



Management Systems

The Fujitsu Group seeks the continued improvement of its corporate values, and carries out business management in which each function and position are made clear in the value creation process.

Corporate Governance

Basic Stance on Corporate Governance

As a resolution of the Board of Directors meeting held in December 2015, Fujitsu established the "Corporate Governance Policy" to define the company's basic stance on corporate governance. The policy set out a framework of Fujitsu's corporate governance structure as follows;

Structural framework

The company outlines the following rules to ensure the effective oversight and advice from a diverse perspective of Non-Executive Directors (hereinafter, the term used for the combination of Independent Directors and Non-Executive Directors appointed from within the company) to Executive Directors on their business execution as part of the Board of Directors function while taking advantage of the company with the Audit & Supervisory Board system:

- a Same number or more Non-Executive Directors responsible for oversight are appointed as Executive Directors responsible for business execution.
- b Independent Directors are appointed as the core members of Non-Executive Directors, and at least one Non-Executive Director is appointed from within the company.
- c Independent Directors must meet the independence standards (hereinafter referred to as "Independence Standards") established by the company.
- d In nominating Non-Executive Director candidates, the company takes account of the background of candidates and their insight on the company's business.
- e The company has the Audit & Supervisory Board Members' external audit and oversight on the Board of Directors, the voluntary Executive Nomination Committee and Compensation Committee composed mainly of Non-Executive Directors and Auditors (hereinafter, the term used for the combination of Non-Executive Directors and Audit & Supervisory Board Members), and the Independent Directors & Auditors Council, all function to complement the Board of Directors.
- f Independent Audit & Supervisory Board Members shall be the External Audit & Supervisory Board Members who meet the Independence Standards.

• Corporate Governance Policy and Independence Standards for External Directors & Auditors

<http://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf>

Overview of Corporate Governance Structure (as of June 27, 2016)

Overview of Board of Directors

The Company has a Board of Directors to serve as a body for making important decisions and overseeing management. The Board of Directors delegates the decision-making authority over business execution to the Representative Directors and subordinate Corporate Executive Officers to the broadest extent that is permitted by law and the Articles of Incorporation of the company and is considered to be reasonable and will mainly perform as oversight and advisory function. Moreover, the oversight function of the Board of Directors has been strengthened by actively appointing External Directors with high independence and diverse perspective.

Furthermore, in order to better define the management responsibility of the Directors, their terms were reduced from two years to one year in accordance with a resolution at the June 23, 2006 Annual Shareholders' Meeting.

The Board of Directors is comprised of 10 members in total: 5 Executive Directors and 5 Non-Executive Directors (including 4 External Directors and two of them are women).

Overview of the Audit & Supervisory Board

The Company has an Audit & Supervisory Board that performs the auditing and oversight functions. The auditing and oversight functions are carried out by Audit & Supervisory Board Members, who review the Board of Directors as well as business execution functions and attend important meetings, including meetings of the Board of Directors.

The Audit & Supervisory Board has five members, comprising two full-time Audit & Supervisory Board Members and three external Audit & Supervisory Board Members.

Executive Nomination Committee and Compensation Committee

The Company has established the Executive Nomination Committee and the Compensation Committee as advisory bodies for its Board of Directors to ensure the transparency and objectivity of its process for nominating Directors and Audit & Supervisory Board Members and its process for determining executive compensation as well as to ensure the fairness of the method and level of executive compensation.

The Executive Nomination Committee deliberates about candidates for Director and Audit & Supervisory Board Member positions in accordance with the Framework of Corporate Governance Structure and the Procedures and Policy of Directors and Auditors Nomination stipulated in the Company's Corporate Governance Policy and provides its recommendations to the Board of Directors. In addition, the Compensation Committee provides its recommendations about 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 Determining Directors and Auditors Compensation stipulated in the Company's Corporate Governance Policy.

According to the Corporate Governance Policy, each committee is composed of a majority of Non-Executive Directors and Auditors with at least one Independent Director. In fiscal 2015, each committee consists of three Non-Executive Directors and Auditors (including one Independent Director) and one Executive Director. Both Committee's members in fiscal 2015 are as follows.

Chairman of both Committees: Tatsuzumi Furukawa

Members of both Committees: Megumi Yamamuro, Jun Yokota, and Masami Yamamoto

The FY 2015 term of the above committee members ended at the close of the regular Annual Shareholders' Meeting on June 27, 2016. Appointment of members of the committees for fiscal 2016 is scheduled for July 2016.

Independent Directors & Auditors Council

In response to the requirements of Japan's Corporate Governance Code, which facilitates the activities of Independent Directors and Auditors, and in order to invigorate discussions on the medium- to long-term direction of the company at its Board of Directors Meetings, the Company believes it essential to establish a system which enables Independent Directors and Auditors, who maintain a certain degree of separation from the execution of business activities, to consistently gain a deeper understanding of the Company's business. Based on this recognition, the Company established the Independent Directors and Auditors Council in fiscal 2015. In the Independent Directors and Auditors Council, members discuss on the medium- to long-term direction of the company and share information and exchange viewpoints so that they can each formulate their own opinions.

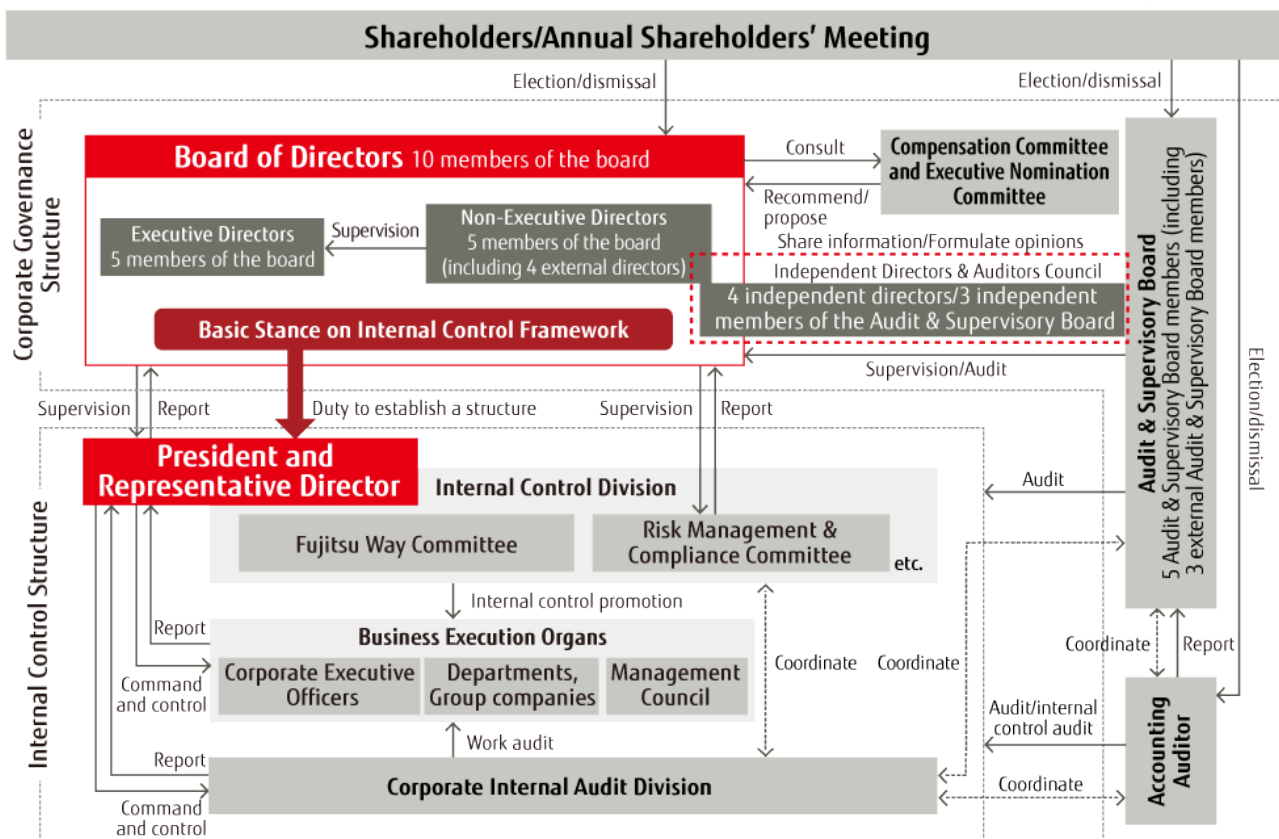
Reasons for Adoption of Current Corporate Governance System

