

Last Update: August 7th, 2023

Fujitsu Limited

Takahito Tokita, Representative Director & CEO

Contact: Public & Investor Relations Division

Securities Code: 6702

<https://www.fujitsu.com/global/>

The corporate governance of Fujitsu Limited (the “Company”) is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

### **1. Basic Views**

Our basic approach to corporate governance and how the company streamlines mechanism and exercises corporate governance based on this approach are described in the Corporate Governance Policy (the Policy) in the following website.

Corporate Governance Policy (“Policy”) (English Translation)

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

### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

Our company is implementing each of the principles of the Japan's Corporate Governance Code.

### **[Disclosure Based on the Principles of the Corporate Governance Code]**

[Principle 1.4 Strategic Shareholdings]

The Company holds only those strategic shares with clear-cut objectives and meaningful significance in a positive manner. Board of Directors meetings examine the weighted average capital cost of the Company as the standard to evaluate quantitatively whether returns (quantitative factors, such as dividends and the state of transactions), or risks are well balanced with the cost. If quantitative significance in shareholdings is not detected, Board of Directors meetings will further evaluate whether there is a qualitative reason that provides backing for reasonableness to still hold those shares and discuss the continuation of such holdings.

For FY2022, the Company sold all 7 issues, and the Board of Directors meeting, held on June 22, 2023, discussed strategic shareholdings of the Company as of the end of FY2022.

The Company deals with strategic shareholders on an equal footing just like with other business partners. Even when strategic shareholders indicate their sales of shares, we do not prevent them from selling them. Said that, we sometimes call upon them the timing of sales, or ways of selling them.

In addition, for the policy for strategic shareholdings and the standard of exercising voting rights as to the strategic shareholdings, please refer to 3.(4) of the Policy in the following website.

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

[Principle 1.7 Related Party Transactions]

The Board of Directors performs the oversight on the transactions involving the conflict of interest by Directors in accordance with the relevant laws, regulations, and the Regulations of the Board of Directors. For the procedure framework, please refer to 2.(2)c of the Policy in the following website.

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

[Supplementary Principle 2.4.1 Ensure diversity in the promotion to core human resources]

< Policies and voluntary and measurable goals for ensuring diversity >

To realize the Group's purpose, to "Make the world more sustainable by building trust in society through innovation," it is essential for the Group itself to create an environment and culture that allows each and every employee to harness others' value systems and skills regardless of factors such as gender, nationality, age and to change the workplace into one that allows everyone to take on challenges in a fair and just manner.

To that end, our Group as a whole seeks to ultimately achieve a 50% female employee ratio at every level and to provide opportunities for personnel of various nationalities and ages to flourish, so as to proactively create an environment that provides job satisfaction for everyone.

As a first step towards achieving the above objectives, we have set a non-financial indicator to achieve a female managers ratio of 30% for the entire Group by FY2030 (15% as of the end of FY2022). In order to achieve this goal, we will promote various initiatives in all organizations.

For midcareer hires and foreign nationals, the Company performs promotions to managers based on the individual's skills, and there has been no unfavorable treatment regarding the promotions. Setting quantitative targets for managers for midcareer hires and foreign nationals could potentially impair placement of the right person in the right place; therefore, we do not set quantitative targets.

<Policies for human resource development and internal environment development to ensure diversity, and the status of their implementation >

As part of our efforts to ensure the diversity mentioned above, one of the measures taken to achieve the female managers ratio target is raising awareness among all employees and transforming management style through education and other means.

Additionally, while hiring, developing, and promoting personnel to achieve our objectives, we will also implement diverse and flexible ways of working under our Company's new work concept of "Work Life Shift" and provide support for our employees' life events.

For our Group's views on securing diversity, please refer to the websites below.

Fujitsu Group Integrated Report <https://www.fujitsu.com/global/about/ir/library/integratedrep/>

Diversity, Equity and Inclusion <https://www.fujitsu.com/global/about/csr/diversity/>

ESG Briefing (March 28, 2022) Sustainability Management at Fujitsu

<https://www.fujitsu.com/global/documents/about/ir/library/presentations/md-20220328-01.pdf>

ESG Briefing (March 28, 2022) Human Resources Strategy at Fujitsu

<https://www.fujitsu.com/global/documents/about/ir/library/presentations/md-20220328-02.pdf>

[Principle 2.6 Fulfill the function as asset owner of corporate pension]

The Company elects the one with experience of and insights into related operation as the manager of Fujitsu Corporate Pension Plan, which the Company and its subsidiaries participate in. The Company puts in place the structure where the manager is engaged in management over a long period of time. The Company also refers to an external consultant firm for advice on management.

[Principle 3.1 Full Disclosure]

(i) Company objectives (e.g., business principles), business strategies, and business plans

In Fujitsu Way, our company shows the purpose of our existence in society, our values, and principles (code of conduct) for how each employee should behave in daily activities.

For Fujitsu Way, please refer to the following website.

<https://www.fujitsu.com/global/about/philosophy/index.html>

We disclosed our Medium-Term Management Plan in May 24, 2023. For our Medium-Term Management Plan, please refer to the "Medium-Term Management Plan (May 24, 2023)" published on following website.

<https://www.fujitsu.com/global/about/ir/library/presentations/>

(ii) The Basic approach to corporate governance and guidelines

The basic approach to corporate governance and how the company streamlines mechanism and exercises corporate governance based on this approach are described in the Policy in the following website.

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

(iii) Board policies and procedures in determining the remuneration of the senior management and Directors  
For the policies and procedures in determining the compensation of the Directors and Auditors (hereinafter, the term used for the combination of Directors and Audit & Supervisory Board Members), please refer to 2.(8) of the Policy in the following website.

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

(iv) Board policies and procedures in the appointment and dismissal of senior management and candidates nomination of Directors and Auditors

For the policies and procedures in the appointment and/or dismissal of Directors and Auditors, please refer to 2.(7) of the Policy in the following website.

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

Given the term of the Company's director is one year, the Company will not dismiss a Director during one's tenure as a general rule, but the Company consider whether the Director should be re-elected or not during the appointment process.

The Company delegates management execution authority to Corporate Executive Officer in accordance with the Policy on the Internal Control System. According to Representative Director's proposal, the Board of Directors' meeting makes a resolution on appointment of Corporate Executive Officer. According to Representative Director's proposal, the Board of Directors' meeting may dismiss relevant Corporate Executive Officer for lack of competency as defined by Agreement of Corporate Executive Officer.

(v) Explanations with respect to the individual appointments and/or dismissal and nominations

For the individual appointments and/or dismissal and nominations of Directors and Auditors, the Company explains the reasons in the reference materials for the Annual Shareholders' Meeting. Regarding the reference materials for the Annual Shareholders' Meeting, please refer to the following website.

<https://www.fujitsu.com/global/about/ir/stock/meeting/>

Appointment and/or dismissal of Corporate Executive Officer are disclosed on the website whenever required.

[Supplementary Principle 3.1.3 Sustainability initiatives]

<Sustainability initiatives>

Our Group's initiatives regarding sustainability are disclosed in the Fujitsu Group Integrated Report and our Company website.

Fujitsu Group Integrated Report <https://www.fujitsu.com/global/about/ir/library/integratedrep/>

Fujitsu Group's sustainability <https://www.fujitsu.com/global/about/csr/index.html>

<Investments in human capital>

The Company is investing in human capital based on the "People Strategy" of the medium-term management plan announced on May 24, 2023.

In addition, the Group conducts job-based human resource management globally. Through these initiatives, we will realize the visualization of our human resource portfolio linked to our business strategy on a global basis, which will lead to the acquisition of external human resources and the systematic development of internal human resources centered on reskilling and upskilling in order to realize our business strategy.

Furthermore, with the aim of further improving our global competitiveness over the medium to long term, we raised the monthly wage of domestic employees, from new graduates to managers, by an average of 10% and a maximum of 28% starting in FY2023. On an annual income basis, the increase was by an average of 7% and a maximum of 24%, with annual income of about 10 million yen or more for leader-class personnel and about 20 million to 30 million yen for business manager-class personnel.

Through these efforts, we are working to retain and acquire human resources who will play a central role in improving our corporate value in the future, as well as promoting the acquisition of people who are ready to work and have high potential as digital natives.

Please refer to the following website for details of our medium-term management plan and human capital initiatives (FY2022 (123rd term) Yukashoken Hokokusho (Financial Report)).

Medium-Term Management Plan:

Medium-Term Management Plan (May 24, 2023)

<https://www.fujitsu.com/global/about/ir/library/presentations/>

- Medium-Term Management Plan

<https://www.fujitsu.com/global/documents/about/ir/library/presentations/md-20230524-01.pdf>

FY2022 (123rd) Yukashoken Hokokusho (Financial Report) (Japanese only) :

<https://pr.fujitsu.com/jp/ir/secreports/2023/pdf/all.pdf>

<Investments in intellectual properties>

The Company has established a purpose to “Make the world more sustainable by building trust in society through innovation” and is implementing key strategies with sustainability as the starting point, as announced in medium-term management plan on May 24, 2023.

As for investment in intellectual property, we are working to strengthen our core technology centered on AI and create added value for our service business as part of our technology strategy, which is one of our key strategies.

Information about our Group's investment in intellectual property is disclosed on our website.

Fujitsu's intellectual property <https://www.fujitsu.com/global/about/businesspolicy/tech/intellectualproperty/>

<Risks due to climate change and earnings opportunities>

Please refer to our Company's website regarding climate change-related risks and earnings opportunities.

TCFD-based information disclosure <https://www.fujitsu.com/global/about/environment/tcfid/>

[Supplementary Principle 4.1.1 The scope and content of matters delegated to the management]

For the delegation of authorities by Board of Directors to Management Executives, please refer to 2.(6) of the Policy in the following website.

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

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

The Company provides in two. (1)c, f of the Policy that Independent Directors and Independent Audit & Supervisory Board Members shall qualify for our Independence Standards. For Independence Standards, please refer to the Appendix of the Policy in the following website.

