

Fujitsu Group

# Integrated Report 2019

shaping tomorrow with you

# The Fujitsu Way

The Fujitsu Way articulates the principles of the Fujitsu Group's purpose in society, the values it upholds, and the code of conduct that Group employees follow in their daily business activities. By adhering to the values of the Fujitsu Way in their daily business activities, all Fujitsu Group employees aim to enhance corporate value and contribute to global society.

## CORPORATE VISION

Through our constant pursuit of innovation, the Fujitsu Group aims to contribute to the creation of a networked society that is rewarding and secure, bringing about a prosperous future that fulfills the dreams of people throughout the world.

## CODE OF CONDUCT

- We respect human rights.
- We comply with all laws and regulations.
- We act with fairness in our business dealings.
- We protect and respect intellectual property.
- We maintain confidentiality.
- We do not use our position in our organization for personal gain.

## CORPORATE VALUES

### What we strive for:

- Society and Environment** In all our actions, we protect the environment and contribute to society.
- Profit and Growth** We strive to meet the expectations of customers, employees, and shareholders.
- Shareholders and Investors** We seek to continuously increase our corporate value.
- Global Perspective** We think and act from a global perspective.

### What we value:

- Employees** We respect diversity and support individual growth.
- Customers** We seek to be their valued and trusted partner.
- Business Partners** We build mutually beneficial relationships.
- Technology** We seek to create new value through innovation.
- Quality** We enhance the reputation of our customers and the reliability of social infrastructure.

## PRINCIPLES

- Global Citizenship** We act as good global citizens, attuned to the needs of society and the environment.
- Customer-Centric Perspective** We think from the customer's perspective and act with sincerity.
- Firsthand Understanding** We act based on a firsthand understanding of the actual situation.
- Spirit of Challenge** We strive to achieve our highest goals.
- Speed and Agility** We act flexibly and promptly to achieve our objectives.
- Teamwork** We share common objectives across organizations, work as a team, and act as responsible members of the team.

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### Forward-Looking Statements

This *Integrated Report* may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors: general economic and market conditions in key markets (particularly in Japan, Europe, North America, and Asia, including China); rapid changes in the high-technology market (particularly semiconductors, PCs, etc.); fluctuations in exchange rates or interest rates; fluctuations in capital markets; intensifying price competition; changes in market positioning due to competition in R&D; changes in the environment for the procurement of parts and components; changes in competitive relationships relating to collaborations, alliances, and technical provisions; potential emergence of unprofitable projects; and changes in accounting policies.

## MESSAGE TO SHAREHOLDERS AND INVESTORS



**Takahito Tokita**

Representative Director and President

## Making full use of technology and driven by purpose, Fujitsu will achieve growth and transform its business model with a heightened sense of empathy toward society.

Immediately after my appointment as president, following approval at the Annual Shareholders' Meeting, I declared internally and externally that Fujitsu will change from an IT company to a digital transformation (DX) company. Digital technologies such as AI and IoT have the power to bring about disruptive change to everything. Fujitsu's approach to DX is to leverage that power to create a positive transformation in all aspects of business and the lifestyles of people around the world.

Founded as a communications device manufacturer, Fujitsu subsequently expanded and transitioned its business to the development and manufacture of computer hardware and IT services. In doing so, it has accumulated outstanding technological capabilities and expertise as a global company in the IT field. Becoming a DX company marks a new direction for the Fujitsu Group in which it aims for its own growth and the prosperity of society by integrating its long-cultivated management capital with digital transformation.

Before turning to the substance of our Management Direction, I would first like to explain about my awareness of the challenges we face, and why I declared that we will become a DX company.

### Confidence in the Management Capital Garnered Through My Career as a System Engineer

As a system engineer, I was involved for many years in the development and construction of IT systems for major financial institutions in Japan. At the system design stage and the actual development phase of these large-scale mission-critical systems, close communication with customers is required, and a deep knowledge of the customer's industry

and sector inevitably becomes necessary. Moreover, leading a team of engineers totaling thousands in number, project managers must exercise leadership and bear responsibility for projects while coordinating with other divisions within the Group.

Building a large team and completing work on the front lines in the closest position to customers within the Fujitsu Group, I earned a sense of the important function performed by the resulting system in society. Looking back now, I was blessed with a good career with excellent managers and teams, in charge of work that demonstrated the full worth of Fujitsu's integration capabilities, one of its competitive advantages. Against that backdrop, I developed a great deal of confidence in the Fujitsu Group's management capital, such as its technological capabilities, understanding of customers' industries and sectors, trust from customers, and abundance of talent.

My assignment in London in 2017, however, gave me the opportunity to view the Fujitsu Group from a completely different angle. Although it was a short period at just under two years, I made several significant discoveries by viewing Fujitsu's headquarters in Japan from the outside.

### The Importance of Diversity and Inclusion

My first discovery was the extent to which I had only ever considered Fujitsu in Japan. To be honest, until my London assignment, I couldn't relate to the fact that Fujitsu was a global corporation. For me, who focused on customers in Japan and worked with coworkers in the country, only the 30,000 employees in Fujitsu Limited and the 85,000 Fujitsu Group employees in Japan were the only people in scope.

“ Declaring that Fujitsu will become a DX company, I am determined to align the Fujitsu Group’s outstanding management capital and business activities for a clear objective.

However, the Global Delivery Group—which I was entrusted to manage—worked on a worldwide basis that transcends national borders, developing software and hardware while offering support services including help desks. Global Delivery Centers (GDCs), which are organizations within the Global Delivery Group, have a workforce of 14,000 employees in eight countries. In the course of going back and forth between London and each location, I began to see more clearly the entire picture of the Fujitsu Group that consists of 130,000 employees, including 47,000 overseas, and I started to solidify my vision for our overseas business. I also learned through firsthand experience just how much vitality that diversity and inclusion bring to the organization, whereby colleagues of diverse races, genders, and ages leverage each other’s capabilities through the lively exchange of ideas.

My second discovery, which is connected to the first one, was just how distant the Fujitsu headquarters in Japan was from our overseas Group companies. By “distant,” I do not mean physical distance. I got the sense that there was a major difference, in terms of whether or not the same circumstances and the same targets were being shared. I understood that the Fujitsu Group has established a global matrix organization and conducted management encompassing overseas subsidiaries, but when actually stationed overseas, I was saddened by the weak unifying force of Fujitsu’s headquarters in Japan. This experience reinforced my belief that it is essential for the Group, which faces the challenge of growing and enhancing the profitability of its overseas business, to resolve the disconnect that hinders the sharing of a sense of purpose among its 130,000 employees.

### Aligning the Direction of All Fujitsu Group Employees

My declaration that Fujitsu will become a DX company was, of course, a statement informing customers of our effort to become partners in digital transformation. However, even more than that, it was born out of a desire to make the declaration a slogan for Fujitsu Group employees to share the same circumstances and goals, and then to change the status quo.

I felt that the employees’ awareness of the Group’s goals had become diluted and their objectives had diverged, in the same way that I, as a former engineer, had only known of systems for financial institutions. Employees designing IT systems, employees developing high-performance computers, and employees developing 5G network devices, for example, have perspectives that only include their own operations and customer needs. In other words, their goals may have become misaligned from that of the Group. I fear that such discrepancy of purpose among employees is hindering Fujitsu’s transformation. Going forward, for the Fujitsu Group to provide value to customers amid global competition, it must heighten its ability to empathize with society and eliminate the organizational structures and cultures that create such different objectives.

The management’s duty is to communicate to Group employees a sense of urgency, its commitment to transformation, and the direction of the Group. Declaring that Fujitsu will become a DX company, I am determined to align the Fujitsu Group’s outstanding management capital and business activities for a clear objective.

### Policies Designed to Realize Our Vision

The DX company that we’re aiming for is one in which we are an unequalled partner for customers and other stakeholders, making full use of digital technologies and data to realize innovative services and business process transformation. As a result of realizing innovative services and business process transformation, we will create unique value that only we can bring about, and as a result, achieve growth of the Fujitsu Group. Extending our ambitions further, the Fujitsu Group will become an indispensable member of society, bringing well-being, or happiness, to society at large. That is the vision I have in mind for the Fujitsu Group.

The Management Direction that we announced in September 2019 sets forth specific measures to realize this vision to which we aspire. Broadly speaking, these can be consolidated into the three pillars of cultivating growth fields through our DX business, strengthening the earnings base of our existing business, and undertaking internal reforms to align the objectives of the Group’s 130,000 employees. I will explain the aims of each measure as follows.

### Creating a Breakthrough for Our DX Business

The driver of our DX business, a growth field, will be the new DX company that we are currently preparing to establish. As a company offering customers everything from DX proposals to planning, construction, and operation, we plan to focus on professional services centered on consulting by targeting customers’ management strategy divisions as well as customers with which Fujitsu is yet to make any inroads.

We are establishing a separate new company rather than creating a new division internally, because I believe it is necessary to remove the Fujitsu Group’s existing framework in order to seriously cultivate our DX business. In the course of providing conventional IT services, the Fujitsu Group formed an organization and culture optimized to a business model of manufacturing and selling products. Such an existing organization and culture are advantageous in terms of constructing highly reliable systems that are specific to a customer’s industry. On the other hand, based on my own experience, I feel that the Group created an environment that is not conducive to anticipate beyond the needs of customers and propose new business potential or to encourage creation of new value through imaginative thinking and approaches.

We intend to establish an environment for the new DX company that is optimized to the digital business by removing all precedents—from procedures for operations, to human resources and assessments, organizational frameworks, and employee mindset and culture. The new company will accrue engineers involved in artificial intelligence (AI), data analysis, and the development of software and middleware, in addition to consultants, thereby securing agility so that it can give shape to services while providing consulting at the same time. Of course, there is no prerequisite to use Fujitsu’s services or solutions. Determined to make inroads, we will create new services and earnings models that attract attention from inside and outside the Group, rather than being content with experiments and upfront investments.



## Performance Targets (Fiscal 2022)

Technology Solutions



\* Operating profit margin of Technology Solutions incorporating Other/Elimination and Corporate

### Increasing the Competitiveness of Each Business

To strengthen our existing business, we will focus on initiatives to heighten profitability in IT services and improve the profitability of our global business. With regard to the profitability of our existing IT services in Japan, we will further increase the offshore utilization ratio. This indicates the ratio of system development work conducted at GDCs in India, the Philippines, and other locations, which we have been working on for several years. At the same time, we will promote the shift to DX in our work in Japan by expanding the utilization of AI and automated tools for programming and system operation.

In our global business, to strengthen GDC delivery functions under the leadership of headquarters rather than entrusting them to each region, we are already taking specific actions with the leadership team of the Northern & Western Europe (NWE) region mainly in the UK and Ireland. Using the NWE region as a precedent, we will also simplify the chain of command for other regions. In tandem with this move, we will more closely communicate strategy from headquarters and manage the progress of initiatives aimed at specific goals. In these endeavors, I would like to leverage my understanding of the Global Delivery Group and the network I acquired through my London assignment.

Resolving the disconnect that struck me in London is vital to correcting the course of our global business. As a means of breaking down communication barriers, I have been sending bilingual video messages in English and Japanese to all Group employees via our intranet since my appointment, and I have been personally looking through the responses from employees.

### Pursuing Growth and Profitability

With regard to business results, the tangible outcome of the two measures mentioned earlier, we have set a revenue target of ¥3.5 trillion and an operating profit margin of 10% for Technology Solutions in fiscal 2022.

We will grow sales by maintaining the current business scale of our conventional IT services while growing our digital field, including DX. These figures reflect our strong desire to set the sales trend on a growth path, reversing the downward trend in sales resulting from the structural reforms we implemented in our non-core business through to fiscal 2019.

We will aim for an operating profit margin of 10%, which incorporates the Technology Solutions business and costs from the Other/Elimination and Corporate segment. As we believe that securing a double-digit operating profit margin is a prerequisite for the Fujitsu Group in order to compete alongside global companies that provide digital services, we will continue to pursue our original target.

As we would like to demonstrate to our stakeholders our growth in the digital field, we are currently reviewing how to show the breakdown of our business results and the progress of DX. We will work to disclose information that underpins constructive communication with stakeholders.

“I believe our transformation going forward will be driven by envisioning what our work will lead to and what kind of value it will create, thinking beyond our day-to-day work of simply meeting the requirements stipulated by customers.”

### Changing Our Culture, Organization, and Business Model

Creating a culture and organization that heightens the job satisfaction of our 130,000 employees is essential to our business model transformation and shift in course toward growth that began with my DX company declaration. That is because we will not be able to transform our business model unless our employees reexamine the value of their own work, aspire to harness creativity, and take on new challenges.

I introduced the relaxation of the employee dress code shortly after being appointed as president in the hope that it will prompt employees to re-examine a given way of doing things and encourage them to take their own initiative. Reform of human resource management for leveraging our talent pool from a global perspective is also aimed at pursuing diversity and inclusion while supporting talent who embrace the challenges of innovation and take risks to spur change. It is more than a system that recruits star talent in the cutting-edge technology field on condition of a high level of remuneration.

Continuously communicating internally on the Sustainable Development Goals (SDGs) and the initiatives demanded of us as a globally responsible business (GRB) is done with the intention of encouraging employees to change their conventional way of thinking and take on challenges. I believe our transformation going forward will be driven by envisioning what our work will lead to and what kind of value it will create, thinking beyond our day-to-day work of simply meeting the requirements stipulated by customers.

We must consider what type of value will be created by spurring innovation and solving customers' management issues and what meaning that value will have in society. Or, conversely, we must begin from an awareness of social issues and examine what kind of service the Fujitsu Group should provide in order to realize the transformation of customers that will help them solve those issues and determine what technologies are necessary for that transformation. Recognizing the SDGs and a GRB as the background to our work at hand and heightening our sense of empathy with society, I believe, will not only enhance the satisfaction of employees but also provide the driving force for transforming the Fujitsu Group's business model.

What kind of innovation can be accomplished by the Fujitsu Group? I'm thinking about that now and will continue to think it through going forward. Through the act of continuing to think about this question, we will transform our business model and realize growth. I will make a dedicated effort to execute that mission. I hope you will join me in looking forward to the upcoming changes in the Fujitsu Group.

**Takahito Tokita**

Representative Director and President

# FUJITSU AT A GLANCE

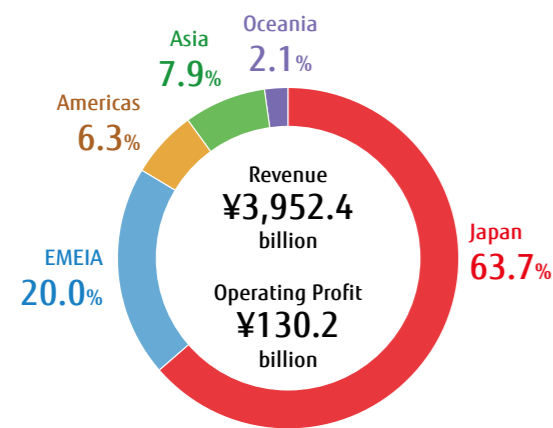
The Fujitsu Group has established a global service structure with operations in more than 180 countries around the world.

Fujitsu's IT services business ranks top by market share in Japan and in the top tier worldwide, a record that reflects our outstanding technologies and long track record in building large-scale, cutting-edge systems.

Fujitsu delivers total solutions in the field of information and communication technology (ICT). Along with the provision of a broad array of services, our comprehensive business encompasses the development, manufacturing, sales, and maintenance of cutting-edge, high-quality, and high-performance products and electronic devices that make these services possible.

## Revenue by Region

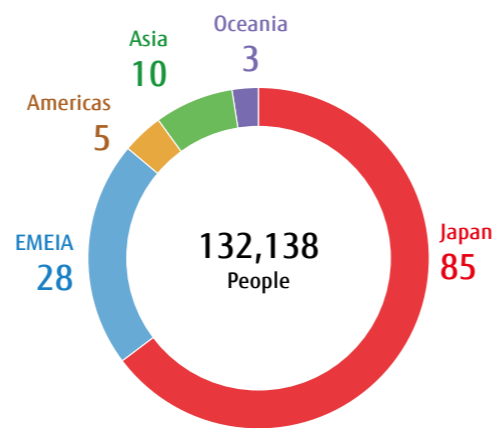
(Year ended March 31, 2019)



## Consolidated Number of Employees

(As of March 31, 2019)

(Thousands of people)



## Business Segments

### Technology Solutions

Major products and services

#### Services

##### Solutions / SI

- System integration (system construction, business applications, etc.)
- Consulting
- Front-end technologies (ATMs, POS systems, etc.)
- System integration (system construction, business applications, etc.)
- Consulting
- Front-end technologies (ATMs, POS systems, etc.)

##### Infrastructure Services

- Outsourcing services (datacenters, ICT operation/management, application operation/management, business process outsourcing, etc.)
- Cloud services (IaaS, PaaS, SaaS, etc.)
- Network services (business networks, etc.)
- System support services (maintenance and surveillance services for information systems and networks)
- Security solutions (installation of information systems and networks)

#### System Platforms

##### System Products

- Full range of servers (mainframe, UNIX, mission-critical x86 and other x86 servers)
- Storage systems
- Various types of software (operating system, middleware)

##### Network Products

- Network management systems
- Optical transmission systems
- Mobile phone base stations

### Ubiquitous Solutions

Major products and services

- PCs

### Device Solutions

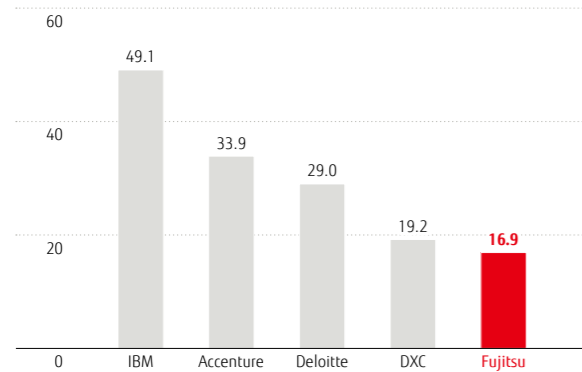
Major products and services

- LSI devices
- Electronic components (semiconductor packages, batteries, etc.)

## Fujitsu's Position in the IT Services Market

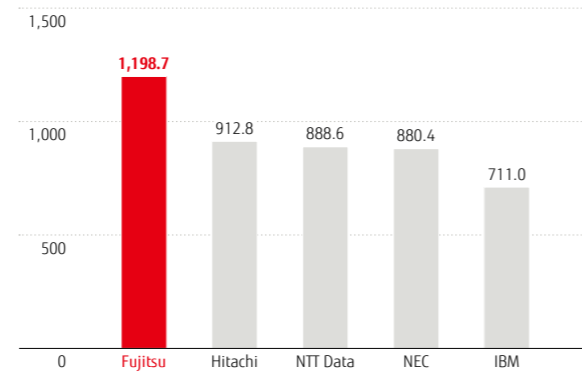
### Global IT Services Revenue

(Billions of US dollars)



### Japan IT Services Revenue

(Billions of yen)



Notes:

- Revenue estimate using calendar year, based on IDC's services market definition. US dollar basis
- Ranking by vendors' revenue in 2017
- Based on *Worldwide Services Market Shares, 2017: 2017 Services Vendor Results Reveal the Best Growth in a Decade*, IDC#US42657518, published July 2018; and *Japan IT Services Market Share, 2017: Top Tier Vendors' Shares Decrease Gradually*, IDC#JP42857618, published July 2018

Source: IDC Japan, December 2018

Note:

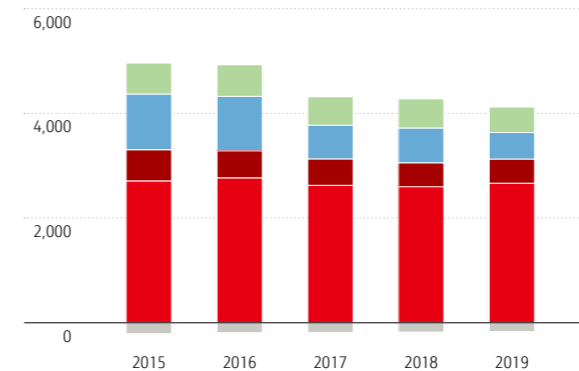
- Consolidated revenue estimate of 2018 using calendar year, based on IDC's services market definition

Source: IDC Japan, June 2019

## Performance by Segment

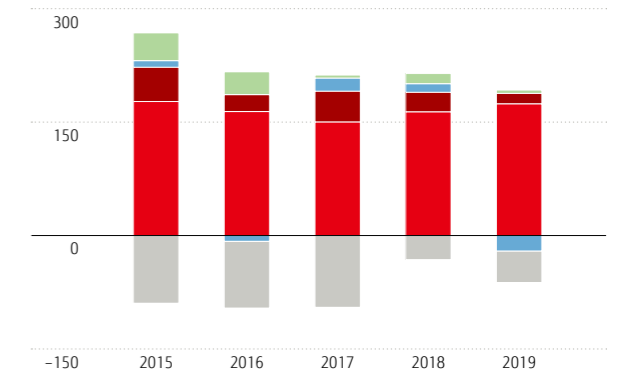
### Revenue

(Billions of yen)



### Operating Profit

(Billions of yen)



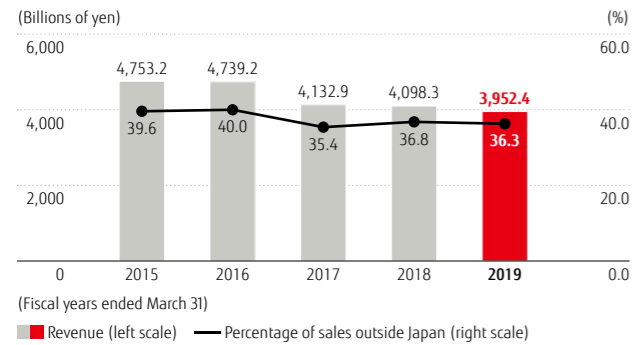
Note: Includes intersegment sales

- Technology Solutions (Services)
- Technology Solutions (System Platforms)
- Ubiquitous Solutions
- Device Solutions
- Other/Elimination and Corporate

## FINANCIAL HIGHLIGHTS

Fujitsu Limited and Consolidated Subsidiaries  
The Fujitsu Group adopted International Financial Reporting Standards (IFRS) in fiscal 2014.  
On November 1, 2017, the Company sold some of its shares in Fujitsu TEN Limited to DENSO CORPORATION. Consequently, Fujitsu TEN became classified as a discontinued business and revenue and operating profit were reclassified in the fiscal year ended March 31, 2017.

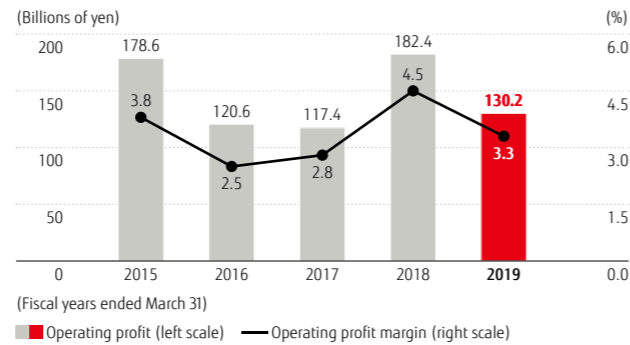
### REVENUE AND PERCENTAGE OF SALES OUTSIDE JAPAN



Revenue **-¥145.9 billion** DOWN

Revenue decreased ¥145.9 billion year on year. Excluding the negative impact of approximately ¥210 billion from business restructuring undertaken in the Ubiquitous Solutions and Device Solutions segments, sales of domestic services grew significantly, particularly in the system integration business. On an actual business basis, revenue increased approximately ¥60 billion from the previous fiscal year.

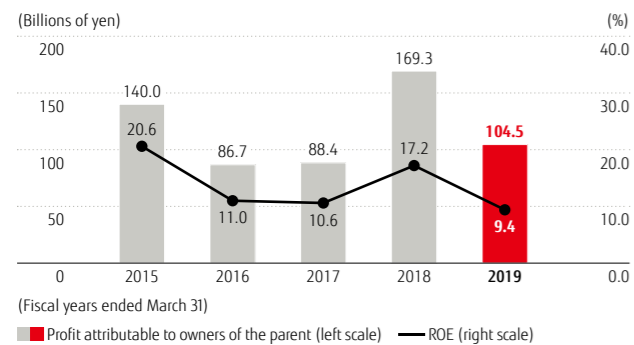
### OPERATING PROFIT AND OPERATING PROFIT MARGIN



Operating profit margin **-1.2 percentage points** DOWN

Operating profit declined approximately ¥50 billion from the previous fiscal year, when there were gains on the sale of NIFTY Corporation's consumer business and of the mobile phone business. However, excluding special factors and the impact of business restructuring, operating profit increased ¥34.1 billion year on year against the backdrop of a strong performance from services in Japan.

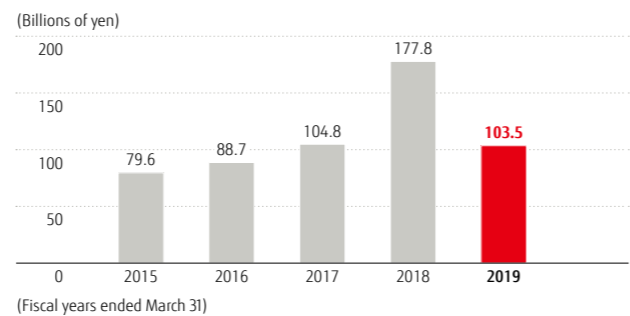
### PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT AND ROE



Profit attributable to owners of the parent **-¥64.7 billion** DOWN

Financial income declined ¥28.4 billion compared with the previous fiscal year owing to the absence of one-time profits in the previous year accompanying the unwinding of cross-shareholding arrangements. This was partially offset by one-time profits related to the sale of the PC business. As a result, profit attributable to owners of the parent decreased ¥64.7 billion year on year.

