

# Corporate Governance Report

Last Update: November, 17, 2016

**Fujitsu Limited**

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Securities Code: 6702

<http://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)

<http://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]

For the policy for strategic shareholdings and the standard of exercising voting rights as to the strategic shareholdings, please refer to 3.(5) of the Policy in the following website.

<http://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.

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

#### [Principle 3.1 Full Disclosure]

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

In Fujitsu Way, our company shows our corporate philosophy and values as well as principles for how each employee should behave that are indispensable for our group's centripetal force when the FUJITSU Group hereafter promotes further management innovation and global business deployment. For FUJITSU Way, please refer to the following website.

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

We disclosed our Management Direction in October 29, 2015. For our Management Direction, please refer to the following website.

<http://pr.fujitsu.com/jp/ir/library/presentation/pdf/en/md-20151029note.pdf>

(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.

<http://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.

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

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

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

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

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

For the individual appointments and nominations of Directors and Auditors, we explain 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.

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

[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.

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

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

We provide in 2.(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.

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

[Supplementary Principle 4.11.1 The view on the appropriate balance between knowledge, experience and skills of the Board of Directors as a whole, and on diversity and appropriate board size]

For our view on the appropriate balance between knowledge, experience and skills of the Board of Directors as a whole, and on diversity and appropriate board size, please refer to 2.(1), (7) of the Policy in the following website.

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

[Supplementary Principles 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. For reference materials for the Annual Shareholders Meeting, please refer to the following website.

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

For Business Report, please refer to the following website.

<http://www.fujitsu.com/global/about/ir/library/reports/>

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

We provide in 2.(3)d of the Policy that Board of Directors shall evaluate the performance of the Board of Directors Meeting every year to maintain its effectiveness and further enhance its performance.

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

This year, we gathered opinions by interviewing mainly External Directors and Auditors. We received opinions that the operation and agenda of Board of Directors Meeting have improved compared to last year, and also received an evaluation indicating that the composition of Board of Directors is adequate. In addition, we received constructive opinions related to discussions on medium- and long-term business strategies at the Board of Directors Meeting, and are now considering and taking measures for improvement as necessary. The Independent Directors & Auditors Council, which was held seven times last year, is highly regarded by the participants as a function to complement discussions at the Board of Directors Meeting. The outcome of the interview was reported and discussed at the Board of Directors Meeting together with the comments we received from the institutional investors in charge of voting who are our practical shareholders.

Considering the above comprehensively, we conclude that the effectiveness of Board of Directors is secured.

[Supplementary Principles 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.

<http://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

<http://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.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 (%)
Fuji Electric Co., Ltd.	228,391,562	11.03
Japan Trustee Services Bank, Ltd. (for Trust)	93,628,000	4.52
The Master Trust Bank of Japan, Ltd. (for Trust)	77,763,000	3.76
Fujitsu Employee Shareholding Association	58,221,288	2.81
Mizuho Bank, Ltd.	36,963,530	1.79
Asahi Mutual Life Insurance Company	35,180,520	1.70
The Bank of New York Mellon SA/NV 10	32,993,528	1.59
State Street Bank and Trust Company 505225	32,111,131	1.55
CBNY-GOVERNMENT OF NORWAY	29,594,819	1.43
State Street Bank West Client Treaty 505234	26,862,977	1.30

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

#### Supplementary Explanation

Notes 1: The shares held by Japan Trustee Services Bank, Ltd. (for Trust), the Master Trust Bank of Japan, Ltd. (for Trust) and Japan Trustee Services Bank, Ltd. (for Trust 9) pertain to the trust business by the institution.

2: Of the shares held by Fuji Electric Co., Ltd., 118,892 thousand shares are trust properties that are entrusted to Mizuho Trust & Banking Co., Ltd. and re-entrusted to Trust & Custody Services Bank, Ltd. as retirement benefit trust assets. The voting rights involved in these shares are set forth to be exercised upon order of Fuji Electric Co., Ltd. The shares of Fujitsu Limited held by Fuji Electric Co., Ltd. and its consolidated subsidiaries are total 231,875 thousand shares (which accounts for 11.20% of outstanding shares), including 118,892 thousand shares held as retirement benefit trust assets.

