

Roundtable Discussion with Independent Directors—Governance That Anticipates Change and Drives Innovation



Atsushi Abe

Managing Partner,
Senior Advisor,
Sangyo Sosei Advisory Inc.

Chiaki Mukai

Specially Appointed
Vice President,
Tokyo University of Science

Yoshiko Kojo

Professor, Department of
International Politics,
Aoyama Gakuin University School
of International Politics,
Economics and Communication

Scott Callon

Chief Executive Officer,
Ichigo Asset Management, Ltd.

Global society faces major challenges and changes, including its response to COVID-19, the economic realignment toward the realization of a decarbonized society, and the rising chorus of voices calling for diversity and equality. Amid this, Fujitsu is working to create value through its strategy focused on the “For Growth” and “For Stability” business domains.

After the shareholders' meeting held on June 28, 2021, we asked the just-reappointed independent directors about how Fujitsu perceives the changes in society and how they are linked to Fujitsu's own transformation.

—Mr. Callon, it has been one year since you were appointed as a director. Have there been any discoveries or surprises that you did not anticipate when you were looking at Fujitsu as an investor?

Callon: Actually, there have been no major surprises. As an investor, I was impressed with Fujitsu's deep commitment to generating social value, as evidenced by the establishment of Fujitsu's new Purpose and reformulation of the Fujitsu Way. However, as an investor, I had to base my evaluations only on surface-level results that were visible to external investors, such as Fujitsu's business strategy and execution and operating results. As a director, I am able to see not only our results but also the processes that underpin these results, including the roles that independent directors play in corporate governance and our discussions on strategy and execution. This has bolstered my confidence in Fujitsu as an excellent company.

Abe: Scott has contacts with numerous companies both as an investor and as a business executive, and he has a very broad perspective. As a member of the capital markets, Scott's opinions are very persuasive, and the executive team pays close attention to them when discussing the expectations and concerns of the capital markets and investors regarding Fujitsu. Scott's recommendations have also come into play in the capital allocation policy announced in April 2021, which represents a step forward from that announced last year.

Callon: A common challenge for Japanese companies is that even when they seek to provide robust disclosure, the disclosed information may not be conveyed fully and clearly to those outside the company. Thus, for Fujitsu's own disclosure,

it is better to make our policies and goals more explicit. I have suggested this to Mr. Tokita (CEO) and Mr. Isobe (CFO), and we have discussed it with Mr. Abe.

—There is growing demand for Board oversight of climate change and other sustainability initiatives. How is Fujitsu's Board of Directors responding to this new demand?

Callon: As can be seen in all of Fujitsu's business activities being linked to Our Purpose, Fujitsu's corporate values have always been that it should contribute to society and benefit all stakeholders. Japan historically has had a philosophy of "working for mutual benefit," so there is no need to newly articulate the concept of "stakeholder capitalism" here.

Mukai: In the fields of medicine, aerospace development, and education, in which I specialize, we are always thinking about our roles and significance in society, so I think it's natural for us to respond to social issues and the needs of the people in the community. The heart of DX lies in providing solutions to social issues, and I think our Group is exactly the same. Without being sensitive to the sustainability of society, our Group itself will not be sustainable.

Kojo: In the international community, there is a shared understanding that climate change has a negative impact on many issues, including poverty, infectious diseases, and biodiversity. The Fujitsu Group has a high level of awareness within its executive team, as illustrated by the reformulation of the Fujitsu Way with Our Purpose as its pillar. We are proactive in addressing climate change issues, and we have set non-financial indicators to disclose our own initiatives to external stakeholders.

As a director, I am able to see not only our results but also the processes that underpin these results, including the roles that independent directors play in corporate governance and our discussions on strategy and execution. This has bolstered my confidence in Fujitsu as an excellent company.



Mukai: In terms of integrating sustainability and business, progress on non-financial indicators has already been incorporated into the performance evaluations of senior management, and the Compensation Committee (please see page 74), of which Dr. Kojo and I are members, has begun considering the incorporation of reflecting the achievement of non-financial indicators in the remuneration of executive directors. However, the specific methods need to be discussed more. For example, it will take some time to come to a conclusion on how to take into account the difference between the time horizon of sustainability and the time horizon of business; how to ensure objectivity and fairness in evaluations; and how to measure results that are not easily quantifiable.

—Mr. Abe, you said here a year ago that Fujitsu was preparing to further change the way Board meetings were managed in light of the 2020 Evaluation of the Effectiveness of the Board of Directors. Specifically, what changes have been made?

Abe: We have been promoting closer communication between the Board of Directors and the executive team. This is because open communication is essential for drawing rational conclusions.

The independent directors' meetings have long functioned as a forum for sharing information and fostering understanding of our business. Since 2020, we have also held more than a dozen "business overview briefings" a year. These are study sessions where we receive explanations of individual businesses from the executive team. We also hold "private sessions" by independent directors and independent Audit & Supervisory Board members to enhance communication and share their concerns and opinions. We are also increasing opportunities for direct communication, for example, by holding one-on-one sessions between the president and independent outside directors. Mr. Kenichiro Sasae was elected as an independent director at the shareholders' meeting held today. Even before his appointment we recognized the need to have a system to shed light on what was not understood clearly for all of us, not just newly appointed Board members.

Mukai: The increase in communication between the Board of Directors and the executive team, and the ability to share the concerns of both parties, are really thanks to the contribution of Mr. Abe, the chairman of the Board of Directors, who acts as a link in the communication with the senior executive team.

Kojo: We now have much better communication channels to convey to the executive team what information we need and to receive feedback from the team. This is very important in terms of not leaving opinions expressed unacted on and deepening discussions at Board meetings. The management of the Board of Directors has changed more and more over the past year as a result of the COVID-19 pandemic, and I feel that each time it has done so, its functions have been strengthened.

Abe: As was the case with the COVID-19 pandemic, unexpected situations occur in corporate management. What is particularly important for the executive team to take agile action in such situations is to have a common understanding of the extent to which the Board of Directors should be involved in decision making and the extent to which the executive team should involve the Board of Directors. I believe that the foundation for such common understanding is regular communication.

—What will be required in the future to further improve the effectiveness of governance, especially in terms of the diversity of the Board?

Callon: One thing I think we need is independent directors who are able to discuss technology and competition in the IT services industry on an equal footing with the management team. I started my career in computers, so I have a little bit of a background; Dr. Mukai is a scientist; and Mr. Abe has a strong understanding of the IT industry. However, the IT services industry is changing dramatically, and the range of technologies that we need to understand in order to generate insights into Fujitsu's future is also very broad. Even with study, it is difficult to generate a level of understanding that supports in-depth discussions.

Kojo: The level of knowledge of the independent directors has definitely deepened through learning at the “business overview briefings” and “private sessions” that Mr. Abe alluded to earlier. Even so, it is clear that there are many technical topics that cannot be understood immediately after listening to a single explanation. Moreover, our approximately 130,000 employees have wide-ranging understanding of technical topics across the Group's broad business scope.

Mukai: As for my personal study, I have access to the materials of the management meetings on tablet computers provided to independent directors by the Company. In addition to reading a considerable amount of material, I ask questions to young employees who are members of the Independent Directors & Auditors Council Support Office when I don't understand something, as well as doing my own research. That said, there is much more than one person can comprehend with their own range of knowledge and understanding. That's why we need members with diverse expertise and experience.

Callon: A non-diverse board is like a soccer team consisting entirely of goalkeepers. For the Board to carry out its monitoring function and discuss and articulate Fujitsu's long-term strategy, it needs access to a diversity of knowledge and skills. This should include perspectives and advice based on industry knowledge and insights generated from Fujitsu peer benchmarking.

Abe: It is difficult to say whether expertise in computer science or IT services qualifies a person to be a member of the Board of Directors, because it is not as simple as that. It is important for the Board of Directors to have both a big-picture view and expertise as a group, and it is meaningless to satisfy only the formal requirements. This issue is also related to the function of the Board of Directors: whether it should be a so-called “management-type” board that discusses the substance of the business, or a “monitoring-type” board that sets management policies and subsequently focuses on confirming progress.

Considering that the heart of DX is to provide solutions to social issues, our Group's own sustainability is not possible without being sensitive to the sustainability of society.





What is important for the executive team to take flexible measures is to have a common understanding of the extent to which the Board of Directors will be involved in decision making and the extent to which the executive team will involve the Board of Directors. I believe that the foundation for such common understanding is regular communication.

Mukai: In terms of diversity, I think it would be excellent if we could include the voices of the younger generation, regardless of whether or not they directly participate in Board meetings. Looking further into the future than the medium to long term ultimately comes down to the question of how young people will change society and what they want to change.

—Finally, what are your opinions and expectations regarding the next steps for value creation at Fujitsu, and what are your own aspirations?

Kojo: The future of the COVID-19 situation remains uncertain, and there is no foreseeable end to the crises that threaten the sustainability of society in the future. Under such circumstances, I would like to ask what kind of value our Group can provide to society, and I hope to continue to enhance my skills in doing so.

Mukai: This is the third year since our Group turned its direction toward DX, so we need to be able to show tangible results from our efforts to our customers and other external

stakeholders. Personally, I am looking forward to the expansion of business that utilizes the data within our Group of 130,000 employees, and I myself need to learn more in order to consider the possibilities.

Callon: In the past, hardware made up a large part of our business and required significant, ongoing capital investment. Today, however, we need to make decisions—essentially for the first time ever—on how to allocate the cash from our large cash flow generation capability. Since this cash is hard-earned and valuable, we need to determine whether potential

investments are businesses with high success probabilities and leverage Fujitsu's unique strengths. I support Fujitsu's Purpose-driven ambition to transform itself and strengthen its ability to solve important social problems, along with the dedication of all employees globally to grow long-term value for all stakeholders.