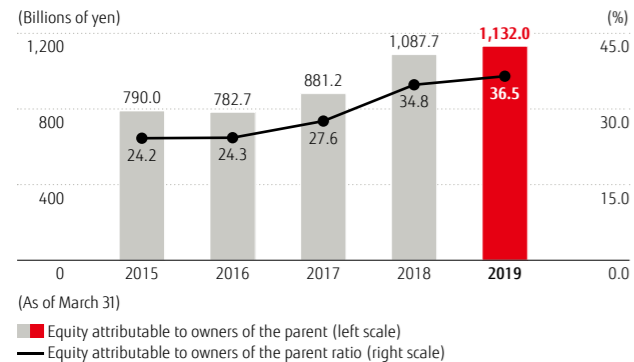
### FREE CASH FLOW



Free cash flow **-¥74.2 billion** DOWN

Cash flows from operating activities decreased ¥100.9 billion year on year owing to an increase in tax expenses relating to profits recorded in the previous fiscal year and the collection of accounts receivable on major contracts delivered in March 2019 being postponed to the subsequent fiscal year. Cash flows from investing activities increased ¥26.7 billion year on year due to the unwinding of cross-shareholding arrangements, in addition to inflows from the sale of the PC business and semiconductor subsidiaries.

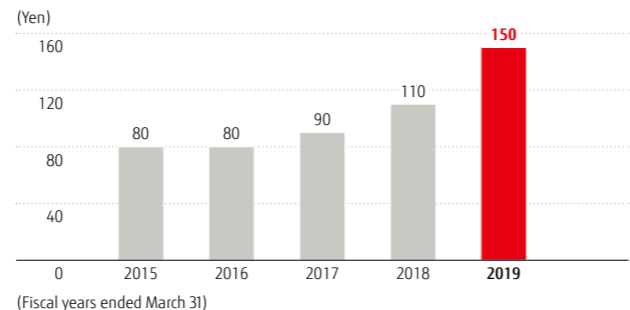
### EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT RATIO



Equity attributable to owners of the parent ratio **+1.7 percentage points** UP

The equity attributable to owners of the parent ratio rose 1.7 percentage points from the previous fiscal year-end. This reflected the steady accumulation of equity attributable to owners of the parent as the amount of treasury stock held increased ¥22.3 billion year on year, while other components of equity decreased due to the sale of shares held via cross-shareholdings.

### DIVIDENDS PER SHARE OF COMMON STOCK

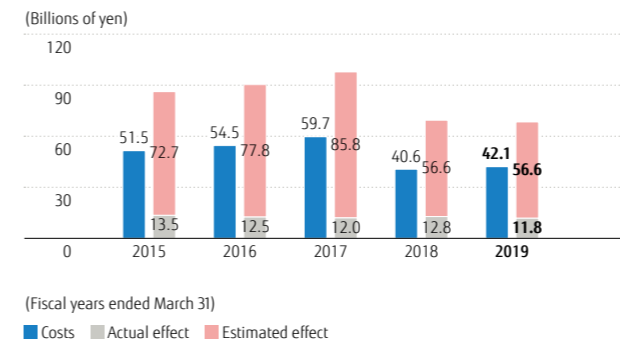


Dividends per share of common stock **+¥40** UP

Fujitsu raised the interim dividend from ¥50 per share to ¥70 per share and the year-end dividend from ¥60 per share to ¥80 per share, giving annual dividends of ¥150 per share.  
Note: On October 1, 2018, Fujitsu consolidated every 10 shares of stock into one share. Dividends per share reflect this share consolidation.

## ENVIRONMENT, SOCIETY, AND GOVERNANCE HIGHLIGHTS

### ENVIRONMENTAL ACCOUNTING (COSTS AND FINANCIAL EFFECT)



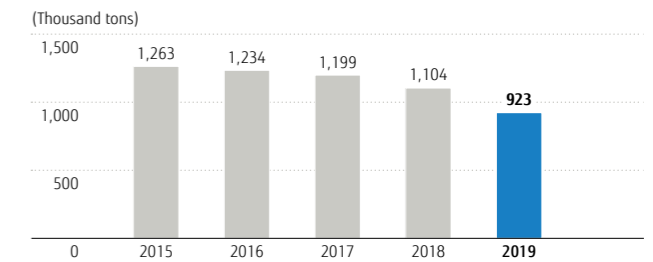
(Fiscal years ended March 31)

■ Costs ■ Actual effect ■ Estimated effect

Aggregate results for fiscal 2018 show year-on-year increase of 14% in costs, to ¥42.1 billion, and decrease of 10% in financial effect, to ¥68.4 billion.

Note: The scope of aggregation is Fujitsu Limited and major consolidated subsidiaries in Japan and overseas. With respect to the target organizations, please see *Fujitsu Group Sustainability Data Book 2019* (Environmental Data).  
<https://www.fujitsu.com/global/about/resources/reports/sustainabilityreport/2019-report/index.html>

### TREND IN TOTAL GREENHOUSE GAS EMISSIONS

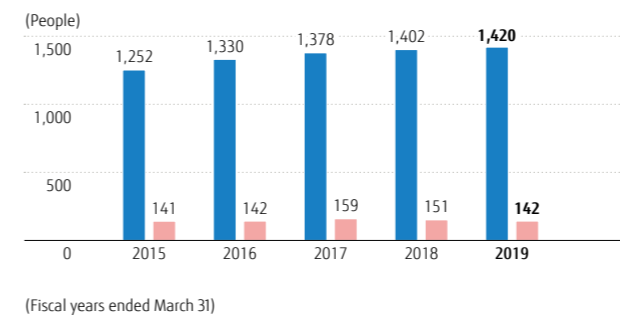


(Fiscal years ended March 31)

As of the end of fiscal 2018, the Fujitsu Group's total greenhouse gas emissions on a global basis were 30.3% lower than the fiscal 2013 year-end level.

Note: The scope of aggregation is Fujitsu Limited and Group companies in Japan and overseas.

### EMPLOYEES WITH INFORMATION SECURITY AUDITOR TRAINING (CUMULATIVE TOTAL) AND JASA-CERTIFIED AUDITORS



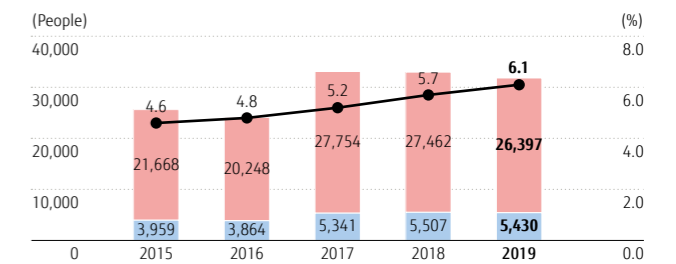
(Fiscal years ended March 31)

■ Employees with information security auditor training (cumulative total) ■ JASA-certified auditors

We have been offering information security auditor training to heighten the quality of information security audits in each organization. Also, we have been encouraging employees to acquire auditor qualifications certified by Japan Information Security Audit Association (JASA). Consequently, we boast the largest number of JASA-certified auditors in Japan.

Note: The scope of aggregation is Fujitsu Limited and Group companies in Japan.

### NUMBERS OF MALE AND FEMALE EMPLOYEES AND PERCENTAGE OF FEMALE MANAGERS



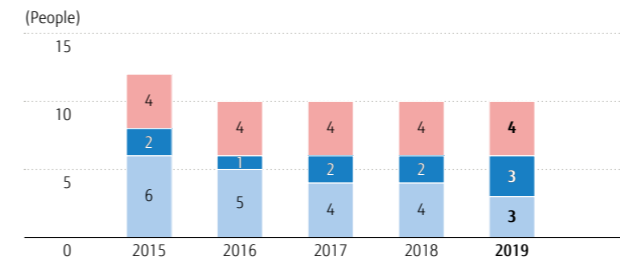
(Fiscal years ended March 31)

■ Male (left scale) ■ Female (left scale) — Percentage of female managers (right scale)

We are proceeding with selective training for female employees and other initiatives with a view to having women account for 20% of employees and 20% of newly appointed managers by the end of fiscal 2020.

Note: The scope of aggregation is Fujitsu Limited.

### EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS, AND INDEPENDENT DIRECTORS

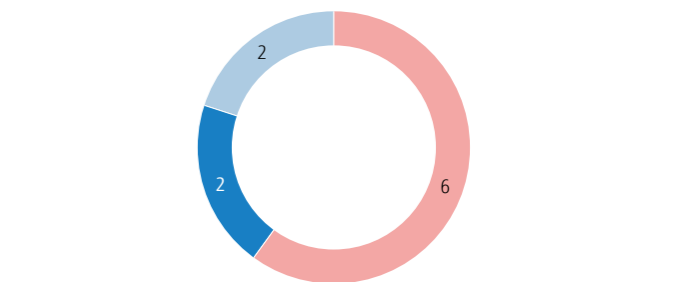


(As of June 30)

■ Executive directors ■ Non-executive directors ■ Independent directors

We are strengthening oversight by actively appointing independent directors.

### DIVERSITY OF THE BOARD OF DIRECTORS



(As of June 24, 2019)

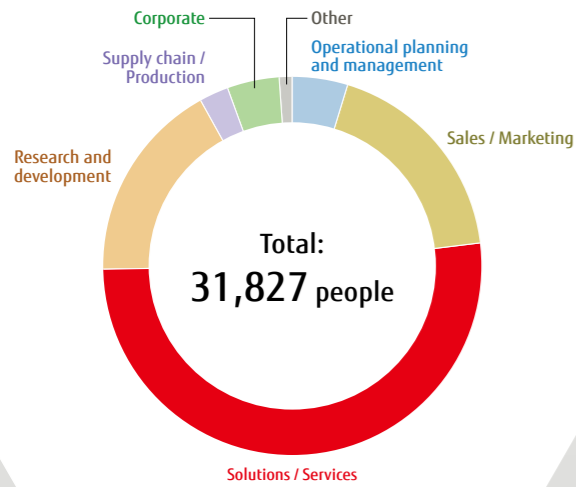
■ Internal Japanese men ■ Independent Japanese men ■ Independent Japanese women

We are promoting lively discussions and enhancing objectivity by ensuring the diversity of the Board of Directors. As of June 24, 2019, the 10 members of the Board of Directors included four independent directors, two of whom are women.

## MANAGEMENT CAPITAL: KEY DATA

### Number of Fujitsu Employees by Function Group (as of March 31, 2019)

Approximately 50% of all employees are in the Solutions/Services function group, chiefly consisting of system engineers.



Officially made available to all employees in April 2017, the teleworking system has spread.

### Telework Ratio\*

**48%**

\* Ratio of all employees who teleworked or worked from a satellite office at least once a week during the "telework days" campaign held in July-August 2019  
Note: The scope is employees of Fujitsu Limited and Fujitsu Laboratories Limited.

Staff now take 15 days or almost 80% of paid leave annually on average.

### Annual Number of Paid Leave Days Taken

**15.5 days**

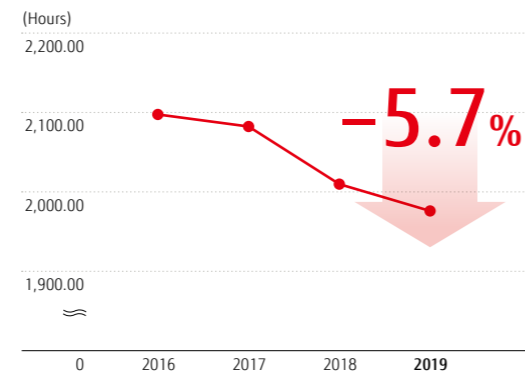
### Ratio of Paid Leave Days Taken

**77.8%**

(One year period from April 21, 2018 to April 20, 2019)  
Note: The scope is regular employees of Fujitsu Limited.

### Total Hours Worked Annually

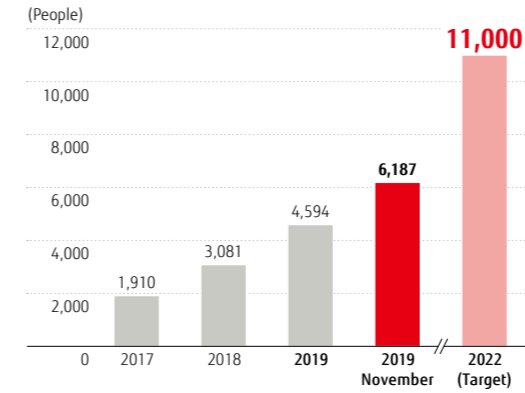
Through promoting workstyle transformation, we achieved a 5.7% reduction in working hours over three years.



(One year period to March 20 each year)  
Note: The scope is employees of Fujitsu Limited.

### Security Meister

We are nurturing security specialists with advanced capabilities and promoting skill enhancement with our unique certification system.



(As of March 31 of each year, except for November 2019)

We are No.1 in the number of patent applications in the computer technology field in Japan.

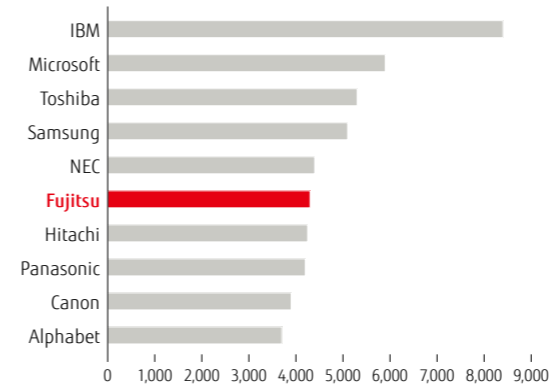
### 2018 Patent Applicants by Registered Field

**No.1**  
Computer Technology Field

Source: Japan Patent Office, Annual Report 2019

### Number of AI-related Patent Families by Applicants

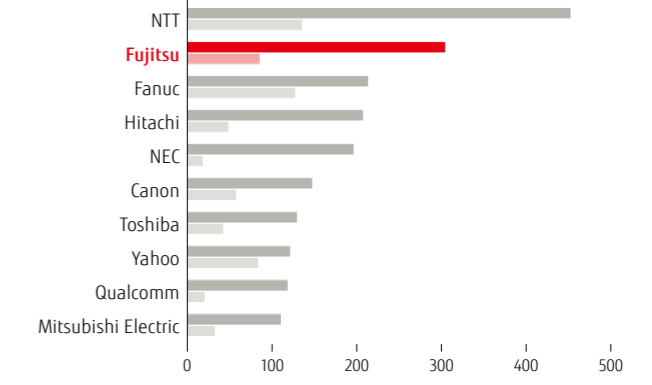
We ranked 6th globally in the number of patent applications for AI-related patents, one of the seven key technology fields.



(As of March 31, 2018)  
Note: Fujitsu includes PFU; Panasonic includes Sanyo; and Alphabet includes Google.  
Source: WIPO (2019), WIPO Technology Trends 2019: Artificial Intelligence.  
Geneva: World Intellectual Property Organization

### Number of Applications for AI-related Inventions by Applicants

We have ranked 2nd in Japan in the number of published applications since 2014 and filed by May 2019.



■ AI-related inventions ■ AI-related inventions involving deep learning  
(As of March 31, 2018)  
Source: Japan Patent Office, Recent Trends in AI-related Inventions - Report (July 2019)



# BOARD OF DIRECTORS / AUDIT & SUPERVISORY BOARD MEMBERS



**1** **Tatsuya Tanaka**  
Director  
Chairman

**2** **Takahito Tokita**  
Representative Director  
President

**3** **Hidenori Furuta**  
Representative Director

**4** **Mitsuya Yasui**  
Representative Director

**5** **Masami Yamamoto**  
Director  
Senior Advisor

**6** **Jun Yokota**  
Director\*

**7** **Chiaki Mukai**  
Director\*

**8** **Atsushi Abe**  
Director\*

**9** **Kazuto Kojima**  
Director

**10** **Yoshiko Kojo**  
Director\*

**11** **Yoshiki Kondo**  
Audit & Supervisory Board Member

**12** **Youichi Hirose**  
Audit & Supervisory Board Member

**13** **Megumi Yamamuro**  
Audit & Supervisory Board Member\*

**14** **Hiroshi Mitani**  
Audit & Supervisory Board Member\*

**15** **Koji Hatsukawa**  
Audit & Supervisory Board Member\*

For employment histories of the directors, please refer to pages 34-35.

\* Independent directors and Audit & Supervisory Board members



# MANAGEMENT DIRECTION —TOWARD FUJITSU'S GROWTH

The Fujitsu Group aims to grow as a digital transformation (DX) company that makes full use of digital technologies and data to transform innovative services and business processes.

Our goal is to bring happiness to people through DX by collaborating with our partners, including customers, and co-creating value for society.

## Market Overview

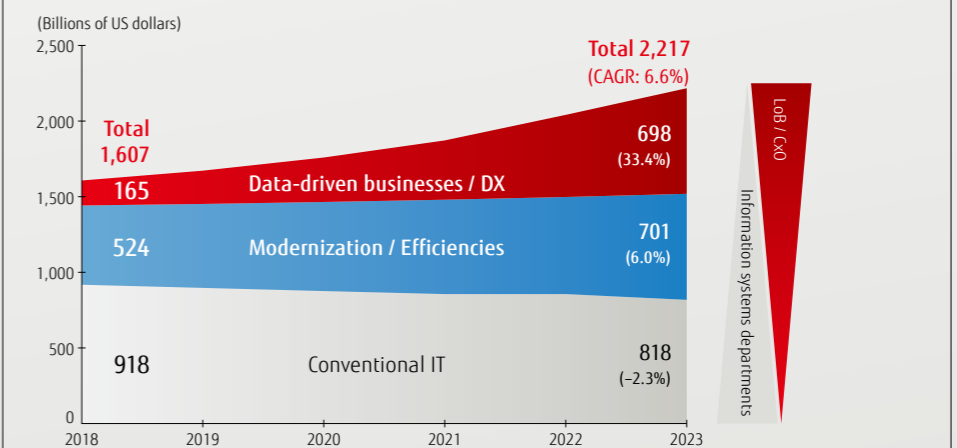
In the global corporate IT market, information systems consisting of servers, software, and other components operated by companies have recently been dubbed legacy systems or conventional IT systems, with the market for these systems being on a downward trend. In place of such systems, cloud computing—on an on-demand basis—utilizes server functions, applications, and other features in lieu of on-premises hardware or unique systems, and is becoming more prevalent. Accordingly, we anticipate that, as part of so-called modernization efforts, spending on cloud-based servers to replace conventional IT systems will steadily increase.

In addition, we expect the DX business to continue to grow rapidly going forward. The DX business aims to create new businesses that leverage the massive amount of data accumulated through business activities, and to transform operations that make full use of digital technologies such as artificial intelligence (AI). The objective of DX differs significantly from conventional IT systems, which were intended to collect and manage wide-ranging internal information and appropriately utilize it.

In keeping with this differing objective, while the information systems department of a given company is generally responsible for investment with regard to conventional IT systems, for the DX business, the operating division—the line of business—and management are often involved in decision making concerning investment.

Trends in the corporate IT market (worldwide)

- ▶ Market for conventional IT (information systems departments) is shrinking year by year (CAGR -2.3%).
- ▶ Modernization (CAGR 6.0%) and data-driven businesses/DX (CAGR 33.4%) markets are growing rapidly.



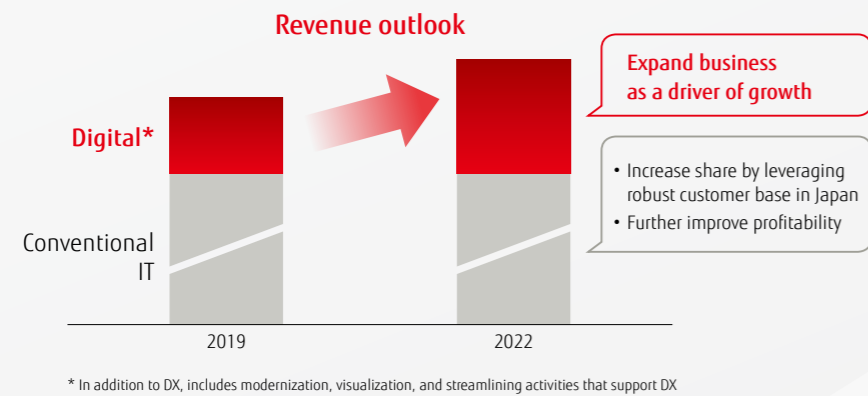
Source: Estimates by Fujitsu based on data from various research companies

## Core Policy

Fujitsu has positioned the digital field—which includes modernization aimed at DX, the analysis and visualization of data, and more efficient systems operation—as its driver of growth and will capture the growth of the market to expand its business. As demonstrated by companies such as Uber, Airbnb, Netflix, Amazon, and Facebook, the leveraging of digital technologies leads to the offering of new services and acquires users on a global scale, thereby creating significant growth opportunities. We will pursue such growth opportunities to create high added value unique to the digital field, which will in turn lead to future profit growth.

At the same time, we will follow a policy of maintaining our existing level of business in the conventional IT field in order to secure profits. We have built a strong position in Japan and enjoy the leading market share in such sectors as industry and logistics. As we possess expertise in developing (integrating) conventional IT systems centered on large-scale systems, or mission-critical systems, which are related to companies' principal areas of business, we are highly regarded as an IT vendor providing operation services. Moreover, the market for conventional IT systems has been performing steadily of late and the conventional IT field is sure to be the core pillar of the Group's earnings base for the foreseeable future. We will continue leveraging the strengths and customer base we have garnered to steadily strengthen profitability, even though this market is shrinking.

Expand digital offerings, including DX, and raise profitability of conventional IT, based on robust business foundation

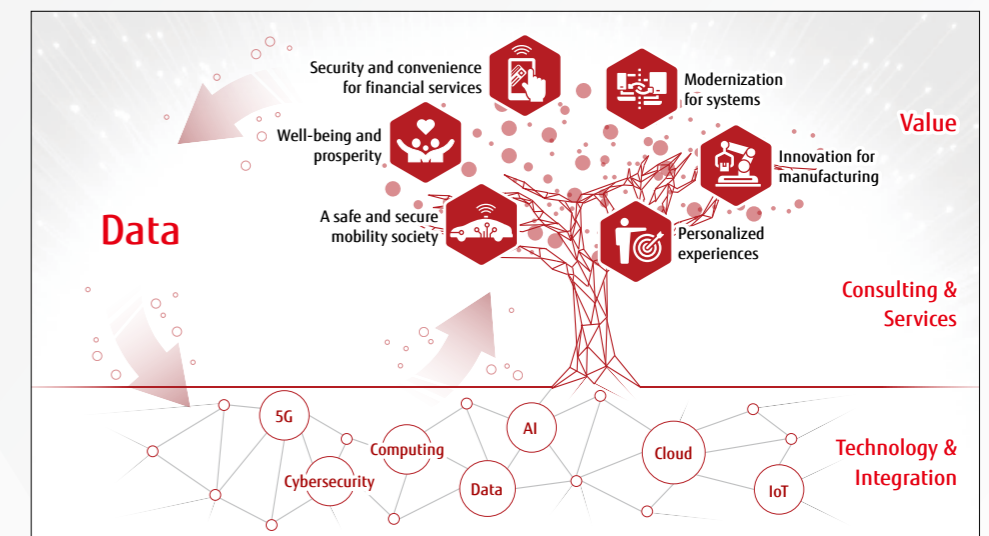


## The Anticipated DX Business

With growing interest in the potential of DX, competition is intensifying among IT vendors including the Fujitsu Group as well as manufacturers with industrial technology, financial institutions, and venture companies, as they all enter the DX-related services market. Under such circumstances, we will aim for a DX business that leverages Fujitsu's unique characteristics and strengths.

Our competitive edge lies in the technological prowess we have cultivated since launching the computer business in the 1950s in addition to the expertise we have accumulated in various business fields and industries with support from our robust customer base. In order to develop an IT system in line with a customer's operations, it is necessary to understand the nature of the customer's business. For example, in the case of a food manufacturer, it would be necessary to understand the lifecycle of its products, its systems for inventory management, delivery methods, and sales methods. Through long-term relationships with our customers, we have accumulated insight unattainable overnight, and we have leveraged our wealth of expertise to develop our industry-specific solutions.

We will continue to create value for customers and society through the DX business by leveraging such insight on a cross-industry basis. Transcending industry and operational boundaries, we will integrate our expertise with the expansive range of technologies required in the digital field.



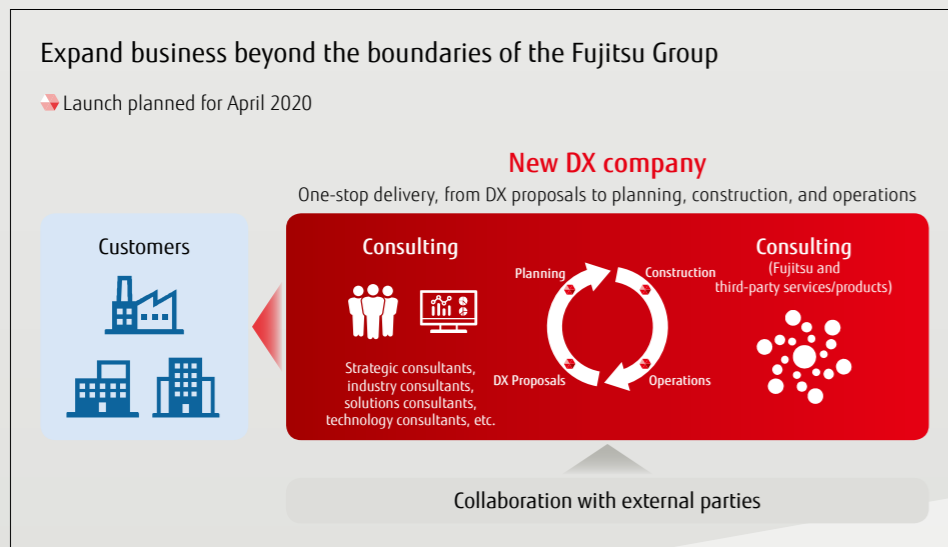
## A New Company to Drive the DX Business

A new company, to be launched in April 2020, will be the driving force behind the establishment of a full-fledged DX business in the Fujitsu Group. The new company will offer one-stop services including management and business strategies for promoting digital transformation and strategic planning support for facilitating operational transformation, based on the perspective of customer experience, the supply chain, and other areas. The services also include business operation assessment, as well as the construction of IT systems that make full use of the latest technologies such as AI.