3: Of the shares held by the Mizuho Bank, Ltd., 4,250 thousand shares are trust properties that are entrusted to Mizuho Trust & Banking Co., Ltd., and re-entrusted to Trust & Custody Services Bank, Ltd., as retirement benefit trust assets. The voting rights involved in these shares are set forth to be exercised upon order of Mizuho Bank, Ltd.

4: Mizuho Bank, Ltd. submitted a Report of Possession of Large Volume to the Director-General of the Kanto Local Finance Bureau on October 21, 2016

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section Nagoya Stock Exchange, First Section
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

Among our consolidated subsidiaries and equity-method affiliates, the following companies are publicly listed on Japanese stock exchanges:

<Consolidated Subsidiaries>

Fujitsu Frontech Limited, Fujitsu Broad Solution & Consulting Inc., Shinko Electric Industries Co., Ltd., FDK Corporation, and Fujitsu Component Limited

<Equity-Method Affiliates>

Fujitsu General Limited

We respect the autonomy of our publicly listed subsidiaries and affiliates, but require them to receive our prior authorization when they use “Fujitsu” as a trade name or trademark. In addition, while they are responsible for decisions regarding nominations and compensation for members of the board, we may be notified in advance regarding member of the board candidates and levels of compensation. We are kept informed to a reasonable extent regarding the setting of budget plans and revisions as well as financial performance, because their results impact our consolidated earnings.

## 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 Members
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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	Company Chairperson
Number of Directors	10
Number of External Directors	4
Number of Independent Directors	4

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

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Miyako Suda	Academic											
Jun Yokota	Other											
Chiaki Mukai	Other								o			
Atsushi Abe	From another company											

\* Categories for “Relationship with the Company”

\* “o” 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
Miyako Suda	○	Ms. Suda is the sibling of a former President and Representative Director of a subsidiary of Fujitsu.	<p>Before appointment as our Director, Ms. Suda had no direct involvement in business management. As an economist, Ms. Suda has extensive knowledge of international macroeconomics and because of her insights into monetary policy and the management insights she brings from a global perspective, having served for 10 years (two terms) as a Member of the Policy Board of the Bank of Japan, she has been re-appointed as an External Director.</p> <p>As noted on the left, Ms. Suda is the sibling of a former President and Representative Director of a subsidiary of Fujitsu. However, approximately seven years have passed since the retirement of her sibling from the position of president and representative director, and during this time, the sibling has had no involvement with the business execution of the Fujitsu Group. Moreover, Ms. Suda 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 Fujitsu has thus</p>

			determined that there is no risk of a conflict of interest in representing the interests of regular shareholders and designates her as an Independent Director.
Jun Yokota	○	-	<p>Mr. Yokota had no direct company management experience before he joined the Board, but having served as Japan's ambassador to Israel and Belgium, and having served as Special Representative of the Government of Japan in charge of the Japan-EU Economic Partnership Agreement negotiations, he is an expert in international economic negotiations and brings a global perspective to political and economic discussions. For these reasons, he has been re-appointed as an External Director.</p> <p>Moreover, Mr. Yokota has never been a major shareholder nor has he held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers Mr. Yokota to be independent and designates him as an Independent Director.</p>
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 2015 the sum of transactions was about ¥11 million.	<p>Although Ms. Mukai had not been directly involved with company management before she assumed the position of Director of the Company, 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. 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 has been re-appointed 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 has thus determined that there is no risk of a conflict of interest in</p>

			representing the interests of regular shareholders and has designated her as an Independent Director.
Atsushi Abe	○	-	<p>Through many years of experience in investment banking and private equity, Atsushi Abe has gained a deep understanding of the ICT industry and mergers and acquisitions. Because the Company expects that, in addition to being able to provide oversight and advice from a shareholder and investor perspective, he will continue to contribute to timely and decisive management decision-making, he has been re-appointed as an External Director.</p> <p>Moreover, Mr. Abe has never been a major shareholder nor has he held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers Mr. Abe to be independent and designated him as an Independent Director.</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

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Executive Nomination Committee	Compensation Committee
All Committee Members	4	4
Full-time Members	0	0
Inside Directors	2	2
External Directors	2	2
External Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director



## Supplementary Explanation

### <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 to ensure the transparency and objectivity of its process for nominating Directors and Audit & Supervisory Board Members and its process for determining executive compensation as well as to ensure the fairness of the method and level of executive compensation.

