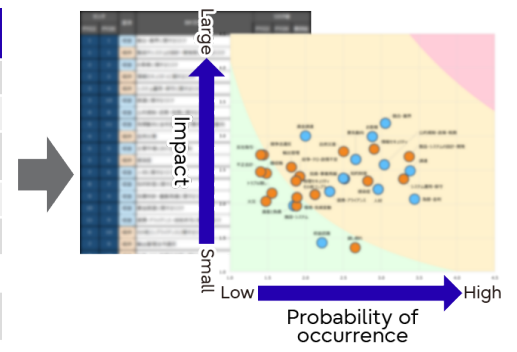


**Visualization of key risks**

**Key risk assessment sheet**

No.	Risk Category	Impact	Probability
1	Economic trends		
2	Customer trends		
3	Competition/ Industry trends		
4	Information security		
5	Compliance		
:			
32	Environment/ Climate change		

**Key risk ranking table and map**



**Business risks of the Fujitsu Group**

For details on the Fujitsu Group's business and other risks, please see the risk management section, disclosed on the following website.

For details [Risk management](#)

**Main business risks**

- Economic and financial market trends
- Customers
- Competitors and the industry
- Investment decisions and business restructuring
- Suppliers, alliances, etc.
- Public regulations, public policy, and tax matters
- Natural disasters and unforeseen incidents
- Finance
- Deficiencies or flaws in products and services
- Compliance issues (including human rights risks)
- Intellectual property
- Security
- Human resources
- Fujitsu Group facilities and systems
- Environment and climate change

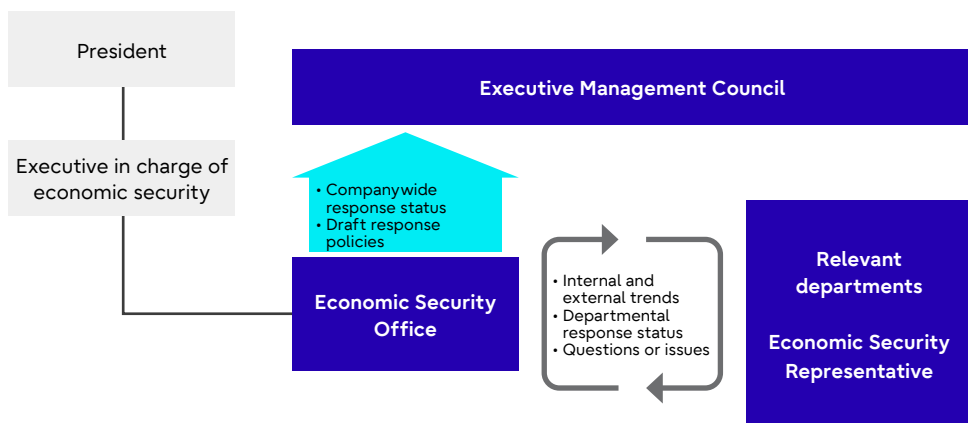
## Economic security initiatives

### Management structure

Due to the increasing complexity of the international situation and changes in the social and economic structure, various challenges related to economic security have become apparent. Our Group has established a management structure to address these challenges. We have appointed an Economic Security Representative in each relevant department to identify potential risks in response to environmental changes and promote comprehensive collaborative activities to ensure business continuity.

In December 2021, we established the Economic Security Office. As part of these collaborative activities, this office is responsible for formulating Companywide response strategies, as well as regularly monitoring the operational status of these strategies in relevant departments.

#### Management structure related to economic security



### Management process

The Group has established a management process for economic security based on the management structure outlined above. We gather and analyze information on the international situation, as well as trends in the policies and legal systems of various countries and regions to assess their impact on our business. In accordance with this assessment, we take applicable measures and closely monitor the situation to prevent potential risks from manifesting.

These measures include compliance with export controls, investment management, and intellectual property management, as well as adaptation to new regulations in various countries and regions. Being a technology company, we also ensure proper management of emerging technologies, engaging actively with relevant departments to attend to these matters appropriately.

### Responding to the challenges we face

In recent years, various countries and regions have introduced new legal frameworks to enhance the resilience of supply chains for critical supplies and to foster the development of essential technologies through public-private partnerships. These frameworks have the potential to impact the Group's business. We strive to build trust and relationships with governments and industries, gather and analyze information, and respond appropriately to the legal frameworks in each country and region based on such information. By doing so, we aim to create innovative solutions that inspire trust in society and guarantee stable business operations.

In light of various international situations, we are working to optimize our service delivery locations to provide ongoing, stable services to our customers. To address the situation in Ukraine, we have transferred various services we previously provided from our service delivery location in Russia to other regions. Moving forward, we will continue to minimize the impact on our customers based on our business continuity plan and respond pertinently as the situation develops.

# Information security

## Policy

The Fujitsu Group appointed a dedicated CISO (Chief Information Security Officer) in October 2021. Under the new information security system, we are striving to secure and improve information security for our customers through our products and services, while also ensuring the information security of the entire Fujitsu Group.

## Management structure

We are implementing a consistent global security policy and measures. We have appointed regional CISOs in each of the four regions (Japan, the Americas, Asia Pacific, and Europe) who report to the Fujitsu Group CISO. The regional CISOs help align corporate policy with the specific security requirements of each country and region, strengthening information security through a global framework.

To reach our ideal state of information security, we have established a structure to strengthen the CISO's control over relevant departments in Fujitsu headquarters and its Group companies in each region by assigning security managers in charge of autonomous information security enhancement of each department.

### Information security management system run by the CISO and information security managers



\*1 Product Security Incident Response Team

## Our goals for information security

With the rapid increase in more skillful and sophisticated cyberattacks, enhancing information security has become an urgent issue for national economic security and for corporate economic activities. We have established our goals for information security as described below. To achieve these goals, we respond to cyberattacks with ever-evolving advanced information security, and by continuing to heighten the awareness of each employee and reform our organizational culture as this is the key to success. Together with relevant departments and employees, we are developing processes, rules, and systems to promote cybersecurity and are working to strengthen information security for the entire Fujitsu Group, as well as a safer business environment for our customers and partners.