As for the personnel, we will select members of the Fujitsu Research Institute (FRI) as well as salespeople and system engineers (SEs) from the Group, who have sufficient knowledge and proven track records, to work as consultants. We will also transfer engineers such as specialists in middleware and software development, data analysis, and AI, to commence operations with a workforce that can provide flexible services, not only consulting at the upstream stage but also at technology implementation downstream. We intend to strengthen the new company's human resource structure going forward by dispatching staff from within the Fujitsu Group, developing talent, and proactively hiring consultants and other staff from outside the Group.

By making the new company an autonomous entity rather than a division of Fujitsu, it will provide optimal services and products for customers independently as well as through alliances with external partners. Moreover, although we will initially offer services to the manufacturing, distribution, and financial services industries, where progress is being made in DX, we will eventually approach industries and departments of existing customers with which Fujitsu has had little interaction to date.

The Fujitsu Group aims to increase consolidated revenue in the digital field to ¥1.3 trillion in the fiscal year ending March 31, 2023, through such measures as the expansion of the new DX company.



**Izumi Nagahori**  
Corporate Executive Officer  
Executive Vice President, Head of Digital Software & Solution Business Group  
Technology Solutions Business

### Transforming Corporate Calling through Digital Business

#### Contribution to Our Customers' Businesses Is a Prerequisite

The goal of the new company is to undertake services other than those related to the construction of IT systems that were not considered by conventional IT vendors, including the Fujitsu Group. Put simply, I believe it is a task akin to changing a company's calling. It is an endeavor to innovate ways of doing business by leveraging digital technologies, such as improving decision-making efficiency based on vast amounts of data and creating new services that utilize connections with users.

As an IT vendor, the Fujitsu Group is involved in a business that constructs IT systems within parameters defined by customer requirements and receives compensation according to the amount of labor required to complete the work. However, in the digital business, the goal is not to build IT systems but to contribute directly to the business of customers. In assessing remuneration for the rendered services, the basic question should be: "What kind of value did we create?"

In order to utilize its presence in the digital field and expand its network of external co-creation partners, the goal of the new company will be to undertake three or four symbolic projects at an early stage after its launch. Since the digital field will drive the transformation of the Fujitsu Group, we would like to pursue sales volumes, considering the ripple effects of projects.

#### Focusing on the Quality of Talent

Changing a corporate calling requires participation in the most upstream process of a series of corporate activities in which management direction and business strategies are considered. Therefore, the new company must accrue outstanding talent who not only possess knowledge of digital technologies but can also understand management issues from a strategic perspective and offer advice and present proposals, while foreseeing what innovations customers will truly need and what kind of value these innovations will create. The policy of the new company will be to focus on quality rather than increasing personnel numbers, assembling exceptional talent from inside and outside the Group.

The reforms of the human resources system initiated across the entire Fujitsu Group are consistent with the policy of the new company. I hope that talent with a strong desire to realize innovation and create new value, as well as the ability to pursue that desire, will form the workforce in the new company. We will recruit talent from inside and outside the Group with expertise as well as track records in consulting and digital technologies based on a new compensation plan focused on highly talented professional employees.

As the Fujitsu Group must transform into a digital company, I hope that all Group employees will follow the initiatives being pursued by the new company and be inspired to create the types of new technologies and services that will be adopted by the new company. The enthusiasm of such employees will generate the energy to promote Groupwide change, thereby changing the calling of Fujitsu itself.

# Digital Technologies Supporting DX

We will concentrate resources on digital technologies that help promote DX and further bolster them. To provide services that deliver value to customers and society, we will leverage our unique strengths accumulated through the development and implementation of cutting-edge technologies in the following seven key technology fields.

## Concentrating resources in seven key technology fields



## Strengthening Each Business in the Market

### Services

Regarding our existing services business, we will maintain and strengthen our robust customer base, particularly in Japan, to further expand our market share. At the same time, we will maximize profits by reducing costs. In this field, we will achieve an increase in profits of over ¥70 billion on a cumulative basis by the fiscal year ending March 31, 2023.

The first measure will be to grow our top line by capturing steady demand in Japan. We will aim to expand our share of the services market in Japan by leveraging our wealth of knowledge of our customers' existing IT systems and operations to support modernization centering on the migration to the cloud environment of on-site systems with highly reliable services.

At the same time, we will increase our competitiveness in terms of providing services. We plan to expand the number of employees at our Global Delivery Centers (GDCs)—offshore development bases vital to bolstering our competitive edge—from 14,000 at the end of fiscal 2018 to 20,000 by the end of fiscal 2022. Through the strategic leveraging of GDCs, we will further reduce development costs in system construction (integration) projects in Japan, which we have been pursuing in recent times. Furthermore, by consolidating the Fujitsu Group's expertise, we will enhance GDCs as the center of excellence in our global business to provide added value, rather than simply utilizing them as low-cost development centers. In doing so, we will expand the scope of the work undertaken by GDCs, which has focused on application development to date, to encompass the entire lifecycle of an IT system, including the design and operation phases. In conjunction with this, we will overhaul the development and operations work that was traditionally assigned to system engineers, by promoting the use of templates and automation through the leveraging of AI and robotic process automation (RPA).<sup>\*1</sup> As a result, we will increase the productivity of our efforts.

Furthermore, with the aim of ensuring quality assurance throughout the entire services business, we have established an organization that integrates the quality governance functions that were scattered across Fujitsu. The new organization will consolidate expertise by industry and operations performed by different businesses within the Company, with the authority to manage quality, even on the front lines of service provision. Doing so will enable us to identify potential risks at an early stage, during negotiations with customers or soon after a project commences. By appropriately promoting the project, we can secure stable profit margins in our entire services business.

<sup>\*1</sup> Technology that automates business processes using software robots

### System Products

From the standpoint of services that generate value unique to Fujitsu, system products play an important role as they constitute the infrastructure that underpins services. With all industries increasingly demanding data accumulated through the IoT to be analyzed at greater speed by AI as well as business processes to be adapted in real time, the technological capability to develop and provide cutting-edge computing power is one of the Fujitsu Group's major advantages.

We have now initiated the manufacturing phase for *Fugaku*, the high-performance computer (HPC) embodying our aforementioned advantage, following the conclusion of the development phase that started in 2014. Planning to make it available for use between 2021 and 2022, we are promoting steady system development and implementation. Moreover, we will also commence the offering of HPCs as commercial machines for utilization on a broad scale. We launched the sales of *PRIMEHPC FX1000*, a commercial HPC that leverages technology used in *Fugaku*, and of *FX700*, an entry-level version of *PRIMEHPC FX1000*, in November 2019 and plan to expand sales globally. We will help strengthen the corporate competitiveness of customers in a variety of industries, such as those involved in the development of new drugs and materials, by providing HPCs, the primary users of which were traditionally researchers.

### Networks

The full-fledged rollout of fifth-generation mobile communications system (5G) networks will offer significant business opportunities for the network business. The Fujitsu Group has already completed the investment phase for base-station control equipment and wireless equipment, promptly commencing supply to telecommunications carriers in Japan. For wireless access networks, we are making progress with initiatives for swiftly bringing to market products that match improved efficiency of development and market characteristics, based on the strategic partnership we concluded with Ericsson in 2018. For the photonics business, the backbone of 5G, we are concentrating investments in optical high-speed technology, which is one of our strengths.

As the Fujitsu Group's business shifts to services, we will improve our capabilities in a variety of fields, including network virtualization, edge computing, and operations automation, and redouble our efforts in making proposals for local 5G<sup>\*2</sup> projects.

Our policy is to deepen coordination between different businesses within Fujitsu and utilize the technologies and talent we have cultivated in our telecommunications carrier business over many years in enterprise-focused network consulting services.

<sup>\*2</sup> 5G networks operated primarily by local governments and corporations in accordance with diverse regional or individual requirements

### Business Outside of Japan

Prioritizing Europe, the region outside Japan with the largest sales volume, in our overseas business, we will gradually shift from a business centered on the sales, operation and maintenance of hardware to a services-focused business model.

In our business in Europe, which is engaging in structural reforms, we reached an agreement with the workers' representatives for the Augsburg site in Germany to end production in September 2020, and we are proceeding with that process. In order to concentrate management resources in regions where the Fujitsu Group has strong customer bases, such as Germany and the UK, we plan to hand over responsibility for product sales to channel partners in roughly half the countries in which we have operated to date, and we have now embarked on reorganizing local subsidiaries.

Moreover, we have split Europe into two regions, Northern & Western Europe (NWE) centered on the UK and Ireland, which has a robust services business, and Central & Eastern Europe (CEE), centered on Germany, where we are promoting a shift to services from a business focused on conventional hardware sales. We have stationed executives in these regions to flexibly develop our business there.

To ensure the delivery of services with globally unified content and quality, we will strengthen coordination between overseas businesses and GDCs. As one measure, we have combined the delivery group of NWE with the GDCs and their management. Under this new structure, we will raise the proportion of offshore deliveries and strengthen cost competitiveness. In the Americas, meanwhile, we are also enhancing collaboration with GDCs while using Europe as a reference point.

## Strengthening Our Services Business with Global Delivery

A crucial component of the Fujitsu Global Delivery Group (GDG), the Global Delivery Centers (GDCs) are a carefully selected set of locations that house our expert delivery teams. With GDCs in eight countries around the world, we provide services to over 100 countries and regions, operate in over 40 languages, and help customers to achieve global success. To do this, we offer a wide range of services attuned to the challenges and aspirations of the modern global enterprise, including application and multi-cloud services, workforce and workspace management, enterprise cybersecurity, enterprise business application operations, customer relationship management, and service integration including service desk, service management and business process outsourcing (BPO). Our 14,000-strong team of skilled, highly motivated people helps us to deliver cost-effective, scalable, high-value services to customers, locally and globally, 24 hours a day, 365 days a year.

With the rise of digital transformation as a business imperative, delivery—in terms of quality, price, and speed—is the new competitive battleground. Fujitsu's GDCs, with their deeply entrenched agile approach, and network of market-leading strategic partners for critical areas of design, development, migration, and operation, are pivotal to strengthening Fujitsu's services business and increasing profitability.

One of the most tangible steps we are taking to augment our GDC capabilities is to add a further 6,000 talented

resources to the team, aiming for a total of 20,000. In parallel, with increasing the volume of delivery experts on our teams, we will unify the content and quality of the global offerings delivered from all GDCs. We will also ensure that the system development, industry, and operations expertise accumulated in Japan will be shared across all of the GDG and leveraged to benefit our customers.

By increasing the utilization of GDCs for IT development and management typically done in Japan, such as software development, profitability of business in Japan will increase, while creating greater local and global capacity to drive digital transformation initiatives for customers. GDCs also support Fujitsu's international business, providing services to all Fujitsu regions; and by modernizing and protecting core infrastructure services, our GDCs can accelerate the shift to services with higher added value through the strengthening of integration capabilities. With our single integrated delivery model and connected global capabilities, we provide high-quality, cost-competitive, and continually improving support to all Fujitsu regions, countries, and customers.

The GDG's real strength is in its people. Given the global, geographically spread nature of the GDG organization, it is the most diverse, dynamic, and vibrant area of Fujitsu. With people from all backgrounds, each of whom brings a different set of skills and experiences, our teams are uniquely capable of delivering huge value to our customers.



### Contributing to Fujitsu's Globalization and Growth by "Bringing Delivery Centers to the Forefront"

Under the leadership of President Takahito Tokita, the Fujitsu Group will increasingly leverage the GDG and its global delivery capabilities to strengthen our services business and enhance profitability. I work extremely closely with the heads of the business groups within the Technology Solutions business to share and utilize the invaluable industry expertise and insights that each business group has accumulated in Japan; this also involves a regular exchange of ideas about how the GDCs can help each business group achieve their specific strategic goals and objectives.

With rapid commoditization of many traditional core infrastructure services, the GDG is finding new ways to provide value by upskilling in market-relevant technologies, such as application development, ERP\* services, and cybersecurity. Simultaneously, our GDCs have embedded agile methodology into all elements of delivery, helping to more efficiently maintain and improve services to current customers. Adopting a "bringing delivery centers to the forefront" mindset, the teams are revolutionizing service delivery.

The GDG is currently, and will continue to be, a pivotal strategic enabler for Fujitsu. For example, GDCs throughout Asia, including India and the Philippines, contribute heavily

**Tim White**

Corporate Executive Officer  
Head of Global Delivery Group  
Technology Solutions Business

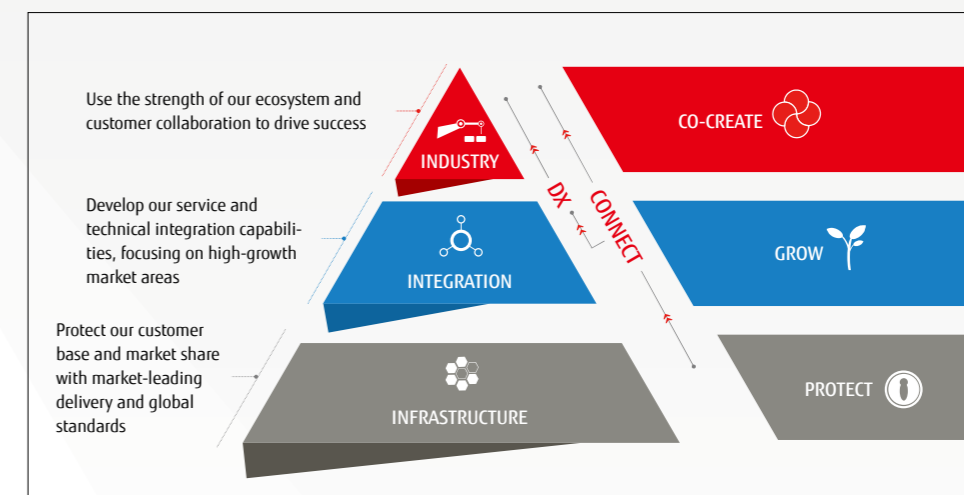


to the profitability improvements realized by our services business in Japan and across our international regions. At the same time, European GDCs, such as those in Portugal and Poland, underpin the local acceleration of the services for businesses in Europe.

Starting in Europe, the GDCs will support and standardize new services that provide huge customer value by leveraging their augmented capabilities. Coordinated with front-office customer functions in each country, this is the epitome of providing global value on a local basis. To configure services that leverage our capabilities, but in a way that helps customers on an individual basis, we will drastically increase our use of co-creation methodology to create solutions based on firsthand delivery experience.

By helping to increase the competitiveness of our services in all regions, especially our services business in Japan, and by honoring Fujitsu's engineering DNA—always striving for technical excellence—the GDG is a profit engine for Fujitsu, and the key to its global success.

\* An approach that aims for efficient management activities by optimally deploying and allocating management resources such as personnel, material assets, funds, and information. In many cases, ERP entails business integration solutions as exemplified by SAP.



## MESSAGE FROM THE CFO



We are carrying out the transformation necessary to become a widely trusted DX partner, while ensuring sustainable growth and improvements in profitability.

**Takeshi Isobe**  
CFO and Executive Vice President

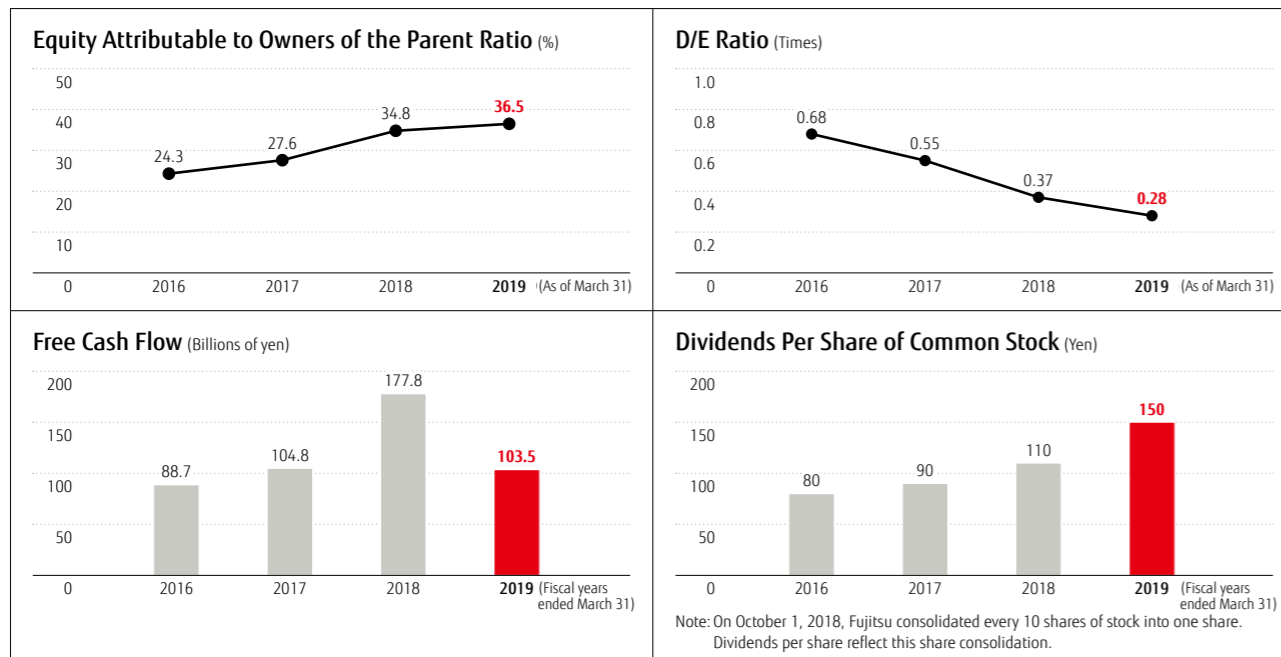
### Promoting “Business Structure Transformation” and “Growth Strategy Transformation”

In the four years up until the end of fiscal 2018, the Fujitsu Group promoted “business structure transformation” to focus on core businesses and “growth strategy transformation” aimed at accelerating growth.

Regarding “business structure transformation,” we have been concentrating management resources in the Technology Solutions segment, which we position as a core business. On a basis that excludes special items and the impact of business restructuring, consolidated operating profit in the fiscal year ended March 31, 2019 rose

¥34.1 billion, underpinned by a strong performance from our domestic services business, the cornerstone of our digital businesses. In addition, we strengthened our financial position. As of the end of the fiscal year ended March 31, 2019, equity attributable to owners of the parent ratio was 36.5%, an increase of over 12 percentage points compared with the fiscal year ended March 31, 2015, and free cash flow exceeded ¥100 billion for the third consecutive year, enabling us to increase dividends and other shareholder returns.

We were able to mitigate the impact of negative risk factors and volatility, achieving steady progress in consolidating our business foundations.



We will now shift our focus to “growth strategy transformation,” targeting further improvements in profitability and sustainable growth. In our Management Direction announced in September 2019, we set management targets for the fiscal year ending March 31, 2023 of revenue of ¥3,500 billion and an operating profit margin of 10%, as we accelerate our efforts to move forward with further transformation.

### Executing Measures to Improve Profitability

The main engine for improving profitability is leveraging the robust foundations of our domestic services business.

Domestic services sales expanded to almost ¥1,800 billion in the fiscal year ended March 31, 2019, and demand remains very strong. I believe that there is a high level of interest and motivation among customers in such areas as system modernization to improve business efficiency, with a view to pushing forward with business model transformation.

System engineers and other resources for delivering services are, however, in short supply. To meet the needs and expectations of customers, we have expanded our Global Delivery Center capabilities and are making strategic use thereof as a resource pool for the expansion of offshore services. In addition, we are striving to improve productivity by automating development and operations. While steadily improving the profitability of our domestic services business through such measures, we also expect the network and overseas businesses to drive further profit growth. In the network business, we view the full-scale uptake of 5G as a major business opportunity. In the overseas business, our shift to a new organizational structure in Europe is due to be completed in the first half of the fiscal year ending March 31, 2021, which will involve a realignment toward the services business as we steadily consolidate our earnings base.

### Shifting to the Services Business to Realize Sustainable Growth

Along with improvement in profitability, a key pillar of our efforts to achieve sustainable growth is the DX business. We are establishing a new company to drive the DX business

to expand operations in this field. We are also stepping up investments for growth targeting the creation of business opportunities related to the DX business and the promotion of new businesses.

First, we are prioritizing investments in technologies that support the DX business, such as AI, 5G, and cybersecurity. Second, we are undertaking M&As and corporate venture capital investments to create new businesses. We intend to pursue active investments in this way to quickly nurture and expand new businesses.

Of course, we must ensure that we recoup returns on investments. DX technology investments have a relatively short investment–return cycle compared with the cycles for investments in conventional hardware development and large-scale capital investments in factories and other facilities. As we implement proactive investments, we will be scrutinizing investment returns more closely than ever. Although we are shifting our focus to target sustainable growth, I believe that it is my responsibility as CFO to take an objective and balanced approach in managing investments.

### Becoming a Trusted DX Partner

To become a DX partner trusted by customers, it is vital that we at Fujitsu take the lead in implementing our own DX to serve as a point of reference for customers. Various business processes and information in a company, especially quantitative data, are all related to finance. I believe that upgrading information systems as well as reforming processes and procedures to accelerate internal DX are among my key missions as CFO, and we will promote these endeavors.

The Fujitsu Group plays a vital role in providing essential infrastructure to society. The Group also has great potential in offering new value to society. We understand that dialogue with stakeholders and enhancement in investor relations are extremely important to gain an understanding of Fujitsu and appropriately evaluate the value of the Group.

Going forward, we are determined to ensure sustainable growth and improve profitability as we embrace reforms to become a widely trusted DX partner.

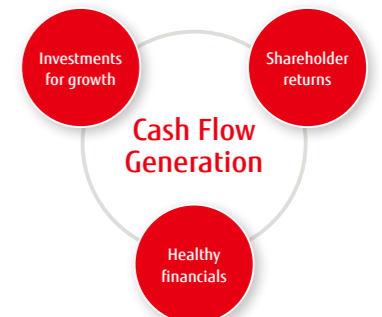
### Cash Flow Generation and Distribution

Aiming to generate stable levels of free cash flow of at least ¥150 billion each fiscal year

#### Cash flow distribution

- Investments for growth
- Shareholder returns
- Financial position

Proactive investments in DX  
Stable dividends with higher shareholder returns in accordance with growth level  
Strong financial fundamentals appropriate for a company supporting social infrastructure





## ROUNDTABLE DISCUSSION WITH INDEPENDENT DIRECTORS

### Fujitsu's Corporate Governance as Seen in Its Change of President and Digital Transformation



**Atsushi Abe**  
Managing Partner  
Sangyo Sosei Advisory Inc.

**Chiaki Mukai**  
Vice President  
Tokyo University of Science

**Jun Yokota**  
Former Ambassador Extraordinary  
and Plenipotentiary to the State of Israel  
and the Kingdom of Belgium

**Yoshiko Kojo**  
Professor of International Relations,  
Department of Advanced Social and  
International Relations, the University of Tokyo

In March 2019, Fujitsu announced its new management structure. Following the Annual Shareholders' Meeting on June 24, digital transformation commenced under the guidance of a new management team, including President Takahito Tokita.

In our 2019 roundtable discussion, we asked what kind of discussions took place at the Board of Directors and its advisory body, the Executive Nomination Committee, pertaining to the appointment of President Tokita and the key points designed to realize digital transformation.

— The change of president was announced in March 2019. What was the process for choosing the new president?

**Jun Yokota:** At Fujitsu, the Executive Nomination Committee, whose principal members are independent directors, conducts assessments of a certain number of senior management candidates on an annual basis. Based on those assessments, we nominate several people each year with the potential to be a future president and shortlist them as candidates. In 2019, former president Tatsuya Tanaka proposed a change of president due to the greater shift in management focus toward technology solutions. From a shortlist of several candidates, we chose the new president, Takahito Tokita, as the most suitable candidate and recommended his appointment to the Board of Directors.

**Chiaki Mukai:** In the course of conducting the annual assessment, we carefully read a thick batch of files containing comprehensive assessments of each candidate, including evaluations by their superiors and peer reviews, while utilizing reviews by an external consulting company, and spending a considerable amount of time on face-to-face interviews with the candidates themselves. At those interviews, we have the candidates present their vision of what they would like to achieve at Fujitsu and carry out discussions with the members of the Executive Nomination Committee.

**Atsushi Abe:** The Board of Directors does not always accept all the recommendations from the Executive Nomination Committee without criticism. Since I am not a member of the Executive Nomination Committee, I had never met President Tokita. Having then spoken with him directly and

listened to his ideas after conveying my desire to meet with him in person, I concluded that he was well qualified and possessed the requisite personality for the position.

— On what kind of capabilities and attributes did you place particular emphasis in the appointment of the president?

**Yokota:** Centered on the financial industry, President Tokita refined his management capabilities through the development of large-scale systems as a system engineer. I considered that his experience in successfully completing major projects, sound judgment, and other qualities would be a major strength in leading the Fujitsu Group going forward.