The Executive Nomination Committee deliberates about candidates for Director and Audit & Supervisory Board Member positions in accordance with the Framework of Corporate Governance Structure and the Procedures and Policy of Directors and Auditors Nomination stipulated in the Company's Corporate Governance Policy and provides its recommendations to the Board of Directors.

In addition, the Compensation Committee provides its recommendations about 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 stipulated in the Company's Corporate Governance Policy.

According to the Corporate Governance Policy, each committee is composed of a majority of Non-Executive Directors and Auditors with at least one Independent Director. In fiscal 2016, each committee consists of three Non-Executive Directors (including two Independent Directors) and one Executive Director. Both Committee's members in fiscal 2016 are as follows.

Chairman of both Committees: Tatsuzumi Furukawa

Members of both Committees: Megumi Yamamuro, Masami Yamamoto and Chiaki Mukai

### [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 accounting auditor, Ernst & Young ShinNihon LLC, reports to the Audit & Supervisory Board concerning the audit plan and results. The accounting auditor also conducts exchanges of opinions when needed and carries out coordinated audits.

The Corporate Internal Audit Division (with 80 members) serves as an internal audit group. This division audits the internal affairs of the entire Fujitsu Group in cooperation with the internal audit groups of each Group company. The Corporate Internal Audit Division reports once a month, as a rule, to full-time members of the Audit & Supervisory Board on auditing plans for and results of internal audits, including matters relating to Group companies, and makes regular reports, once every quarter as a rule, to the Audit & Supervisory Board and accounting auditors.

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

Number of Independent Audit & Supervisory Board Members	3
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#### 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
Megumi Yamamuro	Lawyer													
Hiroshi Mitani	Lawyer													
Koji Hatsukawa	CPA													

\* 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)

Name	Designation as Independent Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Megumi Yamamuro	○	-	Mr. Yamamuro has been reappointed as an External Audit & Supervisory Board Member because he has extensive experience in the legal field and has extensive knowledge of legal matters, including the Companies Act, as well as

			<p>domestic and international compliance measures.</p> <p>Mr. Yamamuro has never been a major shareholder nor has he held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers him independent and has designated him as an Independent Audit &amp; Supervisory Board Member.</p>
Hiroshi Mitani	○	-	<p>Mr. Mitani has been reappointed as an External Audit &amp; Supervisory Board Member because he has profound insight into not only legal but also economic and social matters affecting corporate management, gained through his career, including as a public prosecutor and a commissioner of the Japan Fair Trade Commission.</p> <p>Mr. Mitani has never been a major shareholder nor has he held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers him independent and has designated him as an Independent Audit &amp; Supervisory Board Member.</p>
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 2015 amounted to about ¥200 million.	<p>Mr. Hatsukawa has been appointed as an External Audit &amp; Supervisory Board Member because he has a wealth of auditing experience at global corporations as a certified public accountant, and he has broad knowledge of corporate accounting.</p> <p>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 constituting</p>

			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 & Supervisory Board Member.
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[Independent Directors & Auditors]

Number of Independent Directors & Auditors	7
Matters relating to Independent Directors & Auditors	
All External Directors and Auditors qualified to serve as Independent Directors & Auditors are identified as such.	

[Incentives]

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

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
Supplementary Explanation	

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 2015 is as follows.