### Our goals for information security

#### Proactive information security

- Continuous evolution of information security to support diverse workstyles in the age of digital transformation (DX)
- Autonomous information security response by employees and organizations

#### Defensive information security

- Cyberattack prevention by addressing vulnerabilities
- Enhanced monitoring to minimize cyber risks in case of emergency

To prepare processes and rules for information security measures, we referred to global standards, including the NIST's\*2 Cybersecurity Framework, SP800-53,\*3 SP800-37,\*4 and ISO/IEC 27002 on Information security, cybersecurity, and privacy protection. We established the Fujitsu Group Standards for Information Security Measures as our standard security measures and the Risk Management Framework as our framework for security risk management. We apply management measures based on the Fujitsu Group Standards for Information Security Measures to each organization and information system by executing the processes outlined in the Risk Management Framework. We strive to implement security measures effectively and realize "security by design" through a process of continuous improvement.

\*2 National Institute of Standards and Technology

\*3 NIST's SP800-53 Rev. 5 Security and Privacy Controls for Information Systems and Organizations

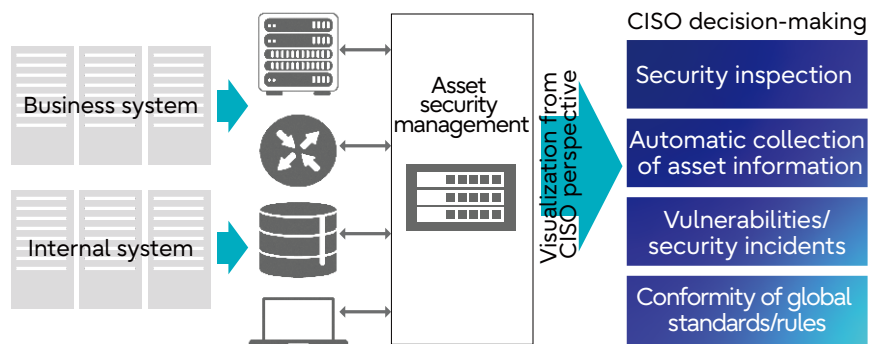
\*4 NIST's SP800-37 Rev. 2 Risk Management Framework for Information Systems and Organizations

Information security

**Autonomous correction through centralized and visualized IT asset management**

To support our customers' safe, secure, and sustainable business activities, we have centralized and visualized the IT asset management of our global IT systems for our customers around the world, as well as our internal IT systems. This helps us promptly identify and correct any security risks throughout the Group. We have been strengthening routine risk management, visualizing risk audits conducted by an organization under the direct control of the CISOs and their results, and promoting a proper understanding of the actual situation in relevant departments and their autonomous corrective actions.

**Global IT asset management**




**Information management**

The Company and the Fujitsu Group in Japan implemented the Information Protection Management System in order to appropriately protect third-party confidential information, including personal information, as well as our own confidential information, applying a PDCA cycle to information management. In order to clarify information assets that must be protected, we establish suitable management actions according to the circumstances of our customers and suppliers, and take stringent measures to protect information. These steps are taken for the autonomous information protection activities (regulations by industry, business type, etc.) conducted by each division, while unifying the classification of information on a global scale.

Fujitsu has established a global Personal Information Protection System to strengthen the protection of personal data. Under the leadership of the CISO organization and the Legal Division, we work with each region and Group company to comply with the local laws and regulations, including the GDPR.\*<sup>5</sup> We post our privacy policy on public websites in individual countries, describing our handling of personal information.

\*<sup>5</sup> General Data Protection Regulation

For details  Information security

 Fujitsu's efforts to strengthen information security measures and system quality in Japan

**Vulnerability scanning of systems exposed to the Internet**

Based on our IT asset management information, we provide a vulnerability scanning mechanism for systems exposed to the Internet. This system enables the departments managing those systems to conduct periodic scans and allows us to mitigate vulnerabilities through prompt corrective action.

## Performance highlights

Fujitsu Limited and Consolidated Subsidiaries

The Fujitsu Group adopted International Financial Reporting Standards (IFRS) in fiscal 2014. Figures for fiscal 2013 are presented based on both Japanese GAAP and IFRS.

On November 1, 2017, the Company sold some of its shares in Fujitsu TEN Limited to DENSO CORPORATION. Consequently, Fujitsu TEN became classified as a discontinued business and net sales (revenue) and operating profit were reclassified in fiscal 2016.

Fiscal years	JGAAP	(Billions of yen)										Year-on-year change (%) <sup>*1</sup>
		IFRS					IFRS					
	2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022/2021
<b>Financial data</b>												
Net sales (revenue)	¥4,762.4	¥4,762.4	¥4,753.2	¥4,739.2	¥4,132.9	¥4,098.3	¥3,952.4	¥3,857.7	¥3,589.7	¥3,586.8	¥3,713.7	3.5
Net sales (revenue) outside Japan	1,801.4	1,801.4	1,879.9	1,894.2	1,461.2	1,506.8	1,435.4	1,228.5	1,172.0	1,316.9	1,423.4	8.1
Percentage of sales outside Japan (%)	37.8	37.8	39.6	40.0	35.4	36.8	36.3	31.8	32.7	36.7	38.3	
Operating profit	142.5	147.2	178.6	120.6	117.4	182.4	130.2	211.4	266.3	219.2	335.6	53.1
Operating profit margin (%)	3.0	3.1	3.8	2.5	2.8	4.5	3.3	5.5	7.4	6.1	9.0	
Net profit (Profit attributable to owners of the parent)	48.6	113.2	140.0	86.7	88.4	169.3	104.5	160.0	202.7	182.6	215.1	17.8
Cash flows from operating activities	¥ 175.5	¥ 176.5	¥ 280.1	¥ 253.0	¥ 250.3	¥ 200.4	¥ 99.4	¥ 347.2	¥ 307.9	¥ 248.3	¥ 220.3	(11.3)
Cash flows from investing activities	(128.8)	(128.9)	(200.5)	(164.3)	(145.4)	(22.5)	4.1	(114.2)	(71.5)	(59.2)	(42.8)	—
Free cash flow	46.6	47.5	79.6	88.7	104.8	177.8	103.5	233.0	236.3	189.0	177.5	(6.1)
Cash flows from financing activities	(44.7)	(46.2)	(17.3)	(67.7)	(98.8)	(112.4)	(136.6)	(193.1)	(219.6)	(193.6)	(313.5)	—
Inventories	¥ 330.2	¥ 330.2	¥ 313.8	¥ 298.8	¥ 293.1	¥ 241.6	¥ 226.0	¥ 238.0	¥ 237.0	¥ 309.8	¥ 337.0	8.8
Monthly inventory turnover rate (times)	1.07	1.07	1.11	1.12	1.15	1.21	1.22	1.13	1.16	0.98	0.83	
Total assets	3,079.5	3,105.9	3,271.1	3,226.3	3,191.4	3,121.5	3,104.8	3,187.4	3,190.2	3,331.8	3,265.5	(2.0)
Owners' equity (Equity attributable to owners of the parent)	573.2	566.5	790.0	782.7	881.2	1,087.7	1,132.0	1,240.9	1,450.1	1,590.7	1,586.8	(0.2)

