

DIALOGUE: FUJITSU AS SEEN BY ITS EXTERNAL OFFICERS

Fujitsu's Executive Nomination Committee was established as an advisory body to the Board of Directors, and the Independent Officers Council was set up in April of 2015. We asked Director Jun Yokota and Audit & Supervisory Board Member Megumi Yamamuro to tell us about the operations of those bodies of which both are members.



Q.1

Tell us about the role of the Executive Nomination Committee and the process involved in electing candidates for president during the change in leadership that took place in June.

Yamamuro: My understanding is that Fujitsu's Executive Nomination Committee is positioned as a kind of advisory committee set up voluntarily at the behest of the Board of Directors. It currently consists of four members, including Director Jun Yokota, Director Tatsuzumi Furukawa (the Committee's chair), Chairman and Representative Director Masami Yamamoto, and myself.

As preparations were underway for the nomination of candidates for director to be voted on at the June 2015 Annual Shareholders' Meeting, we heard from Mr. Yamamoto, then president and current chairman, that he felt it was time to bring in a new president. At the time, the committee consisted of Mr. Yokota, Mr. Furukawa, Michiyoshi Mazuka, another director and senior advisor, and myself. With that proposal from Mr. Yamamoto, we discussed the issue among ourselves, heard Mr. Yamamoto's opinions about candidates, and selected members from among these.

Yokota: I was appointed as external director at the June 2014 Annual Shareholders' Meeting, and at the time, the committee



Jun Yokota
External Director (Independent Officer)

was already actively discussing questions such as "What issues does Fujitsu currently face?" and "What kind of qualities will be required of a new leader?" before it made a conclusion.

Yamamuro: We repeatedly came back to the question of qualities, referencing in part the opinions of outside human resources consultants. Based on the results of that review process, the committee selected its final candidate and made its proposal to Mr. Yamamoto. Fortunately, he approved the selection, and we also received informal consent from then Executive Vice President Tatsuya Tanaka, and we delivered the committee's report at the January 2015 Board of Directors meeting.

Q.2

What sort of qualities did you particularly focus on in selecting the candidates?

Yokota: In particular, we emphasized the candidates' business records, and whether they had the courage and leadership to push through with new directions, thoughts about strategies, and reforms. One other quality we felt was especially important was global experience and a global mindset. These are both qualifications that will be essential to someone selected to lead Fujitsu in building the global business the Company envisions.

Yamamuro: In fact, we invited all the candidates to give individual presentations to the committee in which they explained their understanding of the current state of the Company and the reforms they might make going forward, after which they responded to our questions. The process then moved ahead as we took time with further deliberations within the committee. That's the approach we took.

Q.3

Why did you select Mr. Tanaka, the current president, as your final candidate? Can you explain your reasons?

Yokota: It is difficult to bring it down to a single reason, but suffice to say that it came down to his comprehensive strengths. Personally, I gave Mr. Tanaka's global track record and experience high marks. I think that compared to someone who has lived

only in Japan and done business only with other Japanese corporations, a person who has lived abroad for several years gains very valuable experience being tossed into the midst of people whose values may be different from his own.

Yamamuro: As far as I was concerned, we were focused on finding the right person to lead Fujitsu's business forward, someone who would stand out for their high motivation and positive approach. The human resource would, of course, also need a sense of balance. What all the committee members agreed upon was the value of President Tanaka's global track record and experience, and committee members highly commended the proactive way he had put his name forward, unasked, for assignment to China.

Q.4

Tell us about the role of the Independent Officers Council, set up in April 2015, and the expectations for its establishment.

Yamamuro: Following this year's Annual Shareholders' Meeting, the composition of the Board of Directors changed so that there are six executive directors and six non-executive directors. Meanwhile, to strengthen the monitoring of business execution by external officers, a framework was needed to enable those external officers to share information and deliberate outside of Board of Directors meetings and deepen their own understanding of Fujitsu's business. The Independent Officers Council is intended to enhance a more aggressive approach to governance, and we



Megumi Yamamuro
External Audit & Supervisory Board Member (Independent Officer)

understand it will further invigorate discussion at the board level of issues related to improving medium- to long-term profitability.

Yokota: In serving as an external director over the past year, my impression has been that Fujitsu is a company that takes corporate governance very seriously. Nevertheless, there are inevitably asymmetries in the information available to internal and external directors, and I sensed that external directors needed an opportunity to freely share their own opinions. The establishment of the Independent Officers Council is thus exactly what I'd been thinking of, and I'm looking forward to participating.

Yamamuro: Interest among the executive directors inevitably tends toward optimizing individual businesses, and I've felt that board meetings to date have had an aspect of focusing on trees instead of the forest. With the establishment of the Independent Officers Council, I think the board will have more opportunities to listen to the opinions of its external directors, which should lead to discussions on improving Fujitsu overall, contributing to enhanced corporate value.

Q.5

To conclude, what would each of you like to say to the Company's stakeholders?

Yamamuro: I feel that Fujitsu has many talented employees, from the young staff to those in its managerial ranks. In addition, the Company possesses powerful brand strength. Management's job, and I think the role of corporate governance, is to take those strengths and ensure they are pointed in the same direction. I feel that by working to enhance its corporate governance framework, Fujitsu can greatly increase its expectations for significant growth.

Yokota: Whenever I talk to friends from overseas about Fujitsu, they all not only know the Company, but remark on how good a company it is, so overseas brand recognition is high. When at the Ministry of Foreign Affairs, I was often involved in trade negotiations, and in recent years, I experienced many other countries asking Japanese companies to make stronger efforts in the area of corporate governance. It makes me happy to know that today I am able to play a role in that effort here at Fujitsu. I hope to continue providing constructive opinions to ensure that corporate governance at Fujitsu can function even smoother.

Jun Yokota

PROFILE

Birth: June 26, 1947
 Apr. 1971 Joined the Ministry of Foreign Affairs
 Jan. 1998 Deputy Director-General, Economic Affairs Bureau
 Jun. 2002 Consul-General of Japan in Hong Kong
 Apr. 2004 Ambassador Extraordinary and Plenipotentiary to the State of Israel
 May 2009 Ambassador Extraordinary and Plenipotentiary to the Kingdom of Belgium
 Oct. 2012 Ambassador Extraordinary and Plenipotentiary in charge of Economic Diplomacy and Reconstruction Assistance to Iraq (until January 2014)
 Jun. 2014 Special Advisor to the Chairman of KEIDANREN (present position)
 Jun. 2014 Director, Fujitsu Limited (present position)

Megumi Yamamuro

PROFILE

Birth: March 8, 1948
 Apr. 1974 Assistant Judge, Tokyo District Court
 Apr. 1984 Judge, Tokyo District Court
 Apr. 1988 Instructor, Legal Training and Research Institute
 Apr. 1997 Judge, Tokyo High Court
 Jul. 2004 Registered as Attorney-at-Law
 Jul. 2004 Joined CAST Law P.C. (currently URYU & ITOGA) (present position)
 Oct. 2004 Professor, The University of Tokyo Graduate Schools of Law and Politics (until September 2010)
 Jun. 2005 External Audit & Supervisory Board Member, Fujitsu Limited (present position)
 Oct. 2010 Professor, Nihon University College of Law (until March 2013)