Abe: With regard to internal reforms, under the leadership of CEO Tokita, Fujitsu's own DX promotion initiative, "Fujitra," has changed mindsets in our Group and is bringing about real changes. In terms of business, we have taken the necessary steps, including the establishment of a new company. From now on, we will monitor the results of our efforts to strengthen our problem-solving capabilities and support the executive team in achieving our goals by urging them on.

As chairman of the Board of Directors, I will continue to focus on eliciting the opinions of each director and communicating with the executive team to reach conclusions through open discussion. I will conduct meetings with a sense of urgency, as if we are being monitored by a third party, to ensure that we are having rational discussions.

The future of the COVID-19 situation remains uncertain, and there is no foreseeable end to the crises that threaten the sustainability of society in the future. Under such circumstances, I would like to ask what kind of value our Group can provide to society.



Message from the New Independent Director

Fujitsu is one of Japan's leading companies in the field of advanced technology, including services related to information technology and the development of supercomputers. The further development and success of its business is important from the perspective of progress and benefits not only for Japan but for all of humanity.

I believe that Fujitsu's Purpose—"to make the world more sustainable by building trust in society through innovation"—aligns with the needs of our times. Fujitsu has also defined "Aspiration," supported by diversity and curiosity; "Trust," or acting with ethics and transparency; and "Empathy," listening to society and various stakeholders including shareholders, as important values. This is a thoughtful stance not only in the business world but also in considering the ideal form of nations and the international community as a whole.

I am delighted to be able to participate as an independent director in a company that advocates such values and principles. I have served as an independent director at other companies as well, and I feel that corporate governance reforms in Japan in recent years are still underway in many

companies, and that such reforms vary depending on the characteristics of each company. I hope that Fujitsu will continue to pursue new challenges and innovation and to evolve its business under its unique but internationally competitive governance, while maintaining its admirable culture. I see my role as an independent director to support this endeavor from a wider perspective, and I hope that my experience in the field of diplomacy will be useful here.

The Japan Institute of International Affairs, where I serve as president, was presented with the "2020 Think Tank of the Year-Top Think Tank in the World" award, and its findings may be of some help. Competition for technology among companies is intensifying around the world, and nations and groups of nations are looking to gain the ascendancy. In an age when those who control technology control the rules and the order of the surrounding data and cyber space, I would like to support Fujitsu in making the best choices between various alliances and partnerships and help navigate between liberalized and tightly regulated markets.



Kenichiro Sasae

President
The Japan Institute of International Affairs (JIIA)

Management

(As of October 1, 2021)

EXECUTIVE DIRECTORS



Born: September 2, 1962
 Apr. 1988 Joined the Company
 Jun. 2014 Head of Financial Systems Unit
 Apr. 2015 Corporate Executive Officer
 Jan. 2019 EVP, Head of Global Delivery Group
 Mar. 2019 Corporate Executive Officer, SEVP
 Jun. 2019 Representative Director and Chief Executive Officer (CEO)*²
 Chairman of the Risk Management & Compliance Committee*²
 Oct. 2019 Chief Digital Transformation Officer (CDXO)*²

Takahito Tokita

Representative Director
 CEO, CDXO

Number of years as director: 2

Number of Fujitsu shares held:
 1,000*¹



Born: December 13, 1958
 Apr. 1982 Joined the Company
 May 2009 Head of Manufacturing Industry Solutions Business Unit
 Apr. 2012 Corporate Vice President
 Apr. 2014 Corporate Senior Vice President
 Head of Global Delivery
 Apr. 2018 Corporate Executive Officer
 SEVP, Head of Digital Services Business
 Jan. 2019 SEVP, Head of Technology Solutions Business
 Chief Technology Officer (CTO)
 (until June 2021)
 Jun. 2019 Representative Director and Chief Operating Officer (COO)*²
 Apr. 2020 SEVP, Head of Global Solutions Business
 Oct. 2021 Chief Data & Process Officer (CDPO)*²

Hidenori Furuta

Representative Director
 COO, CDPO

Number of years as director: 2

Number of Fujitsu shares held:
 2,133*¹



Born: July 29, 1962
 Apr. 1985 Joined the Company
 Jun. 2014 VP, Corporate Controller Division,
 Corporate Finance Unit
 Apr. 2018 Corporate Executive Officer
 EVP, Head of Corporate Finance Unit
 (until March 2021)
 Jun. 2019 Chief Financial Officer (CFO)*²
 Apr. 2020 Corporate Executive Officer, SEVP
 Jun. 2020 Director and Corporate Executive Officer,
 SEVP*²

Takeshi Isobe

Director
 CFO

Number of years as director: 1

Number of Fujitsu shares held:
 325*¹

NON-EXECUTIVE DIRECTORS



Born: January 11, 1954
 Apr. 1976 Joined the Company
 Jun. 2004 Executive Vice President,
 Personal Systems Business Group
 Jun. 2005 Corporate Vice President
 Jun. 2007 Corporate Senior Vice President
 Jan. 2010 Corporate Senior Executive Vice President
 Apr. 2010 President
 Jun. 2010 Representative Director
 President
 Jun. 2015 Representative Director
 Chairman (until June 2017)
 Chairman of the Board of Directors
 (until June 2019)
 Jul. 2015 Member of the Executive Nomination
 Committee and
 Compensation Committee (until June 2019)
 Jun. 2017 Director and Chairman (until June 2019)
 Outside Director, JFE Holdings, Inc.*²
 Jun. 2019 Director and Senior Advisor*²
 Member of the Board of Directors
 (Outside Director),
 Mizuho Financial Group, Inc.*²
 Jul. 2021 Member of the Executive
 Nomination Committee*²

Masami Yamamoto

Director
 Senior Advisor

Number of years as director: 11

Number of Fujitsu shares held:
 10,140*¹



Born: May 6, 1952
 Nov. 1977 Staff, Department of Surgery,
 Keio University School of Medicine
 (until November 1985)
 Aug. 1985 Payload Specialist, the National Space
 Development Agency of Japan*³
 (until March 2015)
 Jun. 1987 Visiting Scientist, Division of Cardiovascular
 Physiology, Space Biomedical Research
 Institute, NASA Johnson Space Center
 (until December 1988)
 Oct. 2014 Vice President of the Science Council of Japan
 (until September 2017)
 Apr. 2015 Vice President of Tokyo University of Science
 (until March 2016)
 Jun. 2015 Director*²
 Apr. 2016 Specially Appointed Vice President of
 Tokyo University of Science*²
 Jul. 2016 Member of the Executive Nomination
 Committee*² (until June 2021)
 Member of the Compensation Committee
 (until June 2018)
 Jan. 2017 Chair of the Scientific and Technical Subcom-
 mittee, UN Committee on the Peaceful Uses
 of Outer Space (COPUOS) (until January 2018)
 Apr. 2018 Special Counselor of the JAXA*³
 (until March 2021)
 Jul. 2018 Chairperson of the Compensation Committee*²
 Mar. 2019 Outside Director, Kao Corporation*²

Chiaki Mukai

Director
 Specially Appointed
 Vice President of
 Tokyo University of Science

Number of years as director: 6

Number of Fujitsu shares held:
 3,086*¹



Born: October 19, 1953
 Apr. 1977 Mitsui & Co., Ltd.
 Jun. 1990 Manager, Electronic Industry Department,
 Mitsui & Co., Ltd.
 Jan. 1993 Managing Director, Alex. Brown & Sons, Inc.*⁴
 Aug. 2001 Managing Director and Head of
 Global Corporate Finance,
 Deutsche Securities, Ltd.*⁵
 Aug. 2004 Partner & Head of Japan, J.P. Morgan Partners
 Asia*⁶ (until March 2009)
 May 2007 Board Member, Edwards Group Ltd.*⁷
 (until October 2009)
 Dec. 2009 Managing Partner, Sangyo Sosei Advisory Inc.*²
 Feb. 2011 Board Member, ON
 Semiconductor Corporation*²
 Jun. 2015 Director*²
 Jun. 2019 Chairman of the Board of Directors*²
 Dec. 2019 Senior Advisor, Sangyo Sosei Advisory Inc.*²
 Jul. 2021 Chairman of the Executive
 Nomination Committee*²

Atsushi Abe

Director
 Managing Partner,
 Senior Advisor,
 Sangyo Sosei Advisory Inc.