Point  
1

### Operating profit margin

In fiscal 2022, excluding one-time profit of ¥14.7 billion associated with business restructuring and business transfers, operating profit on an actual business basis was ¥320.8 billion, with an operating profit margin on an actual business basis of 8.6%, improving 0.9 of a percentage point year on year. As a special item, the result for the fiscal year included profit from business transfers, while the previous fiscal year's result included expenses from conducting measures to accelerate our transition into a DX company.

Point  
2

### Free cash flow

In fiscal 2022, base cash flow, which is free cash flow before growth investments plus lease obligation payments, was positive ¥250.0 billion, an increase in cash inflows of ¥38.2 billion compared with the previous fiscal year. Base cash flow is cash flow generated from the business and optimization of asset holdings, and is the source of cash for funding growth investments and the distribution of shareholder returns.

<sup>\*1</sup> The actual figures are shown in units of billions of yen, and the rate of change is calculated in units of millions of yen.

## Performance highlights

Fujitsu Limited and Consolidated Subsidiaries

The Fujitsu Group adopted International Financial Reporting Standards (IFRS) in fiscal 2014. Figures for fiscal 2013 are presented based on both Japanese GAAP and IFRS.

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Fiscal years	JGAAP	IFRS										(%)
	2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Year-on-year change (%) <sup>*1</sup>
<b>Financial data</b>												
Return on equity (ROE) (%)	8.1	23.2	20.6	11.0	10.6	17.2	9.4	13.5	15.1	12.0	13.5	
Owners' equity ratio (Equity attributable to owners of the parent ratio) (%)	18.6	18.2	24.2	24.3	27.6	34.8	36.5	38.9	45.5	47.7	48.6	
Return on assets (ROA) (%)	1.6	3.7	4.4	2.7	2.8	5.4	3.4	5.1	6.4	5.6	6.5	
Interest-bearing loans (billions of yen)	519.6	560.2	578.4	534.9	486.7	402.2	316.2	405.5	316.3	285.3	211.1	(26.0)
D/E ratio (times)	0.91	0.99	0.73	0.68	0.55	0.37	0.28	0.33	0.22	0.18	0.13	
Net D/E ratio (times)	0.38	0.46	0.27	0.20	0.12	-0.05	-0.09	-0.04	-0.11	-0.12	-0.09	
R&D expenses (billions of yen)	221.3	222.5	202.7	179.8	170.0	158.6	134.9	123.3	113.8	105.3	109.5	4.0
Capital expenditure <sup>*2</sup> (billions of yen)	122.2	122.8	140.6	156.0	120.6	94.0	83.5	96.4	87.5	88.9	121.0	36.1
Depreciation <sup>*2</sup> (billions of yen)	115.1	115.9	121.2	119.8	108.6	107.0	96.9	84.5	76.0	89.5	89.6	0.1
<b>Amounts per share of common stock (yen)<sup>*3</sup></b>												
Net profit attributable to owners of the parent (EPS) <sup>*4</sup>	¥ 23.49	¥ 54.71	¥ 67.68	¥ 41.94	¥ 42.83	¥ 82.53	¥512.50	¥791.20	¥1,013.78	¥ 924.21	¥1,107.63	19.8
Dividends	4	4	8	8	9	11	150	180	200	220	240	9.1
Equity attributable to owners of the parent <sup>*5</sup>	277.03	273.79	381.88	378.37	429.80	528.38	5,585.35	6,197.11	7,287.15	8,094.70	8,425.37	4.1

Point  
3**ROE**

ROE, calculated by dividing profit for the year attributable to owners of the parent by total equity attributable to owners of the parent (owners' equity), was 13.5% in fiscal 2022, compared with 12.0% in the previous fiscal year.

Point  
4**Net profit attributable to owners of the parent per share (EPS)**

EPS was ¥1,107.63 for fiscal 2022, an advancement from ¥924.21 in the previous fiscal year. The CAGR from fiscal 2019 to fiscal 2022 was 12%, in line with the financial target.

<sup>\*1</sup> The actual figures are shown in units of billions of yen, and the rate of change is calculated in units of millions of yen.

<sup>\*2</sup> Capital expenditure and depreciation do not include the effect of adopting IFRS 16 (Leases).

<sup>\*3</sup> On October 1, 2018, Fujitsu consolidated every 10 shares of stock into one share. Dividends per share for fiscal 2018 and thereafter reflect this share consolidation.

<sup>\*4</sup> Net profit attributable to owners of the parent ÷ Average number of shares of common stock outstanding excluding treasury stock during the fiscal year.

<sup>\*5</sup> Equity attributable to owners of the parent (Owners' equity) ÷ Number of shares of common stock outstanding excluding treasury stock at the end of the fiscal year.