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

[Supplementary Principle 4.10.1 The authority and responsibilities of the Executive Nomination Committee and the Compensation Committee]

For our view on the independence of the committee formation process regarding the Executive Nomination Committee, please refer to 2.(7) procedures and policy of Directors and Auditors nomination/dismissal. And for our view on the independence of the committee formation process regarding the Compensation Committee, please refer to 2.(8) procedures and policy of determining Directors and Auditors compensation on the following website.

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

For the authority and responsibilities of the Executive Nomination Committee and the Compensation Committee, please refer to the supplemental explanation related to voluntary committees in II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business, and Oversight in Management 1. Organizational Composition and Operation

[Supplementary Principle 4.11.1 Appropriate combination of skills and other attributes of Directors based on factors such as the management environment and business characteristics]

Our view on the balance of knowledge, experience, and skills of the Board of Directors as a whole and on diversity and board size are stated in 2.(1) and 2.(7) of the Policy in the following website.

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

The skill matrix of Directors and Auditors is described in the Notice of the Annual Shareholders' Meeting. Please refer to the following website for the Notice of the Annual Shareholders' Meeting.

<https://www.fujitsu.com/global/about/ir/stock/meeting/>

[Supplementary Principle 4.11.2 Situation of Directors and Auditors who are in the management at other companies]

For the situation of Directors and Auditors who are in the management at other companies, we explain about them if they fall under category of important positions in reference materials for the Annual Shareholders' Meeting and Business Report (including Disclosed Information on the Internet at the Time of Notice of Annual Shareholders' Meeting). For reference materials for the Annual Shareholders Meeting and Business Report (including Disclosed Information on the Internet at the Time of Notice of Annual Shareholders' Meeting), please refer to the following website.

<https://www.fujitsu.com/global/about/ir/stock/meeting/>

[Supplementary Principle 4.11.3 Summary of the results of analysis and evaluation for effectiveness of Board of Directors as a whole]

It is stipulated in the Policy (2.(3)d) that the Board of Directors analyzes and evaluates the performance of the board of directors meetings every year to maintain and improve their effectiveness, which is publicized in our website (<https://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf>).

#### 1. Action taken in FY2022 based on the evaluation of FY2021

To share information in advance with Independent Directors and Auditors in anticipation of the review of high priority items at the Board of Directors and to enhance vital communication among the board members, the Company continued to hold the following events in this fiscal year: (1) The Independent Directors and Auditors Council in an effort to facilitate exchange of information and formulation of opinions between them; and (2) Private sessions held for only the relevant Non-Executive Directors as a platform to enhance communication among them. In addition, the Company worked particularly to provide sufficient information to the Board of Directors and the Independent Directors and Auditors Council, such as giving explanations of the overview of the Company's business and major initiatives, and sharing materials and proceedings used at the Management Council which is made up of Representative Directors and Corporate Executive Officers.

#### 2. Evaluation of FY2022

##### (1) Evaluation method

The evaluation of FY2022 included an evaluation of the Chairman and self-evaluations by Directors and Audit & Supervisory Board Members, and as in FY2021 and prior, an anonymous questionnaire with a five-grade evaluation was also conducted. In addition, this fiscal year, we conducted interviews based on the questionnaire responses for each respondent to clarify the reasons behind the responses and the direction of countermeasures. The results of the evaluation of the effectiveness of the Board of Directors were reported and discussed at regular Board of Directors meetings. Furthermore, the evaluation of the Company's Board of Directors by proxy advisory firm was also reported.

##### (2) Evaluation

Based on the interview results, the following evaluations were made while comparing them with questionnaire responses over the past four years for which comparisons were possible:

- In the questionnaire responses, the average overall evaluation points were on an upward trend compared to the previous fiscal year. In particular, increases in evaluation points were seen in (1) supplementary internal terminology and technical terminology used in Board of Directors materials, (2) the number of proposals handled by the Board of Directors, and (3) the duration of Board of Directors meetings.
- In order to further improve the oversight function of the Board of Directors, we will secure sufficient time for discussion of important proposals by further improving the efficiency of the proceedings of meetings. Efforts will also be made to improve the quality of discussions by simplifying proposal materials, distributing them in advance with time to spare, and expanding opportunities to provide information, including with the Independent Directors and Auditors Council. In addition, we will continue to improve on the careful deliberations and processes leading up to resolutions on important proposals by the Board of Directors, as well as the selection of business activities in which the Board of Directors should demonstrate its oversight function.

[Supplementary Principle 4.14.2 Training policy for Directors and Auditors]

For training policy for Directors and Auditors, please refer to 2.(9)b of the Policy in the following website.

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

[Principle 5.1 Policy for a Constructive Dialog with Shareholders]

For our policy for a constructive dialog with shareholders, please refer to 3.(2) of the Policy in the following website.

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

[Dialogue with shareholders]

1. Main persons responding to dialogue with shareholders and investors

In addition to having the CEO, CFO, and external directors hold individual meetings with shareholders and investors upon request, the Company also hosts IR Day, business briefings, ESG seminars, small meetings, and individual meetings to have senior management actively engage in dialogue with shareholders and investors. In addition, the CEO and CFO regularly visit overseas investors in an effort to create further opportunities for dialogue. We have also set up divisions in charge of IR activities in Tokyo, New York, and London to hold dialogue on a daily basis with analysts, shareholders, and investors in Japan, Asia, North America, and Europe.

2. Overview of shareholders and investors with whom dialogue was held

Domestic and foreign investors (CIOs, fund managers, analysts, ESG managers, etc.)

Management style: Active-focused

Investment style: Growth/GARP/value, etc.

3. Main themes of dialogue and matters of interest to shareholders and investors

We discuss management direction, business portfolio transformation, capital allocation, human capital management, and ESG initiatives.

4. Feedback to management

Details of the individual meetings (opinions and concerns from the capital market, including shareholders) conducted by the CEO, CFO, and external directors are reported regularly to and shared with the Board of Directors, and are used to continuously improve management, business activities, and information disclosure. In addition, the content of individual meetings (opinions and concerns from the capital market, including shareholders) handled by the division in charge of IR activities is reported to and shared with Directors and Auditors and all employees every month.

[Measures to conduct management with awareness of capital costs and stock prices]

Please refer to the following for our measures to conduct management with awareness of capital costs and stock prices.

Medium-Term Management Plan (May 24, 2023)

<https://www.fujitsu.com/global/about/ir/library/presentations/>

- Medium-Term Management Plan

<https://www.fujitsu.com/global/documents/about/ir/library/presentations/md-20230524-01.pdf>

- Medium-Term Management Plan -Revision of Segments and Financial Plan

<https://www.fujitsu.com/global/documents/about/ir/library/presentations/md-20230524-02.pdf>

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (for trust)	33,388,700	17.73
Ichigo Trust Pte. Ltd.	14,899,500	7.91
Custody Bank of Japan, Ltd. (for trust)	11,832,800	6.28

GIC PRIVATE LIMITED – C	6,538,412	3.47
STATE STREET BANK AND TRUST COMPANY 505223	4,534,607	2.41
SSBTC CLIENT OMNIBUS ACCOUNT	3,825,041	2.03
Fujitsu Employee Shareholding Association	3,590,354	1.91
STATE STREET BANK WEST CLIENT - TREATY 505234	3,518,701	1.87
Asahi Mutual Life Insurance Company	3,518,052	1.87
JP MORGAN CHASE BANK 385632	3,432,636	1.82

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	N/A

#### Supplementary Explanation

Notes 1: The shares held by The Master Trust Bank of Japan, Ltd. (for trust) and Custody Bank of Japan, Ltd. (for trust) pertain to the trust business by the institution.

Notes 2: In the Report of Possession of Large Volume made available for public inspection (a report on change) dated May 19, 2022, BlackRock Japan Co., Ltd. and eight (8) joint holders thereof are reported as the shareholders, but this has not been taken into account in the above "Status of Major Shareholders," as the number of shares substantially held as of March 31, 2023 has not been able to confirmed by the Company.

[Personal name or company name/number of shares held/shareholding percentage]

BlackRock Japan Co., Ltd. and eight (8) other companies / 13,254,538 shares / 6.40%

Notes 3: In the Report of Possession of Large Volume made available for public inspection (a report on change) dated June 4, 2020, Sumitomo Mitsui Trust Asset Management Co., Ltd. and one (1) joint holder thereof are reported as the shareholders, but this has not been taken into account in the above "Status of Major Shareholders," as the number of shares substantially held as of March 31, 2023 has not been able to confirmed by the Company.

[Personal name or company name/number of shares held/shareholding percentage]

Sumitomo Mitsui Trust Asset Management Co., Ltd. and one (1) other company /10,437,099 shares / 5.04%

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market Nagoya Stock Exchange, Premier Market
Fiscal Year-End	March
Type of Business	Electric Appliances
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 300



#### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

#### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

##### ■ Views and policies for Group management

Fujitsu manages the Fujitsu Group with the aim of achieving continuous growth and the generation of medium to long-term corporate value of the entire Group while also urging each Group company to realize its potential to the maximum extent possible.

For some subsidiaries, we publicly list them with the aim of further improving their business value through diversification of the capital procurement necessary for sustainable growth and enhancing the value of the entire Group. By publicly listing subsidiaries, it is possible to focus on investment in specific businesses rather than just in the Group as a whole, thus contributing to diversifying investment opportunities. As there are some concerns regarding the possibility of a conflict of interest with minority shareholders and our publicly listed subsidiaries, we respect the independence of their management and make efforts to provide advice and support to enhance the corporate value of relevant subsidiaries by holding reporting sessions on an as-needed basis. To further promote our policies for group management, we established a department in February 2020 as a corporate function that specializes in formulating and conducting plans and measures for the most suitable group formation and corporate governance, thus handling the management of the Group including listed subsidiaries.

Our policy is to turn non-core listed companies into strong independent businesses. We will consider their independence from the following perspectives: ensuring sustainable growth of the relevant business, maximizing the Company's asset value, and considering the best timing for independence.

##### ■ Significance of each listed subsidiary

[Significance of owning listed subsidiaries]

Listed subsidiaries of the Company include the following two companies: FDK Corporation, and Shinko Electric Industries Co., Ltd.

##### A. Shinko Electric Industries Co., Ltd.

The company's core business is the development, production, and sale of semiconductor packages. The company supplies products to semiconductor manufacturers in Japan and overseas.