Number of years as director: 6

Number of Fujitsu shares held:
 2,693*¹

NON-EXECUTIVE DIRECTORS

**Yoshiko Kojo**

Director
Professor, Department of International Politics, Aoyama Gakuin University School of International Politics, Economics and Communication
Number of years as director: 3
Number of Fujitsu shares held: 684*1

Born: June 19, 1956
Apr. 1988 Assistant Professor of International Relations, Faculty of Law, Kokugakuin University
Apr. 1991 Associate Professor of International Relations, Faculty of Law, Kokugakuin University
Apr. 1996 Associate Professor of International Relations, Department of Advanced Social and International Studies, the University of Tokyo
Jun. 1999 Professor of International Relations, Department of Advanced Social and International Relations, the University of Tokyo (until March 2020)
Oct. 2010 President, Japan Association of International Relations
Oct. 2012 Member of Advisory Board, Japan Association of International Relations*2
Oct. 2014 Member of Science Council, Japan*2 (until September 2020)
Jun. 2018 Director*2
Jul. 2019 Member of the Executive Nomination Committee and Compensation Committee*2
Apr. 2020 Professor, Department of International Politics, Aoyama Gakuin University School of International Politics, Economics and Communication*2

**Scott Callon**

Director
Chief Executive Officer, Ichigo Asset Management, Ltd.
Number of years as director: 1
Number of Fujitsu shares held: 0*1

Born: December 6, 1964
Apr. 1988 MIPS Computer Systems, Inc.*8
Jan. 2003 Head of Equities, Morgan Stanley Japan Limited*9
May 2006 Chief Executive Officer, Ichigo Asset Management, Ltd.*2
Oct. 2008 Chairman and Representative Statutory Executive Officer, Asset Managers Holdings Co., Ltd.*10 *2
Nov. 2008 Director and Chairman of the Board of Directors, Asset Managers Holdings Co., Ltd.*10 *2
May 2012 External Audit & Supervisory Board Member, Chiyoda Co., Ltd. (until May 2020)
Mar. 2020 Chairman and Representative Director, Japan Display Inc.*2 (until December 2020)
Jun. 2020 Director*2
Aug. 2020 Chairman of the Board of Directors, Japan Display Inc.*2
Jan. 2021 Chairman and Representative Executive Officer, CEO and Director, Japan Display Inc.*2
Jul. 2021 Member of the Executive Nomination Committee and Compensation Committee*2

**Kenichiro Sasae**

Director
President of The Japan Institute of International Affairs
Number of years as director: Newly appointed
Number of Fujitsu shares held: 0*1

Born: September 25, 1951
Apr. 1974 Ministry of Foreign Affairs
Mar. 2002 Director-General of Economic Affairs Bureau, Ministry of Foreign Affairs
Jan. 2005 Director-General of Asian and Oceania Affairs Bureau, Ministry of Foreign Affairs
Jan. 2008 Deputy Minister for Foreign Affairs
Aug. 2010 Vice-Minister for Foreign Affairs
Sep. 2012 Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America
Jun. 2018 President and Director General, The Japan Institute of International Affairs
Jun. 2019 Outside Director, SEIREN CO., LTD.*2
MITSUBISHI MOTORS CORPORATION*2
Dec. 2020 President, The Japan Institute of International Affairs*2
Jun. 2021 Director*2
Jul. 2021 Member of the Compensation Committee*2

AUDIT & SUPERVISORY BOARD MEMBERS

Audit & Supervisory Board Members

Youichi Hirose**Megumi Yamamuro**

Lawyer and Special Advisor, URYU & ITOGA

Audit & Supervisory Board Members (Independent)

Koji Hatsukawa

Certified Public Accountant

Hideo Makuta

Advisor, Nagashima Ohno & Tsunematsu

REPRESENTATIVE DIRECTORS / CORPORATE EXECUTIVE OFFICERS

Representative Director
CEO, CDXO

Takahito Tokita

Representative Director
COO, CDPO

Hidenori Furuta

Director and Corporate Executive Officer
CFO

Takeshi Isobe

Corporate Executive Officers

Naoyoshi Takatsuna**Masaki Kubota****Ryuji Kushida****Taizo Takahashi****Megumi Shimazu****Vivek Mahajan****Junichi Saito****Hirohisa Yamaguchi****Isamu Yamamori****Tsuneo Hayashi****Shunsuke Onishi****Hiroki Hiramatsu**

Executive Fellow

Toshihiko Morita**Yuzuru Fukuda****Kyoko Mizuguchi****Shingo Mizuno****Yumiko Kajiwara****Kazushi Koga****Yuuichi Koseki****Shunsuke Baba****Hiroataka Hara****Tim White****Taeko Yamamoto****Yoshinami Takahashi**

*1 Number of shares held as of March 31, 2021

*2 To present

*3 Currently, the Japan Aerospace Exploration Agency (JAXA)

*4 Currently, Raymond James & Associates, Inc.

*5 Currently, Deutsche Securities Inc.

*6 Currently, Unitas Capital

*7 Currently, Atlas Copco

*8 Currently, Wave Computing

*9 Currently, Morgan Stanley MUFG Securities Co., Ltd.

*10 Currently, Ichigo Inc.

Corporate Governance

Basic Approach to Corporate Governance

The Company regards corporate governance as a critical mechanism to fulfill the senior management team's mission in a manner befitting shareholders' trust. This mission is based on Our Purpose (from the Fujitsu Way), and enables a form of business management that, rather than pursuing short-term profits, earns the trust of customers and business partners, motivates employees to work with vitality and pride, and contributes to society. Through such business management, the Company will grow and enhance corporate value over the medium to long term.

Structural Framework

The Company endeavors to ensure that the oversight and advice from the diverse perspectives of non-executive directors (the term used for the combination of independent directors and non-executive directors appointed from within the Company) are reflected in the management execution of executive directors, as part of the Board of Directors' function while leveraging the advantages of a company with an Audit & Supervisory Board system. (For the specific measures, please see "1. Overview of Corporate Governance Structure.")

Based on a decision made by the Board of Directors in December 2015, the Company has established a basic policy, "Corporate Governance Policy," summarizing its approach to corporate governance. <https://www.fujitsu.com/global/about/ir/library/governance/governancereport-b-en-20211223.pdf>

In addition, for details on corporate governance, please visit the Fujitsu website (About Fujitsu > Sustainability > Corporate Governance): <https://www.fujitsu.com/global/about/csr/governance/>

Initiatives Taken to Strengthen Corporate Governance

Reduced directors' terms to one year
To further clarify directors' management responsibilities

2006

Established the Executive Nomination Committee and Compensation Committee
To ensure the transparency and objectivity of the process for choosing candidates for executives and the process of determining compensation, and to ensure an appropriate compensation system and level

Established the Independent Directors & Auditors Council
To support independent directors and Audit & Supervisory Board members, who maintain a certain degree of separation from the execution of business activities, in consistently gaining a deeper understanding of Fujitsu's business

2009

Established Corporate Governance Policy
To explain to shareholders basic policies on the establishment and operation of systems in light of basic approaches to corporate governance
For the complete Corporate Governance Policy, please visit the following website. <https://www.fujitsu.com/global/about/ir/library/governance/governancereport-b-en-20211223.pdf>

2015

Introduced performance-based stock compensation plan
To incentivize executive directors to improve medium- to long-term corporate value and to promote shareholder-oriented business management

2017

Appointed independent director as chairman of the Board
Independent directors are appointed as chairman of the Board, chairperson of the Executive Nomination Committee, and chairperson of the Compensation Committee in order to strengthen the supervisory function.

2019

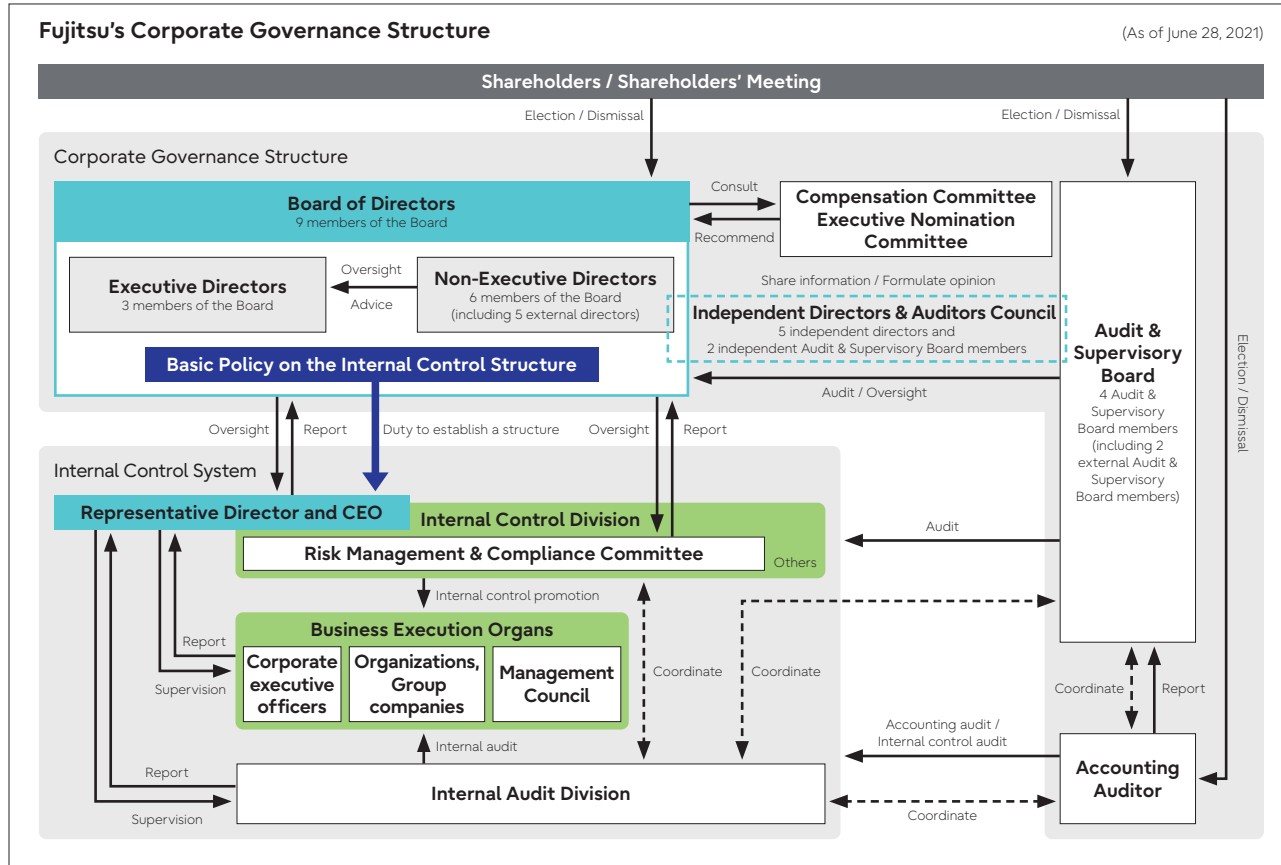
Abolished senior executive advisor/ advisor system
To clarify management responsibility and strengthen corporate governance
Fujitsu will enter into commission contracts with retiring officers, who will be known as "senior advisors" or "senior fellows," on an individual basis and subject to a resolution of the Board of Directors, in cases where such treatment of retiring officers is indispensable as they are to be appointed as an officer of an unaffiliated organization, or where it is judged the individual is particularly useful for Fujitsu's business operations.