## Performance highlights

Fujitsu Limited and Consolidated Subsidiaries

Fiscal years	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022/2021 year-on-year change (%)
<b>Non-financial data (ESG indicators)</b>											
<b>Environmental</b>											
Greenhouse gas emissions (Scope 1) (thousand tons)* <sup>6</sup>	219	197	189	208	198	147	87	75	70	65	-8.6
Greenhouse gas emissions (Scope 2 [Location-based]) (thousand tons)* <sup>6</sup>	1,105	700	686	1,021	939	808	715	583	530	476	-10.6
Greenhouse gas emissions (Scope 2 [Market-based]) (thousand tons)* <sup>6</sup>	—	—	—	—	912	771	663	540	427	341	-20.8
Greenhouse gas emissions (Scope 3) (thousand tons)	8,499	8,124	7,290	7,800	6,271	6,105	5,884	5,390	7,157	5,367	-25.0
Energy usage (thousand GJ)	19,700	18,780	18,370	20,380	19,250	17,350	16,300	137,80	13,000	5,080	-60.9
Ratio of renewable energy to total electricity consumption (%)	—	—	—	5.2	7.3	8.6	8.4	10.1	20.7	30.0	
Water usage (thousand m <sup>3</sup> )	18,620	16,600	15,830	16,870	15,540	13,830	9,910	6,770	6,890	6,150	-10.7
<b>Social</b>											
Number of employees	162,393	158,846	156,515	155,069	140,365	132,138	129,071	126,371	124,216	124,055	
Outside Japan	61,357	59,491	57,610	56,622	47,889	46,791	46,839	44,946	47,371	51,414	
Percentage of female managers (%)	—	—	—	—	—	—	—	—	—	15.0	
Employee engagement* <sup>7</sup>	—	—	—	—	—	—	63	68	67	69	
<b>Governance</b>											
Percentage of independent directors (non-consolidated) (%)	27.3	36.4	40.0	40.0	40.0	40.0	55.6	55.6	55.6	55.6	
Percentage of female directors (non-consolidated) (%)	9.1	16.7	20.0	20.0	20.0	20.0	22.2	22.2	22.2	22.2	

Point  
5Point  
5**Percentage of independent directors (non-consolidated)**

As of the Annual Shareholders' Meeting convened in June 2023, five of the Company's nine directors approved were independent directors, who constitute a majority at meetings of the Board of Directors. The Company is strengthening oversight and advisory capabilities by actively appointing external directors with a high degree of independence and diverse perspectives.

\*<sup>6</sup> Includes emissions from Group companies that were present for only part of the relevant fiscal year. (Consolidated Group data has been used from fiscal 2023.)

\*<sup>7</sup> An average score calculated by assigning scores between 0 and 100 to each of the five answer options of survey questions.


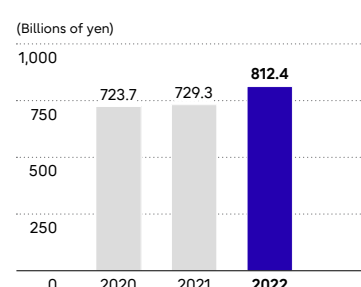
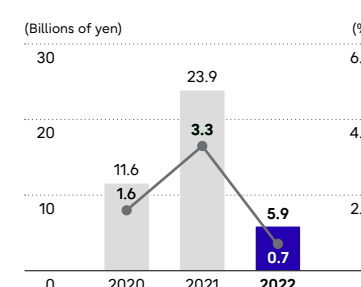
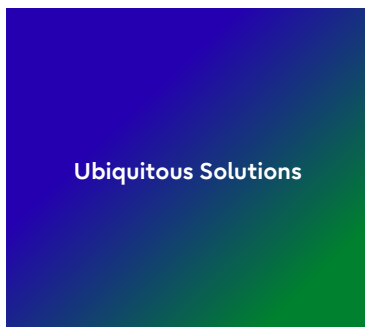
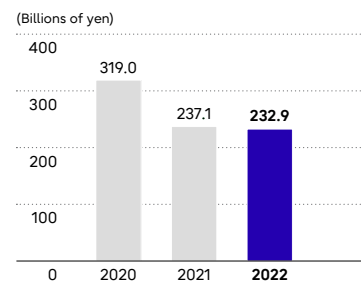
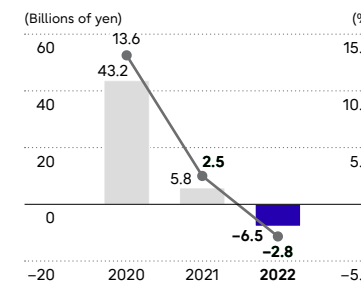
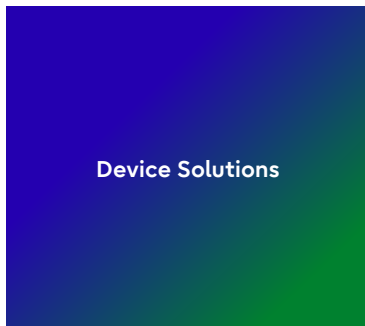
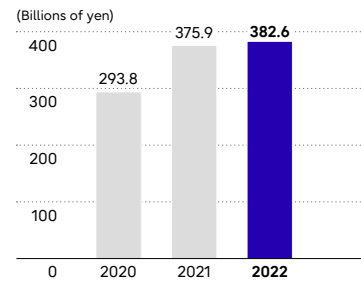
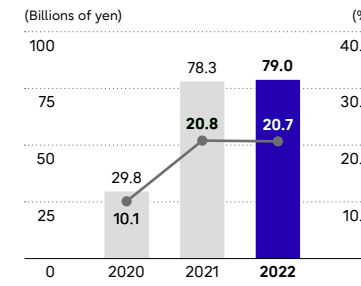
# Highlights by segment

Fujitsu Limited and Consolidated Subsidiaries  
Presented based on business segments applied from fiscal 2020