As previously described in the policies for Group management, we consider that the following is the significance of owning publicly listed subsidiary: the perspectives of holding the ability to raise capital through direct financing from the capital market, maintaining and improving the motivation of its employees, and hiring of talented people, we can enhance the possibilities of sustainable growth and business value, which leads to providing investment opportunities in specific businesses rather than in our entire Group.

##### B. FDK Corporation

The company operates mainly in the battery and electronic component business.

As previously described in the policies for Group management, we consider that the following is the common significance of owning publicly listed subsidiary: the perspectives of holding the ability to raise capital through direct financing from the capital market, maintaining and improving the motivation of its employees, and hiring of talented people, we can enhance the possibilities of sustainable growth and business value, which leads to providing investment opportunities in specific businesses rather than in our entire Group.

Our Group hereafter will concentrate our management resources on Technology Solutions so as to further transform ourselves into a DX company.

Our policy is to turn non-core listed companies into strong independent businesses. The Board of Directors will verify specific details to be considered concerning the maintenance of the listing of each listed subsidiary.

[Measures to ensure the effectiveness of corporate governance]

Fujitsu understands that our publicly listed subsidiaries make efforts to enhance corporate governance and provides support for these efforts. In all listed subsidiaries are ensured their independence by appointing



Independent Directors and Directors dispatched from the Company maximize the corporate value of theirs. Also, our listed subsidiaries become a Company with an Audit and Supervisory Committee to strengthen corporate governance.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with the Audit & Supervisory Board Member
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	Up to 15
Term of Office Stipulated in Articles of Incorporation	1
Chairperson of the Board	External Director
Number of Directors	9
Number of External Directors	5
Number of Independent Directors	5

#### External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Chiaki Mukai	Other									○			
Atsushi Abe	From another company									○			
Yoshiko Kojo	Academic												
Kenichiro Sasae	Other												
Byron Gill	Other												

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

- i. Executive of a company, between which and the Company External Directors and Auditors are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

External Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Chiaki Mukai	○	Ms. Chiaki Mukai is the Vice President of the Tokyo University of Science. There are business transactions between Fujitsu and Academic Corporation Tokyo University that operates the university, with which in fiscal 2022 the sum of transactions was about ¥2 million.	<p>Although Ms. Chiaki Mukai has not previously been involved with company management other than having served as an external director, she has an impressive personal history as a doctor who became Japan's first female astronaut, and she exemplifies the Company's spirit of taking on challenges at the cutting edge of science. And she led discussion about executive compensation in her capacity as the chairperson of the Compensation Committee.</p> <p>Because the Company expects that she will continue to be able to provide oversight and advice from a fair and objective global perspective based on broad knowledge of science and technology, she will, the Company believes, be able to fulfill the oversight function and the role as an External Director.</p> <p>As noted on the left, Fujitsu has business transactions with Academic Corporation Tokyo University of Science that operates the Tokyo University of Science, where Ms. Mukai serves as Vice President. However, taking into account the scale of our sales, the amount of transactions is immaterial and does not constitute a conflict of interest. Consequently, Fujitsu considers Ms. Mukai to be independent and has designated her as an Independent Director.</p>
Atsushi Abe	○	Mr. Atsushi Abe is the Director of ON Semiconductor Corporation. There are business transactions	Through many years of experience in investment banking and private equity, Mr. Atsushi Abe has gained a deep understanding of the ICT industry and mergers and acquisitions. As the Chairman of the Board of Directors, he has been managing

		<p>between Fujitsu and ON Semiconductor Corporation, with which in fiscal 2022 the sum of transactions was about ¥ 0.16 million.</p>	<p>proceedings objectively from his perspective as an investor gained through his experience to date and dialogues with institutional investors. Additionally, he has led discussions on the qualities required of candidates for Director and Audit &amp; Supervisory Board Member of the Company and the succession plans for the management among others as the Chairperson of the Executive Nomination Committee to improve the composition of the Company's Board of Directors as the Chairperson of the Executive Nomination Committee since July 2021. Because the Company expects that, in addition to being able to provide oversight and advice from a shareholder and investor perspective, Mr. Abe will continue to contribute to timely and decisive management decision-making, the Company believes that he will be able to fulfill the oversight function and the role as an External Director.</p> <p>Advanced Solutions, Inc., where he serves as Managing Partner, and the Company have no business dealings.</p> <p>ON Semiconductor Corporation, where he serves as Director, has a sales business relationship with Fujitsu. However, taking into account the scale of our sales, the amount of transactions is immaterial and does not constitute a conflict of interest.</p> <p>Furthermore, he has never been a major shareholder, nor has he held a position involved in business execution of a major business partner of the Company, and does not receive monetary benefits other than the compensation as a Director of the Company, and thus, the Company believes that he satisfies the Independence Standards established by the Company.</p>
Yoshiko Kojo	○	-	<p>Although Ms. Yoshiko Kojo has not previously been involved with company management other than having served as an external director, she served in</p>

			<p>important positions, including the President of the Japan Association of International Relations, and her research has for many years focused mainly on the impact of economic entities, including private companies, on international politics. The Company expects that she will be able to provide extensive oversight and advice concerning the Company's responses to change in the external environment during a dramatic transition of international politics and initiatives for ESG management based on her deep insight. Therefore, the Company believes that she will be able to fulfill the oversight function and the role as an External Director.</p> <p>Ms. Kojo has never been a major shareholder, nor has she held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers Ms. Kojo to be independent and designates her as an Independent Director.</p>
Kenichiro Sasae	○	-	<p>Although Mr. Kenichiro Sasae has not previously been involved with company management other than having served as an external director, he has served in important positions including the Vice Minister for Foreign Affairs, Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America, and currently as the President of the Japan Institute of International Affairs. He has extensive knowledge and practical experience in international politics and economics. As the international situation becomes more complicated these days, the Company expects that he will be able to provide oversight and advice from a fair and objective global perspective based on his knowledge and experience. Therefore, the Company believes that he will be able to fulfill the oversight function and the role as an External Director.</p>

			<p>The Japan Institute of International Affairs, where he serves as President, and the Company have no business dealings.</p> <p>He is neither a Major Shareholder nor has he held an executive management position with a major trading partner of the Company, and thus the Company believes that he satisfies the Independence Standards established by the Company. In accordance with listing regulations, the Company plans to report to the securities exchanges on which the Company is listed in Japan that he is an Independent Director.</p>
Byron Gill	○	-	<p>Mr. Byron Gill is currently serving as Managing Partner at Indus Capital Partners, LLC., which is an institutional investor specializing in Asian markets, after having worked for a foreign securities company. He has a wealth of experience as an institutional investor in conducting dialogues with invested companies, in addition to the knowledge about finance and investment. In view of his experience, the Company expects that he will play a role in providing oversight and advice from a fair and objective perspective, as well as in providing feedback of shareholder and investor opinions to the Company's management. Therefore, the Company believes that he will be able to fulfill the oversight function and the role as an External Director.</p> <p>Indus Capital Partners, LLC., where he serves as Managing Partner, and the Company have no business dealings. Indus Capital Partners, LLC., is not a Major Shareholder as defined by the Independence Standards established by the Company. Moreover, he has not held an executive management position with a major trading partner of the Company, and thus the Company believes that he satisfies the Independence Standards established by the Company.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Executive Nomination Committee	Compensation Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	0
External Directors	2	3
External Experts	0	0
Other	0	0
Chairperson	External Director	External Director

Supplementary Explanation
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<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 for the process of nominating Directors and Audit & Supervisory Board Members, for ensuring the transparency and objectivity of its process for determining executive compensation, to enable efficient and substantial discussions, as well as to ensure the fairness in the structure and level of executive compensation.

The Executive Nomination Committee deliberates on the candidates for Director and Audit & Supervisory Board Member positions in accordance with the Framework of Corporate Governance Structure and the Procedures and Policy for the nomination and dismissal of Directors and Auditors stipulated in the Policy, and it provides its recommendations or proposal to the Board of Directors. In addition, the Compensation Committee provides its recommendations or proposal on 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, as stipulated in the Policy.

In FY 2023, Executive Nomination Committee consists of three NonExecutive Directors (including two Independent Directors) and Compensation Committee consists of three Independent Directors. Members of the 2 committees are as follows. Additionally, the secretariats of both committees are operated by the Company's HR and legal departments.

< Executive Nomination Committee >

Chairperson: Atsushi Abe (Independent Director)  
Members: Yoshiko Kojo  
Masami Yamamoto

< Compensation Committee >

Chairperson: Chiaki Mukai (Independent Director)  
Members: Kenichiro Sasae  
Byron Gill

In FY2022, the Executive Nomination Committee met eight times and the Compensation Committee met six times. The Executive Nomination Committee discussed the nomination of Representative Directors including CEO, and candidates for Director and Audit & Supervisory Board Members, etc., and provided its findings to

the Board of Directors by the end of fiscal 2022. The Compensation Committee discussed the revision to executive compensation, etc., and provided its findings to the Board of Directors by the end of fiscal 2022. The Executive Nomination Committee discussed a CEO succession and mutual evaluations of Non-Executive Directors and the Compensation Committee discussed the introduction of the stock compensation plan for External Directors.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Internal Control & Audit Office, our internal audit group, makes reports on auditing plans to the full-time Audit & Supervisory Board members, the Audit & Supervisory Board, and the Accounting Auditor. As for the results of internal audits, all of the results are reported to the full-time Audit & Supervisory Board members, while important matters are reported to the Board of Directors, the Audit & Supervisory Board, and the Accounting Auditor.

Additionally, Ernst & Young ShinNihon LLC, the Company's accounting auditor, reports auditing plans and its results to the Audit & Supervisory Board. Opinions are exchanged as necessary, and audits are conducted in cooperation with each other.

Regarding our internal control, based on the "Policy on the Internal Control System," the Risk Management & Compliance Committee develops and operates the risk management system and the compliance system, while the division in charge of internal control develops and operates the internal control system for financial reporting. They report to the members of the Audit & Supervisory Board as necessary.

