

# RISK MANAGEMENT

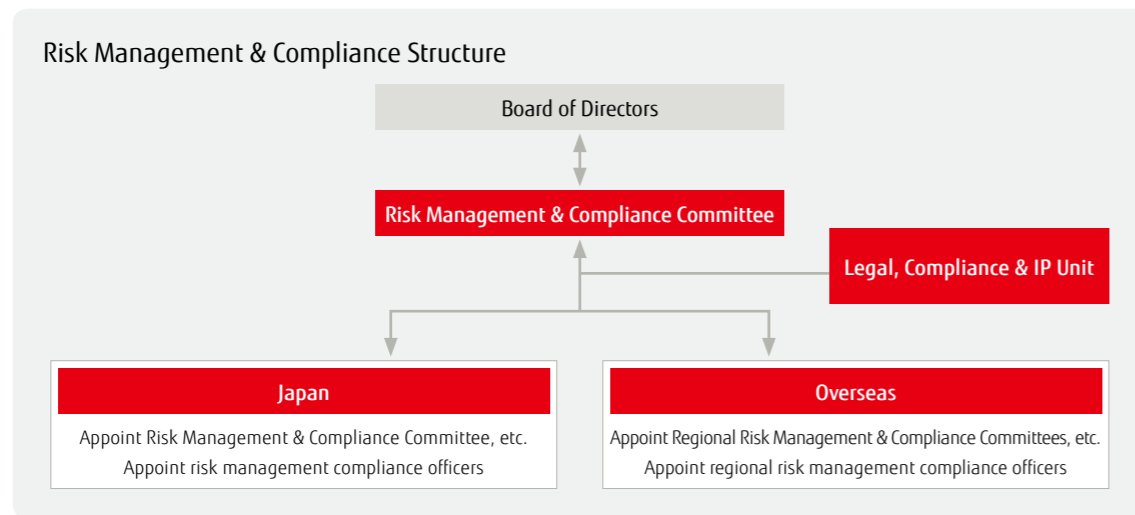
## Our Approach to Risk Management

Through its global activities in the ICT industry, the Fujitsu Group continuously seeks to increase its corporate value and 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 the 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 & Compliance Committee appoints risk management compliance officers for each of the Fujitsu Group's divisions and Group companies in Japan and overseas. Also, we established Regional Risk Management & Compliance Committees in April 2016.

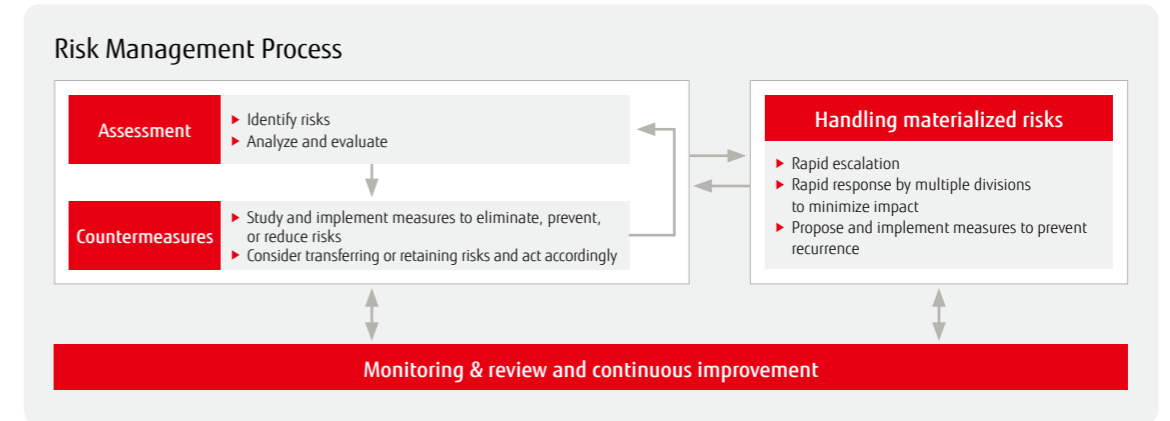


### Risk Management Process

The Risk Management & Compliance Committee, which maintains regular communication with risk management compliance officers, identifies, analyzes and evaluates the risks of business activities at each of the Fujitsu Group's divisions and Group companies in and outside of Japan, and sets out and reviews the responsive steps upon confirming the detailed measures intended to deal with major risks by averting, minimizing, transferring or retaining them. The Committee also regularly reports significant risks it has identified, analyzed, and evaluated to the Board of Directors.