		Market environment	Fiscal 2022 highlights	Revenue (Fiscal years)	Operating profit / Operating profit margin (Fiscal years)
Technology Solutions	Solutions / Services	<p>The Solutions / Services market expanded in fiscal 2022, with a gradual recovery in the second half of the fiscal year, despite supply chain disruptions, as well as the modernization of legacy IT systems and buoyant demand for shifting to the cloud. For fiscal 2023, the outlook is for macro-economic uncertainty; however, we expect solid performance atop continued lively demand for DX, including modernization.</p>	<p><b>Revenue</b> Revenue in Solutions / Services was ¥1,819.3 billion, down 1.1% year on year. However, revenue from the actual business, excluding the impact of business restructuring, increased 2.5%. Despite the impact of component shortages on the hardware-related business, strong overall investment demand continued across each business type, and SI / Services recorded solid revenues, mainly due to renewal of core systems and business deals regarding modernization in industries such as manufacturing and distribution, and the DX business.</p> <p><b>Operating profit</b> Operating profit was ¥233.7 billion, up ¥44.9 billion year on year. The increase reflected improved profits due to the effect of higher sales in SI / Services in Japan, as well as the clear results of initiatives undertaken to date, such as standardization of development utilizing the Global Delivery Centers and increased efficiency in expenses.</p>	<p>Note: Includes intersegment sales</p>	<p>Operating profit (left scale) Operating profit margin (right scale)</p>
	System Platforms	<p>In fiscal 2022, the domestic System Products market grew as supply chain disruptions and other factors gradually resolved from the second half of the fiscal year and companies made progress on clearing their order backlogs. In fiscal 2023, the market is expected to expand with the further clearing of order backlogs and the restarting of delayed projects. The mobile infrastructure markets in fiscal 2022 saw continued high levels of investment in 5G in Japan and North America. Meanwhile, the optical transmission market contracted sharply in Japan, partly reflecting a downshift in 5G network construction activity, but expanded in North America as investment continued to be stimulated by growth in demand for optical fiber backbones.</p>	<p><b>Revenue</b> Revenue in System Platforms was ¥678.1 billion, up 9.8% year on year. From the second half of the fiscal year onward, revenue and profit and loss steadily recovered from the impact of the delayed supply of components caused by semiconductor shortages, while System Products sales were higher year on year, mainly for servers and storage systems. In addition, in Network Products, sales of photonics systems for North America increased.</p> <p><b>Operating profit</b> Operating profit was ¥68.9 billion, an increase of ¥12.2 billion year on year. This increase reflected the recovery from the delayed supply of components, as well as the higher sales of network products for North America.</p>	<p>Note: Includes intersegment sales</p>	<p>Operating profit (left scale) Operating profit margin (right scale)</p>

Note: From fiscal 2023, the Company's segments have changed; however, as this report deals with fiscal 2022, the information is presented with the segments prior to the change.

Highlights by segment

	Market environment	Fiscal 2022 highlights	Revenue (Fiscal years)	Operating profit (loss) / Operating profit (loss) margin (Fiscal years)
 <p><b>Technology Solutions</b></p>	<p><b>International Regions Excluding Japan</b></p>	<p><b>Revenue</b> Revenue in International Regions Excluding Japan was ¥812.4 billion, up 11.4% year on year. Sales in the service business expanded in step with the enhancement of capabilities in the digital domain due to M&amp;As conducted in the Asia Pacific region, as well as foreign exchange effects.</p> <p><b>Operating profit</b> Operating profit was ¥59 billion, down ¥18.0 billion year on year. The decrease mainly reflects the impact on profits of an increase in procurement costs associated with foreign exchange effects in the core business, one-time costs related to M&amp;As, and the absence of a gain on transfer of a subsidiary that arose in the previous fiscal year.</p>	<p>(Billions of yen)</p>  <p>Note: Includes intersegment sales</p>	<p>(Billions of yen) (%)</p>  <p>■ Operating profit (left scale) — Operating profit margin (right scale)</p>
 <p><b>Ubiquitous Solutions</b></p>	<p>In fiscal 2022, the enterprise PC market in Japan contracted year on year as the cycle of demand had passed its peak for computing environment upgrades, such as demand for PCs for the GIGA School Program in the education market and for telework. In fiscal 2023, a continued strong recovery in demand appears unlikely and the market is expected to continue contracting.</p>	<p><b>Revenue</b> Revenue in the Ubiquitous Solutions segment was ¥232.9 billion, down 1.7% year on year. Revenue in Japan increased by 10.6% year on year, while overseas revenue declined by 16.6% year on year, reflecting a decrease in PC sales as demand shrank due to a slump in market conditions in Europe.</p> <p><b>Operating profit</b> Operating loss was ¥6.5 billion, a decrease of ¥12.4 billion year on year, as purchasing costs increased due to foreign exchange fluctuations.</p>	<p>(Billions of yen)</p>  <p>Note: Includes intersegment sales</p>	<p>(Billions of yen) (%)</p>  <p>■ Operating profit (loss) (left scale) — Operating profit (loss) margin (right scale)</p>
 <p><b>Device Solutions</b></p>	<p>In fiscal 2022, semiconductor market conditions worsened through the second half, mainly due to the impacts of global inflation and economic slowdown, a decline in demand for PCs and smartphones, and inventory adjustments, despite strong demand for automobiles and industrial equipment and the like. In fiscal 2023, adverse conditions are expected to continue as demand recedes further and inventory adjustments become drawn out.</p>	<p><b>Revenue</b> Revenue in Device Solutions was ¥382.6 billion, up 1.8% year on year. Full-year results were little changed from the previous fiscal year as a strong expansion in semiconductor demand in the first half was absorbed by a sharp drop in the second half.</p> <p><b>Operating profit</b> Operating profit was ¥79.0 billion, up ¥0.7 billion year on year, basically on a par with the previous fiscal year due to same level year-on-year sales performance.</p>	<p>(Billions of yen)</p>  <p>Note: Includes intersegment sales</p>	<p>(Billions of yen) (%)</p>  <p>■ Operating profit (left scale) — Operating profit margin (right scale)</p>

Note: From fiscal 2023, the Company's segments have changed; however, as this report deals with fiscal 2022, the information is presented with the segments prior to the change.