**Mukai:** In addition, President Tokita knows the condition of our business in Europe, having recent experience of a stationing in London. I was impressed by the fact that he possesses the insight needed to grow the Fujitsu Group globally as we move forward.

**Abe:** I placed great importance on the ability of the new president to proactively seek change and successfully carry it out. When I had the chance to speak with President Tokita, he understood the problem areas while having a very clear vision for the future, and I sensed his strong determination to change the Fujitsu Group.

— With the management change in mind, what areas should be strengthened or reviewed going forward regarding succession planning for the president and nomination of candidates for director and Audit & Supervisory Board member positions?

**Yoshiko Kojo:** Preparation is vital. It is necessary to thoroughly conduct the nomination process on an annual basis so that we are prepared whenever the time comes for a change of president. In order to nominate the leader who is the right person in the right place, the role of the Executive Nomination Committee in nominating future candidates will continue to be of great importance.

**Abe:** As the Fujitsu Group draws considerable attention from the market, it is necessary for it to possess the ability to respond to the business environment and technological changes. While it is important to develop expertise in certain positions, we should more aggressively promote the cultivation of human resources from the perspective of acquiring the extensive knowledge needed for management.

**Yokota:** From the time of my appointment as a director, the issue of the limited number of personnel who are able to straddle the divisions and look at the Group in its entirety has been recognized as a matter for consideration, but how this matter should be settled is a difficult question. Although it is unusual for Japanese corporations, I think that not only internal personnel but also external personnel could be considered as candidates in the selection of the president. I feel that we should consider this going forward.

— What are your expectations of President Tokita as a leader aiming to bring about the shift to a DX company?

**Abe:** The Fujitsu Group must shift from its business model to date in which it listened to the needs of its customers and then provided systems to fulfill those needs, to a proposal-focused business that creates added value, such as by demonstrating to its customers what it can do and the economic benefits of its proposals. Even if there is discord during that process, I encourage President Tokita to overcome it by solving the problems one by one. As the Board of Directors, we will offer our full support.

**Mukai:** I feel that diversity and inclusion are important. For the Group to grow, its 130,000 employees must share their various perspectives and deftly use the knowledge and technological capabilities they have cultivated to date. Soon after his appointment, President Tokita set forth measures giving further concrete shape to diversity and inclusion, such as relaxing the dress code. I feel that initiatives giving greater freedom to employees are highly effective in helping Fujitsu grow as a DX company.

I considered that President Tokita's experience in successfully completing major projects, sound judgment, and other qualities would be a major strength in leading the Fujitsu Group going forward.

Jun Yokota





I believe that the key is to encourage cooperation that goes beyond traditional vertical divisions, instill a new management strategy and corporate vision, and ensure that all employees understand where their goals lie.

Yoshiko Kojo

It is essential that we grow as a DX company. While we are still trying to develop the correct approach, I believe that it is necessary to think about ways to grow as a DX company over the next 10 to 20 years, such as through leveraging open data, for example.

**Kojo:** President Tokita emphasizes the importance of using internal transformation to promote a positive cycle for Fujitsu to become a DX company. The Group has a strong vertically divided organization, so unless we break that to a certain extent, I do not think we will be able to achieve transformation. I believe that the key is to encourage cooperation that goes beyond traditional vertical divisions, instill a new management strategy and corporate vision, and ensure that all employees understand where their goals lie.

**Yokota:** I hope that employees at all levels will move forward by relating the President's approach to what they should do. President Tokita has been talking directly with a variety of employees and creating opportunities to convey his approach. Despite having such incredible technological capabilities, I had always felt that Fujitsu lacked vigor. However, I now feel hopeful, as there is a momentum for taking on new challenges under the guidance of President Tokita.

**Mukai:** Followers who support a leader also play a very important role in helping to achieve a goal. I hope that the entire Group will make concerted efforts to realize President Tokita's vision and that each employee will maximize their individual performance in order to step up the pace of transformation.

— What do you think is needed to heighten employee engagement and to unlock the potential of human resources?

**Abe:** The cutting-edge technology field is vital for Fujitsu to become a DX company. While outstanding talent is required for achieving that, there is extremely fierce competition for the employment of such talent. We have increased the

possibility of hiring outstanding talent by introducing a new compensation plan focused on highly talented professional employees. However, we must be careful to introduce such measures in a way that is acceptable to existing employees. It is good policy to offer diverse growth opportunities so that both human resources acquired externally and existing employees are highly motivated by shifting to position-based human resource management.

**Yokota:** I think that position-based human resource management is a very innovative measure. While there may be some difficulties because almost no other Japanese companies have introduced such a measure, I think that the direction is sound. I believe that the process of moving forward while monitoring the extent to which employees utilize position-based human resource management and their sense of satisfaction with it will be important.

**Kojo:** From my experience teaching at a university, I have gotten the sense that the younger generation today are not contemplating lifetime employment. They want to build their careers by acquiring expertise. Therefore, in order to attract good human resources, we must establish a rewarding working environment. It is also necessary to have a framework that allows women to build their careers while taking into account the need for temporary leave for having children and other reasons.

— Mr. Abe was recently appointed as chairman of the Board of Directors. What is the significance of an independent director becoming the chairman of the Board?

**Mukai:** When an internal director is chairman of the Board, discussions often proceed on the premise that the information under discussion is understood to a certain extent. However, when the chairman is an independent director, debates proceed without such a premise. A benefit of this is that we can concentrate on the essential points while summarizing the information.

I hope that the entire Group will make concerted efforts to realize President Tokita's vision and that each employee will maximize their individual performance in order to step up the pace of transformation.

Chiaki Mukai



**Yokota:** To date, Mr. Abe has spoken out at Board meetings to question the strategic value of initiatives. Moreover, he plays a major role such as through representing the independent directors in direct discussions with investors. I agreed that it would also be a good idea for Mr. Abe to become chairman of the Board in order to further enliven discussions at Board meetings.

**Abe:** The impetus for my appointment as chairman of the Board was not the result of a governance-related or other problem. I think that Fujitsu's stance of trying to further utilize independent directors in order to promote transformation is emblematic of its advanced corporate governance.

— Please tell us about your activities as a director over the past year and your aspirations going forward.

**Kojo:** I was concerned that opportunities for me to speak out would be limited because I came from a different field, and there were many matters I didn't understand. However, it was a pleasant surprise to find that Board meetings were very lively and conducted in an atmosphere that encouraged speaking out. Discussions are conducted freely. For example, in the event of a long report, there is a system for approving requests to shorten parts of reports that can be simplified in order to allow more time for discussion.

It was a disappointment to find that, despite being an IT company, Fujitsu is not adequately leveraging digital technology internally. President Tokita has initiated a policy of further leveraging digital technology in internal reforms, and I hope that Fujitsu will demonstrate greater flexibility in reviewing frameworks and systems.



It is good policy to offer diverse growth opportunities so that both human resources acquired externally and existing employees are highly motivated by shifting to position-based human resource management.

Atsushi Abe

**Yokota:** I have followed up carefully and provided feedback on the developments relating to the United Kingdom's prospective exit from the European Union. The UK is an essential part of the Group's overseas business. Depending on its conclusion, the issue of the UK's exit from the EU may affect our business in Europe. I would like to focus on points such as this and engage in strategic discussions going forward.

**Mukai:** Whenever I speak with young people from our Group companies, as well as candidates for management positions who will lead Fujitsu in the future, I am impressed by their spirit of dedication to the Company. I feel that, for the sake of the Group's approximately 130,000 employees, establishing a new business model that generates earnings is an urgent matter. I would like to contribute to the creation of sustainable profits and help Fujitsu make even greater strides in the future.

**Abe:** I am aware that I was appointed as chairman of the Board to help put the Company on a growth trajectory under the new management team. As chairman, I will change the way of reporting and strive to increase the time for discussion while linking each meeting of the Board to a meaningful action, such as deciding on the next relevant measure or reaching a conclusion to ongoing deliberations. Now that the direction of our management policy has been clearly determined, we will make a concerted effort in pursuit of that goal.

## MANAGEMENT

(As of October 1, 2019)

## EXECUTIVE DIRECTORS

**Takahito Tokita**

Representative Director  
President  
Number of years as director: Newly appointed  
Number of Fujitsu shares held: 1,000\*<sup>1</sup>

Born: September 2, 1962  
Apr. 1988 Joined the Company  
Jun. 2014 Head of Financial Systems Unit  
Apr. 2015 Corporate Executive Officer  
Jan. 2019 EVP, Head of Global Delivery Group  
Mar. 2019 SEVP  
Jun. 2019 Representative Director  
President\*<sup>2</sup>  
Oct. 2019 Chief Digital Transformation Officer\*<sup>2</sup>

**Hidenori Furuta**

Representative Director  
SEVP, Technology Solutions Business, Japan Sales  
CTO and CIO  
SEVP, Head of Technology Solutions Business  
Number of years as director: Newly appointed  
Number of Fujitsu shares held: 1,452\*<sup>1</sup>

Born: December 13, 1958  
Apr. 1982 Joined the Company  
May 2009 Head of Manufacturing Industry Solutions  
Business Unit  
Apr. 2012 Corporate Vice President  
Apr. 2014 Corporate Senior Vice President  
EVP, Head of Global Delivery  
Apr. 2018 Corporate Executive Officer  
SEVP, Head of Digital Services Business  
Jan. 2019 SEVP, Head of Technology Solutions Business\*<sup>2</sup>  
Chief Technology Officer (CTO)\*<sup>2</sup>  
Chief Information Officer (CIO)\*<sup>2</sup>  
Jun. 2019 Representative Director and SEVP\*<sup>2</sup>  
Technology Solutions Business and Japan Sales\*<sup>2</sup>

**Mitsuya Yasui**

Representative Director  
SEVP, Global Corporate Functions, Global Business,  
CISO SEVP, Head of Global Corporate Functions  
Number of years as director: Newly appointed  
Number of Fujitsu shares held: 3,550\*<sup>1</sup>

Born: March 23, 1959  
Apr. 1981 Joined the Company  
Jun. 2008 President, Law & Intellectual Property Group Unit  
(until March 2015)  
Apr. 2010 Corporate Vice President  
Apr. 2015 Corporate Executive Officer  
EVP, Head of Legal, Compliance & IP Unit  
Apr. 2018 SEVP, General Counsel  
Chief Information Security Officer\*<sup>2</sup>  
Jan. 2019 Secretary Office  
Jun. 2019 Representative Director and SEVP\*<sup>2</sup>  
Global Corporate Functions and Global Business\*<sup>2</sup>  
Head of Global Corporate Functions\*<sup>2</sup>

## NON-EXECUTIVE DIRECTORS

**Tatsuya Tanaka**

Director  
Chairman  
Number of years as director: 4  
Number of Fujitsu shares held: 5,759\*<sup>1</sup>

Born: September 11, 1956  
Apr. 1980 Joined the Company  
Apr. 2005 Director of the Board & Vice President,  
Fujitsu (China) Holdings Co., Ltd.  
Dec. 2009 Senior Vice President, Manufacturing Industry  
Business Unit  
Apr. 2012 Corporate Vice President  
Apr. 2014 Corporate Senior Vice President  
Jan. 2015 Corporate Executive Officer  
SEVP  
Jun. 2015 Representative Director  
Chairman  
Jun. 2019 Director  
Chairman\*<sup>2</sup>

**Masami Yamamoto**

Director  
Senior Advisor  
Number of years as director: 9  
Number of Fujitsu shares held: 16,940\*<sup>1</sup>

Born: January 11, 1954  
Apr. 1976 Joined the Company  
Jun. 2004 Executive Vice President,  
Personal Systems Business Group  
Jun. 2005 Corporate Vice President  
Jun. 2007 Corporate Senior Vice President  
Apr. 2010 Corporate Senior Executive Vice President  
Apr. 2010 President  
Jun. 2010 Representative Director  
President  
Jun. 2015 Representative Director  
Chairman  
Jun. 2017 Director  
Chairman  
Jun. 2019 Director  
Senior Advisor\*<sup>2</sup>

**Kazuto Kojima**

Director  
Number of years as director: 9\*<sup>3</sup>  
Number of Fujitsu shares held: 863\*<sup>1</sup>

Born: March 30, 1942  
Apr. 1965 Joined the Company  
Jun. 1994 Director  
Jun. 1998 Senior Vice President and Director  
Executive Vice President and Director  
(until June 2002)  
Jun. 2002 Corporate Executive Vice President  
(until April 2003)  
Jun. 2003 Executive Advisor, Group Chairman,  
Fujitsu North America Companies  
Sep. 2005 Advisor (until June 2006)  
Apr. 2007 Outside Auditor, Computer Engineering &  
Consulting, Ltd. (until April 2011)  
Jun. 2018 Director\*<sup>2</sup>

\*1 Number of shares held as of March 31, 2019  
\*2 To present  
\*3 The cumulative number of years served as a director  
\*4 Currently, the Japan Aerospace Exploration Agency (JAXA)

\*5 Currently, Raymond James & Associates, Inc.  
\*6 Currently, Deutsche Securities Inc.  
\*7 Currently, Unitas Capital  
\*8 Currently, Atlas Copco

**Jun Yokota**

Director  
Number of years as director: 5  
Number of Fujitsu shares held: 654\*<sup>1</sup>

Born: June 26, 1947  
Apr. 1971 Joined the Ministry of Foreign Affairs  
Jan. 1998 Deputy Director-General, Economic Affairs Bureau  
Jun. 2002 Consul-General of Japan in Hong Kong  
Apr. 2004 Ambassador Extraordinary and Plenipotentiary  
to the State of Israel  
May 2009 Ambassador Extraordinary and Plenipotentiary  
to the Kingdom of Belgium  
Oct. 2012 Ambassador Extraordinary and Plenipotentiary  
in charge of Economic Diplomacy and of  
Reconstruction Assistance to Iraq  
(until January 2014)  
Jun. 2014 Special Advisor to the Chairman of Keidanren  
(until May 2018)  
Jun. 2014 Director\*<sup>2</sup>

**Chiaki Mukai**

Director  
Vice President of Tokyo University of Science  
Number of years as director: 4  
Number of Fujitsu shares held: 2,357\*<sup>1</sup>

Born: May 6, 1952  
Nov. 1977 Staff, Department of Surgery, Keio University  
School of Medicine (until November 1985)  
Aug. 1985 Payload Specialist, the National Space  
Development Agency of Japan\*<sup>4</sup>  
(until March 2015)  
Jun. 1987 Visiting Scientist, Division of Cardiovascular  
Physiology, Space Biomedical Research Institute,  
NASA Johnson Space Center (until December 1988)  
Apr. 2000 Visiting Professor of the Department of Surgery,  
Keio University School of Medicine\*<sup>2</sup>  
Oct. 2014 Vice President of the Science Council of Japan  
(until September 2017)  
Apr. 2015 Vice President of Tokyo University of Science  
(until March 2016)  
Jun. 2015 Director\*<sup>2</sup>  
Apr. 2016 Specially Appointed Vice President of  
Tokyo University of Science\*<sup>2</sup>  
Jan. 2017 Chair of the Scientific and Technical Subcommittee,  
UN Committee on the Peaceful Uses of Outer  
Space (COPUOS) (until January 2018)  
Apr. 2018 Special Counselor of the JAXA\*<sup>2</sup>  
Mar. 2019 Outside Director, Kao Corporation\*<sup>2</sup>

**Atsushi Abe**

Director  
Managing Partner, Sangyo Sosei Advisory Inc.  
Number of years as director: 4  
Number of Fujitsu shares held: 1,965\*<sup>1</sup>

Born: October 19, 1953  
Apr. 1977 Mitsui & Co., Ltd.  
Jun. 1990 Manager, Electronic Industry Department,  
Mitsui & Co., Ltd.  
Jan. 1993 Managing Director, Alex. Brown & Sons, Inc.\*<sup>5</sup>  
Aug. 2001 Managing Director and Head of Global Corporate  
Finance, Deutsche Securities, Ltd.\*<sup>6</sup>  
Aug. 2004 Partner & Head of Japan,  
J.P. Morgan Partners Asia\*<sup>7</sup> (until March 2009)  
May 2007 Board Member, Edwards Group Ltd.\*<sup>8</sup>  
Dec. 2009 Managing Partner, Sangyo Sosei Advisory Inc.\*<sup>2</sup>  
Feb. 2011 Board Member, ON Semiconductor Corporation\*<sup>2</sup>  
Jun. 2015 Director\*<sup>2</sup>

**Yoshiko Kojo**

Director  
Professor of International Relations,  
Department of Advanced Social and International Relations,  
the University of Tokyo  
Number of years as director: 1  
Number of Fujitsu shares held: 242\*<sup>1</sup>

Born: June 19, 1956  
Apr. 1988 Assistant Professor of International Relations,  
Faculty of Law, Kokugakuin University  
Apr. 1991 Associate Professor of International Relations,  
Faculty of Law, Kokugakuin University  
Apr. 1996 Associate Professor of International Relations,  
Department of Advanced Social and International  
Studies, the University of Tokyo  
Jun. 1999 Professor of International Relations, Department  
of Advanced Social and International Relations,  
the University of Tokyo\*<sup>2</sup>  
Oct. 2010 President, Japan Association of International  
Relations (until October 2012)  
Oct. 2012 Member of Advisory Board,  
Japan Association of International Relations\*<sup>2</sup>  
Oct. 2014 Member of Science Council, Japan\*<sup>2</sup>  
Jun. 2018 Director\*<sup>2</sup>

AUDIT & SUPERVISORY  
BOARD MEMBERS

Audit &amp; Supervisory Board Members

**Yoshiki Kondo**  
**Youichi Hirose**

Audit &amp; Supervisory Board Members (Independent)

**Megumi Yamamuro**  
Special Counsel, URYU & ITOGA

**Hiroshi Mitani** Lawyer  
**Koji Hatsukawa** Certified Public Accountant

REPRESENTATIVE DIRECTORS /  
CORPORATE EXECUTIVE OFFICERS

Representative Director and President

**Takahito Tokita**

Representative Directors and Senior Executive Vice Presidents

**Hidenori Furuta**  
**Mitsuya Yasui**

Vice Chairmen

**Hidehiro Tsukano**  
**Naoyoshi Takatsuna**

Senior Executive Vice Presidents

**Hideki Kiwaki**  
**Masaki Kubota**

Executive Vice Presidents

**Hiroyuki Sakai**  
**Katsumi Nakano**  
**Jo Oda**

**Junichi Saito**  
**Hirohisa Yamaguchi**

**Kazuo Yuasa**  
**Naoko Yoshizawa**

**Junichi Azuma**  
**Megumi Shimazu**

**Takayuki Sunada**  
**Ryuji Kushida**

**Isamu Yamamori**  
**Takeshi Isobe**

**Tsuneo Hayashi**  
**Izumi Nagahori**

# CORPORATE GOVERNANCE

## Basic Approach to Corporate Governance

The Company regards corporate governance as a critical mechanism to fulfill the senior management team's mission in a manner befitting shareholders' trust. This mission is based on the Fujitsu Way and enables a form of business management that, rather than pursuing short-term profits, earns the trust of customers and business partners, motivates employees to work with vitality and pride, and contributes to society. Through such business management, the Company will grow and enhance corporate value over the medium to long term.

## Structural Framework

The Company outlines the following rules to ensure that the oversight and advice from the diverse perspectives of non-executive directors (the term used for the combination of independent directors and non-executive directors appointed from within the Company) are reflected in the management execution of executive directors, as part of the Board of Directors' function while leveraging the advantages of a company with an Audit & Supervisory Board system:

- Same number or more of non-executive directors responsible for oversight are appointed as executive directors responsible for management execution.
- Independent directors are appointed as the core members of non-executive directors, and at least one non-executive director is appointed from within the Company.
- Independent directors must meet the independence standards (referred to as "Independence Standards") established by the Company.
- In nominating non-executive director candidates, the Company takes into account the background of candidates and their insight on the Company's business.

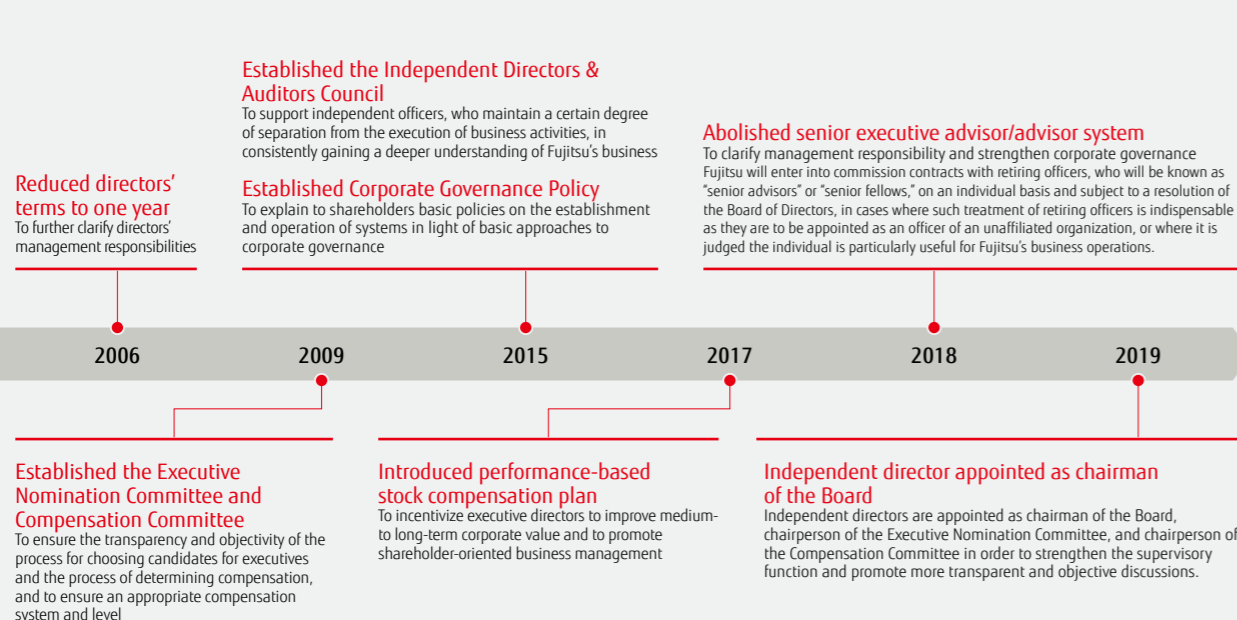
- Audit & Supervisory Board members conduct external audits and provide oversight of the Board of Directors. The voluntary Executive Nomination Committee and the Compensation Committee, composed mainly of non-executive directors and Audit & Supervisory Board members, and the Independent Directors & Auditors Council all function to complement the Board of Directors.
- Independent Audit & Supervisory Board members are external Audit & Supervisory Board members who meet the Independence Standards.

Based on a decision made by the Board of Directors in December 2015, the Company has established a basic policy, "Corporate Governance Policy," summarizing its approach to corporate governance.