We believe that both direct oversight to business execution by the Non-Executive Directors and the oversight by Audit & Supervisory Board Members that stays distant from the decision making and operation of business execution should work jointly to ensure highly effective oversight performance. The company adopts "the company with Audit & Supervisory Board system" that establishes the Audit & Supervisory Board, which is composed of the Audit & Supervisory Board Members appointed as an independent agent.

The Board of Directors comprises same number or more Non-Executive Directors as Executive Directors to ensure its capacity to correct faulty, insufficient, or excessive business executions. While External Directors should be the core of Non-Executive Directors on account of their high independence, at least one Non-Executive Director is appointed from within the company to complement the External Directors' knowledge in the business fields and the corporate culture of the company so that the efficiency of oversight

Corporate Governance Structure

(as of June 27, 2016)



performance by the Non-Executive Directors are enhanced.

Policy on the Determination of Executive Compensation

Compensation of Directors and Audit & Supervisory Board Members is determined in accordance with the Executive Compensation Policy below, which was determined by the Board of Directors following the recommendation by the Compensation Committee.

[Reference] Executive Compensation Policy

To secure exceptional human resources required to manage the Fujitsu Group as a global ICT company, and to further strengthen the link between its financial performance and shareholder value, while at the same time improving its transparency, Fujitsu establishes its Executive Compensation Policy as follows.

Executive compensation is comprised of the following: "Base Compensation," specifically a fixed monthly salary in accordance with position and responsibilities; "Stock-based Compensation," which is a long-term incentive that emphasizes a connection to shareholder value; and "Bonuses" that are compensation linked to short-term business performance.

Basic 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.

Stock-based Compensation

- Stock-based compensation shall be granted to Directors who carry out executive duties as a long-term incentive in accordance with their position, for the purpose of purchasing the Company's own shares.
- Purchases of the Company's own shares shall be made through the Director Stock Ownership Plan. Shares purchased for this purpose shall be held by each Director for the term of his or her service.

Bonuses

- Bonuses shall be paid to Directors who carry out executive responsibilities. The amount of a bonus 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 indices and the amount shall be determined in accordance with the degree of achievement of the performance targets for the respective fiscal year.

In accordance with a resolution of the Annual Shareholders' Meeting, the total amount of Base Compensation, Stock-based Compensation and Bonuses shall not exceed 600 million yen per year for Directors and 150 million yen per year for Audit & Supervisory Board Members.

(Reference)

Category	Basic Compensation		Stock-based compensation	Bonuses
	Management Oversight Portion	Business Execution Portion		
Directors	○	—	—	—
Executive Directors	○	○	○	○
Audit & Supervisory Board Members	○	—	—	—

Basic Stance on Internal Control System

To continuously increase the corporate value of the Fujitsu Group, it is necessary to pursue management efficiency and control risks arising from business activities. Recognizing this, Fujitsu is working toward the practice and penetration of the FUJITSU Way, the basic principles behind the Fujitsu Group's conduct. At the same time, the Board of Directors has articulated the Policy on Internal Control Framework as systems and rules to pursue management efficiency and control the risks arising from the Company's business activities.

Overview of the Policy on the Internal Control System

The Policy on the Internal Control System sets forth internal structures of the Fujitsu Group, including the following.

Decision-making and Structure of Management Execution

By dividing the management execution authority of the President & Representative Director, who is the chief executive officer, among the corporate executive officers, and by establishing a Management Council to assist in the President and Representative Director's decision-making, the Company aims to enhance management effectiveness.

In addition, the framework makes clear that the President & Representative Director bears responsibility for the construction and operation of an internal control framework, and the Board of Directors shall fulfill its oversight responsibility by appropriately examining the operation of the internal control framework.

Risk Management System

The Company shall establish a Risk Management & Compliance Committee, and in addition to preparing systems to control the overall risk of financial losses of the Fujitsu Group, the Company shall also prepare systems for managing risks pertaining to defects and failures in products and services, as well as systems for managing contracted development projects, information security, and financial risk.

Compliance System

Primarily through the Risk & Management Compliance Committee, the Company shall promote the preparation of the internal rules, education, and oversight systems required for compliance with the Code of Conduct set forth by the FUJITSU Way, and also with laws and regulations concerning the business activities of the Fujitsu Group.

The Company shall also prepare management systems to ensure the appropriateness of financial reporting, as well as systems for information disclosure and internal auditing.

- The Policy on the Internal Control System and the Overview of the Status of Operation of the System

<http://www.fujitsu.com/global/Images/notice116b.pdf>

Overview of the Status of Operation of the System to Ensure the Properness of Fujitsu Group Operations

1. Systems to Ensure that Directors Carry Out Their Responsibilities Efficiently

The Company delegates management execution authority of the President and Representative Director to Corporate Executive Officers in order to ensure the efficiency of decision-making and management execution.

The Management Council, in principle, meets three times a month, discusses important management execution and assists the President and Representative Director in decision-making.

In addition, various systems for approvals and reaching decisions are put in place that ensure efficient and proper management execution based on appropriate delegation of duties to officers and employees.

2. Risk Management System and Compliance System

The Company positions the risk management system and the compliance system at the heart of the "Policy on the Internal Control System" and has established the Risk Management & Compliance Committee, which supervises these systems globally.

The Risk Management & Compliance Committee is chaired by the President and Representative Director and consists mainly of Executive Directors. The Risk Management & Compliance Committee meets roughly quarterly. Regarding compliance violations and risks in business operations, including information security, the Risk Management & Compliance Committee operates a system that ensures reporting of compliance violations and risks that have arisen to the Risk Management & Compliance Committee in a timely manner. It also operates the internal reporting system and formulates an action policy of the Chief Risk Compliance Officer.

