

RISK MANAGEMENT

Our Approach to Risk Management

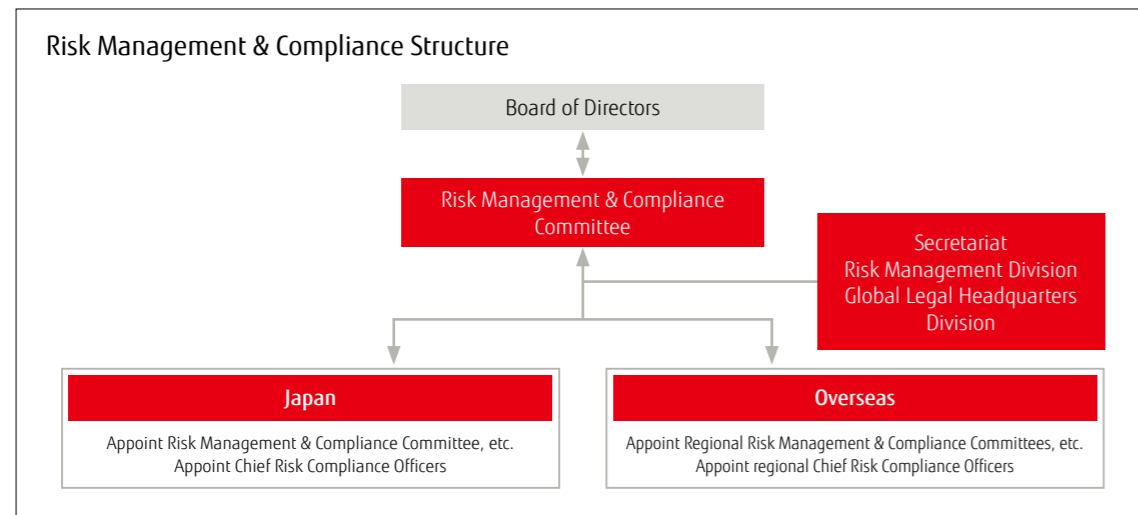
Through its global activities in the ICT industry, the Fujitsu Group continuously seeks to increase its corporate value and to benefit its customers, local communities, and all other stakeholders. We give high priority to assessing and responding appropriately to risks that threaten the achievement of 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 Groupwide 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 materializing during business execution, to respond appropriately to risks that materialize, and to prevent their recurrence, the Fujitsu Group has established a Risk Management & Compliance Committee under the Board of Directors. This committee acts as the highest-level decision-making body on matters involving risk management and compliance.

The Risk Management and Compliance Committee assigns

Chief Risk Compliance Officers to each of the Fujitsu Group's divisions and Group companies in Japan and overseas. Also, we established Regional Risk Management and Compliance Committees in April 2016. These organizations work collaboratively with each other, building a risk management and compliance structure for the entire Fujitsu Group that encourages it to both guard against potential risks and mitigate risks that have already materialized.



Risk Management Process

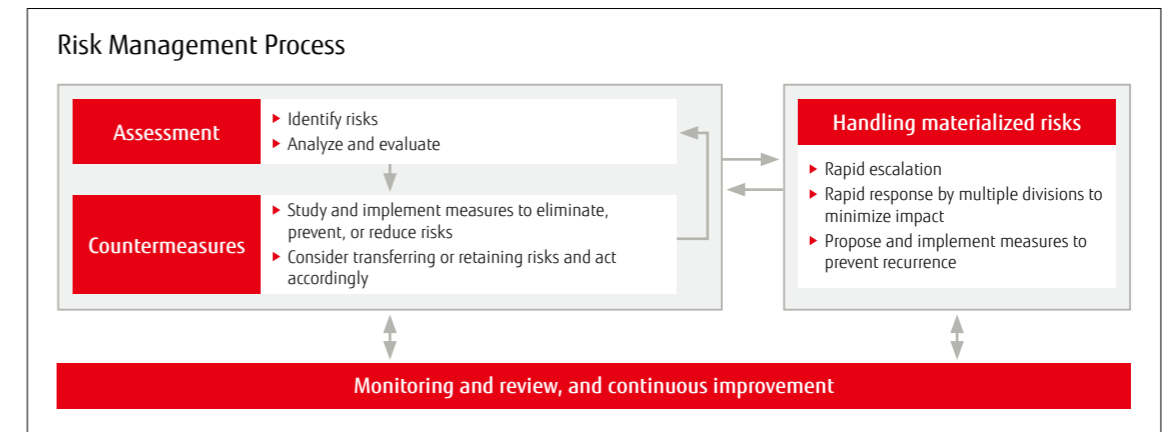
The Risk Management & Compliance Committee, which maintains regular communications with Chief Risk Compliance Officers, identifies, analyzes and evaluates the risks of business activities, and sets out and reviews the responsive measures upon confirming the detailed measures intended to deal with major risks by averting, minimizing, transferring or retaining them. The committee also regularly reports risks identified, analyzed, and evaluated as important to the Board of Directors.

The Risk Management & Compliance Committee also prepares responses to the materialized risks despite the implementation of various preventive measures. If a critical risk

such as a natural disaster, product breakdown or defect, a problem with a system or service, a compliance violation, an information security breach, or an environmental problem materializes, the division or Group company reports immediately to the Risk Management & Compliance Committee. The Risk Management & Compliance Committee coordinates with the related divisions and workplaces for rapid resolution of the problem by appropriate measures such as establishing a task force. At the same time, the Risk Management & Compliance Committee strives to identify the causes of the problem and propose and implement solutions. Additionally, for critical

risks, the committee also reports as appropriate to the Board of Directors.

The Risk Management & Compliance Committee continuously confirms the implementation status of these processes and works to make improvements.



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 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