<https://www.fujitsu.com/global/documents/about/ir/library/governance/governancereport-b-en.pdf>

In addition, for details on corporate governance, please visit the Fujitsu website (About Fujitsu > Sustainability > Corporate Governance):  
<https://www.fujitsu.com/global/about/csr/governance/>

## Initiatives Taken to Strengthen Corporate Governance



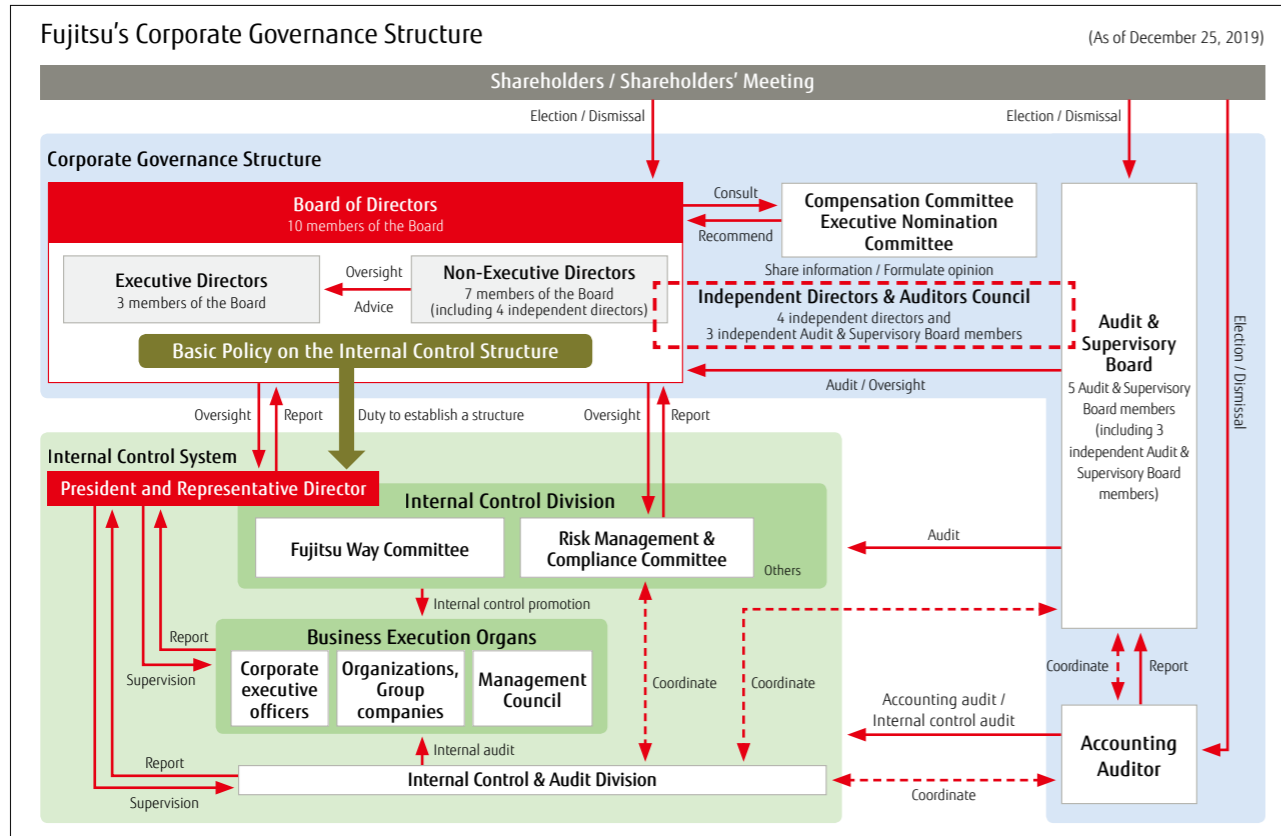
## 1. Overview of Corporate Governance Structure

### Roles and Composition of Key Boards, Committees, and Councils

<b>Board of Directors</b>	<p>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 management 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 an oversight and advisory body. Moreover, the oversight function of the Board of Directors has been strengthened by actively appointing independent directors with high independence and diverse perspectives. The term of directors is one year.</p> <p>As of June 24, 2019, the Board of Directors comprises ten members: three executive directors and seven non-executive directors (including four independent directors). The position of chairperson of the Board of Directors is held by an independent director, separate from the position of president, who has ultimate responsibility for management execution.</p>
<b>Audit &amp; Supervisory Board</b>	<p>The Company has an Audit &amp; Supervisory Board that performs the auditing and oversight functions. From an independent position that does not entail involvement with management decisions or execution, Audit &amp; Supervisory Board members audit and provide oversight of the Board of Directors as well as management execution functions and attend important meetings, including meetings of the Board of Directors. The term of Audit &amp; Supervisory Board members is four years.</p> <p>As of June 24, 2019, the Audit &amp; Supervisory Board has five members, comprising two full-time Audit &amp; Supervisory Board members and three independent Audit &amp; Supervisory Board members.</p> <p>Among the Audit &amp; Supervisory Board members, full-time Audit &amp; Supervisory Board member Mr. Yoshiki Kondo has many years of experience in the domestic sales division and system engineering division in Japan, as well as extensive knowledge of the Company's mainstay services business. Further, full-time Audit &amp; Supervisory Board member Mr. Youichi Hirose not only has extensive knowledge of finance and accounting issues but also has abundant expertise in relation to business management. In addition to his many years of management experience in the Company's finance and accounting divisions, including time spent serving as the head of the Company's Corporate Finance Unit, he has been deeply involved in the transformation of the business model toward one centered on technology solutions. For additional information regarding the fields of specialization of independent Audit &amp; Supervisory Board members, please refer to "Appointment of Independent Directors and Independent Audit &amp; Supervisory Board Members" on pages 39-40.</p>
<b>Executive Nomination Committee and Compensation Committee</b>	<p>The Company has established the Executive Nomination Committee and the Compensation Committee as advisory bodies to its Board of Directors to ensure the transparency and objectivity of its process for nominating directors and Audit &amp; 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.</p> <p>The Executive Nomination Committee deliberates on candidates for director and Audit &amp; Supervisory Board member positions in accordance with the Framework of Corporate Governance Structure and the Procedures and Policy of Directors' and Audit &amp; Supervisory Board Members' Appointment and Dismissal, stipulated in the Company's Corporate Governance Policy, and provides its recommendations to the Board of Directors.</p> <p>In addition, the Compensation Committee provides its recommendations 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 Audit &amp; Supervisory Board Members' Compensation stipulated in the Company's Corporate Governance Policy.</p> <p>In accordance with the Company's Corporate Governance Policy, the majority of members comprising the Executive Nomination Committee and the Compensation Committee are non-executive directors and Audit &amp; Supervisory Board members and include at least one independent director. Members of both committees, as of July 25, 2019, are detailed below. Both committees consist of four non-executive directors (of whom three are independent directors). Additionally, the secretariats of both committees are operated by the Company's HR and legal departments.</p> <ul style="list-style-type: none"> <li>Executive Nomination Committee Chairperson: Mr. Jun Yokota Members: Dr. Chiaki Mukai, Dr. Yoshiko Kojo, and Mr. Tatsuya Tanaka</li> <li>Compensation Committee Chairperson: Dr. Chiaki Mukai Members: Mr. Jun Yokota, Dr. Yoshiko Kojo, and Mr. Tatsuya Tanaka</li> </ul>
<b>Independent Directors &amp; Auditors Council</b>	<p>In response to the requirements of Japan's Corporate Governance Code, which facilitates the activities of independent directors and Audit &amp; Supervisory Board members, 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 Audit &amp; Supervisory Board members, 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 &amp; Auditors Council in fiscal 2015, which includes all independent officers (four independent directors and three independent Audit &amp; Supervisory Board members). This council convened six times in fiscal 2018. At meetings of the council, independent officers discuss one or two agenda items thoroughly to help respective officers form opinions and to enliven deliberations of the Board of Directors.</p>
<b>Support System for Directors and Audit &amp; Supervisory Board Members</b>	<p>The Company provides directors and Audit &amp; Supervisory Board members, irrespective of whether they are an executive director, non-executive director, or Audit &amp; Supervisory Board member, with the following support necessary for each director and Audit &amp; Supervisory Board member to fulfill their role and contribute to the Company's corporate governance:</p> <ul style="list-style-type: none"> <li>The Company prepares a framework to help directors and Audit &amp; Supervisory Board members acquire the information they need, including advice from external experts, through financial support and staffing.</li> <li>The Company provides newly appointed directors and Audit &amp; Supervisory Board members with necessary training, including information on their roles and responsibilities, internal structure, and business lineup. In addition, the Company provides ongoing opportunities for updating such information and knowledge periodically and when directors and Audit &amp; Supervisory Board members feel the need for further training while they remain in their position.</li> </ul> <p>Further, given that external officers' knowledge of the Company's business fields and corporate culture differs from that of internal officers, the Company has established systems that support external officers in addition to the above-mentioned support and the previously mentioned Independent Directors &amp; Auditors Council. The Company has established an organization through which the Company's junior employees are assigned to respective external officers as assistants who provide direct support.</p>

### Status of Management Execution Organs

The Company appoints corporate executive officers who are assigned management execution authority by the representative director and president. Furthermore, to heighten the efficiency of business management, the Company has established a Management Council comprising the representative directors and the corporate executive officers to assist the representative director and president in making decisions.



## 2. Independent Directors / Independent Audit & Supervisory Board Members

### Independence Standards for Independent Directors and Independent Audit & Supervisory Board Members

The Company evaluates the independence of external officers based on the following standards.

- a. A director and Audit & Supervisory Board member will be independent if none of the following are met, at present and/or in the past:
  - (1) Director or employee of one of Fujitsu Group companies\*<sup>1</sup>;
  - (2) Director, executive officer, Audit & Supervisory Board member, or important employee\*<sup>2</sup> of a major shareholder\*<sup>3</sup> of Fujitsu;
  - (3) Director, executive officer, Audit & Supervisory Board member, or important employee\*<sup>2</sup> of a major lender\*<sup>4</sup> to Fujitsu;
  - (4) Partner or employee of accounting auditor company of Fujitsu;
  - (5) Director, executive officer, Audit & Supervisory Board member, or corporate executive officer mutually exchanged between Fujitsu and other company;
  - (6) A person who receives significant amount of monetary benefits\*<sup>5</sup> or other property other than the compensation as a director or Audit & Supervisory Board member from Fujitsu; or
  - (7) Director, executive officer, Audit & Supervisory Board member, or important employee\*<sup>2</sup> of a major business partner\*<sup>6</sup> of Fujitsu.
- b. A person who does not have a close relative\*<sup>7</sup> will be independent, wherein a close relative meets one of the following, at present or at any time within the preceding three years:
  - (1) Executive director, non-executive director,\*<sup>8</sup> or important employee of Fujitsu Group companies;
  - (2) Director, executive officer, Audit & Supervisory Board member, or important employee\*<sup>2</sup> of a major shareholder of Fujitsu;

- (3) Director, executive officer, Audit & Supervisory Board member, or important employee\*<sup>2</sup> of a major lender to Fujitsu;
- (4) Partner or employee of accounting auditor company of Fujitsu;
- (5) Director, executive officer, Audit & Supervisory Board member, or corporate executive officer mutually exchanged between Fujitsu and other company;
- (6) A person who receives significant amount of monetary benefits or property other than the compensation as a director or Audit & Supervisory Board member from Fujitsu; or
- (7) Director, executive officer, Audit & Supervisory Board member, or important employee\*<sup>2</sup> of a major business partner of Fujitsu.

\*1 "Fujitsu Group companies" means Fujitsu Limited and its subsidiaries.  
 \*2 This excludes the independent directors and the independent Audit & Supervisory Board members of said major shareholders, lenders to the Company, and business partners of the Company.  
 \*3 "Major shareholder" indicates a shareholder in the top 10 major shareholders listed in the latest business report of Fujitsu.  
 \*4 "Major lender" indicates a lender in the Group's major lenders listed in the latest business report of Fujitsu.  
 \*5 "Significant amount of monetary benefits" means the sum of annual compensation for expert services and a donation equal to or more than ¥10 million.  
 \*6 "Major business partner" means a company with which Fujitsu Group companies made a business transaction within the preceding three fiscal years, and the total amount of the transaction exceeded 1% of consolidated sales revenue of either Fujitsu or that company.  
 \*7 "Close relative" means a family member, spouse, or cohabiter within the second degree of kinship (as stipulated in the Civil Code of Japan).  
 \*8 This condition applies only when judging the independence of Fujitsu's independent Audit & Supervisory Board member or a nominee thereof.





### Appointment of Independent Directors and Independent Audit & Supervisory Board Members

Fujitsu actively appoints external officers to increase management transparency and further improve efficiency. Fujitsu determines independence based on the independence standards stated above. All external officers have been registered with and accepted as independent officers

by the financial instruments exchanges on which Fujitsu is listed in Japan.

Fujitsu's views on the roles, functions, and specific appointed statuses of independent directors and independent Audit & Supervisory Board members are as follows:

#### Independent Directors

	<p>Mr. Yokota has served as Ambassador to Israel and Ambassador to Belgium, and is an expert in international economic negotiations, having served as a government representative for economic partnership agreement negotiations with Europe. Because of his deep knowledge of politics and economics from a global perspective, he fulfills the supervisory function and role as an independent director. Moreover, Mr. Yokota has never been a major shareholder, nor has he held an executive management position with a major business partner of the Company. Therefore, Fujitsu considers Mr. Yokota to be independent.</p>
	<p>Dr. Mukai began her career as a doctor and became Asia's first female astronaut, and she exemplifies the spirit of challenge advocated by Fujitsu by being at the cutting edge of scientific fields. She has overseen and advised on business execution from various perspectives, and has led discussion about executive remuneration in her capacity as the chairperson of the Compensation Committee. As we can expect her to provide fair and objective oversight and advice from a global perspective based on her extensive knowledge of science and technology, she will fulfill a supervisory function and role as an independent director. Fujitsu and the Tokyo University of Science, where Dr. Mukai serves as vice president, had business transactions in fiscal 2018 amounting to approximately ¥13 million, which is considered immaterial and constituting no special relationship when taking into account the size of Fujitsu's total sales. Therefore, Fujitsu considers Dr. Mukai to be independent.</p>
	<p>Mr. Abe has extensive knowledge of the ICT industry and M&amp;As based on his many years of experience in investment banking and private equity business. As we can expect Mr. Abe to provide oversight and advice from a shareholder and investor perspective, as well as to contribute to the timely and resolute decision making of management, he fulfills his supervisory functions and role as an independent director. Mr. Abe has never been a major shareholder, nor has he held an executive management position with a company with which Fujitsu Limited has engaged in major business transactions. Therefore, Fujitsu considers Mr. Abe to be independent.</p>
	<p>Dr. Kojo served in important positions, including as 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 fulfill her supervisory functions and role to provide extensive advice and oversight concerning the Company's response to changes in the external environment during a time of dramatic transition in international politics and with regard to SDG initiatives based on her deep insight. Dr. Kojo has never been a major shareholder, nor has she held a position involved in the execution of business of a major business partner of the Company. Therefore, Fujitsu considers Dr. Kojo to be independent.</p>

## Independent Audit &amp; Supervisory Board Members

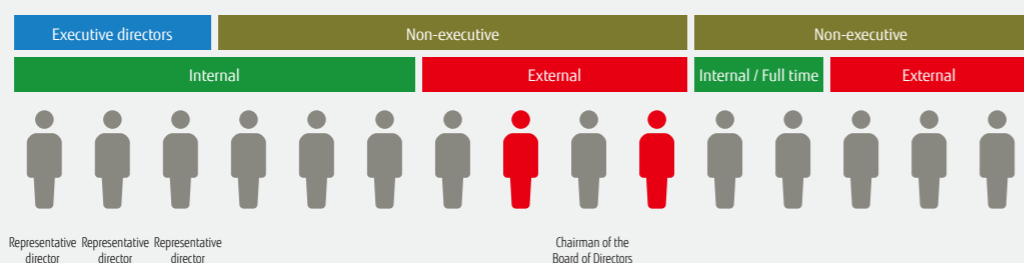
<b>Megumi Yamamuro</b>	Mr. Yamamuro has many years of experience in the legal profession. As he is an expert in corporate law, including the Companies Act, and domestic and overseas compliance measures, he fulfills an audit and oversight function and role as an independent Audit & Supervisory Board member utilizing his experience and knowledge in Fujitsu's corporate governance. Mr. Yamamuro has never been a major shareholder, nor has he held an executive management position with a major business partner of the Company. Therefore, Fujitsu considers Mr. Yamamuro to be independent.
<b>Hiroshi Mitani</b>	Mr. Mitani has extensive knowledge of law as well as areas involving business management including economics and social issues, due to his experience as a public prosecutor and member of the Fair Trade Commission. Therefore, he fulfills an audit and oversight function and role as an independent Audit & Supervisory Board member utilizing his experience and knowledge in the corporate governance of Fujitsu. Mr. Mitani has never been a major shareholder, nor has he held an executive management position with a major business partner of the Company. Therefore, Fujitsu considers Mr. Mitani to be independent.
<b>Koji Hatsukawa</b>	Mr. Hatsukawa has a wealth of auditing experience as a certified public accountant and broad knowledge of corporate accounting. Therefore, he fulfills an audit and oversight function and role as an independent Audit & Supervisory Board member utilizing his experience and knowledge in the corporate governance of Fujitsu. Moreover, PricewaterhouseCoopers Aarata (currently, PricewaterhouseCoopers Aarata LLC), where Mr. Hatsukawa served as CEO, has never performed an accounting audit for Fujitsu. Fujitsu and PricewaterhouseCoopers Aarata had business transactions in fiscal 2018 totaling approximately ¥3 million, which is considered immaterial and constituting no special relationship when taking into account the size of Fujitsu's total sales. Therefore, Fujitsu considers Mr. Hatsukawa to be independent.

## Members of the Board of Directors and Audit &amp; Supervisory Board (As of June 24, 2019)

 Male
  Female

10 members of the Board of Directors

5 members of the Audit & Supervisory Board



	Takahito Tokita	Hidenori Furuta	Mitsuya Yasui	Tatsuya Tanaka	Masami Yamamoto	Kazuto Kojima	Jun Yokota	Chiaki Mukai	Atsushi Abe	Yoshiko Kojo	Yoshiki Kondo	Youichi Hirose	Megumi Yamamuro	Hiroshi Mitani	Koji Hatsukawa
Executive Nomination Committee				✓			✓ Chairperson	✓		✓					
Compensation Committee				✓			✓	✓ Chairperson		✓					
Independent Directors & Auditors Council							✓	✓	✓	✓			✓	✓	✓

## 3. Policy for Deciding Executive Compensation

To ensure a more highly transparent executive compensation system, Fujitsu established the Compensation Committee by a resolution of the Board of Directors at a meeting held in October 2009. The compensation of directors and Audit & Supervisory Board members is determined based on the following Executive Compensation Policy, which the Board of Directors revised in light of a report received from the Compensation Committee.

## 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 includes "Base Compensation," specifically a fixed monthly salary in accordance with position and responsibilities; "Bonuses," which are compensation linked to short-term business performance; and "Performance-based Stock Compensation," which is a long-term incentive that emphasizes linkage with shareholder value.

## 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 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 indicators, and the amount shall be determined in accordance with the degree of achievement of the performance targets for the respective fiscal year.

## Performance-based Stock Compensation

- Performance-based stock compensation shall be granted to directors who are responsible for the execution of duties to share gains with shareholders and to help enhance the Company's medium- to long-term performance.
- Base numbers of shares for respective ranks, a performance evaluation period (three years), medium- to long-term performance targets based on consolidated revenue and consolidated operating profit, and coefficients corresponding to degrees of achievement of these performance targets shall be set in advance. Base numbers of shares shall be multiplied by coefficients corresponding to degrees of achievement of performance targets. After the number of shares for each fiscal year has been calculated, the total number of shares shall be allocated upon completion of the performance evaluation period.

## (Reference) Executive Compensation Items and Payment Recipients

Recipient	Base Compensation		Bonuses	Performance-based Stock Compensation
	For Management Oversight	For Management Execution		
Non-executive directors	✓	—	—	—
Executive directors	✓	✓	✓	✓
Audit & Supervisory Board members		✓	—	—

## 4. Policy for 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 fiscal 2018, the Company sold 78 issues, and the Board of Directors' meeting, held on June 19, 2019, discussed strategic shareholdings held by the Company as of the end of fiscal 2018.

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. That said, we sometimes call upon them to consider the timing of the sales or ways of selling their shares.

## 5. Status of Internal Audits, Accounting Audits, and the Internal Control Division

### Internal Audit and Accounting Audit Systems

#### Internal Audits

The Internal Control & Audit Division 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 and reports audit results to the representative director and president. The Internal Control & 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 Internal Control & 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).

#### Accounting Audits

The accounting auditor, Ernst & Young ShinNihon LLC, reports to the Audit & Supervisory Board concerning the auditing plans and results. The accounting auditor also conducts an exchange of opinions when needed and carries out coordinated audits.

### Internal Control System

#### Internal Control Division

Based on the Basic Policy on Establishing an Internal Control Structure, the Risk Management & Compliance Committee and the Fujitsu Way Committee maintain and operate risk management systems, compliance systems, and internal control structures related to financial reporting and executive duties regulated under the basic policy. The status of

operation of the internal control system is periodically reported to the Board of Directors.

#### 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 and is under the direct control of the Board of Directors.

The Risk Management & Compliance Committee is chaired by the representative director and president and consists mainly of executive directors. The Risk Management & Compliance Committee meets about every quarter. Regarding compliance violations and risks in business operations, including information security, the Risk Management & Compliance Committee operates a system that ensures the 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 progress and results of the activities of the Risk Management & Compliance Committee are periodically reported 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.

The chief risk compliance officer directs internal organizations based on the above-mentioned policy and strives to prevent risks in business operations from arising and conducts activities to minimize the loss that may be caused by the risks that have arisen.

## 6. Review of Corporate Governance in Fiscal 2018

The Fujitsu Group is strengthening its corporate governance to ensure a sustainable increase in corporate value. Here, we report on the status of this initiative in fiscal 2018.

### Number of Meetings of Key Boards and Committees

Board of Directors' meetings (including extraordinary meetings)	Audit & Supervisory Board meetings (including extraordinary meetings)	Attendance of independent directors at Board of Directors' meetings
<b>13 (1)</b>	<b>10 (2)</b>	<b>100%</b> Mr. Jun Yokota: 100%; Dr. Chiaki Mukai: 100%; Mr. Atsushi Abe: 100%; Dr. Yoshiko Kojo: 100%
Attendance of independent Audit & Supervisory Board members at Board of Directors' meetings	Attendance of independent Audit & Supervisory Board members at Audit & Supervisory Board meetings	
<b>97.4%</b> Mr. Megumi Yamamuro: 92.3%; Mr. Hiroshi Mitani: 100%; Mr. Koji Hatsukawa: 100%	<b>100%</b> Mr. Megumi Yamamuro: 100%; Mr. Hiroshi Mitani: 100%; Mr. Koji Hatsukawa: 100%	

### Details of Remuneration

Position	Number of Recipients	Remuneration Type			Total Amount of Remuneration
		Base Compensation	Bonuses	Performance-based Stock Compensation	
Directors (Internal)	7	¥287 million	¥65 million	¥20 million	¥373 million
Independent directors	5	¥60 million	—	—	¥60 million
Audit & Supervisory Board members (Internal)	2	¥72 million	—	—	¥72 million
Independent Audit & Supervisory Board members	3	¥45 million	—	—	¥45 million

Notes:

- The above includes directors and Audit & Supervisory Board members who resigned in fiscal 2018.
- The limit on monetary compensation to directors (including independent directors) was resolved to be ¥600 million per year at the 106th Annual Shareholders' Meeting held on June 23, 2006; the limit on non-monetary compensation to directors was resolved to be ¥300 million per year; and the total number of shares of common stock of the Company to be allocated was resolved to be within 430,000 shares per year at the 117th Annual Shareholders' Meeting held on June 26, 2017. The limit on compensation to Audit & Supervisory Board members (including independent Audit & Supervisory Board members) was resolved to be ¥150 million 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.
- Performance-based stock compensation shows the amount that was recorded as expenses in the fiscal year ended March 31, 2019.

### Evaluation of the Effectiveness of the Board of Directors

To maintain and enhance the effectiveness of the Board of Directors, the Company has included annual evaluations of the Board of Directors in the Corporate Governance Policy.

#### Actions based on the results of the fiscal 2018 evaluation

Arrangements were made for key points in divisional monthly results to be efficiently reported on, which would enable the Board of Directors meetings to spend more time on discussions for the formulation of medium- to long-term strategies and business plans that should be focused on. Additionally, education on specific themes by outside experts was offered to directors and Audit & Supervisory Board members. Moreover, independent directors and Audit & Supervisory Board members continued to hold the Independent Directors & Auditors Council, which is an effort to facilitate the exchange of information and formulation of opinions between them.

#### Fiscal 2018 evaluation method

Following the executive side adopting a new management structure and Mr. Atsushi Abe, an independent director, appointed chairman of the Board of Directors from April 2019, discussions were held between Mr. Abe, Mr. Masami Yamamoto, Chairman of the Board in fiscal 2018, and independent directors and independent Audit & Supervisory Board members concerning measures that could further enhance the effectiveness of the Board of Directors' meeting.

#### Fiscal 2018 evaluation

- In reporting monthly financial results at Board of Directors' meetings, there is room for improvement in the contents that can lead to discussions for raising profitability.
- It is important to convey arguments in Board of Directors meetings to the relevant division through Corporate executive officers, who are responsible for directing that division.
- For efficient discussions in a limited time frame, it would be effective to (i) promote digitization of materials for Board of Directors' meetings and unify the formats accordingly, (ii) ensure materials are shared in plenty of time prior to the meetings, and (iii) improve explanations for the intent of agendas that are set.

### Accountability

Fujitsu recognizes that explaining corporate and management information to shareholders, investors, and other stakeholders is an important task within corporate governance, and it strives to disclose information in a timely and appropriate manner.

Meeting	Number of Times	Content
Regular presentations to securities analysts and institutional investors	9	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, the 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. Videos, presentation materials, Q&As, and other materials can be viewed on the following website: <a href="https://www.fujitsu.com/global/about/ir/library/presentations/">https://www.fujitsu.com/global/about/ir/library/presentations/</a>
Regular presentations to foreign institutional investors	9	The CFO and IR managers meet with foreign institutional investors regularly. We also have IR managers stationed in Europe and the US who meet and communicate regularly with investors, not only at the time of earnings announcements.
Regular presentations to individual investors	8	We do not hold regular briefings for individual investors, although we do hold briefings on an irregular basis at securities companies' branches and other offices. In addition, we have provided an inquiry form on site dedicated to individual investors, and we are striving to improve relations with such investors.

Note:

In addition to the above, in such times as before convening the Annual Shareholders' Meeting, we visit major institutional investors, who are the beneficial shareholders, and explain our Management Direction, approach to corporate governance systems, and the agenda items to be submitted to the Annual Shareholders' Meeting. We are also organizing meetings for directors, including independent directors, to be able to directly engage in active dialogue with investors.

# SUSTAINABILITY MANAGEMENT

New value is being created at an unprecedented pace due to the advance of digital technologies. On the other hand, we live in an uncertain age in which traditional approaches and frameworks are no longer valid and unexpected risks occur. Against this backdrop of radical change, the Fujitsu Group is listening to the voices of more of its stakeholders and reflecting their expectations and demands in its efforts to transform its business in order to improve its sustainability as a company and continue to generate innovation. This section introduces an overview of our initiatives in this area.





# STAKEHOLDER DIALOGUE



Experts

Mr. Shiro Uchida

Mr. Noboru Konno

Fujitsu

Takahito Tokita

Hidenori Furuta

Yumiko Kajiwara

## Reflections after the Dialogue

Experts



**Mr. Noboru Konno**  
Professor,  
Tama Graduate School of Business  
Chairperson/Director,  
Japan Innovation Network

### With a Meaningful Purpose, Reframe Existing Knowledge to Become a DX Company

While products and the pursuit of efficiency remain the foundations of management in Japan, even profit-driven corporate managers in the United States have begun putting a sense of common good and innovation at the center of their management.

At one time, there were distinct industries and markets for different products and services. However, the boundaries of those industries and markets have been blurred by digitalization and, on top of this, markets and business paradigms have changed as innovations merge from a variety of relationships and places. To adapt to this change, it is particularly important for existing companies to determine in which direction to reframe themselves, while taking into account their assets and strengths.