Appointment of External Audit & Supervisory Board Members	Appointed
Number of External Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

External Audit & Supervisory Board Member's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Koji Hatsukawa	CPA										△			
Hideo Makuta	Lawyer													
Catherine O'Connell	Lawyer													

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past



- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. Audit & Supervisory Board Member of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- k. Executive of a company, between which and the Company External Directors and Auditors are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m. Others

External Audit & Supervisory Board Member's Relationship with the Company (2)
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Name	Designation as Independent Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Koji Hatsukawa	○	Mr. Hatsukawa is a former CEO of PricewaterhouseCoopers Aarata. Fujitsu and PricewaterhouseCoopers Aarata have sales business dealings associated with services of the Company, which in fiscal 2022 amounted to about ¥ 0.34 million.	Mr. Koji Hatsukawa has a wealth of experience in auditing global companies as a Certified Public Accountant, and he has extensive knowledge about corporate accounting. While his tenure as an Audit & Supervisory Board Member will have been ten years as of the close of the 123rd Annual Shareholders' Meeting, he satisfies independence standards, and his continued serving as an Audit & Supervisory Board Member will contribute to effective audit at the Company, and to ensuring the diversity in the tenure at the Audit & Supervisory Board due to the relatively short tenure of other independent Audit & Supervisory Board Members. Accordingly, the Company believes that he will be able to fulfill the oversight function and the role as an Independent Audit & Supervisory Board Member. As noted on the left, PricewaterhouseCoopers Aarata, where Mr. Hatsukawa served as CEO, has a business relationship with Fujitsu, but it is considered immaterial and not

			<p>constituting a conflict of interest when taking into account the size of Fujitsu's total sales. PricewaterhouseCoopers Aarata has not performed accounting audits for Fujitsu. Fujitsu has thus determined that there is no risk of a conflict of interest in representing the interests of regular shareholders. Therefore, Fujitsu considers him to be independent and has designated Mr. Hatsukawa as an Independent Audit &amp; Supervisory Board Member.</p>
Hideo Makuta	○	-	<p>Mr. Hideo Makuta has no direct company management experience other than having served as an external director, but has professional perspective gained through his practical experience as a prosecutor, Commissioner of the Japan Fair Trade Commission and lawyer concerning legal affairs and compliance, as well as his in-depth knowledge of matters associated with corporate management, such as the economy and society. Therefore, the Company believes that he will be able to fulfill the oversight function and the role as an External Audit &amp; Supervisory Board Member. Furthermore, he has never been a major shareholder, nor has he held a position involved in business execution of a major business partner of the Company, and thus, the Company believes that he satisfies the Independence Standards established by the Company. Therefore, Fujitsu considers him to be independent and has designated Mr. Makuta as an Independent Audit &amp; Supervisory Board Member.</p>

Catherine O'Connell	○	-	<p>Ms. Catherine O'Connell is an attorney at law in New Zealand. She has a wealth of practical experience at law offices in Japan and overseas as well as at the legal divisions of Japanese companies. She possesses the legal and compliance knowledge required of Audit &amp; Supervisory Board Members of the Company. She also possesses deep insight into issues related to internationality and gender. The Company expects that she will audit and supervise business execution from diverse perspectives. Therefore, the Company believes that she will be able to fulfill the oversight function and the role as an External Audit &amp; Supervisory Board Member. She has never been a major shareholder, nor has she held a position involved in business execution of a major business partner of the Company, and thus the Company believes that she satisfies the Independence Standards established by the Company.</p>
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**[Independent Directors & Auditors]**

Number of Independent Directors & Auditors	8
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Matters relating to Independent Directors & Auditors
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All External Directors and Auditors qualified to serve as Independent Directors & Auditors are identified as such.
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## [Incentives]

Incentive Policies for Directors	Performance-based Compensation
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### Supplementary Explanation

Executive compensation is comprised of the following: "Base Compensation," specifically a fixed monthly salary in accordance with the position and responsibilities; "Bonuses" that are compensation linked to short-term business performance; and "Stock Compensation," which is a medium to long-term incentive that emphasizes a connection to shareholder value. At the 107th Annual Shareholders' Meeting held on June 22, 2007, a resolution terminating the retirement allowance system for executives was passed.

Details of Performance-based Compensation are described below.

(1) Details of performance indicators for the calculation basis and reason for selecting them

(a) Bonuses

In order to provide Executive Directors with an incentive to achieve their performance targets for a single fiscal year, the Company has selected consolidated revenue, consolidated operating profit and core free cash flow (Note 1), which are financial management target indicators for the Company, as evaluation indicators. In addition, the Company has selected Customer NPS® (Note 2), employee engagement (Note 3) and diverse leadership (ratio of female managers) indicators, which are non-financial management target indicators for the Company, and third party assessment, the "Third party assessment on ESG (DJSI (Note 4)), CDP climate change (Note 5)," as evaluation indicators to enhance the commitment of Executive Directors to achieving their performance targets.

(Note 1) core free cash flow: Free Cash Flows excluding special items, such as from sales of businesses, acquisitions, and business model transformation expenses.

(Note 2) Customer NPS®: Abbreviation for Net Promoter Score. It is an indicator to measure "customer loyalty," which presents the degrees of trust and attachment of customers to companies, products, and services, in order to understand the degree of improvement and depth of the customer experience (CX).

(Note 3) employee engagement: An indicator to present willingness and attachment to work voluntarily and independently, and to contribute to the Company, with empathy for the Company's direction and Purpose.

(Note 4) DJSI: The abbreviation for Dow Jones Sustainability Index, a global ESG investment index.

(Note 5) CDP climate change: CDP, an international non-profit organization, conducts surveys and evaluations of "climate change" initiatives at the request of investors, etc., and announces the results.

(b) Performance-based Stock Compensation

In order to provide Executive Directors with an incentive to increase corporate value over the medium to long term as well as to further promote management from the perspective of shareholders, the Company has selected revenue, operating profit, and EPS of the consolidated financial results, which are financial management target indicators for the Company, as evaluation indicators.

(2) Calculation method

(a) Bonuses

At the beginning of each fiscal year, the Company will present the Executive Directors with a base bonus amount in accordance with their performance targets, positions, and responsibilities. Then, at the end of the relevant fiscal year, the bonus amount to be paid will be calculated by multiplying the base bonus amount by the coefficient in accordance with the following elements: the degree of achievement of the performance targets for the respective fiscal year based on the Company's consolidated revenue, consolidated operating profit and core free cash flow; growth from the previous fiscal year in Customer NPS®, employee engagement and diverse leadership (ratio of female managers) indicators, which are set out as non-financial management target indicators; and acquisition of the highest evaluation with the name of the third party assessment on ESG. No bonus will be paid if the degree of achievement of the performance targets is below the preset lower limit. In addition, if the degree of achievement of the performance targets exceeds the preset upper limit, the amount obtained by multiplying the base bonus amount by the preset upper limit of the coefficient will be paid.

**(b) Performance-based Stock Compensation**

The Company will present to Executive Directors a base number of shares in accordance with positions and responsibilities, performance judging period (three fiscal years), and performance targets in advance. The number of shares is calculated by multiplying the base number of shares by the coefficient in accordance with the degree of achievement of the performance targets for the performance judging period (three fiscal years) based on the Company's consolidated revenue, consolidated operating profit, and EPS according to the level of achievement of the performance targets, and is fixed for each fiscal year and upon completion of the performance judging period. When the performance judging period is over, (1) a portion of the total number of shares is paid in cash for the amount equivalent to the applicable person's tax obligations arising from compensation paid under the Performance-based Stock Compensation Plan and (2) the remainder is allocated in shares of the Company, for each applicable person under the condition that they continued to be in the position of an applicable person in the plan throughout the performance judging period.

Then, monetary compensation claims and cash equivalent to market value of the above-mentioned total number of shares are provided to the Executive Directors. The Executive Directors invest the former monetary compensation claims in allocated shares to acquire them. The ratio of the portion to be paid in cash to the total number of shares shall be determined by the Board of Directors, taking into consideration the applicable person's tax obligation.

The Executive Directors may transfer acquired shares of the Company to third parties at their own discretion unless they violate regulations regarding insider trading.

Recipients of Stock Options
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N/A
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Supplementary Explanation
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N/A
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**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration
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Selected Directors
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Supplementary Explanation
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Executive compensation is disclosed only for individual Directors and Auditors if they were paid ¥100 million or more consolidated compensation.

Total compensation and total compensation by type for Directors and Auditors who were paid ¥100 million or more during fiscal 2022 is as follows.

Filing company:

Takahito Tokita (Representative Director and CEO)

¥300million

(Base compensation of ¥82 million, bonuses of ¥57 million and Performance-based Stock Compensation of ¥159 million)

Hidenori Furuta (Representative Director and COO)

¥162million

(Base compensation of ¥57 million, bonuses of ¥37 million and Performance-based Stock Compensation of ¥68 million)

Takeshi Isobe (Director and Corporate Executive Officer, SEVP)

¥126million

(Base compensation of ¥48 million, bonuses of ¥29 million and Performance-based Stock Compensation of ¥48 million)

Consolidated subsidiaries:

-

For fiscal 2022, total compensation to Directors and Auditors was as follows:

- Directors (excluding External Directors)	4 people	¥647 million	(Base compensation of ¥246 million, bonuses of ¥124 million and Performance-based Stock Compensation of ¥277 million)
- External Directors	5 people	¥79 million	(Base compensation of ¥79 million)
- Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members)	2 people	¥72 million	(Base compensation of ¥72 million)
- External Audit & Supervisory Board Members	3 people	¥41 million	(Base compensation of ¥41 million)

\*1 The total amount of monetary compensation to directors was resolved to be ¥1,200 million yen per year (including ¥150 million yen per year for external directors) at the 121st Annual Shareholders' Meeting held on June 28, 2021. The limit on performance-based stock compensation for Executive Directors was resolved to be ¥1,200 million yen per year and the total number of shares of common stock of the company to be allocated to be within 75,000 shares per year at the 121st Annual Shareholders' Meeting. The Company is paying the compensation shown in the above table, which is within these limits.

\*2 The total amount of compensation to Audit & Supervisory Board Members was resolved to be ¥150 million or less per year at the 111th Annual Shareholders' Meeting held on June 23, 2011. The Company is paying the compensation shown in the above table, which is within these limits.

