

RISK MANAGEMENT

Our Approach to Risk Management

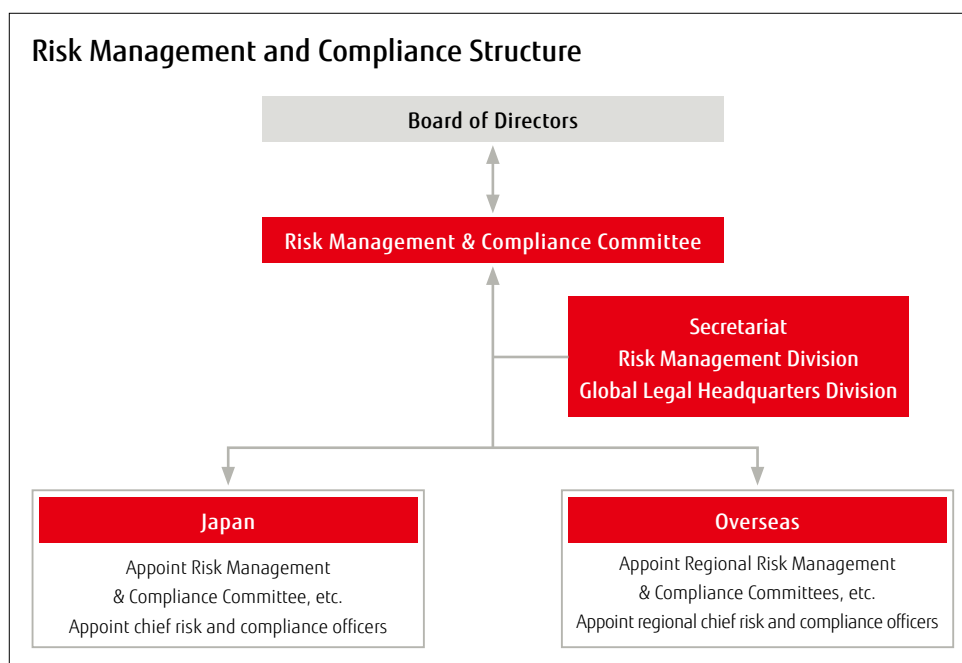
Through its global activities in the ICT industry, the Fujitsu Group continuously seeks to increase its corporate value and to benefit its customers, local communities, and all other stakeholders. We give high priority to assessing and responding appropriately to risks that threaten the achievement of our objectives, preventing materialization of these risks, and establishing measures to minimize the effect of materialized risks and prevent their recurrence. Moreover, we have built a Group-wide risk management and compliance system and are committed to its continuous implementation and improvement.

Development of Our Risk Management and Compliance Structure

To prevent the risk of loss arising during business execution, to respond appropriately to actualized risks, and to prevent their recurrence, the Fujitsu Group has established a Risk Management and Compliance Committee under the direct control of the Board of Directors. This committee is the highest-level decision-making body for risk management and compliance. Accordingly, the committee plays a leading role in identifying and assessing risks, deciding how to avoid or mitigate risks and whether to transfer or retain risks, and taking measures based on these decisions. In addition, the committee operates to minimize the

effect when risks materialize.

The Risk Management and Compliance Committee assigns chief risk and compliance officers to each of Fujitsu's divisions and Group companies in and outside of Japan. Also, we established Regional Risk Management and Compliance Committees in April 2016. These committees coordinate with chief risk and compliance officers to advance Group-wide management of risk and compliance that is focused on preventing risks from arising as well as responding to materialized risks.



Business Risks and Other Risks of the Fujitsu Group

The Fujitsu Group identifies, analyzes, and assesses risks inherent in business activities and takes steps to avoid or mitigate the

effects of these risks. In addition, we have established processes for responding to materialized risks.