Central to this is purpose. Unlike vision or value, purpose is a dynamic concept that causes and calls to action. By clarifying why we do something—our purpose—we can channel ourselves toward customer value creation and practices aimed at transformation. Additionally, a sound purpose that customers and society can empathize with helps to build relationships. Knowledge and assets flow through these social- and people-centered ecosystems. In other words, these relational assets will be of great value in the future.

For Fujitsu to change, it has to bring about a shift in its values internally. Based on its customer base cultivated to date through a one-to-one style business and its technological capability, to what extent can Fujitsu boldly transform to an ecosystem based on relationships and places as a platform? I hope that it will create a persuasive purpose and become a DX company through innovation across Fujitsu that includes existing businesses and organizations.



**Mr. Shiro Uchida**  
Chairman and  
Representative Director,  
SAP Japan Co., Ltd.

### Purpose Driven and Creating Innovation Together with Japanese Corporations to Contribute to Society

At its core, SAP feels an intense sense of urgency that “corporations which serve no useful purpose to the world will disappear.” SAP has been considering useful values for customers and the significance of our existence by establishing our “purpose” and spending 10 years transforming internally to operate in a “purpose-driven” manner while launching an innovative ecosystem. As a result, our thoughts on how we can contribute to society have permeated throughout the entire company, including our management team.

At SAP, we believe key to innovation are the three P’s: “Place, People, and Process.” “Place” is the new business base, located away from the existing business in order to spur innovation. As diverse opinions produce innovation, “People” emphasizes diversity in terms of nationality, race, and age. “Design Thinking,” which is the methodology for innovation, is the “Process.” Incorporating these three P’s, SAP Japan aims to become the innovation partner of our customers. As we are pursuing the “success of our customers,” by thinking about what we need to do to achieve, sales and profits will follow.

It is important to have a corporate culture and capacity for empathy, recognizing employees’ willingness to contribute to society. After identifying a problem to be solved and understanding it from the viewpoint of end-users through Design Thinking, employees with technical skills and knowledge can work together to build a prototype. If employees can feel their work is contributing to society, the joy they derive from their work will produce the energy to “motivate them further,” which will lead to significant business as a result.

I believe that “bringing innovation to Japanese society and corporations” is our mission and I have very high expectations for President Tokita, who has *confidence* that Fujitsu will become a DX company. By all means, I would like to make efforts to create innovation that contributes to society in collaboration with Fujitsu, which is active on a global scale.

## Enhancing Business Management through Dialogue with Outside Experts

### Approach to Transforming to a DX Company Based on Sustainability

The Fujitsu Group aims to reflect the opinions of diverse stakeholders in its business management and regularly invites outside experts to participate in dialogues with its senior management team. Fujitsu has declared that it will transform itself from an IT company to a DX company. By exhaustively reviewing our existing processes and moving beyond the scope of a traditional IT company, we aim to deliver new value to our customers and society as a whole. To that end, we held a dialogue with outside experts to obtain valuable opinions on ways in which Fujitsu can spur innovation and transform itself, and how it can link that to sustainable corporate growth.

Fujitsu



**Takahito Tokita**  
Representative Director and  
President

### Through Our Own Digital Transformation, Becoming a Company Valued by Society and Our Customers

Upon my appointment as president, I declared that Fujitsu will change from an IT company to a DX company. What this means is that we are aiming to change our approach from one in which Fujitsu manufactures and sells products, to one in which it thoroughly discerns what people, including its customers and society need, while offering solutions accordingly. I am also aiming for our employees to move in a common direction and, at the same time, for each employee to feel personally fulfilled by always being aware of Fujitsu’s inherent purpose and responsibility to society.

Today’s dialogue with Mr. Konno and Mr. Uchida has enabled me to obtain many hints on the vision to which we should aspire. By sharing the Fujitsu Group’s current status and vision for the future to which it aspires with all our employees, we will not fail to accomplish our transformation to a DX company that is viewed as necessary by society.



**Hidenori Furuta**  
Representative Director  
SEVP, Technology Solutions Business,  
Japan Sales  
CTO and CIO  
SEVP, Head of Technology Solutions  
Business

### Contributing to Society: What This Means and How We Can Practice It Globally

When I was Head of the Global Delivery Group, I witnessed firsthand the high level of awareness surrounding the sustainability activities called “Responsible Business” in Europe and other regions. While there may be cultural differences, I feel that Japan’s initiatives in this area lag far behind Europe and elsewhere around the world.

As Senior Executive Vice President, I believe that Fujitsu must be aware of major social issues and must think about how our business can contribute to the resolution of them. We will transform our business by first transforming our culture and processes internally, and then achieve Digital Transformation by leveraging our comprehensive strengths.



**Yumiko Kajiwara**  
Corporate Executive Officer  
Head of Diversity Promotion Office

### Transforming a Company to be Chosen by Stakeholders by Promoting D&I (Diversity & Inclusion)

A workforce that creates new value is the sole most vital and indispensable asset for Japanese companies, which demand innovation. This is why we recognize that the cultivation of human resources and the promotion of D&I are becoming more pivotal driving forces than ever.

At the same time, the number of people inside and outside the Company who wish to contribute to society through technology or business activities is increasing. There is a growing trend among young people, including students in particular, toward choosing workplaces where they can do what they desire to do.

All stakeholders including customers will choose companies where all employees feel comfortable and are able to exercise their own unique capabilities to the greatest extent. For Fujitsu to transform itself to such a company, we must challenge ourselves to further strengthen D&I going forward.

Through today’s dialogue, we have received a variety of suggestions on what Fujitsu must do to become a DX company, such as reevaluating itself in line with social changes, having a sound purpose and building relationship assets with many stakeholders, and establishing

the framework and mindset for spurring innovation. Based on the opinions we have received, we will take on the challenge of transforming ourselves in order to become a company that is viewed as necessary by our customers and society.

## GLOBAL RESPONSIBLE BUSINESS

Given the need to enhance sustainability-focused corporate management, fulfilling corporate social responsibility (CSR) from a global perspective is becoming increasingly important. The Fujitsu Group has reviewed priority issues and redesignated them under the name “Global Responsible Business.”

### Sustainability Activities of the Fujitsu Group

#### Establishment of the CSR Policy

In December 2010, the Fujitsu Group established its CSR Policy and determined Five Priority Issues upon which to focus its CSR practices, in response to the growing demand for CSR in Japan and overseas. In establishing this policy, the Basic Strategy Working Group within the CSR Promotion Committee conducted interviews with outside experts regarding the expectations and demand on Fujitsu, based on an awareness of international CSR standards including the GRI guidelines and global social issues. We have also set medium-term targets to be achieved in fiscal 2020 and are promoting CSR activities as an integral part of management.

#### CSR Policy

CSR at the Fujitsu Group is practiced by implementing the Fujitsu Way. In all of its business activities, the Group contributes to the sustainable development of society and the planet through the implementation of the Fujitsu Way, in accordance with the expectations and needs of multiple stakeholders.\* In practicing CSR, we demonstrate a commitment to responsible business operations as a global ICT company by specifying priority issues and working to address them.

\* The Fujitsu Group's stakeholders: The Fujitsu Group regards its customers, employees, business partners, shareholders and investors, and global and local communities as its stakeholders. Government authorities, NPOs, NGOs, and similar organizations are also particularly important stakeholders within these global and local communities.

#### A Changing World

The adoption, in 2015, by the United Nations of the COP 21 Paris Agreement and of the Sustainable Development Goals (SDGs) was expected to accelerate efforts to solve global issues facing society. However, climate change has evolved more rapidly than scientists had predicted. As the climate crisis approaches, increasingly serious social problems have emerged in such areas as inequality and poverty. Meanwhile, the rise of protectionism and unilateralism in the political arena has been driving global fragmentation and impeding international coordination to solve challenges.

Against this backdrop, private companies that conduct business globally are being called on to tackle social issues more actively than ever before as members of society. In the final decade leading to 2030, the year designated for attaining the SDGs, people are more closely scrutinizing the extent to which the negative impact of business activities on society is being minimized, as well as to whether companies are undertaking activities that have an impact globally and will contribute to the achievement of the SDGs.

#### Review of Priority Issues

Amid this evolving global landscape, the Fujitsu Group needs to accelerate its own global sustainability activities and enhance its effectiveness in order to be recognized as a “responsible company” by all of its stakeholders, including customers, business partners, and investors.

The Fujitsu Group has employed a materiality analysis in a Groupwide review of the priority issues to ensure that they reflect changes in its business over the past several years. The result is a unified framework for the priority issues under the banner of Global Responsible Business (GRB).

### Global Responsible Business

#### Priority Issues

<b>Socioeconomic ICT Impact</b>	Use ICT to help solve social challenges, starting with the SDGs
<b>Human Rights, Diversity &amp; Inclusion</b>	Pursue human rights goals and global diversity in the AI era
<b>Well-being</b>	Provide opportunities for employees to grow as individuals and fully develop their capabilities
<b>The Environment</b>	Work to achieve zero emissions from our operations by fiscal 2050, and contribute to climate change adaptation and a decarbonized society
<b>Compliance</b>	Maintain a high level of awareness of corporate ethics and act fairly in all business activities
<b>Supply Chain</b>	Accomplish responsible procurement in the supply chain
<b>Health and Safety</b>	Provide safe and healthy working environments
<b>Communities</b>	Engage in activities that contribute to society and build prosperous, optimistic communities

#### Bolstering of Non-Financial Initiatives

In our Management Direction announced in September 2019, we positioned being a “Global Responsible Business” (GRB) as a management target in the non-financial field. As shown in the table above, the Fujitsu Group continuously aims to increase corporate value by identifying globally unified priority issues on sustainability and strengthening initiatives in the non-financial field in addition to the financial (business) field.

The GRB framework aims to foster the mindset and corporate culture necessary to realize the Fujitsu Way, and to earn and maintain the social trust that is a prerequisite for global business activities. All Group employees must be constantly aware that their companies are part of society and aim to not only pursue profits but also reduce the negative impact of their business activities on sustainability issues while maximizing the positive.

We have specified long-term goals for each priority issue, with the end of fiscal 2030 set as the deadline for their achievement, and have been building an effective management system to attain the goals. In order to carry out higher-level activities globally while taking into account the differences between countries and regions in such areas as local laws and labor markets, we have set Groupwide targets

for all employees. Employees based at our headquarters who are responsible for each of the priority issues led efforts in formulating these targets, while personnel in overseas regions with similar responsibilities also provided input in this regard. We will continue to work on specific measures toward achieving the goals.

In addition, the status of progress in the execution of GRB is periodically checked by an internal committee led by the president, with announcements made in management direction reviews and through various communication methods.

#### Achievement of Goal of Becoming a “Company Chosen and Respected by Stakeholders”

The Fujitsu Group, as an integral part of the social ecosystem, aims to become a leading company that solves the issues facing customers and the communities in which it operates. To this end, we must deepen our empathy for and insight into society through the GRB framework and undertake corporate management in a way that considers sustainability. The Fujitsu Group will continue its efforts to become a “company chosen and respected by stakeholders” by promoting GRB in a united manner.



## INITIATIVES FOR THE SDGS

The Sustainable Development Goals (SDGs) can be viewed as a master plan for the world until 2030. ICT, given its special qualities, has the potential to make a positive impact on all 17 SDGs. The Fujitsu Group is leveraging the strengths of its unique ICT to advance initiatives that lead to the achievement of the SDGs, particularly those that relate closely to its businesses.

For further details, please visit the following website:  
<https://www.fujitsu.com/global/about/csr/sdgs/>



### Aiming to Achieve the SDGs

We are transitioning from an IT company to a DX company. As a DX company, Fujitsu aims to solve global issues through its business. In addition to meeting customer needs, our mission is to solve the global issues that lie beyond these needs. We believe that this will lead to the achievement of our long-term goal, to realize a trusted Human Centric Intelligent Society.

The SDGs are the coordinated efforts led by the United Nations to tackle global issues in 17 categories.

Fujitsu aims to create social value and contribute to attain the SDGs through wide-ranging collaboration and co-creation with various organizations including international agencies and governments, private companies, and non-governmental organizations (NGOs).

### Fujitsu's Initiatives for the SDGs

SDG2		Sustainable food and agriculture
SDG3		Well-being in an aging society and eradication of difficult diseases
SDG8		Promotion of innovation and human centric workstyles
SDG9		Intelligent industrialization by shaping ecosystems
SDG11		Realization of better urban mobility and resilient cities
SDG13		Achievement of zero CO <sub>2</sub> emissions and contribution to a decarbonized society

### Activities for Raising Awareness of the SDGs

As part of our DX transition, we are facilitating the creation of new businesses derived from the SDGs by highlighting them in co-creation workshops as well as in lectures and discussions with the executives of our customers. In addition, to promote understanding of the SDGs among the managers of Fujitsu Group companies and across the different business units, we are stepping up efforts to hold seminars and workshops aimed at gaining greater awareness of the SDGs.

#### Efforts to Raise In-House Awareness

In order to address global issues, we are promoting activities that enable each employee to be aware of the SDGs and contribute to them at the workplace. Specifically, through workshops, we are working to learn how to derive the necessary IT services from the elements required to achieve the SDGs from an outside-in perspective.

#### Initiatives with External Organizations

The Fujitsu Group is promoting collaboration with various organizations, including UN agencies, with the aim of contributing to the SDGs and bringing value to society on a global scale.

In addition, through participation in international conferences such as the World Economic Forum and the World Business Council for Sustainable Development (WBCSD), we are conducting international discussions with top leaders from various countries on important issues facing the world.



The annual WBCSD Council Meeting (Lisbon)  
 Fujitsu Chairman Tatsuya Tanaka appointed as WBCSD Vice Chairman

## SOCIAL CONTRIBUTION ACTIVITIES

The Fujitsu Group is building collaborative partnerships to engage and empower communities. We are contributing globally to the prosperity of the communities in which we work through collaboration in our business activities. We encourage our employees to develop their skills and be proud to work for Fujitsu by giving back to society.

### Approach to Social Contribution Activities

As a corporate citizen, the Fujitsu Group has long viewed social contribution activities as important for the common good of communities worldwide.

Fujitsu employees are actively participating and engaging in social contribution activities together with a wide range of stakeholders based on the principles of "activities that empower people through partnership" and "social contribution activities to develop science and technology."

### Examples of Social Contribution Activities

#### Activities That Empower People through Partnerships

We are promoting activities that value all people equally, regardless of such attributes as age, gender, disability, race, ethnicity, origin, religion, or economic status. We also actively contribute to the environment and assist with natural disaster recovery to support safe and secure lives.

#### Soccer Viewing Events for Sensitive Children (Japan)

As part of the Fujitsu initiative supporting borderless minds, in collaboration with other relevant parties, Fujitsu held events where children with sensory sensitivity to crowds and loud noise watched J.LEAGUE (Japan's top-tier professional soccer league) matches with their families.



(Photo: J.LEAGUE)

#### Offering Education for Every Child

Fujitsu is aiming to eliminate educational inequality. In partnership with local non-profit organizations in India and the Philippines, we are providing education support to children in poor areas, such as dispatching teachers and donating ICT equipment.



#### Donation of Carbon Credits to the Tokyo Metropolitan Government

To support the Tokyo Metropolitan Government's initiative "Zero Emission Tokyo," we have donated all our excess CO<sub>2</sub> reduction credits acquired since the start of the Tokyo Metropolitan Government's "Tokyo Cap-and-Trade Program." These credits will be used as part of an offsetting initiative for the city of Tokyo.

#### Social Contribution Activities to Develop Science and Technology

We are undertaking activities that contribute to the development of science and technology. These activities include pro-bono tech projects promoted by volunteers using both ICT and business skills, as well as STEM (science, technology, engineering, mathematics) education activities.

#### Support for Student Contests in Russia

Fujitsu has supported a business idea competition led by students of the Kazan Aviation Institute in Russia. We have contributed to improving students' skills by holding various special courses related to ICT.



#### Pro-bono Tech Projects with UK Cancer Patient Support Charity

In a pro-bono project in partnership with a cancer patient support charity from the United Kingdom, Fujitsu provided a single technology platform to transform how volunteers give their time to the charity, greatly increasing work efficiency.

For further details, please visit the following websites.

Activities that empower people through partnerships:  
<https://www.fujitsu.com/global/about/csr/community/people/>

Social contribution activities to develop science and technology:  
<https://www.fujitsu.com/global/about/csr/community/ict/>

## OUR APPROACH TO THE ENVIRONMENT

Protection of the global environment is one of the Fujitsu Group's most important management issues. Climate change is a global challenge affecting the sustainability of society; it is closely related to the water crisis as well as resource circulation. As a partner in digital co-creation, we strive to reduce our environmental impact and minimize risks across the entire value chain while contributing to the realization of a sustainable society.

For further details on the Fujitsu Group's environmental initiatives, please visit the following website:  
<https://www.fujitsu.com/global/about/environment/>

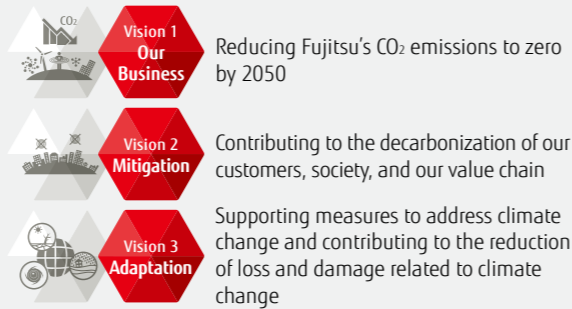
### The Fujitsu Group's Medium- to Long-Term Environmental Vision

Climate change presents risks to the Fujitsu Group in the global operation of its business. However, the Group also views efforts to mitigate and adapt to climate change as business opportunities. Positioning climate change as an environmental material issue, we published the FUJITSU Climate and Energy Vision in 2017 that clarifies the role we will play and outcomes we hope to achieve.

In 2050, over 9 billion people will have a need to live well in spite of challenges relating to energy, water, food, and other constraints. To realize this society, the Fujitsu Group will work in partnership with its customers and society to reduce its CO<sub>2</sub> emissions to zero, and mitigate and adapt to climate change by leveraging technologies that support digital transformation. Since information disclosure is indispensable to realize the FUJITSU Climate and Energy Vision,

we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2019.

#### FUJITSU Climate and Energy Vision



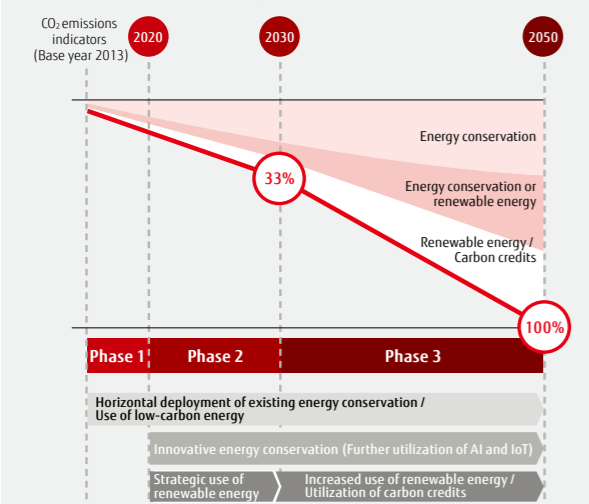
### Initiatives for Climate Change and Environmental Issues

#### Achieving Zero CO<sub>2</sub> Emissions in the Fujitsu Group

Dividing the period through to 2050 into three phases, the Fujitsu Group will work to reduce its CO<sub>2</sub> emissions to zero.

#### The Fujitsu Group's CO<sub>2</sub> Emission Reduction Targets

The Roadmap to Reduce the Fujitsu Group's CO<sub>2</sub> Emissions to Zero by 2050



#### Results in Reducing Greenhouse Gas Emissions

The Fujitsu Group's reduction targets for greenhouse gas (GHG) emissions from its business facilities and its value chain have been approved by the Science Based Targets Initiative. The results are as follows.

Initiatives toward Decarbonization	Target* <sup>1</sup>	Fiscal 2018 Results
Reducing our own GHG emissions	<ul style="list-style-type: none"> <li>Reduction of 33% by 2030</li> <li>Reduction of 80% by 2050*<sup>2</sup></li> </ul>	28% reduction
Reducing GHG emissions across the value chain	<ul style="list-style-type: none"> <li>Reduction of 30% by 2030</li> </ul> <small>Scope: Emissions associated with purchased products/services and the use of products sold</small>	33% reduction

\*1 vs. 2013

\*2 Target figure after deduction of carbon credits

#### Ranked No. 1 in the World in the Green500

In November 2019, a prototype of the supercomputer *Fugaku*, currently being jointly developed by Fujitsu and RIKEN, was ranked No. 1 in the Green500, a global ranking based on the energy efficiency of supercomputers. As an important research foundation supporting Society 5.0, *Fugaku* is expected to be used as an infrastructure for new fields of

application such as artificial intelligence (AI) and big data. This is in addition to simulations to improve drug discovery, disaster responsiveness, and industrial competitiveness.

For further details, please visit the following website:  
<https://www.fujitsu.com/global/about/resources/news/press-releases/2019/1118-02.html>

The Fujitsu Group will continue to contribute in mitigating and adapting to climate change through the development of digital technology and the provision of services that have high energy-saving performance. For example, the Group will facilitate advanced weather forecasting and disaster responsiveness.

#### Expanding the Use of Renewable Energy and Contributing to its Proliferation

In 2018, the Fujitsu Group joined RE100 as Japan's first Gold Member. RE100 is an international initiative that aims to expand and propagate the use of renewable energy.

As part of its aim to procure 100% of the electricity it consumes at its facilities in all global regions from renewable sources by 2050, the Fujitsu Group will consider appropriate steps tailored to each region and expand procurement of renewable electricity. This will cover renewable sources at facilities worldwide, inclusive of all datacenters. The rate of renewable electricity procurement stood at 4% in fiscal 2018.

Furthermore, in order to contribute to the proliferation of renewable energy in society as a whole, the Group is working on R&D and technology trials for energy management and storage. In 2019, it developed a system for trading related to energy shortages and surpluses among electricity consumers including factories and retail stores by applying blockchain technology. The Group is promoting the commercialization of this technology with the goal of contributing to the stable supply of electricity and the expansion of renewable energy adoption.



#### Stage IX Environmental Action Plan (Fiscal 2019 to Fiscal 2020)

The Fujitsu Group established its environmental action plan as a roadmap for implementing responses to environmental

issues and commenced activities based on the Stage IX Environmental Action Plan in fiscal 2019. Under this plan, the Group is advancing to reduce GHG emissions at its business facilities and develop products with high energy efficiency to realize the FUJITSU Climate and Energy Vision. It is also strengthening its initiatives in areas including water resource conservation focusing on water risks in the supply chain, while responding to the problem of plastic waste.

#### Tackling the Problem of Plastic Pollution

The Fujitsu Group has long been working to reduce plastic use and waste in its business activities. However, in addition to these efforts, it is now strengthening its response to the global problem of plastic pollution, which is growing ever more serious. While communicating to society the importance of measures that address this problem, the Group is promoting initiatives aimed at enhancing employee awareness of this issue in order to heighten the consciousness of Group employees worldwide to further ensure the reduction of plastic waste.

#### Activities Helping to Enhance Awareness

We have created and released a video in several languages that explains the importance of tackling marine plastic pollution. The video is also being used in public awareness campaigns by local governments and other entities and as a corporate educational tool.

Internally, we conducted the Tsushima Eco-Tour in which employees from around the globe participate and learn about local issues by taking part in beach cleanup activities in Tsushima City in

Nagasaki Prefecture. At the same time, we held an "ideathon" designed to resolve such issues with members of local nongovernmental organizations.



In this way, we sought to enhance employee awareness by implementing solutions to social issues.

We also promoted the reduction of disposable plastic in our offices by implementing a campaign promoting the use of reusable bags on company property.

#### Awards and External Evaluations in Fiscal 2018

The Fujitsu Group has won high praise from external organizations for its environmental strategies and initiatives, response to the problem of climate change through its business, and contribution to nature conservation.

- Won the 2018 Environment Minister's Award for Global Warming Prevention Activity (Technology Development and Commercialization) for its FUJITSU Server PRIMERGY Liquid Immersion Cooling System and the Energy Conservation Grand Prize for 2018 in the Product and Business Model category of the Agency of Natural Resources and Energy Director-General's Awards
- Received an Award for Excellence for developing a system to survey wildlife habitat using sound data at the 28th Nikkei Global Environmental Technology Awards in 2018, held by Nikkei Inc.
- Received the highest rank of "A" for CDP's 2018 surveys on climate change countermeasures for the second consecutive year



## HUMAN RESOURCE MANAGEMENT / DIVERSITY AND INCLUSION INITIATIVES

To meet the challenges ahead, we are striving to transform our corporate culture and strengthen our people to drive DX and continue to create innovation. We must draw on the combined strengths of Fujitsu's pool of talent, which consists of more than 130,000 individuals worldwide.

### Transformation of Human Resource Management to Promote DX

Fujitsu is now transforming its HR management to enable diverse employees to play an active role in the organization, regardless of their location and age, and to ensure that each and every employee proactively takes on challenges, achieves sustained personal development and is able to demonstrate their unique values.

#### Position-based Human Resource Management

We will transform from conventional HR management, under which positions and rewards are determined on the basis of each individual's abilities, to position-based HR management.

With our new position-based HR management, we define individual roles and responsibilities based on an organizational design that reflects business strategy, offer the compensation that matches market value, and assign talents with the required skills and experience.

By having position-based HR management across our global business, we aim to compete with the world's leading companies.

#### New Compensation Plan for Highly Talented Professionals

In order to accelerate our transformation into a DX company, it is important to strengthen the acquisition and retention of talent in priority areas such as AI and security. We have therefore introduced a new plan to allow compensation to be designed flexibly according to an individual's expertise and market value.