The Chief Risk Compliance Officer directs internal organizations based on the above-mentioned policy and is striving to prevent risks in business operations from arising and is conducting activities to minimize the loss that may be caused by the risks that have arisen.

The progress and results of the activities of the Risk Management & Compliance Committee are periodically reported to the Board of Directors. From April 2016 onward, the Risk Management & Compliance Committee directly reports to the Board of Directors. Also, sub-committees of the Risk Management & Compliance Committee have been established for individual Regions, which are geographical regions of the Fujitsu Group worldwide, in order to instill the risk management system and the compliance system throughout the Fujitsu Group.

3. System to Ensure Proper Financial Reporting

As for a system to ensure proper financial reporting, the Company has established the FUJITSU Way Committee. Under this committee, a system called "Eagle Next" for evaluation and auditing of internal controls for the purpose of ensuring proper financial reporting throughout the Fujitsu Group has been established and is operated.

4. System to Ensure the Properness of Fujitsu Group Operations

The risk management system, the compliance system, and the system for ensuring proper financial reporting cover the Fujitsu Group.

In addition, as a part of a system to ensure the properness of Fujitsu Group operations, the Company has established the Rules for Delegation of Authority called "Global DoA" that determines authority for decision-making of important matters of Fujitsu Group companies (excluding certain subsidiaries) and the decision-making process. The Company has its Group companies comply with the Global DoA. In addition, Group companies are required to report on their operations to the Company. In this way, the Company has put in place systems for decision-making and reporting of important matters at the Group.

The status of operation of the internal control system centering on the above is periodically reported to the Board of Directors.

• Corporate Governance Report (As of June 28, 2016)

<http://pr.fujitsu.com/jp/ir/governance/governancereport-en.pdf>

Compliance

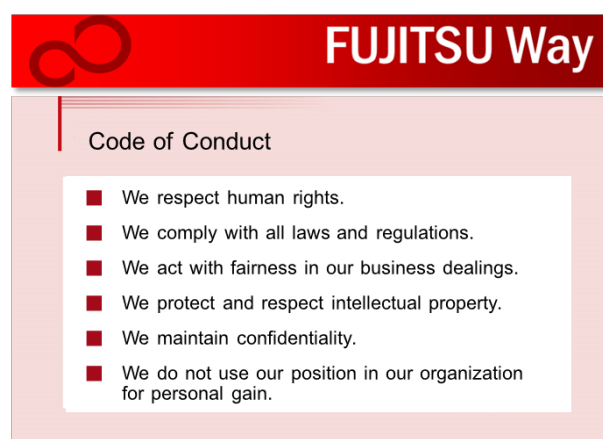
Activities Promoting Compliance

The Risk Management & Compliance Committee, directly reporting to the Board of Directors and headed by the President, supervises compliance matters globally for the entire Fujitsu Group, in accordance with our Basic Policy on Establishment of Internal Control System. The Risk Management & Compliance Committee is responsible for and has appointed a Chief Risk Management & Compliance Officer (CRCO) who executes the committee's decisions concerning compliance. The committee also works to improve awareness of and compliance with our Fujitsu Way Code of Conduct throughout the Group by establishing the Global Compliance Program.

The Risk Management & Compliance Committee monitors the implementation status of the Global Compliance Program on a periodical basis and reports to the Board of Directors.

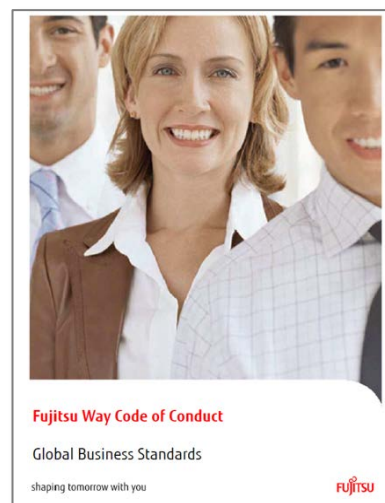
The Fujitsu Way Code of Conduct

The Fujitsu Way includes the following Code of Conduct, with which all Fujitsu Group employees must comply:



Fujitsu has also rolled out our Global Business Standards (GBS), which provides further guidance on how to apply the Fujitsu Way Code of Conduct and to ensure compliance with laws and regulations. The GBS is available in 20 languages to be applied uniformly across the Fujitsu Group.

- GBS (Global Business Standards)
<http://www.fujitsu.com/global/about/philosophy/codeofconduct/gbs/index.html>



Initiatives by Top Management

Through messages from top management to employees as well as other regular communication regarding our commitment to compliance, Fujitsu is working to promote our Code of Conduct and GBS across the Fujitsu Group.

In August 2015, Fujitsu's President sent a message on the importance of compliance to all employees in Japan and overseas, explaining his emphasis on the importance of a corporate culture that follows the Fujitsu Way Code of Conduct and that fosters "Zero Tolerance" for any wrongdoing.

At the same time, the Vice President, Chief Risk Management & Compliance Officer, also sent a message to all employees regarding our revised Global Compliance Program, in order to further espouse the values of our Code of Conduct and GBS.

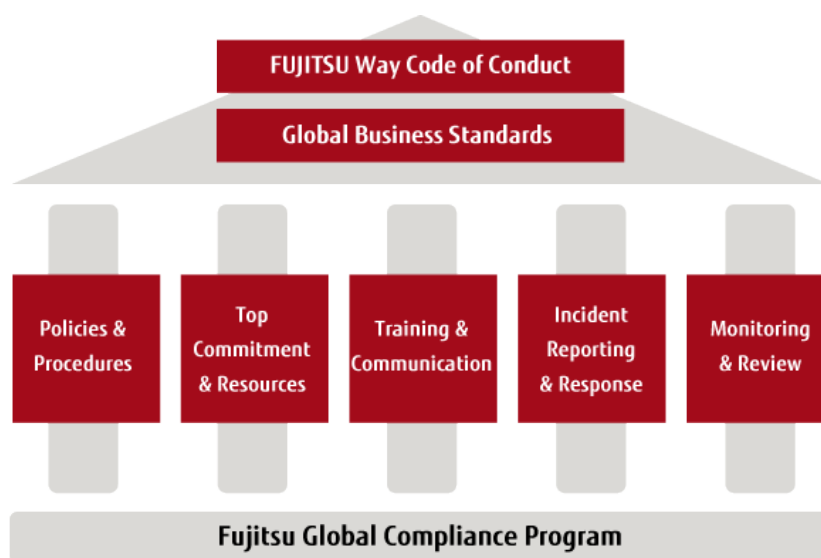
Following this, the heads of our overseas regions and the top management of our Group companies sent similar messages to their employees. Based on the message from the President, these messages further emphasized our corporate culture of "Zero Tolerance".

Promoting the Global Compliance Program

In order to promote and implement the Fujitsu Way Code of Conduct and GBS, Fujitsu has established the Global Compliance Program (GCP) and is working to maintain, review and improve its global structure for legal compliance.