\*3 For performance-based stock compensation, the amount charged to expenses during fiscal 2022 is stated.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company reviewed performance-based compensation indicators for executive directors for fiscal 2023 and after, by the resolution of the Board of Directors Meeting held on July 27, 2023.

Please refer to the following website for details of the review.

<https://pr.fujitsu.com/jp/news/2023/07/en/27.pdf>

Reviewed policy on determining remuneration amounts for fiscal 2023 and after, and calculation methods, is as described below.

<Policy on the Compensation System and Compensation Levels>

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

- With the aim of setting competitive compensation that contributes to securing and maintaining exceptional human resources, compensation levels and composition ratio by type shall be set based on the financial position of the Company, comparing the compensation composition ratio and compensation levels for each position and responsibility at other companies with similar business lines and similar scale as benchmarks.

- The ratio of performance-based compensation (bonuses and performance-based stock compensation) to the total compensation for Executive Directors shall be determined so as to strengthen the link to the Group's financial performance and shareholder value by setting the higher ratio to the greater responsibilities.

- Individual director's compensation shall be determined by the Board of Directors following deliberation by the Compensation Committee to ensure objectivity, transparency and fairness.

[Executive compensation items and payment recipients]

- Executive Directors  
Base Compensation (For management oversight and management execution), Bonuses, Stock Compensation (Performance-based stock compensation)
- External Directors  
Base Compensation (For management oversight), Stock Compensation (Restricted stock units)
- Directors other than the above  
Base Compensation (For management oversight)
- Audit & Supervisory Board Member  
Base Compensation

<Base Compensation>

Base compensation is paid to all executives (Directors and Audit & Supervisory Board Members). A fixed monthly amount shall be paid in accordance with the position and responsibilities of each executive.

<Bonuses>

- Bonuses shall be paid to Executive Directors. The amount of a bonus shall reflect business performance in the respective fiscal year.
- As a specific evaluation indicator and calculation method, the Company shall adopt an “On Target model” to determine the bonus amount to be paid by setting the base amount in accordance with the position and responsibilities in advance. The bonus amount is calculated by multiplying the base amount by the coefficient in accordance with the following elements: the degree of achievement of the performance targets for the respective fiscal year based on the Company’s consolidated revenue, consolidated operating profit and core free cash flow (Note 1), which are our financial management target indicators, growth from the previous fiscal year in Customer NPS® (Note 2), employee engagement (Note 3) and diverse leadership (ratio of female managers), which are our non-financial management target indicators, and acquisition of the highest evaluation from a third-party assessment organization on ESG initiatives.

(Note 1) Free Cash Flows excluding special items, such as from sales of businesses, acquisitions, and business model transformation expenses.

(Note 2) Abbreviation for Net Promoter Score. It is an indicator to measure “customer loyalty,” which presents the degrees of trust and attachment of customers to companies, products, and services, in order to understand the degree of improvement and depth of the customer experience (CX).

(Note 3) An indicator to present willingness and attachment to work voluntarily and independently, and to contribute to the Company, with empathy for the Company’s direction and Purpose.

<Stock Compensation>

(1) Performance-based Stock Compensation (performance shares)

- Performance shares shall be granted to Executive Directors, in order to share the profit with shareholders and as an incentive to contribute to the enhancement of medium- to long-term business performance.
- As a specific evaluation indicator and calculation method, the Company shall set a base number of shares in accordance with the position and responsibilities in advance, and calculate the number of shares for each fiscal year by multiplying the base number of shares by the coefficient in accordance with the degree of achievement of the performance targets for the performance judging period (three years) based on the Company’s consolidated revenue, consolidated operating profit, and EPS, which are financial management target indicators. When the performance judging period is over, a portion of the total number of shares is paid in cash for the amount equivalent to the market value, and the remainder is allocated in shares of the Company.

(2) Restricted Stock Units

- Restricted stock units (under a post-delivery type incentive plan that grants shares as compensation after confirming the right which is subject to a certain period of continuous service) shall be granted to External Directors, in order to share the profit with shareholders and as contribution to the sustainable enhancement of corporate value.
- The Company shall set a number of stock units in accordance with the position each year in advance, and with the elapse of the period of continuous service (three years), a portion of the number of shares is paid in cash for the amount equivalent to the market value, and the remainder is allocated in shares of the Company.



<Benchmark Composition Ratio for Compensation>

The benchmark ratio of base compensation (only for the portion for management execution and excluding the portion for management oversight), bonuses, and performance-based stock compensation shall be 1:1:3 for Representative Director and CEO, and the percentage for performance-based compensation is set higher than that for other Executive Directors. In addition, the benchmark ratio of base compensation (excluding allowances) and restricted stock units for External Directors shall be 7:3.

<Stock Holding Guideline>

The Company has established the Stock Holding Guideline with the aim of promoting long-term value sharing with shareholders. Directors who are eligible to receive stock compensation shall make an effort to hold at minimum the certain number of the Company's shares set for each position during their terms of office. Representative Director and CEO shall make an effort to hold the Company's shares equivalent to twice as much as the annual amount of base compensation by the time four years have passed after taking office and continue holding them during the term of office.

<Return of Compensation (Malus and Clawback Policy) >

In the event of an inappropriate accounting treatment including material ex-post adjustments to past year financial results or a serious misconduct or compliance violation during the term of office, the Company may demand reduction or return of performance-based compensation (bonuses and performance-based stock compensation) to the relevant Executive Director, including a person who retired within two years, based on a decision of the Board of Directors after deliberation by the Compensation Committee.

As resolved at the Annual Shareholders' Meeting, the total amount of the "base compensation" and "bonuses" to Directors shall not exceed 1,200 million yen per year (including the portion for External Directors not exceeding 150 million yen per year). The amount of the "performance-based stock compensation" for Executive Directors shall not exceed 1,200 million yen per year, with the total number of shares to be allocated not exceeding 75,000 shares per year. And the amount of the "restricted stock units" for External Directors shall not exceed 100 million yen per year, with the total number of shares to be allocated not exceeding 6,000 shares per year, as resolved at the 123rd Annual Shareholders' Meeting. The amount of "base compensation" for Audit & Supervisory Board Members shall not exceed 150 million yen per year.

Policy on determining remuneration amounts for fiscal 2022 and calculation methods is as described below.

<Policy on the Compensation System and Compensation Levels>

- To secure exceptional human resources required to manage the Fujitsu Group, for achieving its purpose as making the world more sustainable by building trust in society through innovation, and to further strengthen the link between its financial performance and shareholder value, while at the same time improving its transparency, the Company shall make a system of executive compensation comprising of the following: "Base Compensation," specifically a fixed monthly salary in accordance with the position and responsibilities; "Bonuses" that are compensation linked to short-term business performance; and "Performance-based Stock Compensation," which is a medium- to long-term incentive that emphasizes the connection to shareholder value.
- With the aim of setting competitive compensation that contributes to securing and maintaining exceptional human resources, compensation levels and compensation ratio for each type shall be determined based on the financial position of the Company, analyzing the compensation composition ratio and compensation levels for each executive position and responsibility at other companies with similar business lines and similar scale to ours as benchmarks.
- The ratio of performance-based compensation to the total compensation for Executive Directors shall be determined so as to strengthen the link between the Group's financial performance and shareholder value by setting the higher ratio to the heavier responsibilities.
- Individual Director's remuneration shall be determined by the Board of Directors after deliberation at the Compensation Committee to ensure objectivity, transparency, and fairness.

<Base 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.

<Bonuses>

- Bonuses shall be paid to Executive Directors. The amount of a bonus shall reflect business performance in the respective fiscal year.
- As a specific evaluation indicator and calculation method, the Company shall adopt an “On Target model” to determine the bonus amount to be paid by setting the base amount in accordance with the position and responsibilities in advance. The bonus amount is calculated by multiplying the base amount by the coefficient in accordance with the following elements: the degree of achievement of the performance targets for the respective fiscal year based on the Company’s consolidated revenue and consolidated operating profit, which are our financial management target indicators, growth from the previous fiscal year in employee engagement (Note 1), Customer NPS® (Note 2), and DX promotion indicators (Note 3), which are our non-financial management target indicators, and acquisition of the highest evaluation with the name of the third party assessment on ESG.

(Note 1) An indicator to present willingness and attachment to work voluntarily and independently, and to contribute to the Company, with sympathy for the Company’s direction and purposes.

(Note 2) The Abbreviation of Net Promoter Score, an indicator to measure “customer loyalty,” which presents the degrees of trust and attachment of customers to companies, products, and services, in order to understand the degree of improvement and depth of the customer experience (CX).

(Note 3) An indicator intended to share recognition of the current situation and issues among related parties, such as the senior management, business division, DX division, and IT division, and to provide opportunities for awareness leading to the next actions, in order to promote companies’ management reforms in the aspect of digital technologies defined by the Ministry of Economy, Trade and Industry.

<Performance-based Stock Compensation>

- Performance-based stock compensation shall be granted to Executive Directors, in order to share the profit with shareholders and as an incentive to contribute to enhancement of medium- to long-term performance.
- As a specific indicator and calculation method, the Company shall set a base number of shares in accordance with the position and responsibilities in advance, and calculate the number of shares for each fiscal year by multiplying the base number of shares by the coefficient in accordance with the degree of achievement of the performance targets for the performance judging period (three years) based on the Company’s consolidated revenue, consolidated operating profit, and EPS (Earnings Per Share), which are financial management target indicators. When the performance judging period is over, a portion of the total number of shares is paid in cash for the amount equivalent to the market value, and the remainder is allocated in shares of the Company.

The total amount of the “Basic Compensation” and “Bonuses” to Directors was resolved to be ¥1,200 million or less per year at the Annual Shareholders’ Meeting, the “Performance-based Stock Compensation Plan” to be ¥1,200 million or less per year, and the total number of shares to be allocated to be 75,000 shares or less per year. And the “Basic Compensation” to Auditors shall be ¥150 million or less per year.