2018

2020

Made independent directors a majority on the Board of Directors
Among nine directors, five independent directors constitute a majority. Our aim is to increase the transparency and objectivity of deliberations.

1. Overview of Corporate Governance Structure



Roles and Composition of Key Boards, Committees, and Councils

<p>Board of Directors</p>	<ul style="list-style-type: none"> · Serves as a body for making important decisions and overseeing management · Mainly oversees and acts in an advisory capacity in relation to the management execution of executive directors · Non-executive directors at least the same in number as executive directors · At least one non-executive director appointed from within the Company · Proactive appointment of independent directors to the position of non-executive director · One-year term of office for directors · As of June 28, 2021, the Board of Directors is composed of nine members, of whom three are executive and six are non-executive directors (including five independent directors). The Board of Directors is chaired by an independent director.
<p>Audit & Supervisory Board</p>	<ul style="list-style-type: none"> · From an independent position, audits and provides oversight of the Board of Directors as well as management execution functions and conducts accounting audits · Four-year term of office for Audit & Supervisory Board members · As of June 28, 2021, the Audit & Supervisory Board comprises four members, of whom two are full-time Audit & Supervisory Board members and two are external Audit & Supervisory Board members.
<p>Executive Nomination Committee and Compensation Committee</p>	<ul style="list-style-type: none"> · Serve as advisory bodies to the Board of Directors · The Executive Nomination Committee deliberates on candidates for director and Audit & Supervisory Board member positions in accordance with the Structural Framework of the Corporate Governance Structure and the Procedures and Policy of Directors' and Auditors' Nomination/Dismissal stipulated in the Company's Corporate Governance Policy, and submits recommendations to the Board of Directors. · The Compensation Committee submits recommendations on the level of base compensation and the method for calculating performance-based compensation to the Board of Directors in accordance with the Procedures and Policy of Directors' and Auditors' Nomination/Dismissal stipulated in the Company's Corporate Governance Policy. · As of July 29, 2021, the Executive Nomination Committee comprises three independent directors and one non-executive director; the Compensation Committee comprises four independent directors. (For details on committee members, please see "Members of the Board of Directors and Audit & Supervisory Board" on page 72.) · As of July 29, 2021, both committees are chaired by independent directors.
<p>Independent Directors & Auditors Council</p>	<ul style="list-style-type: none"> · Serves as a framework under which independent directors and independent Audit & Supervisory Board members share information and further their understanding of the Company's businesses. Council members discuss the medium- and long-term direction of the Company, share information, and exchange viewpoints so that all members can formulate their own opinions. · Is composed of all independent directors and independent Audit & Supervisory Board members

2. External Directors / External Audit & Supervisory Board Members

Independence Standards for External Directors and Auditors

The Company evaluates the independence of external directors and auditors based on the following standards.

- a** A director and Audit & Supervisory Board member will be independent if none of the following are met, at present and/or in the past:
- (1) Director or employee of a Fujitsu Group company*1;
 - (2) Director, executive officer, Audit & Supervisory Board member, or important employee*2 of a major shareholder*3 of Fujitsu;
 - (3) Director, executive officer, Audit & Supervisory Board member, or important employee*2 of a major lender*4 to Fujitsu;
 - (4) Partner or employee of accounting auditor company of Fujitsu;
 - (5) Director, executive officer, Audit & Supervisory Board member, or corporate executive officer mutually exchanged between Fujitsu and other company;
 - (6) A person who receives a significant amount of monetary benefits*5 or other property other than the compensation as a director or Audit & Supervisory Board member from Fujitsu; or
 - (7) Director, executive officer, Audit & Supervisory Board member, or important employee*2 of a major business partner*6 of Fujitsu.

- b** A person who is not a close relative*7 of any of the following persons, at present or at any time within the preceding years, will be designated as independent:
- (1) Executive director, non-executive director,*8 or important employee of Fujitsu Group companies;
 - (2) Director, executive officer, Audit & Supervisory Board member, or important employee*2 of a major shareholder of Fujitsu;
 - (3) Director, executive officer, Audit & Supervisory Board member, or important employee*2 of a major lender to Fujitsu;
 - (4) Partner or employee of accounting auditor company of Fujitsu;
 - (5) Director, executive officer, Audit & Supervisory Board member, or corporate executive officer mutually exchanged between Fujitsu and other company;
 - (6) A person who receives a significant amount of monetary benefits or property other than the compensation as a director or Audit & Supervisory Board member from Fujitsu; or
 - (7) Director, executive officer, Audit & Supervisory Board member, or important employee*2 of a major business partner of Fujitsu.

*1 "Fujitsu Group company" means Fujitsu Limited or one of its subsidiaries.

*2 This excludes the independent directors and the independent Audit & Supervisory Board members of said major shareholders, lenders to the Company, and business partners of the Company.

*3 "Major shareholder" indicates a shareholder who holds at least 10 percent of the voting rights of Fujitsu nominally or substantially.

*4 "Major lender" indicates a lender in the Group's major lenders listed in the latest business report of Fujitsu.

*5 "Significant amount of monetary benefits" means the sum of annual compensation for expert services and a donation equal to or more than ¥10 million.

*6 "Major business partner" means a company with which Fujitsu Group companies made a business transaction within the preceding three fiscal years, and the total amount of the transaction exceeded 1% of consolidated sales revenue of either Fujitsu or that company.

*7 "Close relative" means a family member, spouse, or cohabiter within the second degree of kinship (as stipulated in the Civil Code of Japan).

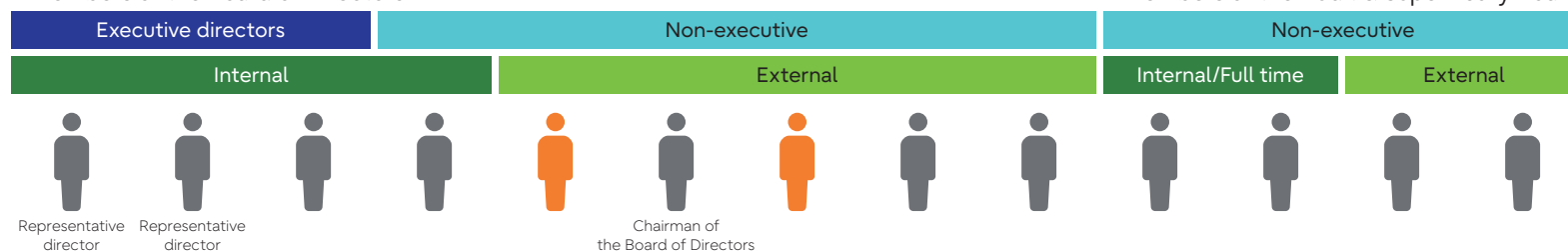
*8 This condition applies only when judging the independence of Fujitsu's independent Audit & Supervisory Board member or a nominee thereof.

Members of the Board of Directors and Audit & Supervisory Board

(As of July 29, 2021)

 Male
  Female
 Chairperson
  Member

9 members of the Board of Directors



	Takahito Tokita	Hidenori Furuta	Takeshi Isobe	Masami Yamamoto	Chiaki Mukai	Atsushi Abe	Yoshiko Kojo	Scott Callon	Kenichiro Sasae	Youichi Hirose	Megumi Yamamuro	Koji Hatsukawa	Hideo Makuta
Executive Nomination Committee				○		●	○	○					
Compensation Committee					●		○	○	○				
Independent Directors & Auditors Council					○	○	○	○	○			○	○


Appointment of External Directors and Auditors

Fujitsu actively appoints external directors and auditors to increase management transparency and further improve efficiency.

Fujitsu determines independence based on the independence standards stated above. All external directors and auditors have been registered with and accepted as independent directors and Audit & Supervisory Board members by the financial instruments exchanges on which Fujitsu is listed in Japan.

Fujitsu's views on the roles, functions, and specific reasons for nomination of external directors and external Audit & Supervisory Board members are as follows:

