

## Statutory Auditor Interview

Fujitsu recognizes that stronger corporate governance is vital to achieving greater growth and enhancing its corporate value as a global ICT company. In this interview, we spoke with statutory auditor Masamichi Ogura about the current state of Fujitsu's corporate governance structure and the specific role of auditors within that framework.



When auditing, I strive to maintain a fair and unbiased approach to my work at all times, so that I can better respond to the roles and expectations of all stakeholders.

**Masamichi Ogura**  
Statutory Auditor

### PROFILE

(Birth: June 30, 1946)  
Apr. 1969 Joined Fujitsu  
Apr. 2000 Executive Vice President, Electronic Devices Business Unit  
June 2000 Director  
June 2002 Managing Corporate Officer  
Apr. 2003 Corporate Executive Vice President  
June 2003 Member of the Board  
Corporate Executive Vice President/CFO  
June 2006 Corporate Senior Executive Vice President and Representative Director/CFO  
June 2008 Statutory Auditor

### Q1: What do you consider an auditor's role and mission to be?

Auditors are independent entities charged with safeguarding shareholder interests. In this capacity, they audit the actions of directors, corporate executive officers, managing directors, and other senior management to promote sound, sustainable growth. In short, auditors have the responsibility of ensuring corporate governance that merits society's trust. The audits that we auditors perform are of two types—accounting audits and business execution audits. Accounting audits are audits of financial and supplementary documentation.

Fujitsu is a company that employs accounting auditors, so they are responsible for the initial accounting audit, with the Fujitsu auditors judging the validity of the auditing methods used and the results. As for business execution audits, here we audit whether the directors are fulfilling their duties in compliance with legal regulations and Fujitsu's own articles of incorporation. The auditors also check that there are no violations of duty of care by the directors as good managers.

Simply put, these actions mean that the auditors' role is to

stand in place of shareholders to check whether management is doing its job properly. Our job is not to stand on the outside and point fingers, but to view the Company from a different standpoint than management. If problems do arise, one of our most important duties is to advise management on ways to take the Company in a more positive direction.

Auditors also have another vital role, which is to check on the status of development and operation of Fujitsu's internal control system. The internal control system is a basic structure that, among other things, enables a company to autonomously comply with legal regulations and to conduct risk management. The board directors are responsible for the development and operation of this system. In the case of Fujitsu, the auditors receive regular reports on the system's operational status from the Fujitsu Way Unit, the department overseeing Fujitsu's internal control system. We also coordinate with the Internal Auditing Division and the accounting auditors to check whether the internal control system is functioning properly through the use of PDCA cycles.

## Q2: What approach do you personally strive to bring to your work as an auditor?

Auditors have a weighty responsibility. For this reason, we have to always approach our work with a healthy sense of skepticism, and be resigned to the fact that we will occasionally have to face off against management. There are three things in particular that I personally strive for. First, I pay close attention to the character of those involved in management, and not only managers at the parent company. On any given day, I am in close contact with managers at domestic and overseas Group companies, as well as various department managers working at our business sites. Through repeated conversations with them, I eventually get a multifaceted understanding of them as a person, including their personal stance and capacity.

The second thing I strive for is to stay abreast of changes. The environment both in and outside of a company is in a constant state of flux. Since critical management issues are rarely resolved overnight, I do my best to gauge a company's ability to respond to such issues by examining its past, present and probable future approach, its speed in addressing such issues, and the real and predicted outcomes.

Third, I act from a group management perspective. The Fujitsu Group is home to roughly 540 consolidated subsidiaries. I visit worksites to get direct input from those on the ground about where Group resources overlap and where room for mutual flexibility exists. From there, I try to envisage the potential for making operations more efficient.

When I became an auditor after having been directly involved in management as a vice president, I found that I had to examine the basic starting points that underlie management from square one. Furthermore, the connections and networks cultivated over my decades at Fujitsu have become useful aids in fulfilling my current role as an auditor.

## Q3: What is your personal assessment of Fujitsu's governance structure?

For a global ICT company like Fujitsu, the pressure is on to strengthen management transparency, management oversight, and other aspects of corporate governance. From an early stage, Fujitsu sought to answer these calls by recruiting highly independent outside officers.

The outside directors and outside auditors have an objective perspective grounded in their own specialist knowledge, which they bring to the task of monitoring the board's decision-making process. Consequently, when it comes to how the Board of Directors is managed, the atmosphere is one in which the directors, on the business execution side, are responsible for explaining their actions to the outside officers and the auditors. Last fiscal year, Mr. Yoshikazu Amano, a former statutory auditor for Toyota Motor Corporation, joined our ranks as a statutory auditor for Fujitsu. My sense is that

Fujitsu will continue to benefit from an awareness of new management issues thanks to the observations he offers from his own experience in managing and auditing a global corporation.

By combining the efforts of outside officers and auditors in this way, we are working hard to make corporate governance even stronger.

## Q4: To wrap up, what issues lie ahead for Fujitsu, and what are your expectations for the Company?

Based on what I see as an auditor, there are two key issues. The first is new risks that will materialize from changes in the business environment. More to the point, as global development of the cloud business and ICT services quickens, this will likely spark changes not only in the surrounding business environment but in Fujitsu's own business. As an auditor, I need to monitor the situation closely to be sure that Fujitsu is coping well with the associated risks.

The other issue is responding to corporate misconduct. This is an area where the original role of the auditor comes into play. Fujitsu has no problems in this respect at the moment. But several well-known companies have been rocked by major scandals in recent years. This situation has deeply impressed upon me that auditors bear a great deal of responsibility for upholding good corporate governance. No matter the circumstances, auditors need to be fair and unbiased, and to stand firm in performing their duties.

As for my expectations going forward, let me say that if Fujitsu is determined to develop as a global ICT company, then it has to be capable of offering services well into the future and earn its customers' trust. For these reasons, in addition to a sound financial base, Fujitsu must be brimming with a desire to achieve this vision; and this desire must be shared by employees and management alike. It is also crucial that Fujitsu be a transparent company where corporate governance functions as it should. My sincere hope is that Fujitsu continues to clear these benchmarks and finds further growth as a company of excellence.