# Technology Solutions highlights by international region

Fujitsu Limited and Consolidated Subsidiaries

	Market environment	Fiscal 2022 highlights	Revenue (Fiscal years)	Operating profit / Operating profit margin (Fiscal years)															
Europe	<p>In 2022, Europe's IT market expanded favorably, growing 8.2% year on year. By region, the IT market in Western Europe grew dramatically by 10.6% year on year, while the IT market in Central and Eastern Europe contracted by 7.2%. In 2023, the overall IT market in Europe is expected to slow down, growing by just 2.6% year on year. By region, Central and Eastern Europe is forecast to lose further ground, falling by 4.5% year on year, while in Western Europe the pace of growth in the market is projected to slip to 3.5%. CAGR from 2022 to 2025 for Europe overall is predicted to be 5.7% as the region continues to advance steadily. By region, the expected CAGR for Central and Eastern Europe is 1.5%, and for Western Europe 6.3%.</p>	<p>Europe includes the United Kingdom, Northern Europe, Spain, Germany, and others. Revenue was ¥578.1 billion, an increase of ¥35.8 billion year on year. Operating profit was ¥4.1 billion, a decrease of ¥10.2 billion year on year. Overall revenue increased due to higher revenue in the products business, mainly reflecting a recovery from the impact of component shortages from the second half, and the impact of the yen's depreciation, despite the impact of a fall in revenue in the services business following the conclusion of a large-scale project in the United Kingdom in the previous fiscal year. Operating profit decreased, mainly reflecting the absence of one-time gains on the transfer of subsidiaries conducted in the previous fiscal year, the negative impact of a strong US dollar and a weak euro, and a decrease in profit following the conclusion of the large-scale project in the previous fiscal year, which was only partially absorbed by a boost in earnings following the acquisition of a public sector business deal in the United Kingdom.</p>	<p>(Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2021</td><td>542.2</td></tr> <tr><td>2022</td><td>578.1</td></tr> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2021	542.2	2022	578.1	<p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating profit (Billions of yen)</th><th>Operating profit margin (%)</th></tr> <tr><td>2021</td><td>2.7</td><td>4.0</td></tr> <tr><td>2022</td><td>4.1</td><td>0.7</td></tr> </table> <p>■ Operating profit (left scale) — Operating profit margin (right scale)</p>	Year	Operating profit (Billions of yen)	Operating profit margin (%)	2021	2.7	4.0	2022	4.1	0.7
Year	Revenue (Billions of yen)																		
2021	542.2																		
2022	578.1																		
Year	Operating profit (Billions of yen)	Operating profit margin (%)																	
2021	2.7	4.0																	
2022	4.1	0.7																	
Americas	<p>In 2022, the IT market in the Americas grew significantly by 9.8% year on year, and is expected to continue growing strongly in 2023, increasing by 5.0%. The market is predicted to keep expanding at a rapid pace, with a CAGR of 7.4% from 2022 to 2025.</p>	<p>The Americas includes the United States, Canada, Brazil, and others. Revenue was ¥52.6 billion, up ¥11.1 billion year on year. Operating profit was ¥2.6 billion, up ¥1.1 billion year on year. Revenue growth was mainly attributable to growth in the services business in North America. Operating profit increased chiefly as a result of an improved gross profit margin associated with revenue growth in the services business in North America and efforts to increase efficiency in expenses.</p>	<p>(Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2021</td><td>41.5</td></tr> <tr><td>2022</td><td>52.6</td></tr> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2021	41.5	2022	52.6	<p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating profit (Billions of yen)</th><th>Operating profit margin (%)</th></tr> <tr><td>2021</td><td>1.4</td><td>3.4</td></tr> <tr><td>2022</td><td>2.6</td><td>4.9</td></tr> </table> <p>■ Operating profit (left scale) — Operating profit margin (right scale)</p>	Year	Operating profit (Billions of yen)	Operating profit margin (%)	2021	1.4	3.4	2022	2.6	4.9
Year	Revenue (Billions of yen)																		
2021	41.5																		
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2022	2.6	4.9																	

Notes: IDC's Black Book Live Edition June 2023 is the source of IT market information.

Technology Solutions highlights by international region

	Market environment	Fiscal 2022 highlights	Revenue (Fiscal years)	Operating profit (loss) / Operating profit (loss) margin (Fiscal years)																		
Asia Pacific	In 2022, Asia Pacific's IT market expanded rapidly, growing 9.2% year on year. In 2023, solid performance is expected to continue with growth of 4.0%. The market is expected to maintain its upward trend, with a CAGR of 6.3% from 2022 to 2025.	Asia Pacific includes Southeast Asian countries such as Singapore, as well as Australia and New Zealand, and others. Revenue was ¥161.8 billion, up ¥32.8 billion year on year. Operating loss was ¥2.4 billion, a deterioration of ¥7.0 billion from an operating profit of ¥4.5 billion recorded in the previous fiscal year. The main factors for the increase in revenue for the region overall were the effects of M&As conducted in Oceania and revenue growth in Thailand and Singapore, among others. Operating loss resulted from a decrease in profit mainly attributable to increased expenses associated with the aforementioned M&As.	<p>(Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2021</td><td>128.9</td></tr> <tr><td>2022</td><td>161.8</td></tr> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2021	128.9	2022	161.8	<p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th><th>Operating profit (loss) (Billions of yen)</th><th>Operating profit (loss) margin (%)</th></tr> <tr><td>2021</td><td>128.9</td><td>4.5</td><td>3.5</td></tr> <tr><td>2022</td><td>161.8</td><td>-2.4</td><td>-1.5</td></tr> </table> <p>Legend: ■ Operating profit (loss) (left scale), — Operating profit (loss) margin (right scale)</p>	Year	Revenue (Billions of yen)	Operating profit (loss) (Billions of yen)	Operating profit (loss) margin (%)	2021	128.9	4.5	3.5	2022	161.8	-2.4	-1.5
Year	Revenue (Billions of yen)																					
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2021	128.9	4.5	3.5																			
2022	161.8	-2.4	-1.5																			
East Asia	In 2022, the East Asian IT market saw subdued growth of 1.4% year on year. However, in 2023, it is forecast to increase by 3.5% year on year. Growth is expected to accelerate, with a CAGR of 6.6% from 2022 to 2025.	East Asia includes China, Taiwan, South Korea, and others. Revenue was ¥44.8 billion, up ¥10.5 billion year on year. Operating profit was ¥1.5 billion, up ¥1.1 billion year on year. Revenue increased mainly due to a contribution from a large-scale business deal in Taiwan and an increase in the product business in South Korea. Operating profit increased due to the effects of the large-scale business deal in Taiwan.	<p>(Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2021</td><td>34.2</td></tr> <tr><td>2022</td><td>44.8</td></tr> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2021	34.2	2022	44.8	<p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th><th>Operating profit (loss) (Billions of yen)</th><th>Operating profit (loss) margin (%)</th></tr> <tr><td>2021</td><td>34.2</td><td>0.4</td><td>1.2</td></tr> <tr><td>2022</td><td>44.8</td><td>1.5</td><td>3.3</td></tr> </table> <p>Legend: ■ Operating profit (loss) (left scale), — Operating profit (loss) margin (right scale)</p>	Year	Revenue (Billions of yen)	Operating profit (loss) (Billions of yen)	Operating profit (loss) margin (%)	2021	34.2	0.4	1.2	2022	44.8	1.5	3.3
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Notes: IDC's Black Book Live Edition June 2023 is the source of IT market information.

