Summary Translation of Question & Answer Session at 

Briefing on Fujitsu’s ESG Initiatives

Date: March 8, 2016
Location: Fujitsu Headquarters, Tokyo
Presenters: Sogo Fujisaki, Director, CSR Division
           Yuka Maezawa, Director, Green Strategy Division, Corporate Environmental Strategy Unit
           Noriko Shiono, Director, Diversity Promotion Office
           Masanori Niwa, Vice President, Legal Div., Corporate Affairs

Questioner A

Q1: This is a question about your CSR (corporate social responsibility) initiatives. I think it is wonderful that you have created a CSR board, set extremely clear global policies, and are reinforcing the initiatives of the Fujitsu Group. As part of that, you introduced the human rights statement, which includes continuous assessment and reporting. If you do not mind, could you explain how the assessment is performed as part of due diligence, and the status of the assessment?

A1 (Fujisaki): The human rights statement was issued in December of 2014, but we are just now gradually creating the due diligence process as we gain insights from a variety of outside experts. It is not yet a completely established process. We are participating in a program from Shift, a US-based NGO (non-governmental organization) that is focused on human rights, and studying it from the view point of what is currently really important to Fujitsu with regard to human rights, or what is truly essential, such as things relating to human life, for example. We have a series of activities in North America, such as an all-day workshop for 15-20 managers at the Senior Vice President level and above. In other regions as well, with regard to risk analysis and other areas, we are slowly filling in the gaps from where we are to where we should be. Our locations in Japan and the UK conform to a high standard, but some regions are behind, and we are currently thinking about how to set the stage and other actions.

Q2: You have said that you will be revising your CSR Policy to incorporate global trends and norms, as well as the SDGs (Sustainable Development Goals), but could you please give us an overview of your thoughts on where you are heading with this evolution?

A2 (Fujisaki): With regard to our CSR policy, I think that there are two sides to consider. On the one side are generally defensive measures, such as for protecting human rights, labor, and supply chains. On the other side are areas where Fujitsu can use ICT to create value, such as for the world and society. With regard to the SDGs, we have so far held about four meetings at the level of business unit heads at a pace of about once a month. We are not just considering internal viewpoints. Rather, we are having ongoing discussions about four points, including what sort of expectations and demands from outside are placed on Fujitsu as a five-trillion-yen company, the degree to which other companies are adopting these goals, as well as what our own thoughts are, and further, what can be done that will create real value. Based on these results, as well as the opinions of regional members, and the important customers and stakeholders in those regions, I would like to formulate a basic policy in the first half of next fiscal year.
**Q3:** This is a question about environmental management. I think Fujitsu already has an extremely high rate of achievement for its Environmental Action Plan, and global assessments are also high, but supporting the Paris Agreement means that you will have to support a variety of long-term goals. Will you be working toward any even more ambitious or long-term goals?

**A3 (Maezawa):** This fiscal year is the final year for the Environmental Action Plan laid out in the materials, and we are now working on setting a new Action Plan beginning in fiscal 2016. As part of that, we are setting our goals on the basis of the goals set by the Japanese government for the nation at COP21 to achieve a 26% reduction in greenhouse gases compared to 2013 by 2030. In addition, a few days ago the Japanese government set a challenging goal of an 80% reduction in greenhouse gas emissions by 2050, and we plan to study this for our medium- to long-term goals going forward.

**Questioner B**

**Q1:** On the topic of the Paris Agreement, it seems there are differences in the degree of interest, depending on the region. The Japanese government also recently set goals. Please tell us what is really happening in Japan, and if there are changes in CSR or business outside Japan.

**A1 (Maezawa):** I understand that when Fujitsu attended meetings alongside COP21 (21st Conference of the Parties of the United Nations Framework Convention on Climate Change), there was one for the CIOs of large companies that explained the business side of reducing greenhouse gas emissions responsible for climate change. In Japan, there is a tendency to place the emphasis on reducing greenhouse gas emissions, but in Europe and the US, it is seen as a business opportunity, and I think Fujitsu is also considering ways for it to contribute to business.

**Q2:** Between Japan and the US/Europe, do you think that the response in the US and Europe is becoming more active?

**A2 (Maezawa):** I think it depends on if you are mainly looking at governmental actions or business actions. As for the governments, the two principal emitters, the US and China, came to an agreement to proceed together. I think that, when compared to the state of the participants in the previous Kyoto Protocol, we have made some progress, on the whole. As for business, I think that Europe and the US are several steps ahead of Japan in seizing this as a business opportunity.

