

## Announcement of Revision to Basic Policies Related to Internal Control System

**Tokyo, April 28, 2008** – At a meeting held on May 25, 2006, the Board of Directors of Fujitsu Limited approved basic policies related to the establishment of an internal control system. In conjunction, however, with the company’s recent revision of FUJITSU Way, which embodies the philosophy, values, principles and code of conduct for the Fujitsu Group, it was decided at a Board of Directors meeting held on April 28, 2008 to revise the terminology used to describe the basic policies on internal controls, as indicated below. This announcement is intended to explain these revisions. (Revisions are underlined.)

### 1. Objective

FUJITSU Way, which embodies the philosophy, values, principles and code of conduct for the Fujitsu Group, describes the vision of the Fujitsu Group as follows: “Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world.”

We believe that by conducting our activities in accordance with FUJITSU Way, we maximize the value of the Fujitsu Group and enhance our contribution to the communities in which we operate and to society as a whole.

In addition, in order to continuously enhance the corporate value of the Fujitsu Group, it is necessary to pursue management efficiency and control risk arising from our business activities. Recognizing that it is essential to strengthen our corporate governance in order to accomplish this, we will continuously strive to implement the policies described below.

### 2. Systems to ensure the appropriateness of Fujitsu and Fujitsu Group business

#### (1) System to ensure efficient business execution by directors

- a. At Fujitsu, there is a separation of the oversight and operational execution functions of management. The Board of Directors oversees the execution functions of the Management Council\* and other management bodies, and makes decisions on important matters. Among executive organs, the Management Council discusses and decides upon basic management policies and strategies and also decides upon important matters regarding management execution. Matters taken up by the Management Council, including discussion items, are reported to the Board of Directors, and any important issues are decided upon by the Board of Directors.
- b. To strengthen the management oversight function, we proactively employ outside directors and auditors.
- c. The Board of Directors clarifies the scope of authority for board directors, corporate vice presidents and managing directors (hereafter collectively referred to as “senior management”) as well as other business execution organs, and ensures that business is conducted in accordance with the division of business duties.
- d. In performing their duties, senior management follows appropriate decision-making

procedures, such as the Board of Directors Rules, Management Council Regulations, and Regulations on Corporate Decision-Making.

- e. In addition to making employees thoroughly aware of management policies, senior management sets and achieves concrete goals in order to accomplish overall management goals.
- f. To pursue operational efficiency, senior management promotes continuous improvement of internal control systems and reform of business processes.
- g. By having senior management and other business execution organs provide monthly financial reports and business operation reports, the Board of Directors observes and oversees the status of achievement of management goals.

**(2) System to ensure that business execution of directors and employees complies with laws and articles of incorporation**

- a. Senior management adheres to FUJITSU Way as a basic vision for compliance issues, including compliance to laws and the articles of incorporation, and proactively promotes the Group's overall compliance on an ethical basis.
- b. By continuously administering training, senior management instills adherence to FUJITSU Way in employees and promotes the overall Group's compliance.
- c. Senior management clarifies the legal and other regulations that relate to the Fujitsu Group's business activities and implement internal rules, training and oversight systems necessary to adhere to them, thereby promoting the compliance of the Group as a whole.
- d. If senior management or employees become aware of the possibility of a major compliance violation in connection with the execution of business activities, they immediately inform the Board of Directors and the Board of Auditors via normal reporting channels.
- e. In order to use independent information sources outside of normal reporting channels to discover and deal appropriately with compliance problems on a prompt basis, senior management establishes and operates an internal reporting system that protects whistle-blowers.
- f. The Board of Directors receives periodic reports on the status of business execution from executive officers and verifies that there are no compliance violations in relation to the work execution.

**(3) Regulations and other systems relating to loss mitigation**

- a. Senior management strives to maintain the Fujitsu Group's business continuity, increase its corporate value and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, they assign certain departments to be responsible for each type of risk and put in place appropriate risk management systems.
- b. Senior management is constantly assessing and verifying risks that might cause losses to the Fujitsu Group, and they report significant cases to the Board of Directors.
- c. In regard to risks discovered through assessment described in b), as well as potential risks arising from the execution of business, senior management carries out risk mitigation initiatives and strives to minimize losses from risks. In order to minimize losses from risks that arise, senior management creates a risk management committee and carries out necessary countermeasures. In addition, it periodically analyzes risks that arise and reports them to the Board of Directors. In these ways, the committee engages in activities intended to prevent the recurrence of risks.