In response to increasingly strict international regulations, active enforcement by authorities, and higher standards for compliance, in 2015, we revised the GCP with the approval of the Risk Management & Compliance Committee. The new GCP is a framework for activities to increase awareness of, and achieve compliance with, the Fujitsu Way Code of Conduct and GBS. It systematically organizes our existing activities concerning compliance into five pillars, clarifies items that Fujitsu should continuously work on, and seeks to promote external understanding of our compliance structure and activities.

Fujitsu Global Compliance Program



a. Establishment of Rules and Procedures

Fujitsu has established and implemented internal rules to align globally with the GBS.

In Japan, to enforce compliance and enact sustainable improvement in our corporate value, we established the Compliance Rule in February 2014 and have applied the rule throughout Japanese group companies. In October 2014, with the approval of the Risk Management & Compliance Committee, we established more specific and detailed regulations and guidelines based on the Compliance Rule in the areas with significant impact on business: antitrust, anticorruption and anti-social forces.

In our overseas entities, with the approval of the Risk Management & Compliance Committee, we have been establishing basic internal rules that are the minimum requirements to be globally implemented within each entity. These rules are organized in

the form of global guidelines, which are in turn adopted by our overseas Group companies, allow them to take into account the applicable laws, culture, and customs of each country. We issued the General Compliance Guideline, corresponding to the compliance rule in Japan above, for overseas Group companies, along with other guidelines concerning the prevention of bribery, covering matters including the proper procedures for giving gifts and entertainment to government officials, due diligence on third party suppliers, and facilitation payments. In addition, we have developed an online third party due diligence process that is being used by major overseas Group companies in Europe, Southeast Asia, Oceania, and North America. Moreover, to prevent the participation in cartels and similar activities, we have issued a global guideline on anti-trust law and competition law.

b. Top-level Commitment and Securing of Resources

As noted above, through messages from top management to employees and other regular communication of our commitment to compliance, Fujitsu is working to promote and implement the Fujitsu Way Code of Conduct and GBS across the Fujitsu Group.

We have also assigned compliance officers from headquarters to each regions of Japan, EMEA, Asia, Americas, and Oceania, and have formed a global network with local compliance representatives among overseas Group companies, as well as the risk and compliance representatives in Japanese Group companies, in order to secure a structure to execute our GCP.

In April 2016, compliance representatives from overseas Group companies gathered at the Global Compliance Forum to share and discuss headquarters' policies concerning the execution of GCP. This forum is scheduled to be held once per year.

c. Training and Communication

The Fujitsu Group has been printing the Code of Conduct of the Fujitsu Way on wallet-size cards and has been distributing these to all Group employees. These cards are designed to serve as a quick reference of the Code of Conduct for employees when they are dealing with customers or business partners, or when they are uncertain about a decision in the course of daily operations. For non-Japanese speakers, we have prepared wallet-size cards in three other languages.

We are also implementing various compliance training programs for approximately 160,000 employees in our domestic and overseas Group companies. To deepen understanding for the prevention of cartels and bribery while reaffirming GBS, in FY2014 we conducted a "Compliance of Fujitsu Group" e-learning training course for employees of Fujitsu and domestic Group companies. Additionally, we implemented a series of face-to-face training, beginning with "Risk Compliance Seminar: About The Antimonopoly Act and Bribery" for high-risk departments and Group companies.

At overseas Group companies, we also implemented e-Learning compliance training courses and face-to-face compliance training courses covering areas such as the GBS, anti-trust, anti-corruption, export controls, and conflicts of interest.

In addition to compliance training for executives in Japan, which is provided by outside lawyers, we also conduct in-house training for heads of sales divisions and branches about bidding-related laws and the Antimonopoly Act. For new managers, we also regularly hold in-house training where a Fujitsu instructor explains the importance of the Code of Conduct and compliance, while also providing case studies of typical scenarios and situations.

While continuing to engage in these activities, we plan to enhance group training for high-risk departments, focusing on the prevention of cartels and bribes.

In the field of export control, we will continue regular audits and export management trainings for executives and employees to maintain and continue our internal systems for security export control. For domestic and overseas Group companies, we are carrying out activities including training support, audit support, and the hosting events to discuss this subject within the Group. For overseas Group companies around the world, we are rolling out an e-learning program in 20 languages on security exportcontrol.



e-Learning: "Implementation of the Code of Conduct Screen"

d. Incident Reporting and Response

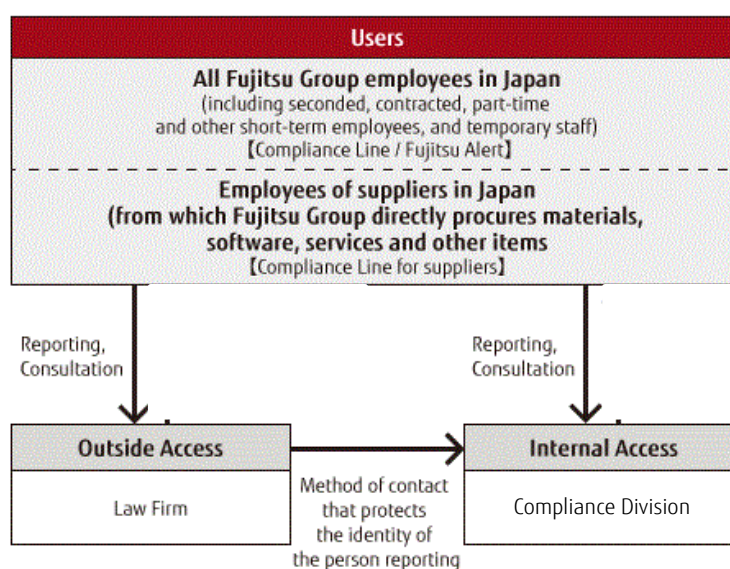
(a) Whistleblowing Hotline

We have been operating the Fujitsu Alert/Compliance Line to handle reports and provide consultations for all Fujitsu Group employees (including seconded, contracted, part-time or other short-term employees as well as temporary staff).

Moreover, we opened a Compliance Line for Suppliers in Japan to handle reports and inquiries from the employees of companies that directly supply Fujitsu with their products, services or software, etc.

Our Fujitsu Alert/Compliance Line and Compliance Line for Suppliers system forbids any and all retaliation against employees and suppliers for making such reports, and meticulous care is taken in handling the information so as to preserve their anonymity. If the issue raised is substantiated, the relevant practice is terminated and measures are taken to prevent recurrence.

Whistleblowing Hotline in Japan



(b) Report to the Risk Management & Compliance Committee

Our risk management rule stipulates that an executive or employee who recognizes a compliance violation or signs of violation must immediately report to compliance team, who will then report to the Risk Management & Compliance Committee and the Board of Directors if necessary and, following the reporting structure set by the Head of Business Unit, to that position as well.

The status of key compliance issues is reported regularly to the Risk Management & Compliance Committee and the Board of Directors.

e. Monitoring and Assessment

Through activities such as risk assessments and audits, we periodically check the efficacy of the GCP and work to continually improve it. From FY2014, the headquarters compliance team has visited Group companies in countries and regions with a high risk of corruption. Through interviews with executives and employees and as well as internal process checks, the compliance team analyzes the potential compliance risks in local business and provides proposals to mitigate these risks.