Principal Risks	
1. Economic and financial market trends	<ul style="list-style-type: none"> • Risk associated with changes in the economic trends of mainstay markets • Risk associated with the inability to predict market changes accurately and risk associated with greater-than-expected market volatility • Risk associated with the effect of exchange rate fluctuations on import and export transactions and risk associated with a decrease in assets or an increase in liabilities as a result of exchange rate fluctuations • Risk associated with an increase in funding costs due to interest rate changes • Risk associated with the impairment of assets under management due to a slump in the stock market
2. Customers	<ul style="list-style-type: none"> • Risk associated with changes in ICT investment trends among customers • Risk associated with the inability to continue trust-based, transactional, or contractual relationships with customers
3. Competition and industry	<ul style="list-style-type: none"> • Risk associated with loss of competitiveness due to changes in market or competitive conditions • Risk associated with a decrease in competitive advantages with respect to R&D
4. Suppliers and partnerships	<ul style="list-style-type: none"> • Risk associated with impediments resulting from the procurement of inferior quality products • Risk associated with tight component supply due to natural disasters or other unpredicted events • Risk associated with the inability to continue cooperative relationships with respect to partnerships, alliances, or licensing and risk associated with the inability to gain from such cooperation
5. Statutory regulations, government policies, and tax	<ul style="list-style-type: none"> • Risk associated with increased adaptive costs and business opportunity losses arising from the strengthening of, or changes in, statutory regulations or government policies in countries where the Group has businesses
6. Other business execution	<ul style="list-style-type: none"> • Risk associated with defective products and services and risk associated with delivery delays or unprofitable projects • Risk associated with the inability to gain adequate return on R&D investment, capital investment, or investment in business acquisition or business reorganization • Risk associated with license fees, settlements, or litigation resulting from the infringement of a third party's intellectual property rights • Risk associated with the inability to employ or develop required personnel, such as managers and engineers, and risk associated with the inability to prevent a loss of personnel • Risk associated with soil or groundwater pollution at plants and risk associated with inappropriate handling of hazardous chemicals • Risk associated with earthquakes, water damage, fire, demonstrations, or operational errors at the facilities of operating bases, plants, or datacenters in Japan and overseas • Risk associated with a lowering of the credit rating of the Fujitsu Group as a result of its failure to reach earnings targets or deterioration in its financial position • Risk associated with the infringement of related laws and regulations in Japan and overseas and risk associated with being the subject of litigation in relation to business execution
7. Natural disasters and sudden events	<ul style="list-style-type: none"> • Risk associated with the inability to continue businesses due to such natural disasters or accidents, including earthquakes, typhoons, and water damage, or the spread of infectious diseases (including the increased frequency or effect of the above-mentioned due to climate change) • Risk associated with the effect on businesses of conflicts, terrorism, demonstrations, strikes, or political instability in the countries or regions where the Group has businesses

Response to Compliance Matters

In fiscal 2015, the Japan Fair Trade Commission (JFTC) investigated Fujitsu Limited for its alleged violation of the Antimonopoly Act (unreasonable restraint of transaction) in connection with the sale of communication equipment to Tokyo Electric Power Company and Chubu Electric Power Company. With respect to the transactions with Tokyo Electric Power Company, in July 2016 the JFTC issued Fujitsu an administrative cease-and-desist order and an administrative surcharge order, and Fujitsu is responding appropriately to these orders. Fujitsu will continue cooperating fully and sincerely with the JFTC's investigation and procedures.

Immediately following the JFTC's on-site inspection, Fujitsu conducted a thorough internal investigation within the Fujitsu

Group and took appropriate measures in accordance with its policies and applicable laws and regulations.

Fujitsu deeply regrets this incident and apologizes to all related parties for causing them concern.

Aiming to adhere to the Fujitsu Way and comply with Japan's Antimonopoly Act as well as the competition laws of other countries, Fujitsu established in-house regulations, conducted education for officers and other employees, and operated a whistleblowing system globally prior to this incident. Fujitsu will take rigorous measures to prevent the recurrence of such an incident and continue to strengthen compliance-related measures further.