**[Supporting System for External Directors and Auditors]**

Fujitsu supports External Directors and Auditors through Corporate Governance & Compliance Unit (Secretariat of Board of Directors Meeting and Independent Directors & Auditors Council Support Office) and Auditing Support Division). This responsibility involves complying with requests from External Directors and Auditors to provide information and explain about Fujitsu or the entire Fujitsu Group that is required for management oversight or audits. Depending on the information, relevant business unit managers are made available to provide additional explanations. Furthermore, to allow board members to gain a proper understanding of the details prior to the meeting, materials relevant to the Board of Directors Meetings, such as agenda items, are shared with all board members (Directors and Audit & Supervisory Board Members) via the system.

**[Status of Persons who have retired from Representative Director and CEO, etc.]**

Name	Title/Position	Content of Operation	Form and Condition of Services (Fulltime/Non-Full time, Paid/Unpaid etc.)	Resignation Date from CEO, Etc.	Term
-	-	-	-	-	-

Total Number of Senior Executive Advisor (Sodanyaku)/Advisor (Komon) who have retired from Representative Director and CEO, etc.	-
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**Other matters**

Fujitsu abolished its senior executive advisor (Sodanyaku) and advisor (Komon) system, effective March 31, 2018, in order to clarify management responsibilities and strengthen corporate governance by the resolution of its Board of Directors Meeting.

Fujitsu will enter into commission contracts with retiring officers, who will be known as "senior advisors" or "senior fellows," on an individual basis and subject to a resolution of the Board of Directors, in cases where such treatment of retiring officers is indispensable as they are to be appointed as an officer of an unaffiliated organization, or where the individual's expertise in specific fields is particularly useful for Fujitsu's business operations.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

(1) Overview of Corporate Governance Structure  
 <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 its oversight and advisory functions. Moreover, the Board of Directors has been formed with Non-Executive Directors at its core so as to enable correction and remediation of errors, insufficiencies, and recklessness in business execution. And by ensuring that Independent Directors constitute the majority of the members of the Board of Directors, the oversight and advisory functions of the Board of Directors is strengthened. 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.  
 As of the date of submission of this report, the Board of Directors is comprised of 9 members in total: 3 Executive Directors and 6 Non-Executive Directors (including 5 External Directors). The Company held 13 Board of Directors meetings in FY2022 (including one extraordinary Board of Directors meeting) to make resolutions on management directions, budgets, investments, business restructuring and organizational personnel affairs, and also to report on financial results and Management Council matters. Resolutions were also made and reported on other matters stipulated by the Companies Act and the Regulations of the Board of Directors of the Company. With the exception of one Board of Directors meeting with one Director being absent, all the other meetings were attended by all members.

<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.

The Company held 10 Audit & Supervisory Board meetings in FY2022 (including one extraordinary Audit & Supervisory Board meeting), mainly to discuss audit policy and plans, the audit method of Accounting Auditors, the properness of the audit results, and key audit matters. Internal Audit Departments made reports and full-time Audit & Supervisory Board members reported matters of importance to External Audit & Supervisory Board members, which were discussed at the Audit & Supervisory Board meetings. All Audit & Supervisory Board Members meeting were attended by all Audit & Supervisory Board Members.

The activities of Audit & Supervisory Board Members during FY 2022 included attending and expressing opinions at meetings of the Board of Directors, meetings of Independent Directors and other important meetings, inspecting important approval documents, exchanging opinions with Representative Directors, auditing operations of the head office and subsidiaries, exchanging information with auditors of subsidiaries, hearing reports from Accounting Auditors, hearing the status of an audit and its results from the Internal Audit Department, and hearing the status of whistle-blowing activities from the Compliance Department.

In addition, with respect to the Key Audit Matters, we continued to hold a sufficient number of discussions and deliberations with Accounting Auditors. The discussion topics were potential risks of material misstatements in the consolidated financial statements and impacts of, and developments in, material events, etc. that occurred in FY2022.

#### <Independent Directors & Auditors Council>

The Company has Independent Directors and 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 that 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 establish the Independent Directors and Auditors Council, which consists of all Independent Directors and Auditors (five Independent Directors and three Independent Auditors), and discusses the medium to long-term direction of the Company, shares information, and exchanges viewpoints so that each can formulate their own opinions. In FY2022, the Independent Directors and Auditors Council met 12 times. The members shared information and exchanged viewpoints on the Company's management direction and on important management matters that were associated with business restructuring including mergers and acquisitions by the Company and the Fujitsu Group.

#### (2) Status of Business Execution Organs

For the Status of Business Execution Organs, please refer IV1 .

#### (3) Status of Accounting Audits and Internal Audits

##### <Accounting Audits>

The accounting auditor, Ernst & Young ShinNihon LLC, reports to the Audit & Supervisory Board concerning the audit plan and results. The accounting auditor also conducts exchange of opinions when needed and carries out coordinated audits. The four certified public accountants associated with Ernst & Young ShinNihon LLC who performed the accounting audit were Messrs. Yoshihiko Nakatani, Noriyasu Hanafuji , Tomoko Tanabe and Manabu Yamaguchi in FY2022. In addition, they were assisted by 26 certified public accountants, 13 persons who have passed the accountant examination, and another 52 persons, all associated with Ernst & Young ShinNihon LLC.

##### <Internal Audits>

The Internal Control & Audit Office (with 119 members, including 51 members engaged in auditing) serves as an internal audit group. The Internal Control & Audit Office is positioned as an organization under the General Council, which is independent from the business execution divisions.

The Internal Control & Audit Office has 24 employees with specialist internal auditing knowledge, including Certified Internal Auditors (CIA) and Certified Information Systems Auditors (CISA).

Auditing plans and results of internal audits, including matters related to Group companies, are regularly reported to the Risk Management & Compliance Committee, which is chaired by the Representative Director and CEO, and are reported to the Board of Directors through the Committee. Additionally, regular reports are made to the full-time Audit & Supervisory Board members, the Audit & Supervisory Board, and the Accounting Auditor.

(4) Overview of Limitation of Liability Contracts

The Company has entered agreements to limit the liability of Non-Executive Directors and Audit & Supervisory Board Members under Article 423, Clause 1 of the Companies Act. The limitation of liability in such agreements shall be the minimum liability amount under the law. Limitation of liability shall be based on the premise that the Non-Executive Director or Audit & Supervisory Board Member is fulfilling their responsibility and engaging in execution of duties in good faith, and that there is no significant negligence.

(5) Summary of Contents of Directors and Officers Liability Insurance Policy, etc.

The Company has concluded directors and officers liability insurance policies with some insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the contents of the policies and other information is given below.

(a) Scope of the insured

Directors, Audit & Supervisory Board Members, Corporate Executive Officers, etc. of the Company and its consolidated subsidiaries (excluding listed subsidiaries)

(b) Summary of Insurance Policy Contents

The policies shall cover damages and legal costs, etc. incurred by the insured due to claims for damages arising from acts (including omissions) committed by the insured in an official capacity. However, in order not to compromise the proper enforcement of duties by the insured, no compensation etc. shall be payable in the event of any claims arising from profits or advantage being obtained illegally, or arising from dishonest acts, etc. The Company pays all premiums and the insured does not pay anything.

### 3. 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.

Moreover, the Board of Directors has been formed with Non-Executive Directors at its core so as to enable correction and remediation of errors, insufficiencies, and recklessness in business execution. And External Directors constitute the majority of the members of the Board of Directors. The core of Non-Executive Directors shall be External Directors with a high degree of independence and diverse perspectives. Moreover, at least one Non-Executive Director is appointed from within the Company to complement the External Directors’ knowledge in the business fields and the culture of the Company, so that the efficiency of oversight and advice performance by the Non-Executive Directors is enhanced.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	To give shareholders sufficient time to exercise voting rights, we make efforts to send invitation notices three weeks prior to the Annual Shareholders’ Meeting. Furthermore, the Notice of the Annual Shareholders’ Meeting is disclosed on the Company’s website and other media before it is sent to shareholders with a view to provide information to shareholders as quickly as possible.
Scheduling AGMs Avoiding the Peak Day	To facilitate the attendance of as many shareholders as possible, since the Annual Shareholders’ Meeting held in June 2001, we have scheduled our Annual Shareholders’ Meeting to avoid the busiest days of overlap with other corporations’ annual meetings.
Allowing Electronic Exercise of Voting Rights	To improve convenience and facilitate the exercise of voting rights for shareholders who are unable to attend the Annual Shareholders’ Meeting, since the Annual Shareholders’ Meeting held in June 2002, we have accepted the exercise of voting rights through electronic methods, and since the Annual

	Shareholders' Meeting held in June 2006, we have been using a platform to allow institutional investors to electronically exercise voting rights.
Participation in Electronic Voting Platform	Fujitsu participates in the electronic proxy voting platform operated by Investor Communications Japan (ICJ) as part of its efforts to enhance the proxy voting environment for institutional investors.
Providing Convocation Notice in English	Fujitsu creates an English-language Notice of the Annual Shareholders' Meeting (contents correspond to the Japanese version of the notice and business report (including Disclosed Information on the Internet at the Time of Notice of the Annual Shareholders' Meeting) in order to promote a wider understanding of the proposals presented at the shareholders' meeting. The notice is disclosed on the Company's website the same day as the Japanese version as part of our policy to disclose information in a prompt, accurate, and fair manner.
Other	To clarify the results of voting at the Annual Shareholders' Meetings, in addition to public notification of the results of the Shareholders' Meetings, beginning with the Annual Shareholders' Meeting held in June 2010, Fujitsu began posting the numbers of votes for and against each resolution on its website. We explain security of the rights and equality of shareholders at the Annual Shareholders' Meeting in 3.(1) of the Policy in the following website. <a href="https://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf">https://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf</a>

## 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	We have created a Disclosure Policy and have published it on our website below. Japanese: <a href="https://pr.fujitsu.com/jp/ir/disclosure/">https://pr.fujitsu.com/jp/ir/disclosure/</a> English: <a href="https://www.fujitsu.com/global/about/ir/policy/disclosure/">https://www.fujitsu.com/global/about/ir/policy/disclosure/</a>
Regular Investor Briefings for Analysts and Institutional Investors	We regularly hold management direction briefings by the CEO, financial results by the CEO and CFO, and various other briefings (R&D strategy briefings, ESG briefings, etc.) by the directors in charge. In addition, we conduct Q&A sessions for the press at the briefings to ensure that information is disseminated to individual investors through media.
Regular Investor Briefings for Overseas Investors	The CEO and CFO regularly hold individual meetings (by visiting or conducting online) with overseas investors. We also have investor relations representatives stationed in New York and London, who engage in daily communication with investors in North America and Europe. In addition, presentation materials and minutes of Q&A at various briefings held in Japan are translated into English and published on our website.
Posting of IR Materials on Website	The <i>Yukashoken Hokokusho</i> (Financial Report), the Business Report, the Notice of the Annual Shareholders' Meeting, the Financial Earnings, the Integrated Report, presentation materials for various briefings and the Sustainability Data Book, etc. are published on our website below. Japanese: <a href="https://pr.fujitsu.com/jp/ir/">https://pr.fujitsu.com/jp/ir/</a> English: <a href="https://www.fujitsu.com/global/about/ir/">https://www.fujitsu.com/global/about/ir/</a>
Establishment of Department and/or Manager in Charge of IR	The director in charge of IR activities is the CFO; the division in charge of IR activities is the Public & Investor Relations Office.
Other	In addition to the above, we have established a dedicated website for individual investors and are striving to improve communication with them by and setting up an inquiry form. In addition, from April 2018, we started sending e-mails to individual investors to directly send them public information from our Company.