- Masami Yamamoto (Chairman and Representative Director)

Filing company:	¥119 million	(Base compensation of ¥82 million, stock-based compensation of ¥11 million and bonuses of ¥24 million)
Consolidated subsidiaries:	-	-
Total:	¥119 million	(Base compensation of ¥82 million, stock-based compensation of ¥11 million and bonuses of ¥24 million)

For fiscal 2015, total compensation to Directors and Auditors was as follows:

- Directors	16 people	¥534 million	(Base compensation of ¥413 million, stock-based compensation of ¥35 million, bonuses of ¥85 million)
Compensation paid to External Directors	6 people	¥51 million	(Base compensation of ¥51 million)
- Audit & Supervisory Board Members	5 people	¥114 million	(Base compensation of ¥114 million)
Compensation paid to External Audit & Supervisory Board Members	3 people	¥38 million	(Base compensation of ¥38 million)

\*1 The above includes Directors who resigned in fiscal 2015.

\*2 The limit on remuneration to Directors (including External Directors) was resolved to be ¥600 million per year at the 106th Annual Shareholders' Meeting held June 23, 2006. The limit on remuneration to Audit & Supervisory Board Members (including External Audit & Supervisory Board Members) was resolved to be ¥150 million per year at the 111th Annual Shareholders' Meeting held June 23, 2011. The Company is paying the compensation, shown above.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

[Executive Compensation Policy]

To secure exceptional human resources required to manage the Fujitsu Group as a global ICT company, and to further strengthen the link between its financial performance and shareholder value, while at the same time improving its transparency, Fujitsu establishes its Executive Compensation Policy as follows.

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

<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

<Stock-Based Compensation>

- Stock-based compensation shall be granted to Directors who carry out executive duties as a long-term incentive in accordance with their position, for the purpose of purchasing the Company’s own shares.
- Purchases of the Company’s own shares shall be made through the Director Stock Ownership Plan. Shares purchased for this purpose shall be held by each Director for the term of his or her service.

<Bonuses>

- Bonuses shall be paid to Directors who carry out executive responsibilities. The amount of a bonus shall reflect business performance in the respective fiscal year.
- As a specific method for calculating a bonus, Fujitsu shall adopt an “On Target model” that uses consolidated revenue and consolidated operating profit as indices and the amount shall be determined in accordance with the degree of achievement of the performance targets for the respective fiscal year.

In accordance with a resolution of the Annual Shareholders’ Meeting, the total amount of Base Compensation, Stock-based Compensation and Bonuses shall not exceed 600 million yen per year for Directors and 150 million yen per year for Audit & Supervisory Board Members.

[Supporting System for External Directors and Auditors]

Fujitsu supports External Directors and Auditors through the Legal, Compliance & IP 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 and explain information 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. We also provide a dedicated webpage for all board members (Directors and Audit & Supervisory Board Members) to use to access and discuss material relevant to Board of Directors Meetings, such as agenda items, before meetings are held in order to allow board members to gain a proper understanding of the materials.

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 as oversight and advisory function. Moreover, the oversight function of the Board of

Directors has been strengthened by actively appointing External Directors with high independence and diverse perspective.

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.

The Board of Directors is comprised of 10 members in total: 5 Executive Directors and 5 Non-Executive Directors (including 4 External Directors).

#### <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.

Among the Audit & Supervisory Board Members, full-time Audit & Supervisory Board Member Mr. Kazuhiko Kato has extensive knowledge of finance and accounting issues due to his many years of experience in finance and accounting divisions in the Company, including service as the CFO. In addition, Audit & Supervisory Board Member Mr. Hiroshi Mitani has extensive knowledge of finance and accounting issues due to his service as a public prosecutor and as a member of the Fair Trade Commission by which he gained experience handling many economic matters. Furthermore, Audit & Supervisory Board Member Mr. Koji Hatsukawa has extensive knowledge of finance and accounting issues due to his abundant auditing experience at global corporations as a certified public accountant.

#### <INDEPENDENT DIRECTORS & 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 which 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 established the Independent Directors and Auditors Council in fiscal 2015. In the Independent Directors and Auditors Council, members discuss on the medium- to long-term direction of the company and share information and exchange viewpoints so that they can each formulate their own opinions.