### Diversity and Inclusion (D&I) Initiatives

Diversity is now an issue discussed in a variety of contexts, including workstyles, communication, and multiculturalism. The Fujitsu Group established the Global D&I Vision and Inclusion Wheel to act as a guideline, to help further advance

our efforts toward diversity and inclusion among our employees. This wheel expresses the Fujitsu Group's overall efforts as they relate to D&I, and also defines the vision, strategic goals, and focus areas required to realize these goals.

**Be Completely You**

**Vision**

Be a responsible business that reflects the diversity of our world and build an inclusive culture where everyone can be completely themselves

**Strategic goals**

- Make a positive difference in society
- Enable innovation
- Build stronger customer relationships
- Cultivate an inclusive culture
- Build and maintain a diverse and talented workforce
- Increase employee engagement

**Focus areas**

- Gender
- Health & disability
- Ethnicity & race
- Sexual orientation & gender identity (SOGI)
- Age



## OUR APPROACH TO HUMAN RIGHTS

We believe that respect for human rights is indispensable to a global company's fulfillment of CSR. We have accordingly established various guidelines based on international norms and are promoting initiatives to respect the human rights of all stakeholders throughout the entire value chain.

For further details, please visit the following website:  
<https://www.fujitsu.com/global/about/csr/humanrights/>

### Our Approach to Human Rights

#### Our Approach and Organizational Structure

The Fujitsu Way Code of Conduct states as its first principle "We respect human rights," clearly affirming our view that respect for human rights lies at the foundation of all corporate activities. We have also formulated the "Fujitsu Group Human Rights Statement" and the "Fujitsu Guiding Principles of Respect for Human Rights in Employment" and are working to ensure that respect for human rights becomes firmly entrenched among all employees.

#### AI Commitment

The Fujitsu Group has long promoted the concept of "Human Centric" in relation to information technologies. In March 2019, the Group presented the "Fujitsu Group AI Commitment," which incorporates the academic findings on AI ethics and highlights its thinking on the use of leading-edge technology

for the benefit of people and society, including such aspects as safety and security. In order to ensure an objective, third-party evaluation of the Fujitsu Group's AI ethics, we established the Fujitsu Group External Advisory Committee on AI Ethics, which comprises external experts on AI technology and in other academic areas.

#### Framework for Reporting and Consulting on Human Rights Issues

The Fujitsu Group has established a global structure to receive reports and consult about compliance violations, including human rights abuses, from all employees and third parties, including customers and business partners.

Global Compliance Program  
<https://www.fujitsu.com/global/about/csr/compliance/#anc-03>

### Human Rights Due Diligence Scheme

The Fujitsu Group is engaged in building a Human Rights Due Diligence Scheme that identifies the human rights impacts of our business activities throughout the entire global value chain, while also preventing and mitigating any negative impacts. We interviewed personnel across a wide range of departments in Fujitsu and exchanged ideas with

Japan-based as well as international experts. In doing so, we identified three key areas where our business activities have a major impact: supply chain, employees, and customers and end-users. The main initiatives relating to human rights issues in the fiscal year ended March 31, 2019 were as follows.

Key Areas	Human Rights Issues	Main Activities in Fiscal 2019
Supply chain	Work environment/ conflict minerals	<ul style="list-style-type: none"> <li>• Revised the name of the "Fujitsu Group Policy on Conflict Minerals" to the "Fujitsu Group Policy on Responsible Minerals Sourcing" and expanded the range of applicable minerals</li> <li>• Conducted a CSR Survey to check the adoption status of the RBA Code of Conduct by suppliers (208 key companies we purchase goods from)</li> <li>• Conducted RBA Code of Conduct adoption audits of nine suppliers</li> <li>• Confirmed the compliance status with the RBA Code of Conduct at a Fujitsu Group manufacturing site and conducted RBA Code of Conduct adoption mock audits of three Group manufacturing sites in Japan and elsewhere</li> </ul>
Employees	Discrimination/harassment and working hours	<ul style="list-style-type: none"> <li>• Conducted a written survey of 97 Group companies in Japan and other countries based on the ISO 26000 standard to check on the status of initiatives promoting respect for human rights</li> <li>• In addition to expressing Fujitsu's support for the UN's "Standards of Conduct for Tackling Discrimination against LGBTI People," invited external experts to speak on this topic at a liaison meeting, which the president and all executives attended</li> <li>• Conducted various group training and e-learning sessions, including "barrier-free minds" training and "unconscious bias" online training</li> </ul>
Customers and end-users	Privacy and data security	<ul style="list-style-type: none"> <li>• Announced the "Fujitsu Group AI Commitment" and assessed the impact of AI on human rights. Systematically identified the points that should be taken into consideration for each industry and for the tasks in each occupation when promoting AI businesses</li> </ul>

## WELL-BEING

The Fujitsu Group will create a corporate environment where all employees are able to work energetically and in good health, both in mind and body. Through a workplace culture where work is rewarding, we will help employees achieve personal growth and provide opportunities and support for them to harness their capabilities to the fullest extent.

For further details, please visit the following website:

Health Management: <https://www.fujitsu.com/global/about/csr/employees/health/>

Human Resource Development and Career Design: <https://www.fujitsu.com/global/about/csr/employees/education/>

### Health Management

#### Policy and Promotional Framework and Periodic Review

Based on the Fujitsu Group Health Statement established in fiscal 2018, we position the health of our employees as the cornerstone of our operations and promote the maintenance and improvement of the health of our employees and their families.

The president serves as the chief health officer for Fujitsu and Group companies in Japan, and the Human Resources Unit, the Health Promotion Department, and the Fujitsu Health Insurance Society coordinate to implement, strengthen, and expand health-related measures. These bodies regularly hold meetings with relevant divisions within the Group, including those related to healthcare, and implement Groupwide data-based initiatives that follow the plan-do-check-act (PDCA) cycle.

In 2019, Fujitsu and 14 Group companies in Japan were jointly selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi under the 2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program.



### Human Resource Development and Career Design

#### Policy and Promotional Framework and Periodic Review

Fujitsu has established a Group-Wide Talent Strategy Committee, comprising executives at the management level and above. The Committee regularly discusses Fujitsu's human resource approach for implementing its vision and business strategies. In line with those strategies, the Human Resources Development Planning Office plans and implements measures for cultivating talent and organizational development, in coordination with each business group and Group company.

In fiscal 2019, we have provided diverse learning opportunities and environments for employees with the aim of accelerating our transformation to a DX company. We have promoted these efforts to enable diverse individuals to develop the literacy, mindset, and expertise necessary for DX, under a policy of providing support for learning in which all employees set targets independently in accordance with their own career preferences and strengths. Moreover, by improving career selection opportunities and supporting the development of careers envisioned by each individual, we are encouraging employee growth and advancing measures and initiatives for increasing engagement.

## HEALTH AND SAFETY

The Fujitsu Group's first priority in all business activities is to protect the health and safety of our employees both in mind and body by providing a safe and healthy work environment tailored to the different cultures in which we operate.

For further details, please visit the following website:

<https://www.fujitsu.com/global/about/csr/safety/>

### Health and Safety Policy and Framework

The Fujitsu Group corporate philosophy advocates "ensuring a safe and comfortable working environment." Based on this philosophy, we have established our Health and Safety Policy. By making Groupwide concerted efforts to promote a safe and pleasant working environment and workplace culture, we are ensuring the health and safety of our employees.

Through coordination by the Global Human Resources & Corporate Affairs Unit, we have established health and safety committees at all our business facilities. At the same time, we have established a Central Health and Safety Committee that manages all the committees and conducts periodic checks on workplace environments as well as sharing information on and making improvements to the workplace.

### Initiatives in Europe

We conduct annual wide-ranging employee occupational health and safety awareness activities endorsing the objectives of the World Day for Safety and Health at Work, organized by the International Labour Organization (ILO). In fiscal 2018, we promoted the development of an incident management system by focusing our efforts on collecting and utilizing data on occupational accidents.

## SUPPLY CHAIN MANAGEMENT

The Fujitsu Group holds "Coexistence with Suppliers," "Fair and Proper Evaluation and Selection of Suppliers," and "Promotion of CSR-Conscious Procurement Activities" as the tenets of its Corporate Social Responsibility (CSR) Procurement Guideline, and aims to realize risk-free CSR procurement in its supply chain.

For further details, please visit the following website:

<https://www.fujitsu.com/global/about/csr/procurement/>

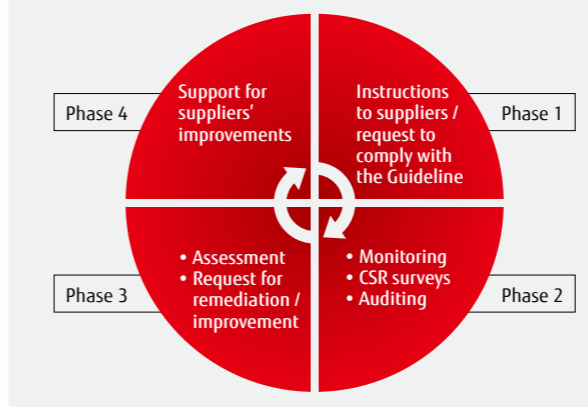
### Supply Chain Management Policy and CSR Procurement Activities

The Fujitsu Group formulated its CSR Procurement Guideline in 2005 and has requested its suppliers worldwide to comply with that guideline. In 2017, the Group joined the Responsible Business Alliance (RBA), a global CSR coalition, and adopted the RBA's Code of Conduct as the Fujitsu Group CSR Procurement Guideline in 2018. By respecting the RBA Code of Conduct, the entire Fujitsu Group is engaging in CSR procurement with its suppliers in its supply chain.

In our procurement divisions, the Global Supply Chain Unit coordinates with the relevant departments to promote CSR activities among key suppliers in the following ways.

- (1) Clarifying compliance items through our CSR Procurement Guideline
  - (2) Confirming that CSR activities are being fully implemented by suppliers through CSR procurement surveys and other measures
  - (3) Providing feedback on survey results to suppliers
- When it is determined that there is a need to check whether or not CSR activities are being fully implemented by a supplier, a CSR audit is conducted. The supplier is required to submit a remediation plan based on matters identified by the audit, and we work with the supplier to make the necessary improvements. With the goal of ensuring the appropriate implementation and firm entrenchment of CSR activities by suppliers, we continuously implement the promotion of our CSR procurement and improvement processes.

#### Processes for Promoting and Improving CSR Procurement



### CSR Procurement Initiatives

#### Addressing High-Risk Minerals

The policy of the Fujitsu Group is to exclude from its products, components, and supply chain any minerals that directly or indirectly benefit armed groups engaged in conflicts ("conflict minerals"), or minerals that are at high risk of being associated with forced labor or human rights violations.

Based on this policy, the Fujitsu Group requests suppliers to respond to a survey on high-risk minerals, with reference to the Organisation for Economic Co-operation and Development (OECD)'s Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. While there have been no confirmed reports yet of smelters having any involvement with armed

groups, we will continue in our efforts to increase transparency in our supply chain.

#### Promoting Green Procurement

The Fujitsu Group has set out its basic approach to the environmentally sound procurement of components, materials, and products in the Fujitsu Group Green Procurement Direction. The Group uses it as a guideline to promote green procurement activities with suppliers. We are also implementing an initiative to reduce CO<sub>2</sub> emissions in the supply chain and promoting integrated activities aimed at reducing environmental impacts throughout the entire supply chain.

# COMPLIANCE

## Compliance Promotion

In the Fujitsu Group, the Risk Management & Compliance Committee, which is under the direct control of the Board of Directors and headed by the president, is responsible for overseeing Groupwide compliance at the global level based on our Basic Policy for Establishing Internal Control.\*1 Together with the chief risk management & compliance officer (CRCO), who is appointed by the Committee and is tasked with carrying out its compliance-related policies and decisions, the Committee established the Global Compliance Program (GCP).

In cooperation with Regional Risk Management & Compliance Committees, which have been established as subcommittees in each region, the Committee strives to raise Groupwide awareness of the Fujitsu Way Code of Conduct and achieve compliance with the Code.

\*1 Basic Policy for Establishing Internal Control  
(Available only in Japanese)  
<https://pr.fujitsu.com/jp/ir/report/2018/n119.pdf> (Pages 3-7)

## The Fujitsu Way\*2 Code of Conduct

The Fujitsu Way includes a Code of Conduct that all Fujitsu Group employees should follow (as shown on the right).

Fujitsu has refined the Fujitsu Way Code of Conduct, developed Global Business Standards (GBS) in 20 different languages to serve as a guide for legally compliant behavior for all Fujitsu Group employees around the world, and applies these standards uniformly across the Fujitsu Group.

\*2 See the inside cover of this report for details on the Fujitsu Way.



The Fujitsu Way Code of Conduct



Global Business Standards

## The Global Compliance Program

Fujitsu has established the Global Compliance Program (GCP) to implement and disseminate the Fujitsu Way Code of Conduct and GBS, and is working to maintain and further improve the global legal compliance structure across the Fujitsu Group.

The GCP systematically organizes our various compliance-related activities into five pillars. While clarifying what items

Fujitsu needs to address on a continual basis, the GCP also promotes external understanding of Fujitsu's compliance structure and its compliance activities. Based on the GCP, we take factors such as the legal systems of each country and region and the guidelines of their government institutions into account, and implement various policies and initiatives in each country and region.



## Compliance Activities

<p>1. Policies &amp; Procedures</p>	<ul style="list-style-type: none"> <li>For Fujitsu and Group companies in Japan, we established the Compliance Policy under the guidance of the Risk Management &amp; Compliance Committee to ensure compliance and promote sustainable improvement in our corporate value. We established more specific and detailed regulations and guidelines following approval of the Compliance Policy in areas with significant impact on business: antitrust, anticorruption, and anti-social forces.</li> <li>For overseas Group companies, we issued General Compliance Guidelines, a policy corresponding to the Compliance Policy in Japan along with global guidelines on competition law, and other guidelines concerning the prevention of bribery. In addition, to ensure rigorous due diligence at our business partners, our main overseas Group companies have been using an online third-party due diligence process.</li> </ul>
<p>2. Top Commitment &amp; Resources</p>	<ul style="list-style-type: none"> <li>Fujitsu promoted top management's commitment to compliance through messages to employees and other communications. In this way, we are working to disseminate and implement the Code of Conduct and GBS throughout the Group. We have also assigned compliance representatives to each region and have formed a global network with each risk and compliance representative, in order to secure a structure for executing our GCP.</li> <li>The compliance representatives at Fujitsu and overseas Group companies meet at the Global Compliance Forum to share and discuss headquarters' policies concerning the execution of the GCP.</li> </ul>
<p>3. Training &amp; Communication</p>	<ul style="list-style-type: none"> <li>We conduct compliance training for newly appointed officers of Fujitsu and Group companies in Japan, and we provide in-house training for managers and e-learning courses for all employees including new employees.</li> <li>Overseas Group companies also provide e-learning for employees in 72 countries in 20 languages based on the laws, customs, and business conditions in each country. We also provide group training by region and department, e-learning for new employees, and training for employees who are assigned overseas.</li> <li>During Fujitsu Compliance Week, which is held every December, top managers send out messages to all Group employees to ensure further edification of our GCP.</li> </ul>
<p>4. Incident Reporting &amp; Response</p>	<ul style="list-style-type: none"> <li>Establishment of whistleblowing contact points: The Fujitsu Group operates the Compliance Line/Fujitsu Alert for both internal and external reports. The Compliance Line/Fujitsu Alert handles reports and provides consultations for all employees in the Fujitsu Group (including seconded, contracted, part-time or other short-term employees, temporary staff as well as retired employees). Group companies have established internal reporting systems individually.</li> <li>Compliance Line for suppliers: We are receiving reports from the suppliers of Fujitsu and domestic Group companies, to which we directly supply products, services, software, and other goods. Reports to Fujitsu Alert are accepted in 20 languages, at any time, on any day.</li> <li>Reporting to the Risk Management &amp; Compliance Committee: The status of reports and consultations, as well as key compliance issues, is reported regularly to the Risk Management &amp; Compliance Committee and the Board of Directors.</li> </ul>
<p>5. Monitoring &amp; Review</p>	<ul style="list-style-type: none"> <li>The efficacy of the GCP is periodically checked and work is being done to continually improve it through risk assessments and audits and reviews by law firms and other external specialists.</li> <li>Fujitsu conducts audits in order to confirm observance of the Antimonopoly Act, and improve and continue the audit program as a communication tool with relevant departments.</li> <li>For overseas, the Fujitsu headquarters' compliance team conducts risk assessments by visiting Group companies in countries and regions with a high risk of corruption. Through interviews with executives and employees, as well as checks on internal policies and processes, the compliance team analyzes the potential compliance risks in local business and provides proposals and support to mitigate these risks.</li> </ul>

For further details on the Fujitsu Group's compliance initiatives, please visit the following website:  
<https://www.fujitsu.com/global/about/csr/compliance/>

# INFORMATION SECURITY

## Ensuring Information Security

Bearing in mind that ICT constitutes a fundamental part of the Fujitsu Group's business, we maintain Groupwide information security, while proactively striving to secure and improve customers' information security with our products and services. In this way, we contribute to the Fujitsu Way, our corporate philosophy that articulates a desire for "a networked society that is rewarding and secure."

For further details on information security management, please refer to *Fujitsu Group Information Security Report 2019*: [https://www.fujitsu.com/global/images/gig5/security-2019\\_en.pdf](https://www.fujitsu.com/global/images/gig5/security-2019_en.pdf)

### Information Security Policy

The Fujitsu Group places ICT as its core business. Our corporate vision is to contribute to creating a safe and secure networked society. With this vision, we are working to ensure and further improve the level of information security throughout the Group.

In April 2016, we established the Fujitsu Group Information Security Policy\*1 in order to share this vision and encourage action by each employee. Based on this policy, we are implementing information security measures, along with establishing internal rules related to information management and ICT security at Group companies in Japan and overseas.

\*1 Complete text of the Fujitsu Group Information Security Policy (Global Security Policy): [https://www.fujitsu.com/global/images/gig5/InformationSecurityPolicy\\_en.pdf](https://www.fujitsu.com/global/images/gig5/InformationSecurityPolicy_en.pdf)

Keidanren, otherwise known as the Japan Business Federation, announced its Declaration of Cyber Security Management\*2 in March 2018. The Fujitsu Group supports Keidanren's declaration as being consistent with the principles set forth in the Fujitsu Declaration on Cybersecurity,\*3 released in November 2016.

\*2 Keidanren's Declaration of Cyber Security Management (Link to Keidanren website): <https://www.keidanren.or.jp/en/policy/2018/018.pdf>

\*3 The Fujitsu Declaration on Cybersecurity [https://www.fujitsu.com/global/documents/about/csr/security/Cybersecurity\\_declaration.pdf](https://www.fujitsu.com/global/documents/about/csr/security/Cybersecurity_declaration.pdf)

### Structure of Information Security Management

Given the recent increase in cyberattacks, the Fujitsu Group appointed a chief information security officer (CISO) under the authority of the Risk Management & Compliance Committee in order to further strengthen security measures within the Group. Moreover, in aiming to strengthen our global information security management, we have appointed regional CISOs around the world.



### Three Priority Measures for Information Security Based on the Concept of "Defense in Depth"

The cyberattacks in recent years are prime examples of targeted attacks. These attacks have an unprecedented level of sophistication, diversity, and complexity. It is no longer possible to achieve comprehensive protection by using conventional security measures.

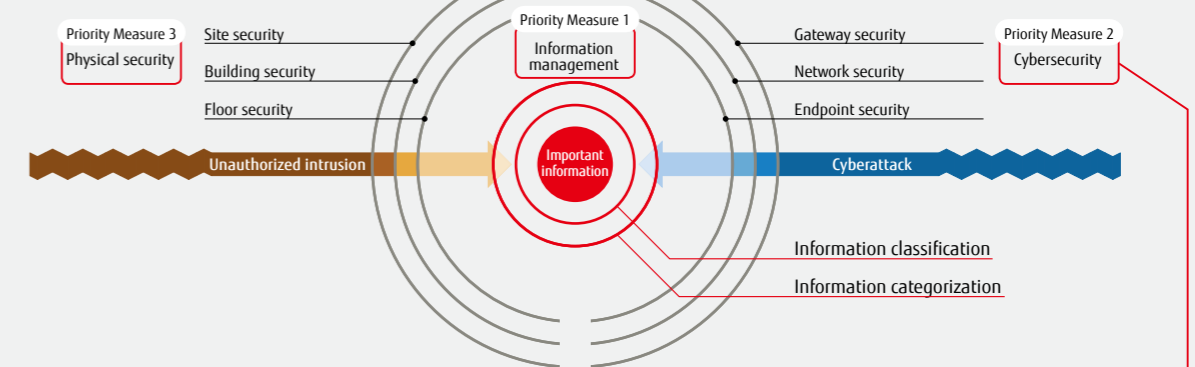
The basic concept of information security measures at the Fujitsu Group incorporates "defense in depth." This refers

to multilayer protection via multiple measures, instead of seeking protection through a single measure. Defense in depth has three objectives: 1) to prevent attacks by establishing a multilayered wall; 2) to discover attacks at an early stage by establishing a multilayer detection function; and 3) to minimize damage in the event of infiltration. Appropriate implementation of these defense measures makes it possible to prevent attacks and minimize damage.

The Fujitsu Group implements the following three priority internal information security measures: 1) information management for protecting information; 2) cybersecurity

that focuses on measures for protecting systems against cyberattacks; and 3) physical security that prevents unauthorized access to facilities such as offices and plants.

### "Defense in Depth" Conceptual Image



### Cybersecurity

The Fujitsu Group implements separate measures in multiple layers based on network characteristics to prepare for cyberattacks. We are working to protect against increasingly sophisticated, diverse, and complex cyberattacks by combining gateway security measures,

including firewalls and targeted attack measures; network security measures, such as unauthorized access detection; and endpoint security measures, including malware measures and security patch management.

### Protection of Personal Information

As part of our efforts to protect personal information, Fujitsu acquired the PrivacyMark\*\* from JIPDEC in August 2007. We are also working to continually enhance our personal information protection, including annual training and audits on personal information handling.

Domestic Group companies also acquire the PrivacyMark as needed and implement thorough personal information management. Privacy policies based on the laws and social demands of each country are posted on the websites of overseas Group companies.



\*4 The PrivacyMark is granted to business operators that appropriately handle personal information under personal information management systems that conform to JIS Q 15001:2017.

### Response to the GDPR\*5

Fujitsu has developed a global personal information protection scheme and is working to further strengthen the protection of personal data. Under the guidance of the CISO

organization and legal business units, we cooperate with overseas regions and others to develop various internal rules and guidelines related to the protection of individual rights in response to the GDPR. We have also made check sheets for our design and initial setting. Furthermore, we have updated the operation process in accordance with such internal rules and guidelines and have held employee training sessions.

In response to regulations on the transfer of personal data outside of the EU, we applied to the Dutch Data Protection Authority in December 2017 for our Binding Corporate Rules for Processors, which are common rules established across the Fujitsu Group related to the handling of personal data that customers have entrusted to the Group for processing.

On January 23, 2019, the European Commission and the Japanese government mutually recognized each other's data protection laws as providing an adequate level of protection. Based on this recognition, Fujitsu established internal rules related to the handling of personal information transferred between regions, and ensured awareness of these rules throughout the Group.

\*5 The GDPR (EU regulations requiring companies, organizations, and groups to protect personal data) was enacted on May 25, 2018. It includes regulations on transferring personal data out of the European Economic Area and the obligation to report personal data breach within 72 hours.



# RISK MANAGEMENT

## Our Approach to Risk Management

Through its global activities in the information technology sector, the Fujitsu Group continually seeks to increase its corporate value and contribute to all stakeholders. Management places a high priority on properly assessing and dealing with any risks that threaten the achievement of our objectives. These include preventing the occurrence of these risk events, minimizing the impact of any such events that do occur, and preventing recurrence. We have also built a risk management and compliance structure for the entire Group, and we are committed to its ongoing implementation and improvement.

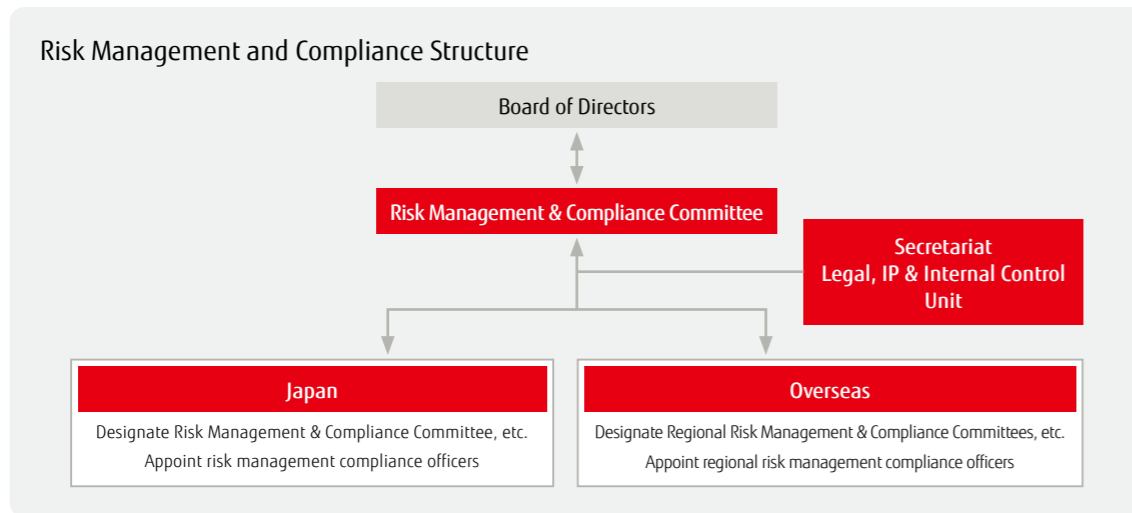
### Development of Our Risk Management and Compliance Structure

To prevent potential risks of business-related loss from developing into actual risks, and to respond appropriately to and prevent the recurrence of any risks, the Fujitsu Group has established the Risk Management & Compliance Committee. This committee acts as the highest-level

decision-making body on matters involving risk management and compliance.