The outcome of risk assessment and status of the GCP implementation are reported regularly to the Risk Management & Compliance Committee and the Board of Directors.

Response to Compliance Matters

In 2015, Fujitsu Limited was investigated by the Japan Fair Trade Commission (JFTC) for its alleged contravention of the Antimonopoly Act (unreasonable restraint of transaction) in connection with the sale of communication equipment to Tokyo Electric Power Co. and Chubu Electric Power Co. The JFTC plans to issue Fujitsu with an administrative cease-and-desist order and an administrative surcharge order with respect to the transaction with Tokyo Electric Power Co. Fujitsu will continue cooperating fully with the JFTC's investigation and procedures. Immediately after the JFTC initiated its investigation, Fujitsu conducted a thorough internal investigation and took appropriate measures in accordance with its policies and applicable laws and regulations.

Fujitsu regrets the occurrence of such situation and the uneasiness it may be causing to all whom may be concerned.

To ensure compliance with the Japanese Antimonopoly Act, any applicable competition laws of other countries, and the Fujitsu Way, Fujitsu's Global Compliance Program (GCP) regularly provides both e-learning and face-to-face training to employees and management. The GCP also promotes established policies and procedures, and provides an internal whistle blowing program. Fujitsu is committed to doing business lawfully, and maintaining an effective compliance program.

In Japan, Fujitsu has established and implemented specific compliance action plans based on the JFTC's "Compliance Program for Companies to Comply with The Antimonopoly Act", thereby contributing to the effectiveness of the GCP.

In addition, Fujitsu has issued "Antitrust and Competition Guidelines" approved by the Risk Management & Compliance Committee in FY2015, intended to supplement the guidance provided in the Global Business Standards. This year, Fujitsu is providing antitrust and competition e-learning courses to all employees and management of the Fujitsu Group based on those guidelines. These guidelines and training efforts will continue to strengthen Fujitsu's compliance with applicable antitrust and competition laws.

Initiatives for Security Export Controls

For the purpose of maintaining global peace and security, the export of goods and the transfer of technology that could be utilized for the development or production of weapons of mass destruction, conventional weapons, etc. are strictly controlled under an international framework for security export controls ("International Export Control Regimes"). Japan is also implementing security export controls consistent with the same framework under the "Foreign Exchange and Foreign Trade Act".

Following the stipulation to "comply with all laws and regulations" in the Fujitsu Way Code of Conduct, we are thoroughly working to implement our Security Export Control policy in line with not only Japan's "Foreign Exchange and Foreign Trade Act", but also the U.S.'s "Export Administration Regulations" (EAR), which is also applicable to the export / transfer of technology from Japan because of its extraterritorial application.

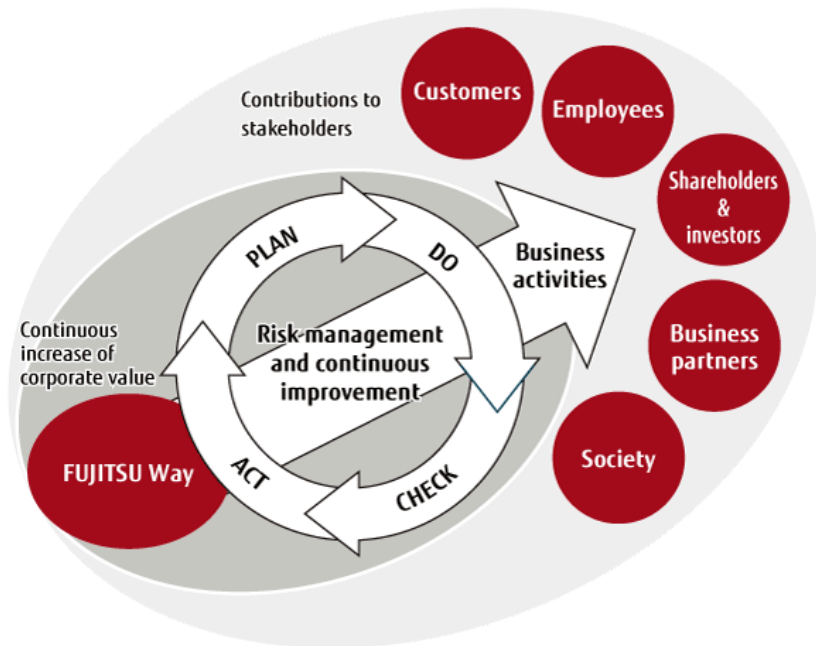
Fujitsu has established a system by which our President is the designated Chief Export Control Officer for the company and the "Security Export Control Office" in the "Legal, Compliance and Intellectual Property Unit" is the designated organization in charge. Product classification and transaction screening (of end use and end users) is performed by this office for all export of goods and overseas transfer of technology, so that the export of goods or transfer of technology will not happen without export licenses required by governments. Furthermore, we strive for strict management to prevent any acts that could lead to non-compliance with export control laws, keeping close touch with the Ministry of Economy, Trade and Industry as the competent authorities for security export control in Japan. In order to maintain an appropriate level of export controls, we conduct annual export control audits and provide export controls training for executives and employees. In FY2015, we offered a related e-learning course that is mandatory for all employees.

Fujitsu also offers guidance to Group companies inside and outside Japan for developing frameworks for security export controls and tailoring in-house rules, provides in-house export control training and audits, and annually organizes the gathering of Group companies to exchange mutually beneficial information. In FY2015, the Security Export Control Office visited four Group companies in East Asia and Southeast Asia for the purpose of audits, training, and strengthening of frameworks for security export controls. Since FY2013, the Office has also been developing an e-learning training course covering security export controls in 20 languages for Group companies located across the globe.

Risk Management

Our Approach to Risk Management

Through its global activities in the ICT industry, the Fujitsu Group continuously seeks to increase its corporate value, and to contribute to its customers, local communities and indeed all stakeholders. Properly assessing and dealing with the risks that threaten the achievement of our objectives, taking steps to prevent the occurrence of these risk events, and establishing measures to minimize the impact of such events if they do occur and to prevent their reoccurrence are assigned a high priority by management. Moreover, we have built a risk management and compliance system for the entire Group and are committed to its continuous implementation and improvement.



Business Risks

The Group identifies, analyzes and evaluates the risks that accompany business activities and works on measures to avoid or reduce them, and to deal with them quickly in the unlikely event that they materialize.