External Directors

 <p>Chiaki Mukai</p>	<p>Dr. Chiaki Mukai has an impressive personal history as a doctor who became Asia's first female astronaut, and she exemplifies the Company's spirit of taking on challenges at the cutting edge of science. She led discussions on executive compensation in her capacity as the chairperson of the Compensation Committee. The Company expects that she will continue to be able to provide oversight and advice as an external director from a fair and objective global perspective based on broad knowledge of science and technology. Fujitsu and Academic Corporation Tokyo University of Science, which operates the Tokyo University of Science where Dr. Mukai serves as vice president, had business transactions in fiscal 2020 amounting to approximately ¥61 million. Taking into account the scale of our sales, the amount of transactions is immaterial and does not constitute a conflict of interest. Therefore, Fujitsu considers Dr. Mukai to be independent.</p>
 <p>Atsushi Abe</p>	<p>Mr. Atsushi Abe has gained a deep understanding of the ICT industry and mergers and acquisitions through many years of experience in investment banking and private equity. As chairman of the Board of Directors, he has been managing proceedings objectively from his perspective as an investor gained through his experience to date and dialogues with institutional investors and has been leading discussions on the aforementioned. The Company expects that, in addition to being able to provide oversight and advice as an external director from a shareholder and investor perspective, Mr. Abe will continue to contribute to timely and decisive management decision making. Mr. Abe has never been a major shareholder, nor has he held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers Mr. Abe to be independent.</p>
 <p>Yoshiko Kojo</p>	<p>Dr. Yoshiko Kojo served in important positions, including the president of the Japan Association of International Relations, and her research has for many years focused mainly on the impact of economic entities (including private companies) on international politics. The Company expects that she will be able to provide extensive advice and oversight as an external director concerning the Company's responses to change in the external environment during a dramatic transition of international politics and with regard to initiatives for SDGs based on her deep insight. Dr. Kojo has never been a major shareholder, nor has she held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers Dr. Kojo to be independent.</p>
 <p>Scott Callon</p>	<p>Previously, Mr. Scott Callon worked at a foreign-affiliated securities firm. Currently, he serves as the chief executive officer of Ichigo Asset Management, Ltd., an independent investment advisory firm specializing in Japanese equity investment. He has garnered experience in conducting dialogues with investee companies as an institutional investor. From his past experience, the Company expects Mr. Callon to be able to provide oversight and advice from a shareholder and investor perspective and has designated him as an external director. Fujitsu and Japan Display Inc., where Mr. Callon is chairman, CEO, and representative executive officer, had business transactions in fiscal 2020 amounting to approximately ¥380 million. Taking into account the scale of our sales, the amount of transactions is immaterial and does not constitute a conflict of interest. Additionally, Ichigo Trust Pte. Ltd., which jointly holds voting rights with Ichigo Asset Management, Ltd., where Mr. Callon serves as chief executive officer, is our principal shareholder, although it does not fall under major shareholders stipulated in our independence standards. As he has never held a position involved in business execution of a major business partner of the Company, Fujitsu considers Mr. Callon to be independent.</p>
 <p>Kenichiro Sasae</p>	<p>Mr. Kenichiro Sasae has served in important positions including as the Vice-Minister for Foreign Affairs, Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America, and currently as the president of The Japan Institute of International Affairs. He has extensive knowledge and practical experience in international politics and economics. As the international situation has become more complicated in recent times, the Company expects that Mr. Sasae will be able to provide oversight and advice from a fair and objective global perspective based on his extensive knowledge and experience. Therefore, the Company expects that he will be able to fulfill his supervisory function and role as independent director. The Japan Institute of International Affairs, where Mr. Sasae serves as president, and the Company have no business relationship. As he has never held a position involved in business execution of a major business partner of the Company, Fujitsu considers Mr. Sasae to be independent.</p>

External Audit & Supervisory Board Members

<p>Koji Hatsukawa</p>	<p>Mr. Koji Hatsukawa has been appointed as an external Audit & Supervisory Board member because he has a wealth of auditing experience at global corporations as a certified public accountant as well as broad knowledge of corporate accounting. PricewaterhouseCoopers Aarata (currently, PricewaterhouseCoopers Aarata LLC), where Mr. Hatsukawa served as CEO, has not performed accounting audits for Fujitsu. Fujitsu and PricewaterhouseCoopers Aarata had business transactions in fiscal 2020 amounting to approximately ¥400 thousand. Taking into account the scale of our revenue, the amount of transactions is immaterial and does not constitute a conflict of interest. Therefore, Fujitsu considers Mr. Hatsukawa to be independent.</p>
<p>Hideo Makuta</p>	<p>Mr. Hideo Makuta has been designated as an external Audit & Supervisory Board member because he has profound insight into not only legal but also economic and social matters affecting corporate management, gained through his career as a public prosecutor and as a commissioner of the Japan Fair Trade Commission. Therefore, Fujitsu considers Mr. Makuta to be independent.</p>

Systems for Ensuring the Effectiveness of the Board of Directors

In enhancing the effectiveness of the Board of Directors, the Company has focused on creating a system under which non-executive directors function effectively. Specifically, the Company believes it essential to establish a system that enables independent directors and Audit & Supervisory Board members, who maintain a certain degree of separation from the execution of business activities, to consistently gain a deeper understanding of the Company's business. The Independent Directors & Auditors Council convenes on multiple occasions each year (nine times in fiscal 2020), and its members share information and exchange viewpoints so that each member can formulate their own opinions. In fiscal 2020, the members shared information and exchanged viewpoints on matters including the Company's Management Direction, the scope of business of the Company and of the Group as a whole. Based on the knowledge gained through the council, each independent director and Audit & Supervisory Board member provided advice to the Board of Directors. Moreover, to facilitate the operation of the Independent Directors & Auditors Council, the Company established the Independent Directors & Auditors Council Support Office in 2015. Under this system, one junior employee is assigned to support each council member so that they are able to acquire information through the support of these employees without requiring the mediation of the management execution team.

3. Executive Compensation

Policy for Deciding Executive Compensation

To ensure a more highly transparent executive compensation system, Fujitsu established the Compensation Committee by a resolution of the Board of Directors at a meeting held in October 2009.

The amounts of remuneration for directors and Audit & Supervisory Board members summarized in "Details of Remuneration" on page 77 are determined within the scope of total compensation established by resolution of the Annual Shareholders' Meeting based on the framework of the policy on the determination of the details of compensation, etc., for individual directors (hereinafter referred to as the "Determination Policy"), which was determined by the Board of Directors following the recommendation by the Compensation Committee. Compensation for each director is determined by the representative director and CEO subject to the approval of the Compensation Committee, and compensation for each Audit & Supervisory Board member is decided based on consultation with the Audit & Supervisory Board members.

Details of the Determination Policy are as follows.

Summary

Fujitsu has determined executive compensation to secure the exceptional talent necessary to manage the Fujitsu Group as a global ICT company and to further strengthen the link between its financial performance and shareholder value, while simultaneously improving its transparency. With an eye to these requirements, executive compensation comprises the following: "Base Compensation," specifically a fixed monthly salary in accordance with position and responsibilities; "Bonuses," which are compensation linked to short-term business performance; and "Performance-based Stock Compensation," which is a long-term incentive that emphasizes the connection to shareholder value.

Base Compensation

Base compensation is paid to all directors and Audit & Supervisory Board members. A fixed monthly amount shall be determined for each executive in accordance with the position and responsibilities of each executive.

Bonuses

- Bonuses shall be paid to directors who carry out executive responsibilities. The bonus amount shall reflect business performance in the respective fiscal year.
- As a specific method for calculating a bonus, Fujitsu shall adopt an "On Target" model that uses consolidated revenue and consolidated operating profit as indicators, and the amount shall be determined in accordance with the degree of achievement of the performance targets for the respective fiscal year.

Performance-based Stock Compensation

- Performance-based stock compensation shall be granted to directors who are responsible for the execution of duties to share gains with shareholders and to help enhance the Company's medium- to long-term performance.
- Base numbers of shares for respective ranks, a performance evaluation period (three years), medium- to long-term performance targets based on consolidated revenue and consolidated operating profit, and coefficients corresponding to degrees of achievement of these performance targets shall be set in advance. Base numbers of shares shall be multiplied by coefficients corresponding to degrees of achievement of performance targets. After the number of shares for each fiscal year has been calculated, the total number of shares shall be allocated upon completion of the performance evaluation period.

Composition Ratio for Each Type of Executive Compensation

- With the aim of setting competitive compensation that contributes to securing and retaining exceptional talent, executive compensation shall be determined based on the financial position of the Company, comparing the compensation composition ratio and compensation levels for each executive position at other companies with similar business lines and similar scale as benchmarks.
- The ratio of performance-based compensation to the total compensation for executive directors shall be determined so as to strengthen the link between the Group's financial performance and shareholder value by setting higher ratios for higher ranks.
- In the decision process, the Compensation Committee shall deliberate to ensure objectivity and validity.

Performance-based Stock Compensation

In order to provide executive directors with an incentive to achieve their performance targets for one fiscal year with regard to bonuses, and to provide executive directors with an incentive to increase corporate value over the medium to long term with regard to performance-based stock compensation as well as to further promote management from the perspective of shareholders, the Company has selected revenue and operating profit of the consolidated financial results, which are set out as management target indicators for each type of compensation, as indicators for bonuses and performance-based stock compensation.

(Reference) Executive Compensation Items and Payment Recipients

Recipient	Base Compensation		Bonuses	Performance-based Stock Compensation
	For Management Oversight	For Management Execution		
Non-executive directors	✓	—	—	—
Executive directors	✓	✓	✓	✓
Audit & Supervisory Board members	✓		—	—

4. Policy for Strategic Shareholdings

The Company holds only those strategic shares with clear-cut objectives and meaningful significance in a positive manner. The Board of Directors Meeting examines the weighted average capital cost of the Company as the standard to evaluate quantitatively whether returns (quantitative factors such as dividends and the state of transactions) or risks are well balanced with the cost. If quantitative significance in shareholdings is not found, the Board of Directors Meeting will further evaluate whether there is a qualitative reason that supports the rationale for continuing to hold those shares and will discuss the continuation of such holdings. In fiscal 2020, the Company sold 23 issues, and at the Board of Directors Meeting, held on June 24, 2021, the Board determined which strategic shareholdings would be held by the Company at the end of fiscal 2020. The Company deals with strategic shareholders on an equal footing, just as it does with other business partners. Even when strategic shareholders indicate their sale of shares, we do not prevent them from selling. That said, we sometimes call upon them to consider the timing of the sale or the ways of selling their shares.

5. Views and Policies for Group Management and Measures to Ensure the Effectiveness of Corporate Governance

Fujitsu manages the Fujitsu Group with the aim of achieving continuous growth and the generation of medium- to long-term corporate value of the entire Group, while also urging each Group company to realize its potential to the maximum extent possible.