**Q3:** In corporate governance, there have been media reports about a certain company’s incident, and the stock market is increasingly focused on the issue of governance. Are there issues with Fujitsu’s current governance system?

**A3 (Niwa):** As Fujitsu is conscious of the need to prevent corporate improprieties, our Corporate Governance Policy defines our internal control systems, as well as our whistleblowing system (applies to all directors and audit & supervisory board members; includes external contact point). Just putting something in our Policy will not lead to prevention, but it serves as the source of a renewed awareness. Also, we are continuing to study how institutions like the Board of Directors and the Audit and Supervisory Board should be linked to prevent such improprieties.
Q4: What changes do you think are coming with the changes in the government’s response?

A4 (Niwa): There was the implementation of formal structures for corporate governance, such as the "Company with Audit & Supervisory Committee" system. I think the trend will be to have the board of directors concentrate on supervision, checking on the performance of the executive side, with a further delegation of authority to the executive side. Fujitsu uses an audit & supervisory board-type governance structure, and, I believe, our Board of Directors and Audit & Supervisory Board offers a functioning double layer of oversight. In addition, there is increasing public focus on executive compensation and the selection of the president. Fujitsu has established an Executive Nomination Committee and Compensation Committee, thereby increasing transparency, and is making efforts to select appropriate leaders. I think that issues such as how the president is chosen as well as compensation will become a hot issue in the world at large.

Q5: In your CSR presentation you introduced the Dow Jones Sustainability Index, but what sort of index is it? What influenced Fujitsu’s high evaluation?

A5 (Fujisaki): It is a stock index developed by Swiss-based RobecoSAM and US-based Dow Jones Indices. Fujitsu has been continually chosen for inclusion (with the exception of one year). Stock selection is done every year among about 2,500 global companies on the basis of an investigation, from the viewpoint of sustainability, with the top 10% of companies in each field selected. This year, 317 companies were chosen, including Fujitsu and 19 other Japanese companies. It is divided among a number of industries, with Fujitsu as number one in the Software and Services segment, which includes Wipro, an India-based IT services company. I cannot comment on how our stock price might be affected, but being chosen from among 2,500 companies is a good evaluation. As for the evaluation points, we had the best evaluation for the sector in such categories as brand management, risk and crisis management, environment, human resources development, and social reporting. We answer over 200 questions every year, which are then subject to external evaluation.

Questioner C

Q1: I have a question about your efforts to promote female advancement. You mentioned that you have set some quantitative targets, and I can imagine that you had internal discussions about whether to set quantitative targets. Could you comment on the background to implementing these targets and whether, in hindsight, you feel it was a good thing to implement these targets?

A1 (Shiono): We set the quantitative targets in 2011. That was also the year we decided to start full-fledged efforts to promote female advancement. While opinions were divided on whether we should use quantitative targets, it was decided that, in committing ourselves to implementing policy measures, having targets would facilitate our efforts, so these targets were approved at an executive meeting and publicly announced. For each workplace within the company, having targets to strive to achieve makes it easier to foster the advancement of female employees, so, yes, I think it has been beneficial to have the targets.
**Q2:** As a company that is expanding globally, when thinking about diversity, could you tell us what initiatives you are prioritizing in other regions, or what efforts you need to focus on?

**A2 (Shiono):** We have also set policies for our operations outside of Japan. These policies were set after taking into consideration a variety of factors in our operations outside of Japan, and I would like to collect information on specific initiatives in each region, but I am afraid I cannot give you that information now.

**Questioner D**

**Q1:** You mentioned that you have a track record in reducing CO2 emissions in your main business, and that these reductions amounted to 24.83 million tons, but is there a standard you use for such calculations? Also, as a comparison, if you know the amount of reductions by other companies in the same industry, please tell us.

**A1 (Maezawa):** With respect to the method for calculating the target, in accordance with the approach outlined in the international standard ITU-TL.1410, which Fujitsu was involved in formulating, we use the method for evaluating the environmental impact of solutions and services. To calculate the volume of the contribution, any solution that yields a contribution of 15% or higher after it is deployed is designated by us to be an environmental contribution solution, and the calculation is based on annual sales. In terms of comparisons with other companies, because our businesses and the areas addressed by our solutions are different, we do not make any simple comparisons of figures.

**Q2:** Where can I learn about the evaluation method? Should I look on the website of the international standard?

**A2 (Maezawa):** It is on Fujitsu’s website. There are seven factors that result in CO2 reductions. When a solution is deployed, there are changes in such factors as the amount of materials consumed, the amount of materials transported, and people movements, and the evaluation method compares those figures before and after deployment of the solution.