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

The Company appoints Corporate Executive Officers who are assigned the business execution authority of the President and Representative Director.

Furthermore, the Company has established a Management Council comprised of the Representative Directors and the Corporate Executive Officers to assist the President and Representative Director in making decisions.

#### (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. Kazuhiko Umemura, Yuichi Mochinaga, Tsuyoshi Saita, and Akiyuki Matsumoto. In addition, they were assisted by a further 45 certified public accountants, 23 accounting assistants, and another 53 persons, all associated with Ernst & Young ShinNihon LLC.

##### <INTERNAL AUDITS>

The Corporate Internal Audit Division (with 80 members) serves as an internal audit group. This division audits the internal affairs of the entire Fujitsu Group in cooperation with the internal audit groups of each Group company. The Corporate Internal Audit Division reports once a month, as a rule, to full-time members of the Audit & Supervisory Board on auditing plans for and results of internal audits, including matters relating to Group companies, and makes regular reports, once every quarter as a rule, to the Audit & Supervisory Board and accounting auditor.

The Corporate Internal Audit Division includes a significant number of employees with specialist internal auditing knowledge, including Certified Internal Auditors (CIA), Certified Information Systems Auditors (CISA), and Certified Fraud Examiners (CFE).

#### (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.

### 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.

The Board of Directors comprises same number or more Non-Executive Directors as Executive Directors to ensure its capacity to correct faulty, insufficient, or excessive business executions. While External Directors should be the core of Non-Executive Directors on account of their high independence, at least one Non-Executive Director is appointed from within the company to complement the External Directors’ knowledge in the business fields and the corporate culture of the company so that the efficiency of oversight performance by the Non-Executive Directors are 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	<p>To give shareholders sufficient time to exercise voting rights, we make efforts to send invitation notices three weeks prior to the Annual Shareholders’ Meeting.</p> <p>Furthermore, the Notice of the Annual Shareholders’ Meeting is disclosed on the Company website and other media before it is sent to shareholders with a view to providing information to shareholders as quickly as possible.</p>
Scheduling AGMs Avoiding the Peak Day	<p>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.</p>



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) and sends the notice to foreign investors in order to promote a wider understanding of the proposals presented at the shareholders' meeting. The notice is disclosed on the Company website the same day as the Japanese version as part of our policy to disclose information in a prompt, accurate, and fair manner.
Other	<p>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.</p> <p>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="http://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf">http://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf</a></p>

## 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	<p>Fujitsu has established the following Disclosure Policy and made the policy available on its website.</p> <p>[Disclosure Policy]  The Fujitsu Group's corporate philosophy is articulated as the "Fujitsu Way," comprised of our Corporate Vision, Corporate Values, Principles, and Code of Conduct. By sharing and practicing the Fujitsu Way, we aim to continuously enhance the value of the enterprise through the continuous growth and development of the Fujitsu Group. Our basic policy on disclosure is to enhance our management transparency by appropriate and timely disclosure of our business activities and financial information. This ensures that investors, shareholders, and all other stakeholders can understand how we are performing in enhancing our corporate value.</p> <p>&lt;Basic Policy on Information Disclosure&gt;  Fujitsu emphasizes fairness and continuity in disclosure of information, in accordance with the Financial Instruments and Exchange Act and other laws and regulations, as well as the rules of the exchanges on which its shares are listed. Moreover, our policy is to be proactive in disclosing any information</p>