For some subsidiaries, we publicly list them with the aim of further improving their business value through diversification of the capital procurement necessary for sustainable growth and enhancing the value of the entire Group. By publicly listing subsidiaries, it is possible to focus on investment in specific businesses rather than just in the Group as a whole, thus contributing to diversifying investment opportunities. As there are some concerns regarding the possibility of a conflict of interest with minority shareholders and our publicly listed subsidiaries, we respect the independence of their management and make efforts to provide advice and support to enhance the corporate value of relevant subsidiaries by holding reporting sessions on an as-needed basis. To further promote our policies for Group management, we established a department in February 2020 as a corporate function that specializes in formulating and conducting plans and measures for the most suitable group formation and corporate governance, thus handling the management of the Group including listed subsidiaries.

Our policy is to turn non-core listed companies into strong independent businesses. We will consider their independence from the following perspectives: ensuring sustainable growth of the relevant business, maximizing the Company's asset value, and considering the best timing for independence.

Measures to Ensure the Effectiveness of Corporate Governance

Fujitsu understands that its publicly listed subsidiaries make efforts to enhance corporate governance and provides support for these efforts. We recommend our listed subsidiaries to each become a company with an Audit and Supervisory Committee to strengthen corporate governance. Accordingly, all listed subsidiaries are ensured their independence by appointing independent directors and directors dispatched from the Company to help maximize their corporate value.

6. Status of Internal Audits, Accounting Audits, and the Internal Control Division

Internal Audit and Accounting Audit Systems

Audits Conducted by Audit & Supervisory Board Members

The Audit & Supervisory Board primarily conducts examinations of the appropriateness of audit policy and plans, the audit method of the accounting auditor, the appropriateness of the audit results, and the Key Audit Matters, as well as receiving reports from the Internal Audit Division and conducting examinations of reports on important items submitted by full-time Audit & Supervisory Board members to external Audit & Supervisory Board members.

Further, the activities of Audit & Supervisory Board members include attending and stating opinions at meetings of the Board of Directors, meetings of the Independent Directors & Auditors Council, and other important meetings; reviewing important approval documents; conducting exchanges of opinions with the representative director; auditing the operations of headquarters and subsidiaries; exchanging information with the corporate auditors of subsidiaries; receiving reports from the accounting auditor; receiving reports from the Internal Audit Division on the progress and results of audits; and receiving reports from the Compliance Division on the status of in-house whistleblowing. In addition, with respect to the Key Audit Matters that were adopted as early as fiscal 2019, we continued to hold a sufficient number of discussions and deliberations with the accounting auditor in fiscal 2020. The discussion topics were potential risks of material misstatements in the consolidated financial statements and impacts of, and developments in, material events, etc., that occurred in fiscal 2020.

Full-time Audit & Supervisory Board member Mr. Youichi Hirose has extensive knowledge of finance and accounting issues and many years of experience in the Company's finance and accounting divisions, having served as the head of the Company's Corporate Finance Unit. Full-time Audit & Supervisory Board member Mr. Megumi Yamamuro has many years of experience in the legal profession and is an expert in corporate law, including the Companies Act, and domestic and overseas compliance measures. (For overviews of the professional backgrounds of external Audit & Supervisory Board members, please see "Appointment of External Directors and Auditors" on page 73.)

Internal Audits

The Internal Control & Audit Office serves as an internal audit group. This division audits the internal affairs of the entire Fujitsu Group in cooperation with the internal audit groups of each Group company. The Internal Control & Audit Office reports once a month, as a rule, to full-time members of the Audit & Supervisory Board on auditing plans for and results of internal audits, including matters relating to Group companies, and makes regular reports once every quarter, as a rule, to the Audit & Supervisory Board and accounting auditor.

The Internal Control & Audit Division includes a significant number of employees with specialist internal auditing knowledge, including certified internal auditors (CIA), certified information systems auditors (CISA), and certified fraud examiners (CFE).

Accounting Audits

The accounting auditor, Ernst & Young ShinNihon LLC, reports to the Audit & Supervisory Board concerning the auditing plans and results. The accounting auditor also conducts an exchange of opinions when needed and carries out coordinated audits.

Internal Control System

Internal Control Division

Based on the Basic Policy on the Internal Control Structure, the Risk Management & Compliance Committee maintains and operates risk management systems, compliance systems, and internal control structures related to financial reporting and executes duties regulated under the basic policy. The status of operation of the internal control system is periodically reported to the Board of Directors.

7. Review of Corporate Governance in Fiscal 2020

The Fujitsu Group is strengthening its corporate governance to ensure a sustainable increase in corporate value. Here, we report on the status of this initiative in fiscal 2020.

Number of Meetings of Key Boards and Committees

Board of Directors' meetings (including extraordinary meetings)	Audit & Supervisory Board meetings	Attendance of external directors at Board of Directors' meetings
14 (2)	8	98.2% Mr. Jun Yokota: 100%; Dr. Chiaki Mukai: 100%; Mr. Atsushi Abe: 100%; Dr. Yoshiko Kojo: 92.9%
Attendance of external Audit & Supervisory Board members at Board of Directors' meetings	Attendance of external Audit & Supervisory Board members at Audit & Supervisory Board meetings	
100% Mr. Hiroshi Mitani: 100%; Mr. Koji Hatsukawa: 100%; Mr. Hideo Makuta: 100%	93.8% Mr. Hiroshi Mitani: 100%; Mr. Koji Hatsukawa: 87.5%; Mr. Hideo Makuta: 100%	

Details of Remuneration

Position	Number of Recipients	Remuneration Type			Total Amount of Compensation
		Base Remuneration	Bonuses	Performance-based Stock Compensation	
Directors (Internal)	5	¥218 million	¥120 million	¥208 million	¥547 million
External directors	5	¥75 million	—	—	¥75 million
Audit & Supervisory Board members (Internal)	3	¥72 million	—	—	¥72 million
External Audit & Supervisory Board members	4	¥33 million	—	—	¥33 million

1. The above includes directors and Audit & Supervisory Board members who resigned in fiscal 2020.

2. The total amount of monetary compensation for directors was resolved to be ¥600 million or less per year at the 106th Annual Shareholders' Meeting held on June 23, 2006. The total amount of non-monetary compensation was resolved to be ¥300 million or less per year and the total number of shares of common stock of the Company to be allocated was set within 43,000 shares per year at the 117th Annual Shareholders' Meeting held on June 26, 2017 (the Company conducted consolidation of shares at a rate of one share for every 10 shares effective October 1, 2018, and thus the number of shares after the consolidation of shares is indicated here). The Company is paying the compensation shown in the above table, which is within these limits.

The total amount of monetary compensation for directors was resolved to be within ¥1,200 million or less per year (including ¥150 million per year for external directors) at the 121st Annual Shareholders' Meeting held on June 28, 2021. At this Annual Shareholders' Meeting, separate from the limit on monetary compensation for directors, the total amount of non-monetary compensation was resolved to be ¥1,200 million or less per year and the total number of shares of common stock of the Company to be allocated was set within 75,000 shares per year.

3. The total amount of compensation for Audit & Supervisory Board members was resolved to be ¥150 million or less per year at the 111th Annual Shareholders' Meeting held on June 23, 2011. The Company is paying the compensation shown in the above table, which is within these limits.

4. Performance-based stock compensation shows the amount that was recorded as expenses in the fiscal year ended March 31, 2021.

Evaluation of the Effectiveness of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, the Company has included annual evaluations of the Board of Directors in the Corporate Governance Policy.

Actions taken in fiscal 2020 based on the evaluation of fiscal 2019

To improve the availability of relevant documents as well as the efficiency of meetings of the Board of Directors and the Independent Directors & Auditors Council, relevant documents have been digitized. Furthermore, in order to facilitate access to information outside of Board of Directors' meetings, the Company had business heads provide briefings on businesses for independent directors and auditors. Furthermore, independent directors and auditors continued to hold the Independent Directors & Auditors Council in an effort to facilitate the exchange of information and formulation of opinions between them, and private sessions hosted by the independent directors were introduced as a platform for the independent directors and auditors to form opinions.

Fiscal 2020 evaluation method

The evaluation of fiscal 2020 includes an evaluation of the chairman, and as in fiscal 2019, an anonymous questionnaire with a five-grade evaluation was conducted. From fiscal 2020, self-evaluations by directors and Audit & Supervisory Board members are also being carried out. The results of the questionnaire were reported at a regular meeting of the Board of Directors, and discussions based on the results were also held at this time. In addition, an evaluation of the Board of Directors by a proxy advisory firm was also conducted.

Fiscal 2020 evaluation

- Compared to the previous year, overall improvements were recognized. However, there is room for further improvement in document format and volume as well as the information provided.
- To enable the review of high-priority items, sharing information in advance and enhancing vital communication between Board members is important. While continuing to hold meetings of the Independent Directors & Auditors Council, private sessions, and briefings on businesses by management executives, the Company strives to provide a platform for the further provision of information and the exchange of views outside of Board of Directors' meetings.

