

Corporate Governance

Pursuing sound and efficient management and strengthening governance to promote The FUJITSU Way

Our Basic Stance on Corporate Governance

We believe that the concurrent pursuit of efficient management and the proper control of business risks are essential to achieving sustainable improvement in corporate value. Recognizing that stronger corporate governance is vital to realizing this goal, we have actively appointed outside directors to help ensure sound and transparent management. At the same time, by separating management oversight and operational execution functions we have promoted faster decision-making while further clarifying management responsibilities. We believe that clear separation of these functions is helping to realize greater transparency and efficiency.

Corporate Governance Framework

Overview of Corporate Institutions

Fujitsu's Board of Directors is responsible for management oversight, supervising the execution functions of the Management Strategy Council and the Management Council under its authority. As an executive organ, the Management Strategy Council discusses and decides upon fundamental policies and strategy regarding business management. The Management Council makes decisions on important matters regarding operational execution. Issues discussed by the two councils and a summary of their debates are reported to the Board of Directors, which makes decisions on items of particular importance.

The auditing function is carried out by statutory auditors, who review the Board of Directors as well as operational execution functions.

The Board of Directors is composed of eight internal directors and two outside directors, for a total of 10 members. The Board of Auditors consists of five statutory auditors: two standing auditors and three outside auditors.

Audits by Statutory Auditors and Internal Audits

Fujitsu has adopted a statutory auditor system. Auditors attend important management meetings, including those held by the Board of Directors, the Management Strategy Council, and the Management Council to express opinions, and through direct interviews with operational units when needed and other methods, they audit the Board of Directors and operational execution bodies.

Additionally, the Corporate Internal Audit Division has been established within the Corporate Center to serve as an internal audit group. This division audits the internal affairs of the company and its affiliates, proposes improvements in their business practices, and regularly reports its audit findings to the Management Council.

Initiatives to Enhance Corporate Governance in Fiscal 2004

In July 2004, we established The FUJITSU Way Promotion Council, a body reporting directly to the Management Council. This new council is charged with further accelerating the Group-wide penetration and implementation of the mission, values and code of conduct that comprise *The FUJITSU Way*. We also set up a Compliance Committee to enhance risk management and promote structures and procedures for internal compliance

based on these core tenets.

In addition, the Risk Management Committee and Environmental Committee, which had both operated independently, were realigned under The FUJITSU Way Promotion Council. Their activities are helping to achieve good corporate governance in accordance with *The FUJITSU Way*.

Compliance Committee (newly established)

This committee is responsible for promoting structures and systems to ensure strict compliance with external as well as internal rules, regulations and norms of behavior. To support these efforts, we have operated a "help line" system since September 2004 to serve as a confidential liaison point for receiving reports from employees and providing guidance to them on matters of conduct.

Risk Management Committee

This committee works to obtain information regarding specific incidences of risk and to mitigate their impact on customers and the Fujitsu Group. Serious issues are reported to the Management Council or Board of Directors for discussion and response. In this way, risk issues and countermeasures are disseminated throughout the Fujitsu Group, strengthening our overall risk management posture.

Environmental Committee

This committee is responsible for promoting and strengthening the environmental protection activities of the Fujitsu Group, which are based on The Fujitsu Group Environmental Policy and The Fujitsu Group Environmental Protection Program.