	<p>that we judge to be effective for helping shareholders, investors, and other stakeholders to deepen their understanding of Fujitsu, even if such disclosure is not required by laws, regulations, or other rules.</p> <p>&lt;Methods of Information Disclosure&gt; Fujitsu uses prescribed information disclosure methods (TDnet, EDINET, etc.) to disclose information which it is required to disclose by law or regulation. Following disclosure, materials containing the disclosed information may be made available on the Company's website if deemed necessary. The Company may also disclose information which it is not required to disclose by law or regulation. In these cases, the Company will disclose the information as necessary, using an appropriate method of disclosure (press release, website disclosure, seminar presentation, etc.) based on the contents.</p> <p>&lt;Forward-Looking Statements&gt; Forward-looking statements included in disclosed information are based on management's views and assumptions at the time the information was disclosed. A variety of changes in the internal and external business environment may cause actual results to differ materially from those expressed or implied in such statements. The Company strives to enhance the accuracy of forward-looking statements, and in cases where its outlook changes, the Company discloses the change as necessary using an appropriate disclosure method.</p> <p>&lt;Silent Period&gt; The Company institutes a silent period beginning the day after its quarterly financial settlement date until the day of the financial results announcement as a way to prevent financial information from being disclosed prior to the formal announcement. During the silent period, the Company does not respond to inquiries regarding its financial results. If the possibility arises that the Company's financial results will differ significantly from previous forecasts, however, the Company will disclose the change appropriately during the silent period.</p>
Regular Investor Briefings for Individual Investors	Although currently we do not hold presentations for individual investors, we have a dedicated investor relations website for individual investors (in Japanese). In addition, through the inquiry form on our investor relations website and other measures, we are working to improve relations with individual investors.
Regular Investor Briefings for Analysts and Institutional Investors	We hold regular presentations, including presentations by the president on our management direction, presentations by the president and CFO on our earnings results, and presentations by various senior executives on business strategy for the operations they oversee. In addition, media are always invited to the briefings by the president, CFO, and heads of businesses, with the understanding that individual investors can thereby obtain information through reports that appear in the media.
Regular Investor Briefings for Overseas Investors	The CFO meets with foreign institutional investors regularly. We also have IR managers stationed in Europe and the US who meet and communicate regularly with investors, not just at the time of earnings announcements. We also take materials from IR presentations held in Japan, translate them into

	English, and post them to our English IR website, including English translations of Q&A sessions.
Posting of IR Materials on Website	We post the <i>Yukashoken Hokokusho</i> (Financial Report) in Japanese, the <i>Jigyo Hokoku</i> (Business Report) in Japanese and English, the <i>Kessan Tanshin</i> (Financial Earnings) reports in Japanese and English, the Integrated Report in Japanese and English, and various other IR presentation materials in Japanese and English. Also posted in English and Japanese are the Fujitsu Group CSR Report and Environmental Report. Additionally, all materials accompanying the invitation notice to the Annual Shareholders' Meeting are posted on our website.
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 and Investor Relations Division.
Other	In addition to the above, along with posting materials from presentations made to institutional investors and securities analysts on our website, we broadcast streaming video of these presentations.

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

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The philosophy and principle of the Fujitsu Way, the guide for the actions of the Group and its employees, is to bring about a prosperous future that fulfills the dreams of people throughout the world. As part of our Values, we strive to meet the expectations of all stakeholders, including customers, share-holders, investors, business partners, and employees.
Implementation of Environmental Activities, CSR Activities etc.	Fujitsu Group's environmental activities and CSR activities are open to public through Fujitsu Group Integrated Report and our website. - Fujitsu Group Integrated Report <a href="http://www.fujitsu.com/global/about/ir/library/integratedrep/index.html">http://www.fujitsu.com/global/about/ir/library/integratedrep/index.html</a> - Corporate Responsibility <a href="http://www.fujitsu.com/global/about/csr/index.html">http://www.fujitsu.com/global/about/csr/index.html</a>
Development of Policies on Information Provision to Stakeholders	As a policy on information provision to our stakeholders, Fujitsu has established the Disclosure Policy and made the policy available on its website (please refer to above mentioned II.2. IR Activities).
Other	The Fujitsu Group's current status and efforts to promote women as board members and managers are disclosed in the Fujitsu Group Integrated Report and on the Company website. - Fujitsu Group Integrated Report <a href="http://www.fujitsu.com/global/about/ir/library/integratedrep/index.html">http://www.fujitsu.com/global/about/ir/library/integratedrep/index.html</a> - Corporate Responsibility <a href="http://www.fujitsu.com/global/about/csr/index.html">http://www.fujitsu.com/global/about/csr/index.html</a>

#### 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 President and Representative Director, 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 President and Representative Director in decision-making.
- d The President and Representative Director puts in place systems and procedures (Management Council rules, systems for approvals and reaching decisions) needed for decision-making by Senior Management and employees entrusted by Senior Management with authority.
- e The President and Representative Director 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 President and Representative Director.

