

# Corporate Governance

Pursuing sound and efficient management and strengthening our governance structure for putting *The FUJITSU Way* into practice.

## Basic Stance

We believe that pursuing management efficiency while effectively managing business risks is essential to achieving sustainable improvement in corporate value. Recognizing that stronger corporate governance is vital to realizing this goal, we have been active in appointing outside directors to help ensure sound and transparent management. At the same time, by separating management oversight and operational execution functions, we have promoted faster decision-making while further clarifying management responsibilities. The clear separation of these functions is designed to further improve management transparency and efficiency.

We manage our Group companies based on clear distinction between 1) companies that perform an assigned function in our business; and 2) companies that pursue a synergistic relationship with us based on a shared corporate strategy.

## Our Corporate Governance Framework

The Board of Directors is responsible for management oversight, supervising the operational execution functions of the Management Council, an executive organ under its authority.

The Management Council, deliberates on basic policy and strategy related to business management and makes decisions on important matters regarding operational execution. Issues discussed by the Management Council and a summary of its discussions are reported to the Board of Directors, which makes decisions on items of particular importance. In principle, the Management Council meets three times a month, but meetings may be convened whenever necessary.

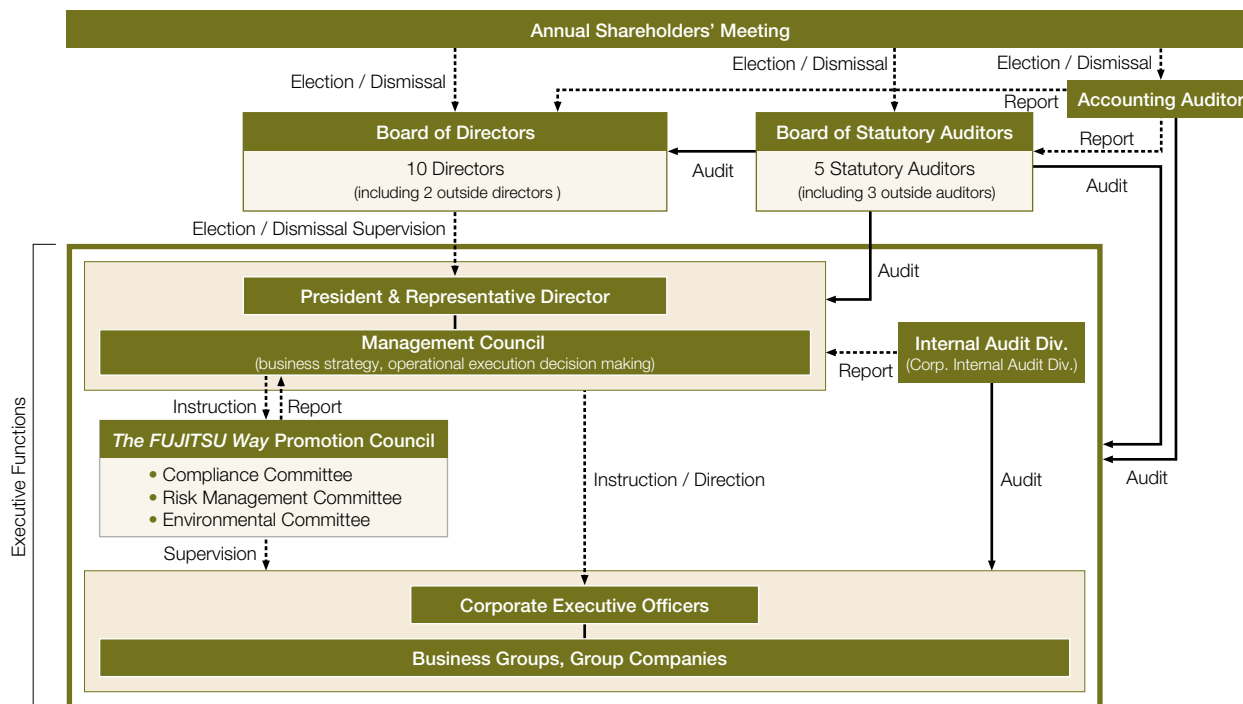
The auditing function is carried out by statutory auditors (Board of Statutory Auditors), who review the Board of Directors as well as operational execution functions and attend important meetings, including meetings of the Board of Directors and the Management Council.