# Agreement with international norms, participation in international organizations, and external evaluations

## Agreement with international norms and participation in international organizations

United Nations Global Compact (UNGC)



World Business Council for Sustainable Development (WBCSD)



World Economic Forum (WEF)

For details on the Fujitsu Group's participation in the WBCSD and WEF, please see "Collaboration with stakeholders" on page 71.



Science Based Targets initiative (SBTi)



Gold Member Participant in Renewable Energy 100% (RE100)



Agreement with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

## External evaluations

High ratings received from global ESG rating institutions, among other international bodies

Member of  
**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

Dow Jones Sustainability Indices (Asia Pacific)



FTSE4Good

FTSE4Good Index Series



CDP  
Received the highest grade of A in "Climate Change," "Water Security," and "Supplier Engagement Rating"  
Certified as a "Supplier Engagement Leader Board" company



MSCI World ESG Leaders Index



STOXX® Global ESG Leaders Index



EcoVadis Sustainability Rating



ISS ESG Corporate Rating

Selected for all six ESG stock indices adopted by the Government Pension Investment Fund (GPIF)

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX



2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan



## Editorial policy / Disclosure system

### Editorial policy

This report aims to communicate Fujitsu's business activities and initiatives for creating value comprehensively and succinctly. Our aim is to provide a unified story that includes financial as well as non-financial information, such as our environmental, social, and governance activities.

In fiscal 2023, we have created the report with our strongest focus on communicating to stakeholders such issues as the relationship between the corporate value enhancement process, our management strategy, and our management capitals, based on the newly launched medium-term plan. We have also referred to stakeholder feedback on our Integrated Report 2022 in an effort to enhance the content. This includes an explanation of our reforms and progress to date, and the contribution of the Group's human resource strategy to its future growth, using both qualitative and quantitative data.

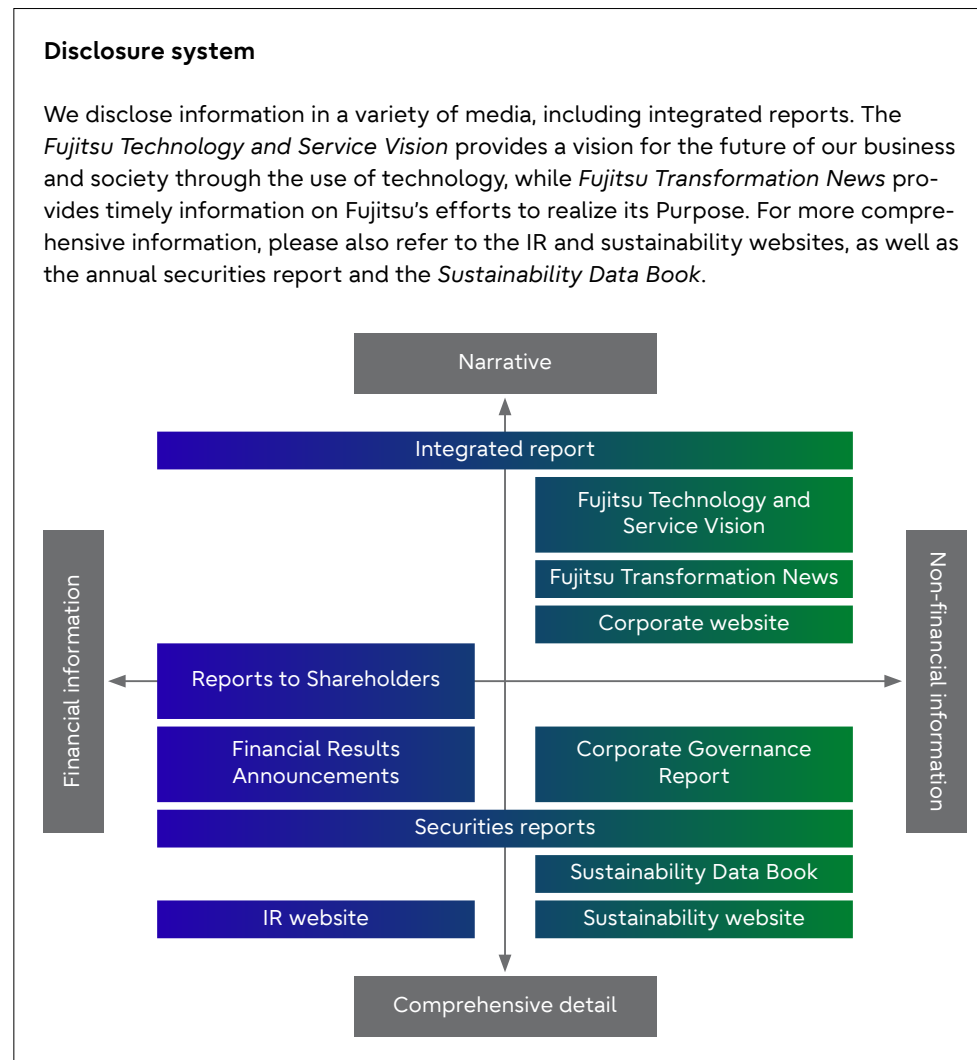
We invite stakeholders to read this Integrated Report and share your candid opinions. Looking ahead, we will place even greater emphasis on opportunities for dialogue with stakeholders. We hope that you will support the Group's efforts to increase its corporate value as we develop a deeper mutual understanding through dialogue.