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' 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 President and Representative Director 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 President and Representative Director 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 provides 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 delegates management execution authority of the President and Representative Director to Corporate Executive Officers in order to ensure the efficiency of decision-making and management execution.

The Management Council, in principle, meets three times a month, discusses important management execution and assists the President and Representative Director in decision-making.

In addition, various systems for approvals and reaching decisions are put in place that ensure efficient and proper management execution based on appropriate delegation of duties to officers and employees.

#### 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 has established the Risk Management & Compliance Committee, which supervises these systems globally.

The Risk Management & Compliance Committee is chaired by the President and Representative Director and consists mainly of Executive Directors. The Risk Management & Compliance Committee meets roughly quarterly. Regarding compliance violations and risks in business operations, including information security, the Risk Management & Compliance Committee operates a system that ensures reporting of compliance violations and risks that have arisen to the Risk Management & Compliance Committee in a timely manner. It also operates the internal reporting system and formulates an action policy of the Chief Risk Compliance Officer.

The Chief Risk Compliance Officer directs internal organizations based on the above-mentioned policy and is striving to prevent risks in business operations from arising and is conducting activities to minimize the loss that may be caused by the risks that have arisen.

The progress and results of the activities of the Risk Management & Compliance Committee are periodically reported to the Board of Directors.

From April 2016 onward, the Risk Management & Compliance Committee directly reports to the Board of Directors. Also, sub-committees of the Risk Management & Compliance Committee have been established for individual Regions, which are geographical regions of the Fujitsu Group worldwide, in order to instill the risk management system and the compliance system throughout the Fujitsu Group.

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

As for a system to ensure proper financial reporting, the Company has established the FUJITSU Way Committee. Under this committee, a system called “Eagle Next” for evaluation and auditing of internal controls for the purpose of ensuring proper financial reporting throughout the Fujitsu Group has been established and is operated.

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

The risk management system, the compliance system, and the system for ensuring proper financial reporting cover the Fujitsu Group.

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 called “Global DoA” that determines authority for decision-making of important matters of Fujitsu Group companies (excluding certain subsidiaries) and the decision-making process. The Company has its Group companies comply with the Global DoA. In addition, Group companies are required to report on their operations to the Company. In this way, the Company has put in place systems for decision-making and reporting of important matters at the Group.

The status of operation of the internal control system centering on the above is periodically reported to the Board of Directors.



## 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) Important management matters are deliberated and decided by the Board of Directors. 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. Corporate Executive Officers who share business execution authority with the Representative Directors 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 President and Representative Director in decision-making. The company has the above mentioned decision-making process for its business and operation.

(2) Each business division reports matters of importance to the Company's business, operation, or financial performance to the Board of Directors and the Management Council on a regular and as-needed basis.

Each business division has established a structure to conduct risk management within its own organization. Under this structure, each business division controls the gathering of information about risks that have occurred and other risk information within its organization and is constantly enhancing its structure to quickly and accurately grasp and report on events and other risk 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 the Management Council, based on financial information gathered from each business division.

Based on information disclosure regulations, the Legal, Compliance & IP Unit and Public & Investor Relations Division jointly review decisions, events, and financial results gathered as explained above to confirm the timeliness and accuracy of the information in relation to disclosing it to investors. The Company's President and Representative Director 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 results and financial items included in decisions or events, the Chief Financial Officer (CFO) approves the information on an as-needed basis prior to the final review by the President and Representative Director.

## 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 a Corporate Internal Audit Division to audit the status of the internal control function and internal events (including risk information).

The Corporate Internal Audit Division 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.