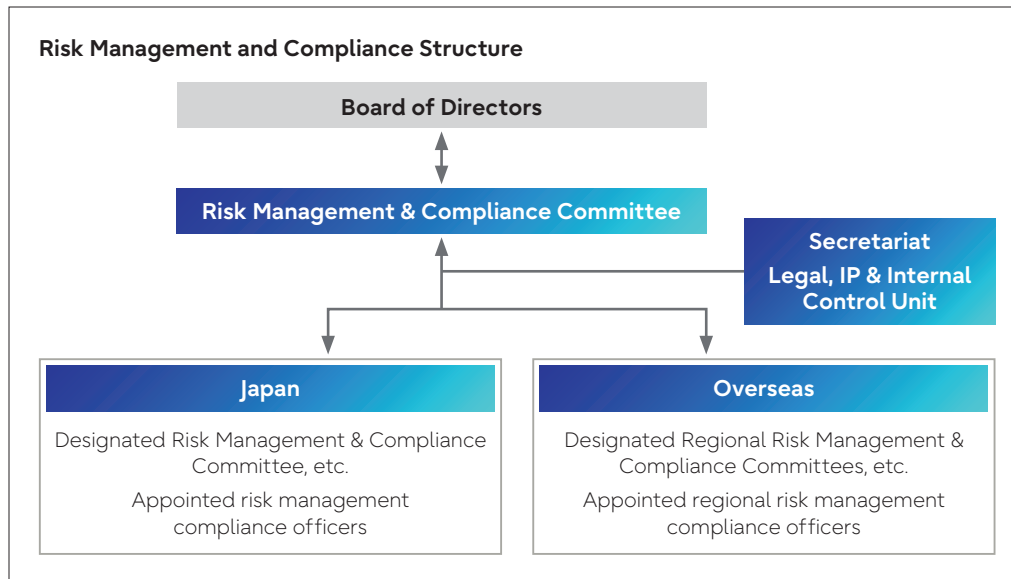
Risk Management

Guidelines & Structure

For the Fujitsu Group, it is an important management issue to appropriately identify and respond to risks in the Group's business operations and other activities. Accordingly, the Board of Directors formulated the Basic Policy on the Internal Control Structure. Based on this policy, the Fujitsu Group established a Risk Management & Compliance Committee reporting directly to the Board of Directors, which acts as the highest-level decision-making body on matters involving risk management and compliance.

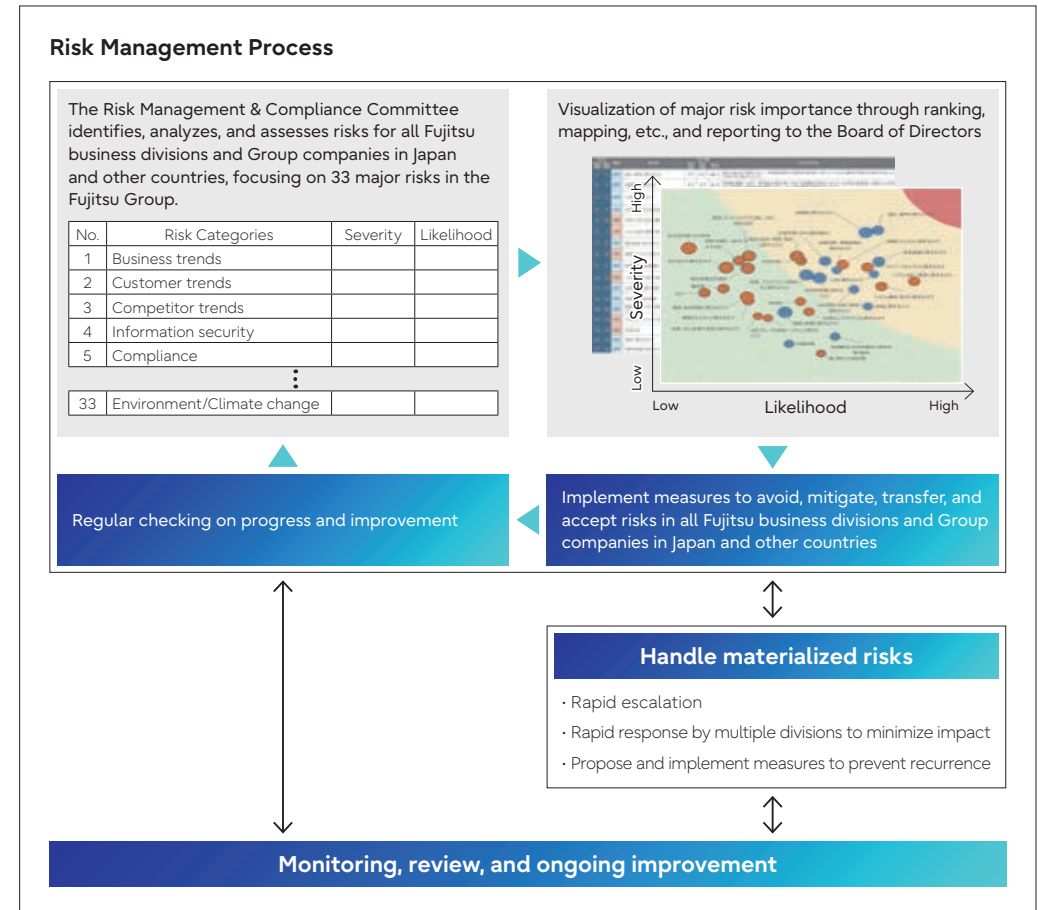
The committee also assigns risk management compliance officers to each of Fujitsu's divisions and to Group companies in Japan and internationally. These organizations collaborate to build a risk management and compliance structure for the entire Group, thereby guarding against potential risks and mitigating risks that have already materialized.

Furthermore, we created the Corporate Risk Management Division in November 2020, which reports directly to the CEO. This new body is responsible for risk management across the entire Fujitsu Group and is best positioned to interpret risk-related information and to spearhead rapid, appropriate responses where required.



Risk Management Process

The Risk Management & Compliance Committee identifies, analyzes, and assesses the major risks associated with business activities in all Fujitsu business divisions and Group companies in Japan and other countries. (Among the Group companies, implementation is focused on 33 risks identified as particularly important.) It also checks the progress of measures designed to avoid, mitigate, transfer and accept such risks, and then formulates new measures or reviews existing measures. The committee reports regularly to the Board of Directors regarding major risks that have been identified, analyzed, and assessed, presenting the risks in a visually accessible format by ranking and mapping them.



The committee also prepares processes for dealing with risks that have eventuated despite implementation of the various preventive measures. If a critical risk arises, such as a natural disaster, a product fault or defect, a system or service problem, a compliance violation, an information security breach, or an environmental problem, the division or Group company concerned reports immediately to the Risk Management & Compliance Committee.

This committee then coordinates with the related divisions and work sites to quickly resolve the problem by taking appropriate steps, such as establishing a task force. At the same time, the committee works to identify the causes of the problem and proposes and implements measures to prevent any recurrence. For critical risks, the committee also reports as needed to the Board of Directors. The Risk Management & Compliance Committee checks the progress of implementation of these processes on an ongoing basis and formulates improvements.

The Fujitsu Group's Response to COVID-19 Based on Business Continuity Plan

Recent years have seen a significant increase in the risk of unforeseen events that threaten continued economic and social activity. Such events include earthquakes, floods and other large-scale natural disasters, and pandemics involving infectious diseases. To ensure that the Fujitsu Group can continue to provide a stable supply of products and services that customers require even when such unforeseen circumstances occur, we have formulated a Business Continuity Plan (BCP). We are also promoting Business Continuity Management (BCM) as a way of continually reviewing and improving our BCP.

To respond to the spread of COVID-19 and maintain the safety of its customers, suppliers, and employees and their families, the Fujitsu Group has placed the highest priority on preventing the spread of the infection, based on the BCP. The Group is also promoting initiatives to sustain the supply of products and services to customers and to help resolve the many societal issues that have arisen due to the spread of the infection.

Specific initiatives include recommending that employees work from home or stagger their working hours, and switching internal company meetings and events to a videoconference format or other web-based sessions. Furthermore, operations previously carried out on-site at customers' locations, such as system development, operations, and maintenance, have been switched to remote operations, and in cases where on-site operations are essential, we request that measures such as social distancing and ventilating work areas be taken. By putting in place a set of countermeasures in cooperation with customers and government agencies in Japan and elsewhere, our goal is to maintain key business operations and meet our social responsibilities.

Business Risks of the Fujitsu Group

The Fujitsu Group identifies, analyzes, and assesses the risks associated with business activities and works on measures to avoid or mitigate their impact and to deal promptly with any issues that do occur.

For details on the Fujitsu Group's business and other risks, please see the risk management section in *Sustainability Data Book 2021*, disclosed on the following website.
<https://www.fujitsu.com/about/csr/riskmanagement/>

Main Business Risks

- Economic and financial market trends
- Customers
- Competitors and the industry
- Investment decisions and business restructuring
- Suppliers, alliances, etc.
- Public regulations, public policy, and tax matters
- Natural disasters and unforeseen incidents
- Finance
- Deficiencies or flaws in products and services
- Compliance issues
- Intellectual property
- Security
- Human resources
- Fujitsu Group facilities and systems
- Environment

Response to a Major Quality Incident

In response to a major incident in a system that occurred in 2020, Fujitsu has not only reviewed its own systems but is also strengthening its frameworks for risk management and quality assurance to deliver its customers with even greater stability for their systems and to restore trust in its services. To prevent any recurrence of such failures, Fujitsu will continuously focus its efforts on building resilient and stable mission-critical systems.

System Review

Fujitsu again reviewed the technical specifications and contents of the manual of the OEM products in use. Fujitsu confirmed that the descriptions are matching and also took measures to improve the evaluation process for its OEM products. To realize greater operational stability for its customers' systems, Fujitsu is also conducting a rigorous review of its other systems.

Risk Management Improvements and Quality Assurance Framework

Improvements to Risk Management Framework

Fujitsu established the Corporate Risk Management Division in November 2020, which reports directly to the CEO. This new body is responsible for risk management across the entire Fujitsu Group and will be better placed to interpret risk-related information and to spearhead rapid, appropriate responses in case of major incidents. Furthermore, the Group has established a framework to centralize risk-related information associated with business activities in Japan and other countries in order to enable relevant personnel within the Company to access the latest information in real time. Leveraging AI technology, the Fujitsu Group will analyze this information to visualize signs and the expected scope of impact of emerging potential risks in order to be better prepared in the event of future risks.