- d. In order to collect risk information that cannot be gathered by the methods mentioned above, an internal reporting system has been set up and is operated to ensure the protection of whistle-blowers.

#### **(4) Information storage and management system regarding business execution by directors**

- a. In accordance with company rules, senior management shall establish an appropriate system, including appointing documentation managers, to store and manage documents relating to the execution of their business duties (including electronic documents, as with the items listed below) and other important information.
- Minutes of shareholders' meetings and related documents
  - Minutes of Board of Directors meetings and related documents
  - Minutes and related documents for other important decision-making meetings
  - Approval documents from senior management
  - Other important documents relating to the execution of business duties by senior management
- b. In order for directors and auditors to verify the status of execution of business duties, there is a system enabling them to view the documents described in the above item at any time. The system also provides that, in response to requests they make to those in charge of managing documents, board members and statutory auditors can see the documents whenever they wish.

#### **(5) System to ensure the appropriateness of Fujitsu Group business**

- a. Using FUJITSU Way as a foundation, in order to continuously increase the value of the Fujitsu Group, Fujitsu will provide direction and support to senior management of each Group company for setting up an efficient, law-abiding and appropriate business execution systems as detailed in sections (1) through (4) above.
- b. To implement the above item a), functions, responsibilities, scopes of authority and proper decision-making methods have been defined in the Fujitsu Group Management Regulations.
- c. Senior management of Fujitsu and all Group companies periodically confirms issues related to Group management strategies and achievement of management goals through management update conferences and other means. In addition, Fujitsu Group statutory auditors deal with Fujitsu Group issues from the auditing viewpoint through Group auditor update conferences.
- d. In regard to measures needed to resolve challenges related to achieving management goals that are identified as a result of the activities described in item c), senior management of Fujitsu and Group companies implements such measures following full discussion and, when necessary, completion of reporting to Fujitsu and approval processes specified separately in Fujitsu Group Management Regulations.
- e. Fujitsu's internal audit organization is linked to the internal audit organization of each Group company. It carries out audits of the entire Fujitsu Group and reports periodically to the Boards of Directors and statutory auditors of Fujitsu.

#### **(6) System to ensure the appropriateness of audits by statutory auditors**

Ensuring independence of auditors

- a. Fujitsu has set up a Statutory Auditors' Office with employees assigned to assist the statutory auditors in carrying out their duties. Appropriate employees with the ability and expertise required by the statutory auditors are assigned to the office.

- b. In order to ensure the independence of the staff in the Statutory Auditors' Office, matters relating to their appointment, transfer and compensation are decided on the basis on prior consultation with the auditors.
- c. In principle, senior management does not assign office staff to other divisions or duties. In instances, however, where a need arises to give dual assignments to staff with specialized knowledge in response to requests from statutory auditors, care is given to ensuring their independence in accordance with item b).

#### Reporting system

- a. Senior management of Fujitsu and Group companies provides the statutory auditors with the opportunity to attend important meetings.
- b. In cases where risks arise that could affect management or financial results, or where there is an awareness of major compliance violations in connection with the execution of business activities, senior management as well as employees of Fujitsu and Group companies immediately report on them to the statutory auditors.
- c. Senior management as well as employees of Fujitsu and Group companies periodically report to the statutory auditors on the status of business execution.

#### Ensuring effectiveness of statutory auditors

- a. Senior management of Fujitsu and Group companies periodically exchange information with the statutory auditors.
- b. The internal audit organization periodically reports to the statutory auditors on audit results.
- c. The auditors have the independent accounting auditor explain and report on accounting audits as required and periodically exchange information with the independent accounting auditors.

\* Under a change in organizational structure, the Management Strategy Council and Management Council were merged to become the Management Council.

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#### **About Fujitsu**

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