

INTERVIEW WITH AN EXTERNAL AUDITOR

Corporate governance is becoming ever more important for the Fujitsu Group as it accelerates management innovation and expansion of its global business activities. At the same time, shareholders and investors have become increasingly focused on structures and management systems for ensuring that corporate governance functions effectively.

Audit & Supervisory Board member Koji Hatsukawa possesses extensive knowledge of corporate management from an accounting and auditing perspective. Among other experience, he has been involved in accounting audits as a member of an auditing firm, participated in the application and review of international accounting standards, and served as an external Audit & Supervisory Board member for a financial institution and a private-sector company. We interviewed him about Fujitsu's corporate governance and efforts to raise corporate value.



External Audit & Supervisory Board Member
(Independent Audit & Supervisory Board Member)
Koji Hatsukawa

Q.1 | What do you feel is expected of you in your role as an external Audit & Supervisory Board member?

Fujitsu is one of Japan's major multinational corporations, and as a leading ICT company with a large-scale solutions business and a global reach, it recognizes that it is always in the public eye. Given this fact, the most important role of an external Audit & Supervisory Board member is to properly check from the independent standpoint of society whether corporate governance and compliance are functioning in an effective manner so that the company is fulfilling its responsibilities to society.

I also recognize that it is my duty as an Audit & Supervisory Board member to utilize my experience in accounting audits and the application and review of international accounting standards to monitor the decision making of the Board of Directors and ensure there are no problems in terms of rationality and transparency. By performing this role, I contribute to raising shareholder value and corporate value and help to ensure that Fujitsu upholds the public's trust.

Q.2 | How do you rate corporate governance at Fujitsu?

I think it is laudable that Fujitsu has appointed several people with diverse backgrounds to serve as both in-house and external directors and Audit & Supervisory Board members. The Audit & Supervisory Board has members with extensive business experience, members with legal knowledge and ample practical experience, and members who are experts in financial reporting and internal controls. All give their opinions from their respective perspectives and engage in very substantive debates. The auditors work well as a team to perform their duties, helping to enhance and strengthen corporate governance. As a result, I find that management transparency at Fujitsu is maintained and that governance functions effectively as shareholders and other stakeholders would expect.

Q.3 | As an external Audit & Supervisory Board member, what do you usually focus on?

My background is in financial accounting and auditing, so naturally when I approach my work my interests are in the accountability of public corporations and more specifically in the transparency of financial reporting. Fujitsu adopted IFRS in fiscal 2014, and I expect this move will further advance the Company's information provision for helping investors to make decisions going forward. At the same time, since IFRS is more principles-based, there is more latitude for selecting accounting policies, financial statement formats and so forth. We Audit & Supervisory Board members will therefore be watching closely to ensure that there is always a healthy discussion going on within management regarding what kind of financial reporting is most beneficial for stakeholders.

In May 2014, Fujitsu announced its "Profit Growth Roadmap" in its new medium-term management plan. I think it is important to monitor progress on the roadmap, such as the business plans and policies proposed by management, and the Group's overall goals for realizing healthy earnings and sustainably raising shareholder value and corporate value. In addition, as an Audit & Supervisory Board member, I intend to verify the overall consistency of progress on these plans and the information that is provided to shareholders and investors through IR activities.

PROFILE

Birth: September 25, 1951
 Mar. 1974 Joined the Price Waterhouse Accounting Office
 Jul. 1991 Representative Partner, Aoyama Audit Corporation
 Apr. 2000 Representative Partner, ChuoAoyama PricewaterhouseCoopers
 Oct. 2005 Director and Manager of International Operations, ChuoAoyama PricewaterhouseCoopers
 May 2009 CEO, PricewaterhouseCoopers Aarata (until May 2012)
 Jun. 2012 Audit & Supervisory Board Member, the Norinchukin Bank (to present)
 Jun. 2012 External Audit & Supervisory Board Member, Accordia Golf Co., Ltd. (to present)
 Jun. 2013 External Audit & Supervisory Board Member, Fujitsu Limited (to present)

The roles of Audit & Supervisory Board members are various, but we often emphasize risk management and compliance, which can be compared to the brakes in the car driven by management. However, in order to achieve sustained increases in shareholder value and corporate value, Audit & Supervisory Board members must also keep an eye on the Company's strategies and policies to ensure they are functioning too, as these are the "accelerator" within management for powerfully propelling the company's businesses forward.

I also try to gain an understanding of the frontlines of Fujitsu's business. This may seem obvious, but it is not always easy to accomplish for external Audit & Supervisory Board members who are not at the company full-time. In my case, I try to make as many opportunities as possible to observe key business sites and talk directly with personnel. In order to grasp the current state of business before meetings of the Board of Directors and the Audit & Supervisory Board, I access the various business topics and meeting materials through the company's online internal information system for members of the Board of Directors, "Board of Directors Web," and study the information to prepare myself.

Q.4 | What do you think Fujitsu needs to do to raise its corporate value?

In general, discussions on how to raise shareholder value and corporate value tend to focus on capital policy. However, I think it is fundamental for companies to conduct business soundly and accumulate healthy profits. Fujitsu provides ICT infrastructure on a global basis and it is therefore important to continue to develop products and services that are appealing and that can



contribute to society in order to maintain a strong competitive edge. Moreover, I believe that the scope of application for ICT solutions is now expanding as well. Regarding the Profit Growth Roadmap set forth in the medium-term management plan, it will be important to strengthen the global service business and train global human resources. On top of this, I believe that steadily continuing to raise capital efficiency and profit margins will lead to higher shareholder and corporate value.

Q.5 | What message do you have for shareholders and investors?

Fujitsu is an organization where directors and Audit & Supervisory Board members, both in-house and external, with differing backgrounds and varied expertise and experience give constructive opinions from various perspectives and conduct vigorous debates to work to solve problems-this I feel is part of Fujitsu's corporate culture.

In addition, Fujitsu has a strong awareness of improving accountability to stakeholders and raising the quality of financial reporting, which is evidenced by its early adoption of IFRS accounting.

Moreover, I expect Fujitsu to soundly implement its new medium-term management plan, with both the "accelerator" and "brakes" functioning together appropriately. In this regard, as an Audit & Supervisory Board member, I will focus on whether this process is being soundly executed and make certain that progress on each measure is being appropriately reported to stakeholders.