Examples of Business Risks^{*1}

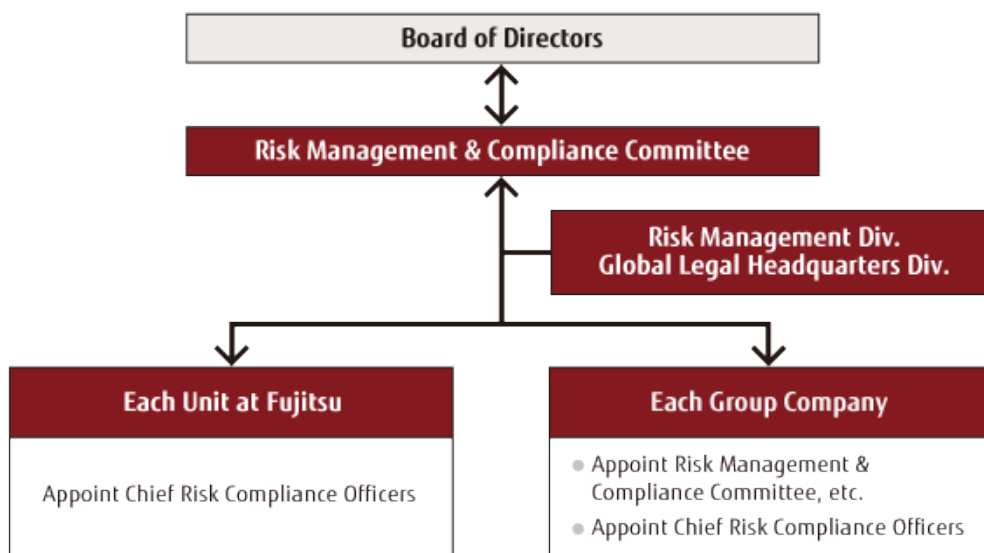
- Economic and financial market trends
- Changes in customers' ICT investment trends and being unable to maintain lasting ties with customers
- Competitors' strategies and industry trends
- Procurement, alliances and technology licensing
- Public regulations, public policy and tax matters
- Compliance (cartels, bribery, export control violations, etc.)
- Deficiencies or defects in products and services, information security, project management, investment decisions, intellectual property rights, human resources, environmental pollution, credit risks, etc.
- Natural disasters and unforeseen incidents

^{*1}: These are just some of the business risks. More detailed risk-related information can be found in our earnings report, securities reports and other published reports.

Risk Management & Compliance Structure

In order to prevent potential risks of loss in business execution from materialization, to respond aptly to materialized risks, and to prevent their recurrence, the Fujitsu Group has established a Risk Management and 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 a Chief Risk Compliance Officer for each department and company throughout the Group, and encourages cooperation among them to both guard against potential risks and mitigate risks that materialized, forming a risk management and compliance structure for the entire Group.



The Risk Management Framework

The Risk Management & Compliance Committee is responsible for grasping the status of risk management and compliance in all Fujitsu business groups and Group companies in Japan and overseas, establishing the appropriate policies and processes, etc., and both implementing and continuously improving them. In practical terms, it decides on risk management regulations and guidelines, applies them and regularly reviews and improves them.



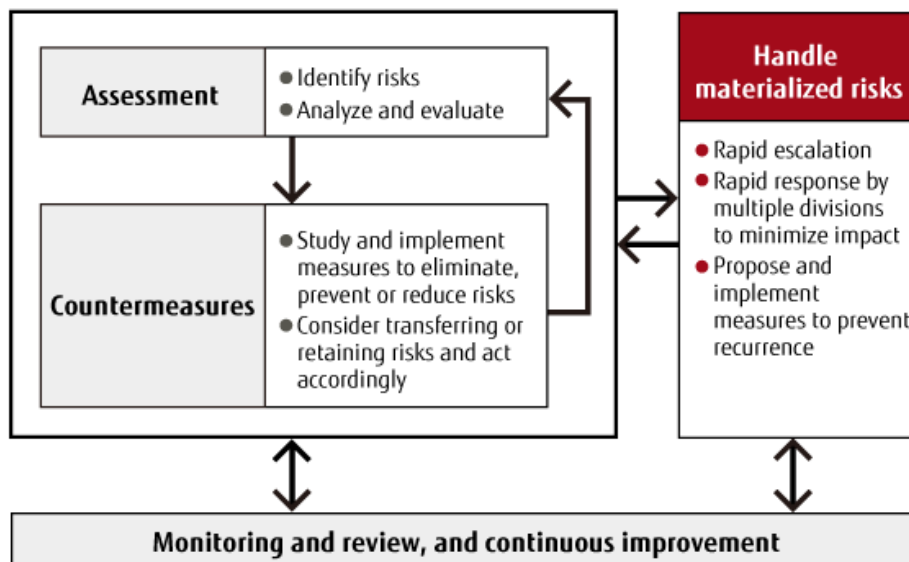
Risk Management Processes

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

The Risk Management Committee also prepares responses

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

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



Group-Wide Disaster Preparedness

The Fujitsu Group is working to build a robust disaster-preparedness network and enhance our business continuity response capabilities. As well as enhancing work collaboration within Global Corporate, we are developing systems enabling Group companies in every region to collaborate and efficiently engage at the early stage to make initial responses. We also verify the efficacy of our disaster preparedness systems to enhance our response capabilities, and carry out drills tailored to every level – the entire company, task forces, workplaces, individuals, and so on. In order to minimize harm to humans in the case of disaster and to prevent accidents, we implement voluntary inspections and verification activities.

Fujitsu Group Joint Disaster Response Drills

In conjunction with Japan's National Disaster Preparedness Day on September 1st and in anticipation of major disasters envisioned for every region, we have organized a company-wide disaster preparedness organization through which we carry out nation-wide disaster response drills. These drills incorporate mock disaster exercises covering points on which Group companies are to collaborate in response.

FY 2015 marks the 21st year of systematically conducting training for a potential major earthquake in Tokyo or in the Tonankai region. This year we completed training at about 100 companies, including Fujitsu Headquarters. Envisioning a "Nankai megathrust

earthquake" expected to cause serious damage, we conducted drills to confirm initial response activities in collaboration with each damaged business site. In addition, sites in Japan carried out training to verify the initial response by local recovery task forces immediately after a disaster (confirmation of employees' safety, evaluation of damages to work sites, life-saving activities, etc.).

Implementing Disaster Preparedness Self Checks at Each Business Site

Disaster-preparedness self checks are autonomously conducted throughout the Group based on inspection criteria established at each site. These include disaster prevention manuals, disaster response plans (DRP), operation of disaster prevention organizations, and maintenance conditions of disaster prevention stocked items and facilities. The self checks are meant to minimize personal injury and property damage in the event of a disaster.

Carrying Out Joint Inspections by Specialist Teams

We are conducting joint testing throughout the Fujitsu Group, targeting facilities that are critical to Fujitsu business continuity. Led by teams made up of internal departments for environmental management, facility management, safe operation of production equipment and procedures, and risk management, these checks are ensuring that laws are being upheld, while also conducting joint testing throughout the Fujitsu Group in order to prevent accidents that could arise from aging infrastructure or from fires and other natural disasters.

At all Fujitsu Group facilities, we select the high-priority facilities that require verification across various criteria, and conduct group verifications. Furthermore, based on its results, we share good practices and cases of improvements made regarding disaster preparedness with other facilities in the Group.

Business Continuity Management (BCM)

The risks of circumstances that threaten economic and social continuity, such as large-scale disasters like earthquakes flooding, disruptive incidents, accidents, and pandemics such as the new strain of influenza, have increased greatly in recent years.