The Risk Management & Compliance Committee also prepares responses to the materialized risks despite the

implementation of various preventive measures. The Risk Management & Compliance Committee coordinates with the related divisions and workplaces for rapid resolution of the problem by taking 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 while proposing and implementing 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"> <li>Risk associated with changes in the economic trends of mainstay markets</li> <li>Risk associated with fluctuations in exchange rates and interest rates and changes in trends in capital markets</li> </ul>
2. Customers	<ul style="list-style-type: none"> <li>Risk associated with changes in ICT investment trends among customers</li> <li>Risk associated with the inability to continue trust-based, transactional, or contractual relationships with customers</li> </ul>
3. Competitors and the Industry	<ul style="list-style-type: none"> <li>Risk associated with loss of competitiveness due to changes in market or competitive conditions</li> <li>Risk associated with a decrease in competitive advantages with respect to R&amp;D</li> </ul>
4. Investment Decisions and Business Restructuring	<ul style="list-style-type: none"> <li>Risk that investments in R&amp;D or necessary measures in such areas as capital expenditure, business acquisitions, and business restructuring are unable to generate adequate returns</li> </ul>
5. Suppliers, Alliances, etc.	<ul style="list-style-type: none"> <li>Risk associated with tight component supply due to natural disasters or other unpredictable events</li> <li>Risk associated with impediments resulting from the procurement of inferior quality products</li> <li>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</li> </ul>
6. Public Regulations, Public Policy, and Tax Matters	<ul style="list-style-type: none"> <li>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</li> </ul>
7. Natural Disasters and Unforeseen Incidents	<ul style="list-style-type: none"> <li>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)</li> <li>Risk associated with the effect on businesses of conflicts, terrorism, demonstrations, strikes, or political instability in the countries or regions where the Group has business</li> </ul>
8. Finance	<ul style="list-style-type: none"> <li>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</li> <li>Risk related to credit administration</li> </ul>
9. Deficiencies or Flaws in Products and Services	<ul style="list-style-type: none"> <li>Risk associated with defective products and services</li> <li>Risk associated with delivery delays or unprofitable projects</li> </ul>
10. Compliance Issues	<ul style="list-style-type: none"> <li>Risk associated with the infringement of related laws and regulations in Japan and overseas</li> </ul>
11. Intellectual Property	<ul style="list-style-type: none"> <li>Risk associated with the manufacture and sale of similar products developed by third parties using the Group's own intellectual property</li> <li>Risk of infringing on other companies' intellectual property and of the need to pay for usage rights and other charges</li> </ul>
12. Security	<ul style="list-style-type: none"> <li>Risk of leakage of the personal and confidential information of customers, business partners, and the Fujitsu Group itself</li> <li>Risk of in-house networks being impacted by computer viruses or unauthorized access, including cyberattacks, thereby impeding operations and leaking information</li> <li>Risk of business interruption or data breaches caused by physical damage to the Group's facilities</li> </ul>
13. Human Resources	<ul style="list-style-type: none"> <li>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</li> </ul>
14. Fujitsu Group Facilities and Systems	<ul style="list-style-type: none"> <li>Risk of the operations of Fujitsu Group facilities, including production lines or systems, needing to be discontinued in the event of natural disasters, unexpected incidents, faulty construction quality, or the occurrence of operational errors, with adverse impact on the Group's business</li> </ul>
15. Environment	<ul style="list-style-type: none"> <li>Risk of environmental pollution accompanying business activities occurring or being identified</li> <li>Risk of increased frequency and severity of natural disasters caused by climate change having a negative impact on the Group's business</li> <li>Risk of the Group incurring increased costs for providing products and services and in other areas in order to comply with policies to reduce greenhouse gas emissions</li> </ul>