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Fujitsu Way is the principles and fundamentals of the behavior of every employee in our Group and defines the Group's purpose as making the world more sustainable by building trust in society through innovation. As part of our values, we strive to generate shared value for all stakeholders, including employees, customers, business partners, the community, and shareholders.
Implementation of Environmental Activities, CSR Activities etc.	Fujitsu Group's activities for the purpose of the contribution to sustainable development for society and the planet are open to public through Fujitsu Group Integrated Report and our website. - Fujitsu Group Integrated Report <a href="https://www.fujitsu.com/global/about/ir/library/integratedrep/index.html">https://www.fujitsu.com/global/about/ir/library/integratedrep/index.html</a> - Sustainability at Fujitsu Group <a href="https://www.fujitsu.com/global/about/csr/index.html">https://www.fujitsu.com/global/about/csr/index.html</a>
Development of Policies on Information Provision to Stakeholders	As a policy on information provision to all our stakeholders, please refer to 4. of the Corporate Governance Policy on the following website. <a href="https://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf">https://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf</a>
Other	Please refer to [Supplementary Principle 2.4.1 Ensure diversity in the promotion to core human resources] of the Disclosure Based on the Principles of the Corporate Governance Code for the current status of promotions to board members and managers for women, foreign nationals, midcareer hires, and initiatives towards the promotions.

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

[Policy on the Internal Control System]

The following Policy on the Internal Control System sets forth internal structures of the Fujitsu Group:

#### 1. Objective

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, the Directors who are entrusted with the management of the Company by the shareholders, present to the shareholders, who have entrusted authority in them, the policy regarding a) how to practice and promote the Fujitsu Way, the principles that underlie the Fujitsu Group's conduct, and b) what systems and rules are used to pursue management efficiency and control the risks arising from the Company's business activities in the application of their management approach, as described below

#### 2. Systems to Ensure that Directors Carry Out Their Responsibilities Efficiently

##### (1) Business Execution Decision-Making and Business Execution Structure

- a The Company has Corporate Executive Officers (hereafter, the Representative Directors and Corporate Executive Officers are referred to collectively as "Senior Management") who share business execution authority with the Representative Director and CEO, and the Corporate Executive Officers carry out decision-making and business execution in accordance with their responsibilities.
- b The Company has a Chief Financial Officer who is responsible for managing finance and accounting for the Fujitsu Group.
- c The Company has a Management Council made up of Representative Directors and Corporate Executive Officers to assist the Representative Director and CEO in decision-making.
- d The Representative Director and CEO puts in place systems and procedures (Management Council rules, systems for approvals) needed for decision-making by Senior Management and employees entrusted by Senior Management with authority.
- e The Representative Director and CEO reports financial and business results at each regularly-scheduled meeting of the Board of Directors, makes periodic reports to the Board of Directors



on the operational status of “Policy on the Internal Control System,” and receives confirmation that operations are being undertaken correctly.

(2) System to Promote More Efficient Operations

- a The Company has an organization that uses reforms to the Fujitsu Group’s business processes to promote higher productivity, lower costs, and expenditure controls, and it pursues more efficient management.

3. Rules and Other Systems Relating to Managing the Risk of Losses

(1) System for Managing the Risk of Losses in General

- a The Company aims to maintain the business continuity of the Fujitsu Group, increase its corporate value, and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, the Company has a Risk Management & Compliance Committee, which oversees risk management for the entire Fujitsu Group. The Company also assigns certain departments to be responsible for specific kinds of risks, and has appropriate systems in place for risk management.
- b The Risk Management & Compliance Committee constantly assesses and verifies risks that might cause losses to the Fujitsu Group. When risks are identified in business operations, it works to control the risk, such as by formulating preventative measures, and attempts to minimize the loss that might result.
- c To minimize losses from any risks that arise, the Risk Management & Compliance Committee, through the systems described in paragraph “a” above, periodically analyzes any risks that have arisen, reports on them to the Board of Directors and any other relevant person or organization, and takes action to prevent a recurrence of such risks.

(2) Systems for Managing the Specific Risks of Losses

In addition to the Risk Management & Compliance Committee, the Company has risk management systems that include the following to deal with specific risks of losses it identifies in its business operations.

- a Risk Management System for Defects in Products and Services
  - The Company has a quality-assurance system designed to analyze defects in Fujitsu Group products and services and prevent them from recurring. In particular, it has an organization that continuously works to improve quality, contracts, and rules to ensure that social infrastructure systems run reliably.
- b Management System for Contracted Development Projects
  - To prevent the emergence of unprofitable projects among its contracted development projects, such as systems integration projects, the Company has a specialized organization that monitors risks relating to project negotiations and project execution.
  - This specialized organization creates a monitoring process for contract amounts, contract terms, quality, expenses, deadlines and other relevant items, and monitors projects under consistent conditions.
  - Based on the results of this monitoring, the specialized organization issues corrective recommendations to relevant projects.
- c Security System
  - The Company has an organization to deal with cyber-terrorism, unauthorized use, and data breaches in the services it provides.

(3) Responses to Management Risks

- a System to Manage Financial Risks
  - Financial risks are under the purview of the Chief Financial Officer.
- b Systems to Manage Other Forms of Management Risk
  - Other forms of Management risks, including market trends and price competition, are handled by each department according to a division of responsibilities established by the Representative Director and CEO.

4. Systems to Ensure that Business Execution of Directors and Employees Complies with Laws, Regulations and Articles of Incorporation

(1) Compliance System

- a Senior Management adheres to the Code of Conduct in the Fujitsu Way as a basic philosophy for compliance issues, including compliance with laws, regulations and the articles of incorporation, and proactively promotes the Group's overall compliance based upon its ethics as Senior Management.
- b The Risk Management & Compliance Committee has purview over compliance matters for the Fujitsu Group, which it executes as follows.
  - It ensures scrupulous adherence to the Code of Conduct in the Fujitsu Way among all Fujitsu Group employees through ongoing educational efforts.
  - It clarifies the laws and regulations that relate to the Fujitsu Group's business activities and establishes internal rules, education, and oversight systems to ensure compliance with them to promote compliance throughout the Group.
  - When Senior Management or employee recognizes a serious compliance violation or when a situation may appear to present one relating to the performance of the responsibilities of Senior Management or an employee, the Risk Management & Compliance Committee makes such person immediately report such fact to the Committee via the normal chain of command.
  - To ensure that compliance problems can be discovered quickly and handled appropriately through an alternative communications channel apart from the normal chain of command, it establishes and operates an internal reporting system that safeguards the reporter.
  - The Risk Management & Compliance Committee immediately reports serious compliance violations or situations that may appear to present one to the Board of Directors and any other relevant person or organization.

(2) System to Ensure Proper Financial Reporting

- a The Company has, apart from the organization that prepares financial reports, an organization under the Chief Financial Officer responsible for establishing, operating, and evaluating internal control over Fujitsu Group financial reporting, to ensure the effectiveness and reliability of financial reports.
- b These organizations create unified accounting policies shared throughout the Fujitsu Group and rules for establishing, operating, and evaluating internal control over financial reporting.
- c The organization responsible for establishing, operating, and evaluating internal control over financial reporting periodically reports to the Board of Directors and any other relevant person or organization the results of evaluations of the effectiveness the internal control.

(3) System for Information Disclosure

The Company has a system to ensure timely and fair disclosure of company information.

(4) Internal Auditing System

- a The Company has an organization that conducts internal audits of business execution (the "Internal Auditing Organization"), and ensures its independence.
- b The Internal Auditing Organization establishes internal auditing rules and conducts audits based on those rules.
- c The Internal Auditing Organization liaises with internal auditing organizations in other Group companies to internally audit the Fujitsu Group as a whole.
- d The results of internal audits are periodically reported to the Board of Directors, Audit & Supervisory Board and other relevant person or organization of the Company and of other relevant Group companies.

5. System for Storing and Managing Information in Accordance with the Execution of Directors' Responsibilities

- a Senior Management assigns people with the responsibility for storing and managing documents, and, in accordance with internal rules, appropriately stores and manages the following documents (including electronic records) related to the execution of Senior Management's responsibilities, along with other important information.