### Reference guidelines

In producing this report, we have referred to various guidelines such as the International Integrated Reporting Framework of the IFRS Foundation and the Guidance for Collaborative Value Creation of the Japanese Ministry of Economy, Trade and Industry.

### Disclosure system

We disclose information in a variety of media, including integrated reports. The *Fujitsu Technology and Service Vision* provides a vision for the future of our business and society through the use of technology, while *Fujitsu Transformation News* provides timely information on Fujitsu's efforts to realize its Purpose. For more comprehensive information, please also refer to the IR and sustainability websites, as well as the annual securities report and the *Sustainability Data Book*.



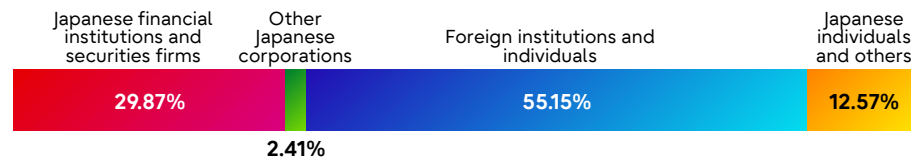
- Notes: 1. From fiscal 2014, Fujitsu has adopted the International Financial Reporting Standards (IFRS). However, some sections have presented results under the Japanese accounting standard for the purpose of year-on-year comparison. These sections are indicated in the report.  
 2. All brand names and product names are trademarks and registered trademarks of their respective holders.  
 3. The GRB icons represent Fujitsu's six key priority issues in sustainability management as graphic symbols.

## Company overview / Shareholder data

(As of March 31, 2023)

**Capital:** ¥324,625,075,685  
**Authorized common stock:** 500,000,000 shares  
**Issued common stock:** 207,001,821 shares  
**Number of shareholders:** 99,035

### Equity shareholdings by type of shareholder:



### Status of principal shareholders:

Principal shareholders	Number of shares held (thousands)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (for trust)	33,388	17.73
Ichigo Trust Pte. Ltd.	14,899	7.91
Custody Bank of Japan, Ltd. (for trust)	11,832	6.28
GIC PRIVATE LIMITED - C	6,538	3.47
STATE STREET BANK AND TRUST COMPANY 505223	4,534	2.41
SSBTC CLIENT OMNIBUS ACCOUNT	3,825	2.03
Fujitsu Employee Shareholding Association	3,590	1.91
STATE STREET BANK WEST CLIENT - TREATY 505234	3,518	1.87
Asahi Mutual Life Insurance Company	3,518	1.87
JP MORGAN CHASE BANK 385632	3,432	1.82

Notes: 1. The investment ratio is calculated after exclusion of treasury stock holdings (18,661,673 shares).

2. The shares held by The Master Trust Bank of Japan, Ltd. (for trust) and Custody Bank of Japan, Ltd. (for trust) pertain to their trust business.

**Corporate headquarters:** Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7123, Japan

**Telephone:** +81-3-6252-2220

**Transfer agent:** Mitsubishi UFJ Trust and Banking Corporation  
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

**Stock exchange listings:** Tokyo, Nagoya

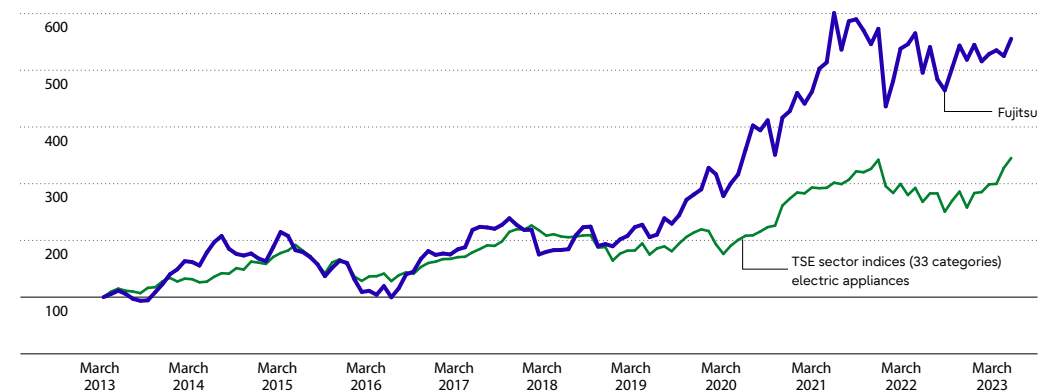
**Accounting auditors:** Ernst & Young ShinNihon LLC

**Shareholder information:** For further information, please contact:  
Fujitsu Limited Public & Investor Relations  
Telephone: +81-3-6252-2173

For inquiries, please visit our "Contact" page on our investor relations website.

URL: <https://www.fujitsu.com/global/about/ir/>

### Total shareholder return: TSR



Source: Refinitiv

Notes: 1. On October 1, 2018, Fujitsu consolidated every 10 shares of stock into one share. The figures in the graph are calculated based on the number of shares after the stock consolidation.

2. The graph displays the relative value of the stock price including dividends (dividends reinvested) at the end of each month, taking the closing value at the end of the fiscal year ended March 31, 2013, as one hundred.