To ensure that even when such unforeseen circumstances occur, we can continue to provide a stable supply of products and services with enhanced performance and high quality which meet the demands of customers, the Fujitsu Group has established a Business Continuity Plan (BCP), and promotes Business Continuity Management (BCM) as a way of continuously reviewing and improving that BCP for establishing in the field. Through the BCM process, the lessons learned in the course of the Great East Japan Earthquake, the recent Kumamoto earthquake, and the flooding in Thailand are now reflected in our BCP.

Improving Business Continuity Capability through Training

To fulfill our social responsibility as a company supporting social infrastructure, the Fujitsu Group organizes and analyzes issues of business continuity at the business and site levels, and continuously conducts training aimed at strengthening and improving our business continuity capability,

Promoting Appropriate BCM Activities through Business Continuity Capability Surveys

Our business continuity capability survey checks and assesses the level that Fujitsu units and Fujitsu Group companies have achieved in implementing management, education, and training in business continuity, and the level of their measures to resume business activities within a targeted recovery period.

Through the implementation of business continuity capability surveys, we clarify the performance index (level) to be achieved in the Fujitsu Group. By executing measures aimed at achieving this, we promote appropriate BCM activities (the optimization of workloads and investments) in the Fujitsu Group.

Strengthening BCM for Our Entire Supply Chain

In order to consistently supply products and services even under unforeseen circumstances, the Fujitsu Group has been continuously supporting the improvement of business continuity capability with our business partners since FY 2007, with the belief that it is essential to strengthen business continuity capability along our entire supply chain. In FY2014, we revised our questionnaire, based on exercises that conform to business continuity capability indicators by the Ministry of Economy, Trade and Industry, and now continue to evaluate our business continuity capability.

Training Specialists in BCM

The Fujitsu Group is systematically developing specialists in order to further promote, implement, and improve BCM. With the support of the Company-wide Promotion Office, BCM specialists from each department practice actual BCM activities to understand the essence of BCM and to become able to appropriately perform BCM activities.

Looking ahead, we plan to promote BCM activities within units and companies, centered on specialists with practical experience, to improve the business continuity capability of the Fujitsu Group.

We will further take BCM activities beyond the Fujitsu Group alone to advance activities throughout the entire supply chain, with efforts that include providing support for improvement of business continuity capability in our suppliers.

Measures against Infectious Diseases

We have taken steps against new strains of influenza and other infectious diseases based on a three-fold influenza policy- to safeguard lives, to stop the spread of infection, and to ensure business continuity. We created a "Pandemic influenza Preparedness Action Plan" that stipulates preventive measures in everyday operations and the response process to be used if an outbreak occurs. We work to disseminate these to all employees through e-Learning and by distributing pamphlets. Also, to contribute to the continuity of social infrastructure businesses and the continuity of our customers' businesses should a pandemic occur or a particularly virulent new strain of influenza arise, we have established, and carry out training based on, a "Business Continuity Action Plan for Measures Against Pandemic influenza."

Risk Management Education

To enforce risk management across the entire Fujitsu Group, we conduct education and training at every level.

Specifically, in activities aimed at newly appointed executives and managers as well as Chief Risk Compliance Officers, we are working to communicate our basic concepts on risk management and the rule for prompt escalation to the Risk Management and Compliance Committee; to introduce specific examples of troubles concerning products, services, and information security; and to continually improve awareness and strengthen response capabilities with regard to risk management.

* Training for new executives, managers, and new employees	Approx. 700 persons
* Company-wide disaster preparedness training, mock disaster exercises, BCM drills, etc.	Approx. 1700 persons
* Training for persons stationed overseas	Approx. 200 persons
* Information security e-learning courses (Japan)	Approx. 55,000 persons
* Information security e-learning courses (overseas)	Approx. 30,000 persons

Information Security

Ensuring Information Security

Bearing in mind that ICT constitutes a fundamental part of the Fujitsu Group's business, the Fujitsu Group maintains information security throughout the Group and also proactively strives to maintain and improve its customers' information security through Fujitsu's products and services, and thereby contributes to the Corporate Philosophy that articulates our desire for "a network society that is rewarding and secure."

Fujitsu Group Information Security Policy

Fujitsu has newly established the "Fujitsu Group Information Security Policy" to conform to the "Cybersecurity Management Guidelines" announced in December 2015 by Japan's Ministry of Economy, Trade and Industry and the Information-Technology Promotion Agency. The Fujitsu Group Information Security Policy is a global security policy that covers the entire Fujitsu Group, in accordance with decisions made by the Risk Management & Compliance Committee that reports directly to the Board of Directors.

Fujitsu Group Information Security Policy (Excerpt) (Global Security Policy)

I. Purpose

The purpose of this Fujitsu Group Information Security Policy (this "Basic Policy") is to set forth basic matters, such as measures and frameworks, regarding Fujitsu Group's information security in accordance with the "Cybersecurity Management Guidelines" formulated by the Ministry of Economy, Trade and Industry of Japan, as well as to declare, both internally and externally, that the Fujitsu Group will not only maintain the information security throughout the Group but also proactively strive to maintain and improve our customers' information security bearing in mind that ICT constitutes a fundamental part of Fujitsu Group's business, and thereby implements the Corporate Philosophy set forth in FUJITSU Way.

II. Basic Principles

- (1) The Fujitsu Group shall, in carrying out its business, appropriately handle information provided by our individual or organizational customers and suppliers, and thereby protect the rights and interests of such individuals and organizations.
- (2) The Fujitsu Group shall, in carrying out its business, appropriately handle trade secrets, technological information and any other information of value, and thereby protect the rights and interests of the Fujitsu Group.
- (3) The Fujitsu Group shall exercise endeavors on research and development as well as development of human resources in order to provide products and services that contribute to maintaining and enhancing our customers' information security, and thereby promote sustainable development of our customers and thus society at large.

• Fujitsu Group Information Security Policy (Full Text)

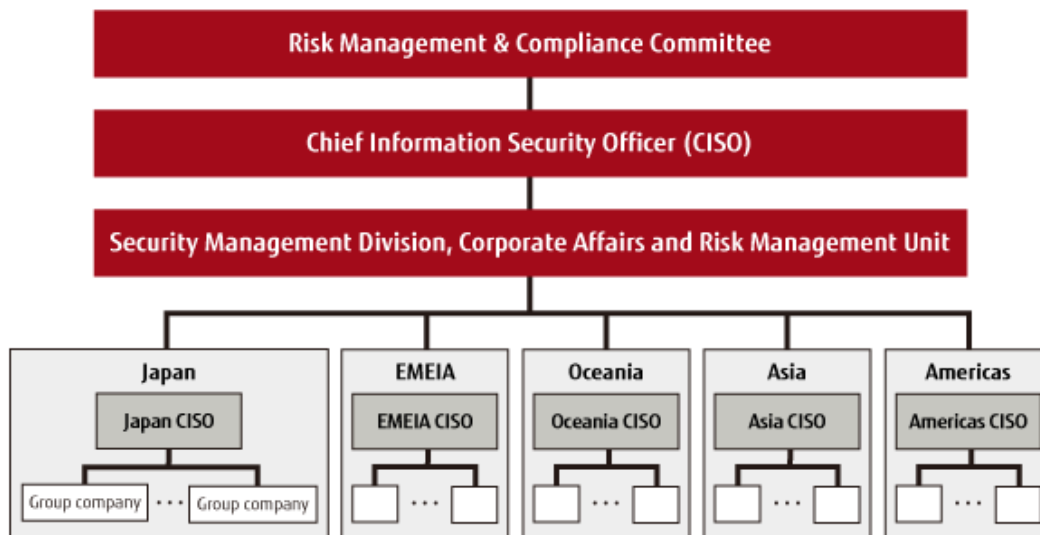
<http://www.fujitsu.com/global/about/csr/management/security/>

Information Security Organization

In order to further strengthen its security measures in response to the recent trend of more numerous and sophisticated cyber attacks, Fujitsu has appointed a Chief Information Security Officer (CISO) under the Risk Management and Compliance Committee and has reviewed its security organization structure, thereby ensuring the establishment and implementation of information security

measures.