- Minutes of Annual Shareholders' Meetings and related materials.
  - Minutes of Board of Directors Meetings and related materials
  - Other minutes and related materials involved in important decision-making meetings.
  - Approval documents and related materials involving Senior Management decisions.
  - Other important documents that relate to the performance of Senior Management's responsibilities.
- b To verify the status of business execution, the Directors and Audit & Supervisory Board Members have access at any time to the documents in paragraph "a" above, and people with the responsibility for storing and managing documents establish systems to enable Directors Audit & Supervisory Board Members to access the documents at any time in response to requests for the documents by Directors or Audit & Supervisory Board Members.
6. System to Ensure the Properness of Fujitsu Group Operations
- a In addition to creating and instituting the above systems and rules for the Fujitsu Group, the Company establishes systems for receiving reports from the Senior Management of Group companies on matters relating to their business execution.
  - b The Company institutes standard rules regarding the delegation of authority from the Representative Director and CEO to Group companies, such as the scope of decision-making authority and the decision-making process relating to important matters at Group companies.
  - c The Representative Director and CEO determines what each Group company's divisional area of responsibility is, and the Corporate Executive Officers who divide the business execution duties for each divisional area, acting through each Group company's president or CEO, implement and comply with paragraphs "a" and "b" above.
  - d The Senior Management of the Company and other Group companies share information on Fujitsu Group management strategies and on issues relating to the achievement of Group goals through periodical meetings or other sufficient measures, and cooperate on Group business management.
7. System to Ensure the Properness of Audits by the Audit & Supervisory Board Members
- (1) Ensuring the Independence of Audit & Supervisory Board Members
- a The Company has an Auditing Support Division with employees assigned to assist Audit & Supervisory Board Members in carrying out their duties. Appropriate employees with the ability and expertise required by the Audit & Supervisory Board Members are assigned to the Division.
  - b In order to ensure the independence of the employees in the Auditing Support Division and to ensure that they will implement the instructions of Audit & Supervisory Board Members, Senior Management shall receive the consent of Audit & Supervisory Board Members on matters relating to the appointment, transfer and compensation of employees in the Auditing Support Division.
  - c In principle, Senior Management does not assign employees in the Auditing Support Division to other divisions or duties. In instances, however, where a need arises to give dual assignments to employees with specialized knowledge in response to requests from Audit & Supervisory Board Members, care is given to ensuring their independence in accordance with paragraph "b" above.
- (2) Reporting System
- a Senior Management of Fujitsu and Group companies provide the Audit & Supervisory Board Members with the opportunity to attend important meetings.
  - b In cases where risks arise that could affect management or financial results, or when there is an awareness of major compliance violations, or the possibility of major compliance violations, in connection with the execution of business activities, Senior Management of Fujitsu and Group companies immediately report them to the Audit & Supervisory Board Members.
  - c Senior Management of Fujitsu and Group companies periodically report to the Audit & Supervisory Board Members on the status of business execution.
  - d Senior management of Fujitsu and Group companies shall not subject senior management or employees to adverse treatment for the reason that reports were submitted in accordance with paragraphs "b" and "c" above.

(3) Ensuring the Effectiveness of Audits by the Audit & Supervisory Board Members

- a Senior Management of Fujitsu and Group companies periodically exchange information with the Audit & Supervisory Board Members.
- b With respect to expenses incurred by Audit & Supervisory Board Members in the execution of their duties in accordance with Article 388 of the Companies Act, Senior Management shall determine the methods for processing the requests stipulated in Article 388.
- c The Internal Auditing Organization periodically reports audit results to the Audit & Supervisory Board Members.

[Status of Operation of the Internal Control System]

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

The Company has Corporate Executive Officers who share business execution authority with the Representative Director and CEO, and the Corporate Executive Officers carry out decision-making and business execution in accordance with their responsibilities.

The Management Council meets twice a month, in principle, and assists the Representative Director and CEO in decision-making. The Management Council consists of the minimum number of members, which include the CEO. By operating the Management Council as a body that enables timely discussion of and decision-making on any matters concerning business execution, the Council facilitates decision-making by Representative Directors and enhances the efficiency and the speed of management. In addition, the Company has, in order to further increase the speed of management, improved the approval standard accompanied by extensive delegation of duties from the Representative Directors to other executives and employees and established a framework that allows the CEO to appoint a CxO responsible for the business execution of key operations.

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 the Risk Management & Compliance Committee (the “Committee”) under the policy reports to the Board of Directors and is chaired by the Representative Director and CEO and consists of four Executive Directors.

Regarding risks in business operations, including compliance violations and information security issues, defects or failures of products and services, the Committee has established and operates a system that covers not only the Company but the Fujitsu Group and ensures reporting to the Committee in a timely manner when such risks arise. In accordance with such reporting, it decides measures to prevent the recognized risks in business operations from arising and handle loss caused by the risks that arose.

In the course of operating the systems described above, besides the case of risk occurrence, the Committee periodically reports the progress and results of its activities to the Board of Directors and is supervised.

As a system to ensure timely reporting from the Fujitsu Group to the Committee, Regional Risk Management & Compliance Committees have been established for individual Regions, which are overseas geographical business divisions of the Fujitsu Group. These regional committees are positioned under the Committee to function so that the entire Fujitsu Group is covered.

In the information security field, the Company has appointed a dedicated Chief Information Security Officer (CISO) in accordance with the Fujitsu Group Information Security Policy (Global Security Policy). Further, under the CISO, regional CISOs have been appointed in individual Regions, which are overseas geographical business divisions of the Fujitsu Group, and they formulate and implement information security measures.

Moreover, the Global Business Standards outlining the Fujitsu Way Code of Conduct (We respect human rights. We protect and respect intellectual property. We comply with all laws and regulations. We maintain confidentiality. We act with fairness in our business dealings. We do not use our position in our organization for personal gain.) in a manner befitting executives and employees are available in 20 languages and used as a guideline on compliance at the Fujitsu Group. Under the Global Business Standards, the Company has established the Global Compliance Program, and is sending out top management messages, developing rules, and implementing various education programs and awareness raising activities to maintain and improve the structure for legal compliance across the Fujitsu Group.

Regarding the internal reporting system, the Fujitsu Group has established points of contact inside and outside the Company, operated as the Compliance Line/Fujitsu Alert, to receive reports from all Group executives and employees and offer consultations. Group companies also have established and are

operating their own points of contact for reporting and consultation. Based on these systems, the Fujitsu Group aims to put the Code of Conduct into practice by working a self-cleansing function against unlawful or unfair action through an early detection and remediation of it.

**3. System to Ensure Proper Financial Reporting**

The organization responsible for internal control and internal audits has established the system and assesses internal control over financial reporting throughout the Fujitsu Group, and reports the activity status and assessment results to the Representative Director and CEO, Chief Financial Officer, Audit & Supervisory Board Members and the Board of Directors in accordance with the principles of the “Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting” published by the Business Accounting Council.

**4. System to Ensure the Properness of Fujitsu Group Operations**

The systems described above cover the Fujitsu Group.

Especially for risk management and compliance systems are as outlined in item 2 above. 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 that determine authority for decision-making on important matters of Fujitsu Group companies (excluding certain subsidiaries), the decision-making process and the reporting obligations. The Company has its Group companies comply with the Rules. In this way, the Company has put in place systems for decision-making on and reporting of important matters of the Group.

The status of operation of the internal control system centering on the above is periodically reported to the Board of Directors and Audit & Supervisory Board Members.

**2. Basic Views on Eliminating Anti-Social Forces**

**[Basic Stance on Rejection of Antisocial Elements]**

In the Fujitsu Way, the Fujitsu Group’s Code of Conduct calls for respect for and compliance with laws and socially accepted rules. Accordingly, our basic stance is to take a resolute attitude toward antisocial elements and have absolutely no dealings with them.

**[Preparedness Regarding Rejection of Antisocial Elements]**

We maintain a system that can quickly respond when necessary by designating a centralized response department, creating a common Group manual, maintaining liaisons and exchanging information with outside legal counsel, police, and specialist organizations, as well as by carrying out training and keeping employees fully informed about the workplace.

**V. Other**

**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

Under the basic approach that the increase in corporate value creates the defensive power as a consequence, the company focuses on increasing corporate value and does not adopt any specific anti-takeover measures. In case an acquisition offer is made to the company, the Board of Directors takes an appropriate action based on the recognition that the determination on the location of control of the company resides in shareholders.

**2. Other Matters Concerning to Corporate Governance System**

The following is the status of the Company’s internal structure for timely information disclosure.

**1. Internal Structure for Timely Disclosure of Corporate Information**

The Company endeavors to quickly and accurately grasp information (decisions, events, and financial results) related to the business, operation, and financial performance of each of its business divisions, the

organizations responsible for business operations. This information is used to improve management, and the Company uses the following deliberation and decision-making structure to ensure timely disclosure of the information in cases where the information is important and necessary for investors.

- (1) The Board of Directors deals with important management matters, delegating the decision-making authority over business execution to the Representative Directors and subordinate Corporate Executive Officers to the broadest extent permitted by law and the Articles of Incorporation of the Company. Subordinate Corporate Executive Officers will carry out decision-making and business execution in accordance with their responsibilities. The Company has a Management Council made up of Representative Directors and Corporate Executive Officers to assist the Representative Director and CEO in decision-making. The Company employs the above-mentioned decision-making process for its business and operation.
- (2) Each business organization reports matters of importance regarding the Company's business, operation, or financial performance to the Board of Directors and Management Council on a regular and as-needed basis. Each business organization has established a structure to conduct risk management and strives to quickly and accurately grasp information.
- (3) The Corporate Finance Unit reports financial results, revisions to financial results and forecasts, dividends, and other information to the Board of Directors and Management Council, based on financial information gathered from each business organization.

The Corporate Governance & Compliance Unit and Public & Investor Relations Division jointly review decisions, events and financial results gathered as explained above in (1), (2), and (3) to confirm the timeliness and accuracy of the information. The Company's Representative Director and CEO conducts a final review of the information on an as-needed basis before the information is disclosed to investors in a timely and accurate manner. With regard to financial items and financial results included in decisions or events, CFO approves the information on an as-needed basis prior to the final review by CEO.

## 2. Internal System Confirmation Function for Timely Information Disclosure

- (1) The Company has established the Fujitsu Way Committee and Risk Management & Compliance Committee to enhance the internal structure for timely information disclosure by providing organizational support for the gathering and reporting of risk information. These organizations support and promote the risk management activities carried out by each business division.  
The Risk Management & Compliance Committee oversees a help-line system to promptly gather information on inappropriate activities within the Company, as part of the measures to prevent impropriety, including activities related to information disclosure.
- (2) The Company has established an Internal Control & Audit Office to audit the status of the internal control function and internal events (including risk information).  
The Internal Control & Audit Office continuously audits the risk management structure of each business division and contributes to the maintenance and improvement of the accuracy and appropriateness of information regarding the business, operation, and financial performance of the entire Group, including subsidiaries.