Improvements to Quality Assurance Framework

In order to strengthen the quality assurance system for its products, Fujitsu established Quality Management Representatives under the direct control of the CEO to oversee the effectiveness of all processes and a cross-divisional system that enables the further sharing of knowledge and expertise between divisions in addition to the existing quality assurance processes for each product division. Through an integrated view of the quality management process of products, solutions and services, the Fujitsu Group aims to strengthen its inspection process in order to detect non-conformity between processes and accelerate its quality improvements. In this way, the Group will provide products of even higher quality and reliability.

Information Security

Ensuring Information Security

Bearing in mind that digital technologies constitute a fundamental part of the Fujitsu Group's business, we maintain Groupwide information security, while proactively striving to secure and improve customers' information security with our products and services. In this way, we practice one of Our Values stated in the Fujitsu Way, to "Contribute to a trusted society using technology."

For further details on information security management, please refer to *Fujitsu Group Information Security Report*.
<https://www.fujitsu.com/global/about/resources/reports/securityreport/>

Information Security Policy

The Fujitsu Group positions digital services as its core business. Our corporate vision is to contribute to creating a safe and secure networked society. With this vision, we are working to ensure and further improve the level of information security throughout the Group.

In April 2016, we established the Fujitsu Group Information Security Policy*1 in order to share this vision and encourage action by each employee. Based on this policy, we are implementing information security measures, along with establishing internal rules related to information management and digital security at Group companies in Japan and overseas.

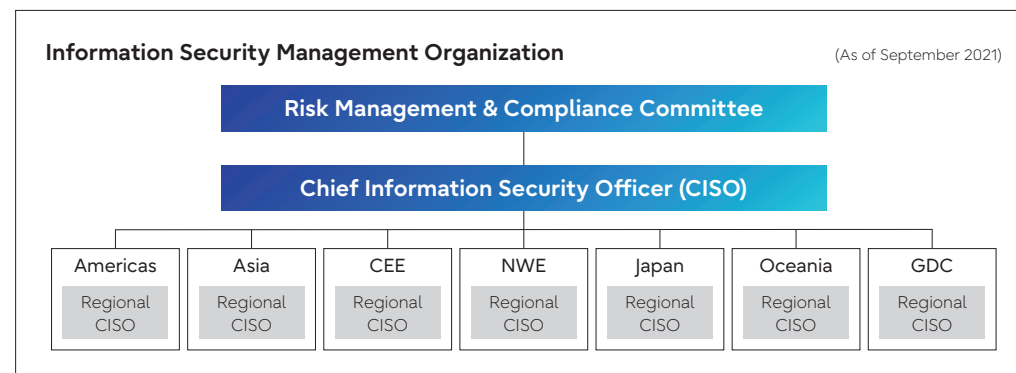
*1 Fujitsu Group Information Security Policy
https://www.fujitsu.com/global/imagesgig5/InformationSecurityPolicy_en.pdf

Keidanren, otherwise known as the Japan Business Federation, announced its Declaration of Cyber Security Management*2 in March 2018. The Fujitsu Group supports Keidanren's declaration as being consistent with the principles set forth in the Fujitsu Declaration on Cybersecurity*3 released in November 2016.

*2 Keidanren's Declaration of Cyber Security Management (Link to Keidanren website):
<https://www.keidanren.or.jp/en/policy/2018/018.pdf>
 *3 Fujitsu Declaration on Cybersecurity
https://www.fujitsu.com/global/documents/about/csr/security/Cybersecurity_declaration.pdf

Structure of Information Security Management

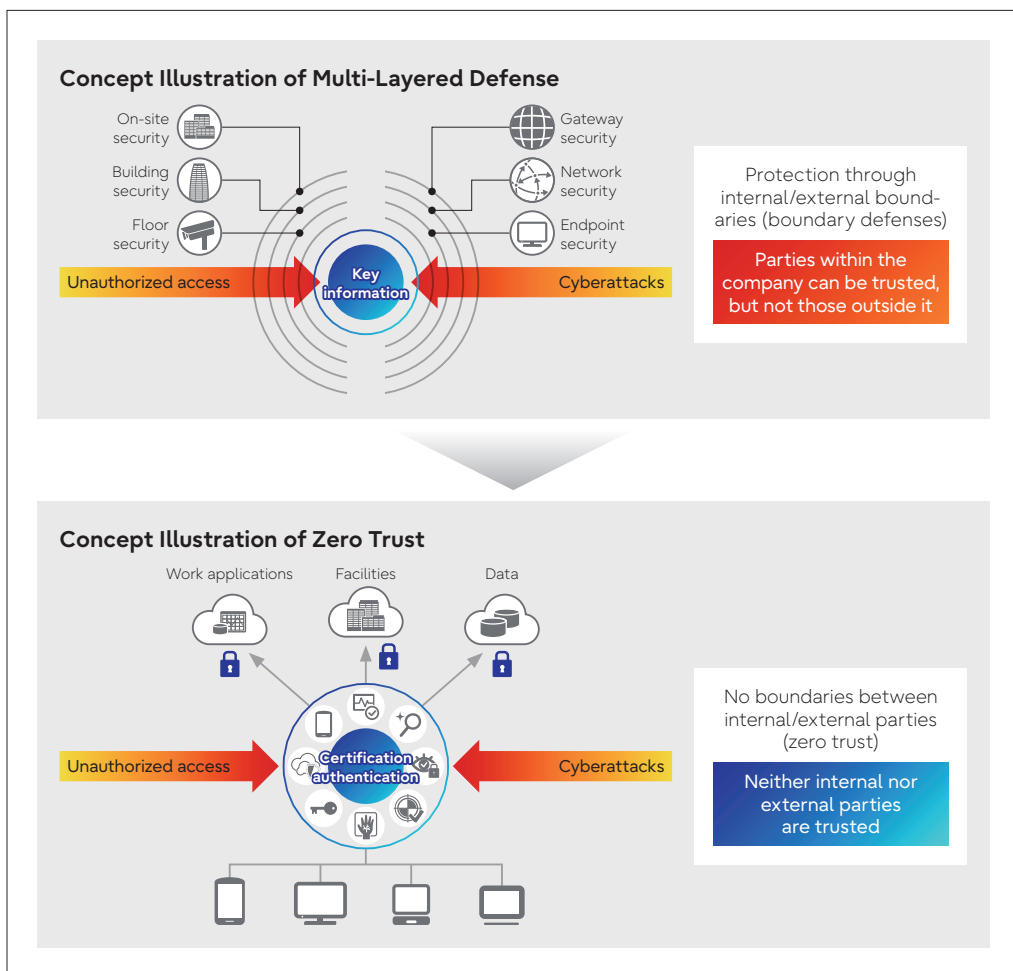
Given the increase in cyberattacks in recent years, the Fujitsu Group appointed a chief information security officer (CISO) under the authority of the Risk Management & Compliance Committee in order to further strengthen security measures within the Group. Moreover, in aiming to strengthen our global information security management, we have appointed regional CISOs around the world.



Security Measures Which Incorporate "Zero Trust"

The number of cyberattacks is rapidly increasing, and the methods employed are becoming more sophisticated and complex. Changes to how people work are also making it necessary to reevaluate and, if needed, overhaul security defense frameworks to keep up with the times.

The Fujitsu Group has adopted the idea of a multilayered defense as the basic concept of its information security measures, using multiple different measures to defend against cyberattacks, which are typified by targeted attacks that cannot be protected against by a single security measure. As IT environments change from being hosted on-site to on the cloud, we are making the shift from the concept of a multilayered defense to one of "zero trust" which trusts no user or device by default, operating under the premise that all networks, devices, users, and applications will be attacked. We apply "zero trust" to the three axes of cybersecurity, physical security, and information management, and ensure internal information security by authorizing access to information assets after authenticating the legitimacy of the user.



Cybersecurity

The Fujitsu Group has taken measures according to its IT infrastructure characteristics to achieve “zero trust.” As a measure against targeted cyberattacks, we have built an authorization- and authentication-based infrastructure, in addition to taking measures against unauthorized access and malware, in combination with measures against unauthorized device management and ID management, and data breaches. We are introducing measures to fight ever more sophisticated, varied, and complex cyberattacks.

Protection of Personal Information

As part of our efforts to protect personal information, Fujitsu acquired the PrivacyMark*4 from JIPDEC in August 2007. We are also working to continually enhance our personal information protection, including annual training and audits on personal information handling.

Domestic Group companies also acquire the PrivacyMark as needed and implement thorough personal information management. Privacy policies based on the laws and social demands of each country are posted on the websites of overseas Group companies.

*4 The PrivacyMark is granted to business operators that appropriately handle personal information under personal information management systems that conform to JIS Q 15001:2017.



Response to the GDPR*5

Fujitsu has developed a global personal information protection scheme and is working to further strengthen the protection of personal data. Under the guidance of the CISO organization and legal business units, we are cooperating with entities such as our European subsidiaries to develop various internal rules and guidelines related to the protection of individual rights in response to the GDPR. We have also made check sheets for our design and initial setting. Furthermore, we have updated the operation process in accordance with such internal rules and guidelines and have held employee training sessions.

In response to regulations on the transfer of personal data outside of the EU, we provide appropriate contractual and technical support in accordance with legal requirements. We applied to the Dutch Data Protection Authority in December 2017 for our Binding Corporate Rules for Processors, which are common rules established across the Fujitsu Group related to the handling of personal data that customers have entrusted to the Group for processing.

In addition, the European Commission and Japan have mutually recognized each other’s data protection laws, which went into effect on January 23, 2019, as providing an adequate level of protection. Based on this recognition, Fujitsu has established internal rules related to the handling of personal information moved between regions and spreads awareness regarding those rules.

*5 The GDPR (EU regulations requiring companies, organizations, and groups to protect personal data) was enacted on May 25, 2018. It includes regulations on transferring personal data out of the European Economic Area and the obligation to report personal data breach within 72 hours.