Information Security Framework



Varied Measures to Ensure Information Security

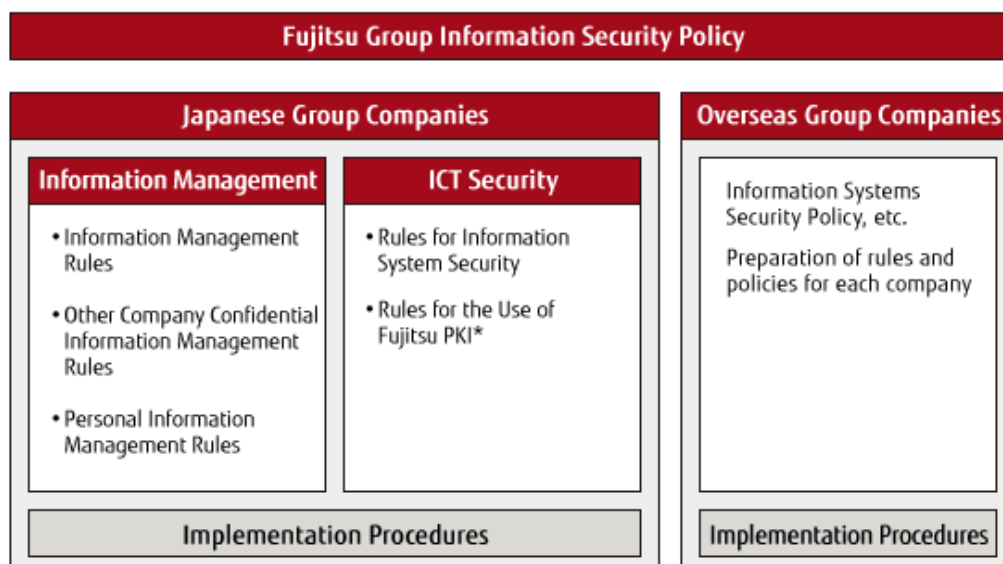
In accordance with the Fujitsu Group Information Security Policy, Fujitsu not only establishes internal policies and procedures and conducts employee training, but also proactively takes advantage of ICT in order to maintain and improve its information security globally.

In addition, Fujitsu has expert teams to appropriately respond to information security incidents.

Establishment of Internal Policies and Procedures

Each Fujitsu Group company establishes its internal policies and procedures regarding information management and ICT security based on the "Fujitsu Group Information Security Policy" and implements information security measures accordingly.

Framework of Information Security Rules



* PKI (Public Key Infrastructure): Rules relating to the use of systems for personal identification and encoding.

Training and Awareness Raising Regarding Information Security

Since FY 2008, the Fujitsu Group has promoted a common slogan "Declaration for thorough information management! Information management is the lifeline of the Fujitsu Group."

Fujitsu Limited and its domestic group companies have been working to increase information security awareness at the individual employee level by displaying posters at respective offices and affixing information security awareness stickers to all business PCs used by employees. Furthermore, e-Learning courses are held for all our employees, including executives, every year in order to further establish information security awareness.

Similarly, measures such as employee training are continuously conducted at overseas group companies in order to raise employee awareness regarding information security.



The sticker affixed to business PCs

Enhancing Security with ICT

Fujitsu has also taken steps to enhance security by utilizing ICT. For example, Fujitsu has introduced a tool called "ShieldMailChecker," developed by Fujitsu Social Science Laboratory Limited, to all domestic group companies in order to prevent information leakage caused by erroneous email transmission to external parties.

Activities by Information Security Promoting Organizations at the Business Group Level

Business units and group companies that provide system integration services within the Fujitsu Group have established information security promoting organizations, which implement a higher level of information management and enhanced security.

Many of these organizations have actively obtained ISMS (Information Security Management System) certification ^{(*)1} (43 organizations certified as of June 2016), and promote secure management of confidential information such as customer data.

*1 ISMS (Information Security Management System) certification :

A system for verifying compliance with the ISO/IEC 27001 international standard for information risk management.

Responding to Cyber Attacks

In order to maintain the security of the Fujitsu Group's globally integrated intranet, Fujitsu monitors its network 24 hours a day, 365 days a year, through its GSOC (Global Security Operation Center), which is comprised of security teams at main offices around the world. Information security incidents, such as malware infection, will be reported promptly to the administrator located at the source of the incident with instructions regarding risk elimination, and appropriate countermeasures will be planned. Furthermore, Fujitsu coordinates with external organizations such as government ministries and agencies in order to mutually work on early detection and resolution.

In addition, newly developed systems will undergo prior review by our security control division in accordance with relevant information security policies to ensure that adequate measures are taken against cyber attacks and any issues are resolved.

Information Security Presentation for Business Partners

As a result of dramatic changes in the ICT environment in recent years, the risk of information leaks has never been higher. In response, the Fujitsu Group has held information security presentations not only for Group employees but also for domestic business partners to which we outsource software development and services, and has worked to share information on challenges and to thoroughly implement prevention measures.

• Example of presentations held in FY 2015

<http://www.fujitsu.com/global/about/csr/activities/society/procurement/>

Personal Data Protection Initiatives

Fujitsu has established the “Personal Data Protection Policy” and “Rules for Management of Personal Data”. Based on these rules, we give training on how private information should be handled and carry out surveys in an ongoing effort to strengthen the protection given. In August 2007, we acquired company-wide PrivacyMark certification and have since renewed this certification every two years. Domestic Group companies are also acquiring PrivacyMark certification individually as necessary and are promoting thorough management of personal data. Overseas Group companies are also publishing privacy policies that meet their various national legal and social requirements on their main public websites.



*3 PrivacyMark :

A certification system relating to the handling of private information, The system is operated by the Japan Institute for Promotion of Digital Economy and Community.

Information Security Report

Since 2009, Fujitsu has globally publicized its information security efforts through its annual “Information Security Report” in order to maintain trust from its shareholders, customers, and other stakeholders.

- Fujitsu Information Security Report 2015

<http://www.fujitsu.com/global/documents/about/resources/reports/securityreport/2015-securityreports/security2015-e.pdf>