In addition, the Corporate Internal Audit Division has been established to serve as an internal audit group. This division audits the internal affairs of the company and its affiliates, proposes improvements in their business practices, and regularly reports its audit findings to the Management Council.

Fujitsu's accounting audits are carried out by Ernst & Young ShinNihon.

There is no nominating committee or compensation committee.

## Corporate Governance Framework



## Enhancing Corporate Governance

### Basic Stance

Comprising our mission, values, and code of conduct, *The FUJITSU Way* is the core set of principles guiding the corporate and individual actions of the Fujitsu Group.

We pursue the sound and efficient execution of our business activities by striving to accelerate the penetration and implementation of *The FUJITSU Way* and to promote structures and procedures to ensure propriety throughout the Group in our business dealings.

### Status of Implementation

In accordance with the enforcement of Japan's Company Law, and by resolution of the Board of Directors, we adopted a basic stance with respect to enhancement of the Company's internal control framework. We subsequently designated the relevant executive bodies to take responsibility for development of the internal control framework. We are now working to build a more sound operational execution framework based on a review of relevant regulations and operational processes.

To accelerate the penetration and implementation of *The FUJITSU Way*, in July 2004 we established *The FUJITSU Way* Promotion Council as a body reporting directly to the Management Council, and a Compliance Committee. In addition, we realigned the Risk Management Committee and Environmental Committee, which had both previously operated independently, under *The FUJITSU Way* Promotion Council.

To promote risk management, *The FUJITSU Way* Promotion Council continuously monitors the implementation of risk prevention measures by working to raise awareness of risks and by gathering information on specific risks, including potential ones.

Moreover, in anticipation of revisions to Japan's Securities Exchange Law (enactment of the Financial Instruments and Exchange Law), in the second half of fiscal 2005 we launched Project EAGLE as a Group-wide initiative to construct an internal control system that will ensure the validity and credibility of our financial reports. Along with establishing a promotion organization dedicated to these efforts, we have been working to extend them across the Group, including domestic and overseas subsidiaries, by building up our promotion organization, accumulating know-how and cultivating personnel. The goals of the project also include achieving greater efficiency through the pursuit of business process reforms across the Group.

The functions of the committees aligned under *The FUJITSU Way* Promotion Council are as follows:

#### ● Compliance Committee

This committee is responsible for promoting structures and systems to ensure strict compliance with external as well as internal rules, regulations and norms of behavior. To support these efforts, we have operated a "helpline" system in Japan since September 2004 to serve as a confidential liaison for receiving reports from employees and providing guidance to them on matters of conduct.

#### ● Risk Management Committee

This committee takes measures to obtain information regarding specific incidences of risk and minimize the impact of risk incidences on customers and the Fujitsu Group. Serious issues are reported to the Management Council or Board of Directors for discussion and response. Through these measures, risk issues and countermeasures are disseminated throughout the Fujitsu Group, strengthening our overall risk management posture.

#### ● Environmental Committee

This committee is responsible for promoting and strengthening the environmental protection activities of the Fujitsu Group, which are based on The Fujitsu Group Environmental Policy and The Fujitsu Group Environmental Protection Program.

We are taking into consideration the opinions of our accounting auditors as we implement the project to construct an internal control system that will ensure the validity and reliability of our financial reports.

See the Corporate Governance Report for more detailed information on corporate governance.



Corporate Governance

<http://www.fujitsu.com/global/about/profile/governance/>

\* The Corporate Governance Report is available through a link at the foot of the corporate governance page.