The Committee also assigns risk management compliance officers to each of Fujitsu's divisions and Group companies in Japan and overseas. In April 2016, we established Regional Risk Management & Compliance Committees. These organizations collaborate to build a risk management and compliance structure for the entire Fujitsu Group, thereby guarding against potential risks and mitigating risks that have already materialized.

The Risk Management & Compliance Committee is responsible for monitoring the progress of risk management and compliance in all Fujitsu business divisions and Group companies in Japan and other countries. This committee is tasked with establishing the appropriate policies and processes, as well as implementing and continually improving them. In practical terms, it determines risk management regulations and guidelines, and then applies and reviews them on an ongoing basis.



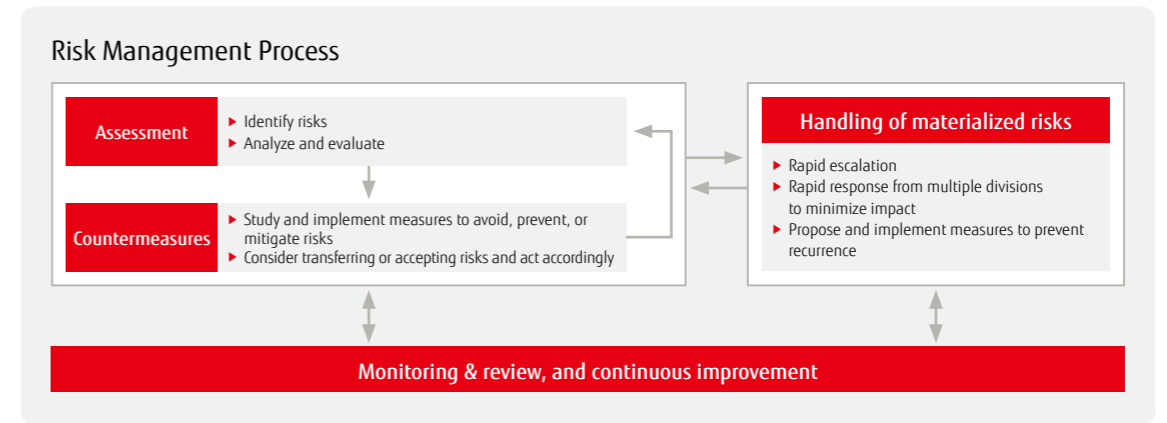
### Risk Management Process

The Risk Management & Compliance Committee, which maintains regular communication with risk management compliance officers, identifies, analyzes and assesses the risks associated with business activities. It also monitors the progress of measures designed to avoid, mitigate, transfer or accept major risks, and then formulates new measures or reviews existing measures. The Committee reports regularly to the Board of Directors regarding major risks that have been identified, analyzed and assessed.

The Committee also prepares processes for dealing with risks that have eventuated despite implementation of the various preventive measures. If a critical risk, such as a natural disaster, or a product flaw or defect, a system or service

problem, a compliance violation, an information security breach, or an environmental problem arises, the department or Group company concerned reports the problem to the Risk Management & Compliance Committee immediately.

The Committee then coordinates with the related departments and work sites to quickly resolve the problem by taking the appropriate steps, including establishing a task force. At the same time, the Committee works to identify the causes of the problem and proposes and implements measures to prevent any recurrence. For critical risks, the Risk Management & Compliance Committee also reports as needed to the Board of Directors. The Committee monitors the progress of implementation of these processes on an ongoing basis and devises improvements.



**Business Risks and Other Risks of the Fujitsu Group**  
The Fujitsu Group identifies, analyzes and assesses the risks associated with business activities and works on measures

to avoid or mitigate their impact, and also to promptly deal with any issues that do occur.

Principal Risks	
1. Economic and Financial Market Trends	<ul style="list-style-type: none"> <li>• Risk associated with changes in the economic trends of mainstay markets</li> <li>• Risk associated with fluctuations in exchange rates and interest rates and changes in trends in capital markets</li> </ul>
2. Customers	<ul style="list-style-type: none"> <li>• Risk associated with changes in ICT investment trends among customers</li> <li>• Risk associated with the inability to continue trust-based, transactional, or contractual relationships with customers</li> </ul>
3. Competitors and the Industry	<ul style="list-style-type: none"> <li>• Risk associated with loss of competitiveness due to changes in market or competitive conditions</li> <li>• Risk associated with a decrease in competitive advantages with respect to R&amp;D</li> </ul>
4. Investment Decisions and Business Restructuring	<ul style="list-style-type: none"> <li>• Risk that investments in R&amp;D or necessary measures in such areas as capital expenditure, business acquisitions and sales, and business restructuring are unable to generate adequate returns</li> </ul>
5. Suppliers, Alliances, etc.	<ul style="list-style-type: none"> <li>• Risk associated with tight component supply due to natural disasters or other unpredictable events</li> <li>• Risk associated with impediments resulting from the procurement of inferior quality products</li> <li>• Risk associated with the inability to continue cooperative relationships with respect to partnerships, alliances, or licensing and risk associated with the inability to gain from such cooperation</li> </ul>
6. Public Regulations, Public Policy, and Tax Matters	<ul style="list-style-type: none"> <li>• Risk associated with increased adaptive costs and business opportunity losses arising from the strengthening of, or changes in, statutory regulations or government policies in countries where the Group has businesses</li> </ul>
7. Natural Disasters and Unforeseen Incidents	<ul style="list-style-type: none"> <li>• Risk associated with the inability to continue businesses due to natural disasters or accidents, including earthquakes, typhoons, and water damage, or the spread of infectious diseases (including the increased frequency or effect of the above-mentioned due to climate change)</li> <li>• Risk associated with the effect on businesses of conflicts, terrorism, demonstrations, strikes, or political instability in the countries or regions where the Group has business</li> </ul>
8. Finance	<ul style="list-style-type: none"> <li>• Risk associated with a lowering of the credit rating of the Fujitsu Group as a result of its failure to reach earnings targets or deterioration in its financial position</li> <li>• Risk related to credit administration</li> </ul>
9. Deficiencies or Flaws in Products and Services	<ul style="list-style-type: none"> <li>• Risk associated with defective products and services</li> <li>• Risk associated with delivery delays or unprofitable projects</li> </ul>
10. Compliance Issues	<ul style="list-style-type: none"> <li>• Risk associated with the infringement of related laws and regulations in Japan and overseas</li> </ul>
11. Intellectual Property	<ul style="list-style-type: none"> <li>• Risk associated with the manufacture and sale of similar products developed by third parties using the Group's own intellectual property</li> <li>• Risk of infringing on other companies' intellectual property and of the need to pay for usage rights and other charges</li> </ul>
12. Security	<ul style="list-style-type: none"> <li>• Risk of leakage of the personal and confidential information of customers, business partners, and the Fujitsu Group itself</li> <li>• Risk of in-house networks being impacted by computer viruses or unauthorized access, including cyberattacks, thereby impeding operations and leaking information</li> <li>• Risk of business interruption or data breaches caused by physical damage to the Group's facilities</li> </ul>
13. Human Resources	<ul style="list-style-type: none"> <li>• Risk associated with the inability to employ or develop required personnel, such as managers and engineers, and risk associated with the inability to prevent a loss of personnel</li> </ul>
14. Fujitsu Group Facilities and Systems	<ul style="list-style-type: none"> <li>• Risk of the operations of Fujitsu Group facilities, including production lines or systems, needing to be discontinued in the event of natural disasters, unexpected incidents, faulty construction quality, or the occurrence of operational errors, with adverse impact on the Group's business</li> </ul>
15. Environment	<ul style="list-style-type: none"> <li>• Risk of environmental pollution accompanying business activities occurring or being identified</li> <li>• Risk of increased frequency and severity of natural disasters caused by climate change having a negative impact on the Group's business</li> <li>• Risk of the Group incurring increased costs for providing products and services and in other areas in order to comply with policies to reduce greenhouse gas emissions</li> </ul>

## PERFORMANCE HIGHLIGHTS

Fujitsu Limited and Consolidated Subsidiaries

The Fujitsu Group adopted International Financial Reporting Standards (IFRS) in fiscal 2014. Figures for fiscal 2013 are presented based on both Japanese GAAP and IFRS.

On November 1, 2017, the Company sold some of its shares in Fujitsu TEN Limited to DENSO CORPORATION. Consequently, Fujitsu TEN became classified as a discontinued business and net sales (revenue) and operating profit were reclassified in the fiscal year ended March 31, 2017.

Fiscal years ended March 31	Millions of yen										Year-on-year change (%)	
	2010	2011	2012	2013	2014	2014 (IFRS)	2015 (IFRS)	2016 (IFRS)	2017 (IFRS)	2018 (IFRS)	2019 (IFRS)	2019 (IFRS) / 2018 (IFRS)
<b>FINANCIAL DATA</b>												
Net sales (revenue)	¥4,679,519	¥4,528,405	¥4,467,574	¥4,381,728	¥4,762,445	¥4,762,445	¥4,753,210	¥4,739,294	¥4,132,972	¥4,098,379	¥3,952,437	-3.6
Net sales (revenue) outside Japan	1,748,304	1,587,363	1,506,096	1,498,215	1,801,491	1,801,491	1,879,981	1,894,216	1,461,294	1,506,864	1,435,405	-4.7
Percentage of sales outside Japan (%)	37.4	35.1	33.7	34.2	37.8	37.8	39.6	40.0	35.4	36.8	36.3	
Operating profit	94,373	132,594	105,304	88,272	142,567	147,275	178,628	120,612	117,455	182,489	130,227	-28.6
Operating profit margin (%)	2.0	2.9	2.4	2.0	3.0	3.1	3.8	2.5	2.8	4.5	3.3	
Net profit (loss) (profit (loss) attributable to owners of the parent)	93,085	55,092	42,707	(79,919)	48,610	113,215	140,024	86,763	88,489	169,340	104,562	-38.3
Cash flows from operating activities	¥ 295,389	¥ 255,534	¥ 240,010	¥ 71,010	¥ 175,532	¥ 176,502	¥ 280,149	¥ 253,092	¥ 250,331	¥ 200,415	¥ 99,416	-50.4
Cash flows from investing activities	1,020	(142,108)	(190,830)	(161,481)	(128,873)	(128,938)	(200,516)	(164,317)	(145,479)	(22,578)	4,142	-
Free cash flow	296,409	113,426	49,180	(90,471)	46,659	47,564	79,633	88,775	104,852	177,837	103,558	-41.8
Cash flows from financing activities	(405,310)	(166,933)	(138,966)	100,384	(44,794)	(46,217)	(17,327)	(67,741)	(98,896)	(112,496)	(136,622)	-
Inventories	¥ 322,301	¥ 341,438	¥ 334,116	¥ 323,092	¥ 330,202	¥ 330,202	¥ 313,882	¥ 298,849	¥ 293,163	¥ 241,603	¥ 226,045	-6.4
Monthly inventory turnover rate (times)	1.04	1.02	1.01	1.00	1.07	1.07	1.11	1.12	1.15	1.21	1.22	
Total assets	3,228,051	3,024,097	2,945,507	2,920,326	3,079,534	3,105,937	3,271,121	3,226,303	3,191,498	3,121,522	3,104,842	-0.5
Owners' equity (equity attributable to owners of the parent)	798,662	821,244	841,039	624,045	573,211	566,515	790,089	782,782	881,292	1,087,797	1,132,055	4.1
Return on equity (%)	12.0	6.8	5.1	(11.8)	8.1	23.2	20.6	11.0	10.6	17.2	9.4	
Owners' equity ratio (equity attributable to owners of the parent ratio) (%)	24.7	27.2	28.6	21.4	18.6	18.2	24.2	24.3	27.6	34.8	36.5	
Return on assets (%)	2.9	1.8	1.4	(2.7)	1.6	3.7	4.4	2.7	2.8	5.4	3.4	
Interest-bearing loans	577,443	470,823	381,148	534,967	519,640	560,243	578,492	534,913	486,728	402,294	316,211	-21.4
D/E ratio (times)	0.72	0.57	0.45	0.86	0.91	0.99	0.73	0.68	0.55	0.37	0.28	
Net D/E ratio (times)	0.20	0.14	0.14	0.40	0.38	0.46	0.27	0.20	0.12	-0.05	-0.09	
R&D expenses	224,951	236,210	238,360	231,052	221,389	222,516	202,722	179,895	170,030	158,665	134,941	-15.0
Capital expenditure	126,481	130,218	140,626	121,766	122,282	122,863	140,697	156,049	120,676	94,037	83,540	-11.2
Depreciation	164,844	141,698	131,577	116,565	115,180	115,929	121,207	119,800	115,010	107,032	96,921	-9.4
<b>Amounts per share of common stock (yen)</b>												
Net profit (loss) (profit (loss) attributable to owners of the parent)	¥ 45.21	¥ 26.62	¥ 20.64	¥ (38.62)	¥ 23.49	¥ 54.71	¥ 67.68	¥ 41.94	¥ 42.83	¥ 825.32	¥ 512.50	-38.0
Dividends	8	10	10	5	4	4	8	8	9	110	150	36.4
Owners' equity (equity attributable to owners of the parent)	386.79	396.81	406.42	301.57	277.03	273.79	381.88	378.37	429.80	5,283.85	5,585.35	5.7
<b>NON-FINANCIAL DATA (ESG INDICATORS)</b>												
<b>Environmental</b>												
Trends in total greenhouse gas emissions (whole Group globally) (thousand tons)	1,313	1,185	1,098	1,014	1,324	1,324	1,263	1,234	1,199	1,104	923	-16.4
<b>Social</b>												
Number of employees	172,438	172,336	173,155	168,733	162,393	162,393	158,846	156,515	155,069	140,365	132,138	
Outside Japan	65,598	65,705	66,258	64,497	61,357	61,357	59,491	57,610	56,622	47,889	46,791	
Percentage of female managers (non-consolidated) (%)	3.1	3.5	3.7	4.0	4.3	4.3	4.6	4.8	5.2	5.7	6.1	
<b>Governance</b>												
Percentage of independent directors (non-consolidated) (%)	30.0	30.0	36.4	33.3	27.3	27.3	36.4	40.0	40.0	40.0	40.0	

Note: On October 1, 2018, Fujitsu consolidated every 10 shares of stock into one share. Dividends per share for 2018 reflect this share consolidation.

**Point 1** Net D/E ratio

Interest-bearing loans have been declining in recent years while cash and cash equivalents have gradually increased since the fiscal year ended March 31, 2012 due to business sales and the strong performance of services businesses. As a result, the balance sheet has improved, and we moved to a positive net cash position in the fiscal year ended March 31, 2018. In the fiscal year ended March 31, 2019, we further strengthened our net cash position.

**Point 2** R&D expenses

R&D expenses in the Ubiquitous Solutions and Device Solutions segments have decreased since the fiscal year ended March 31, 2016 due to the sale of non-core businesses. Of the total of ¥134.9 billion in R&D expenses in the fiscal year ended March 31, 2019, expenses related to the Ubiquitous Solutions business accounted for ¥3.3 billion and those associated with the Device Solutions business totaled ¥14.8 billion, while most were related to the Technology Solutions business and to Other/Elimination and Corporate.

**Point 3** Capital expenditure

As a result of the sale of non-core businesses, capital expenditures in the Ubiquitous Solutions and Device Solutions segments have decreased in recent years. In the fiscal year ended March 31, 2019, the Group's total capital expenditure was ¥83.5 billion, of which ¥49.3 billion was invested in the Technology Solutions business, mainly for facilities related to datacenters in and outside Japan.

**Point 4** Number of employees

Due to business selection and concentration, the number of employees has decreased both in and outside Japan, to reach a total of 132,138 at the end of the fiscal year ended March 31, 2019. In the fiscal year ended March 31, 2019, the number of employees in Japan decreased, mainly owing to the deconsolidation of the PC business in May 2018 and headcount reductions chiefly through a voluntary retirement program as part of a shifting of resources at the end of the fiscal year. Overseas, the number of employees decreased due to such factors as the deconsolidation of Fujitsu Component.

# HIGHLIGHTS BY SEGMENT

Fujitsu Limited and Consolidated Subsidiaries

	Technology Solutions			Ubiquitous Solutions	Device Solutions																																																																																											
	Services	System Platforms																																																																																														
<b>Market Environment</b>	<p>In the IT services market, system investment related to digital transformation is expected to gather momentum in Japan in such areas as IoT-related investment in the manufacturing industry and consumption tax-related measures in the distribution sector, system upgrades centered on cloud services in the public sector, law revisions, and the "My Number" Social Security and Tax Number System, which is seeing increasing use. In addition, investment in digital transformation is expected to expand across industries.</p> <p>Overseas, ongoing growth in investment is expected particularly in emerging markets.</p>	<p>In the server market, the size of the market itself has been shrinking in Japan due to the spread of cloud-based services, but some level of growth is expected, supported by upgrading demand in anticipation of the end of extended support for Windows Server 2008 scheduled for January 2020. Overseas, expansion is expected on growth in emerging markets and increased demand for datacenters. In the network market, the investment policies of telecommunications carriers in and outside Japan have shifted from strengthening infrastructure to reinforcing service businesses, which has coincided with the decline in facility-related investment. Meanwhile, 5G-related activity has been picking up. We anticipate that future capital investment will be allocated mainly to base stations and core networks.</p>		<p>The growth trend has continued in the market for PCs for corporate customers supported by projects to replace PCs equipped with Windows 7 with those installed with Windows 10 before the end of extended support for Windows 7, scheduled for January 2020. We expect the market to remain firm.</p>	<p>The semiconductor market saw double-digit year-on-year growth in the first half of the fiscal year ended March 31, 2019. However, the picture changed completely in the second half, with the market contracting from December. This was due to a sharp decline in the memory market stemming from falling prices as well as to the impact on non-memory products resulting from weak demand for end products such as smartphones and servers.</p>																																																																																											
<b>Fiscal 2018 Highlights</b>	<p><b>Revenue</b> Solution/SI has been seeing improved performance for business deals related to production management and IoT in the manufacturing sector centering on the auto industry. In the distribution sector, demand for system upgrading has been brisk across a wide range of fields including food wholesale, real estate, construction, and retail. In the public arena, there have been growing numbers of large-scale business deals and projects to conform to legal revisions. As a result of these developments, revenue increased significantly to a record high.</p> <p>With infrastructure services, revenue expanded in Japan due to the spread of network services and growth in the number of product-related projects in some areas. However, overall revenue declined owing to a drop in sales following the conclusion of projects for large customers through to the previous fiscal year.</p> <p><b>Operating profit</b> On an actual business basis, profit increased markedly in Japan, but overall profit growth was held down by a decline in profit on an actual business basis overseas and owing to the recognition of business model transformation costs.</p>	<p><b>Revenue</b> In the system products business, sales rose sharply underpinned by growth in large-scale deals in Japan and expanded sales of IA servers overseas. In the network products business, revenue declined steeply owing to communications carriers in and outside Japan continuing to hold down investment in mobile phone base stations prior to the transition to 5G, and also to a decline in demand from telecommunications carriers in North America.</p> <p><b>Operating profit</b> On an actual business basis, profit increased mainly in the system products business, but overall operating profit declined significantly year on year due to business model transformation costs of ¥24.8 billion related to restructuring efforts in Europe.</p>		<p><b>Revenue</b> Sales of PCs for corporate customers in Japan increased, underpinned by demand for upgrading PCs in anticipation of the end of Windows 7 support. However, overall sales decreased owing to the impact of a supply shortage of certain parts, and the sale of the consumer PC business to Lenovo. As for mobile phones, sales fell sharply due to the sale of the business in the fiscal year ended March 31, 2018.</p> <p><b>Operating profit</b> Operating profit in both the PC and mobile phone businesses declined significantly as a result of business sales and business model transformation costs, particularly in Europe.</p>	<p><b>Revenue</b> Revenue declined sharply year on year due to sluggish demand for smartphone applications and the impact of deconsolidation as part of structural reforms at Aizu Fujitsu Semiconductor Manufacturing (AFSM), an 8-inch wafer fab in the Aizu-Wakamatsu area, in April 2018, and at sales company Fujitsu Electronics Inc. (FEI), in January 2019.</p> <p><b>Operating profit</b> Operating profit declined year on year due to the decline in sales of smartphone applications and the impact of the FEI deconsolidation noted above.</p>																																																																																											
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Note: On November 1, 2017, Fujitsu transferred a portion of the Company's shareholding in Fujitsu TEN Limited to DENSO CORPORATION. As a result, Fujitsu TEN became classified as a discontinued business. It has therefore been excluded from the revenue and operating profit of the Ubiquitous Solutions business in the fiscal years ended March 31, 2017 and March 31, 2018.

# HIGHLIGHTS BY REGION

Fujitsu Limited and Consolidated Subsidiaries

	Japan	Asia		Europe	Americas	Oceania																																																												
<b>Market Environment</b>	<p>In 2018, Japan's IT services market grew 2.3% year on year. From 2016, growth was stalled at the 1% level as major projects came to an end, but in 2018 it accelerated to the 2% level as the market expanded particularly in the system integration field. Between 2019 and 2023, we expect the market to keep growing, albeit at a low level; we estimate a CAGR of 1.9%. We anticipate a gradual increase in IT spending related to digital transformation (DX). We expect the modernization of companies' core systems to promote DX as well as the linking up of existing systems and new systems to become new growth fields.</p> <p>By industry, we expect to see sustained demand in the manufacturing sector for upgrading core systems in such areas as production management and supply chain management. With retail, we expect demand to be driven by building systems to improve logistics efficiency and strengthen customer contact points and sales channels. We also anticipate support for growth from demand for system integration accompanying M&amp;As and for the construction of systems to raise productivity and automate operations to deal with labor shortages. In the financial field, we see concerns over market contraction accompanying the integration of branches, efficiency improvements, and the integration of regional banks, but we anticipate ongoing investment in creating new services in such areas as AI and FinTech. In the communications field, we expect major carriers to continue to rein in capital spending, but investment related to 5G started in 2019 and we expect it to gradually expand. In the national and local government sector, we expect to see ongoing IT demand in such areas as system upgrading, functional enhancements, and new administrative compliance efforts. However, public bodies are tending to curb spending on the operation and upgrading of existing systems, and we do not expect any rapid progress with initiatives related to DX. Overall, heading toward 2020, against the backdrop of projected growth in the number of overseas visitors to Japan, we expect growth in IT investment aimed at reinforcing related IT infrastructure and strengthening customer contact points.</p>	<p>In 2018, Asia's IT market expanded 5.3% year on year, sustaining the previous year's strong growth. From 2018 to 2021, we estimate a CAGR of 5.7%, with high growth supported by both such hardware markets as PCs, servers, and storage, and rapid expansion in IT service and software markets.</p>		<p>In 2018, Europe's IT market grew a substantial 5.3% year on year. From 2018 to 2021, we estimate a solid CAGR of 3.7%. Hardware markets, including PCs, servers, and storage, are contracting, but we anticipate growth driven by software and IT services. We expect consulting to account for a high proportion of IT services.</p>	<p>In 2018, the IT market in the Americas grew a substantial 8.7% year on year. We expect the market to expand steadily; between 2018 and 2021, we estimate a CAGR of 5.0%. As digitalization advances, we anticipate a continued high level of investment in security and cloud services going forward. In 2018, the North America optical transmission market decreased 3.6%* overall year on year due to the strong reining in of capital expenditures by telecommunications carriers, despite the steady growth of Data Center Interconnect (DCI). From 2019, we expect a CAGR of 2.9%* with DCI, cable operator Fiber Deep, and 5G infrastructure investment driving growth.</p> <p>* Source: Ovum ON Forecast 2019-24</p>	<p>In 2018, Oceania's IT market expanded 7.0% year on year. We expect the market to continue to grow solidly; between 2018 and 2021, we estimate a CAGR of 4.1%. We expect growth in software and IT services markets but contraction in hardware markets, including PCs and servers.</p>																																																												
<b>Priority Tasks</b>	<p>We see two key issues for our business in the Japanese market to further enhance profitability: strengthening our ability to meet demands associated with DX and improving efficiency.</p> <p>DX is becoming important as conventional ICT evolves into new forms as the way customers use ICT changes. Realizing DX requires not only new technology but also the ability to propose new systems that utilize that technology. Accordingly, an urgent priority is to acquire and train personnel with the requisite consulting effectiveness. In addition, to migrate existing systems to new ones, we must actively promote a system upgrading process known as "modernization."</p> <p>We also need to improve profitability. Until now, we have been working to enhance efficiency at the system integration front lines, but to further improve we are expanding the on-site deployment of AI-based "efficiency tools." Through the use of these tools, we can both enhance quality and more efficiently utilize system engineer resources that are very stretched. Another way to address resource issues is to make greater use of offshore resources. We have long been utilizing offshore resources, but going forward, we intend to expand their use not only to alleviate resource shortages but also to further improve cost efficiency and improve profitability.</p> <p>In addition, we will reinforce project management. Through thoroughly scrutinizing the necessary technologies and resources from business deal talks, we will prevent projects becoming unprofitable when they reach the realization stage. We will continually reinforce efforts here, aware that fewer unprofitable projects will greatly contribute to improving profitability.</p> <p>Through these initiatives, we will further improve the profitability of our services business in Japan.</p>	<p>The current Asian market is characterized by the exceptionally rapid uptake of advanced technologies and new business models. Our challenge is to meet its diverse and fast-changing needs. In the Asia region, we will provide solutions, services, and products to customers by addressing the needs of each country's market by enhancing our services, including DX responsiveness and consulting capabilities. We will use technology and data to realize DX among our customers, establish the Fujitsu brand as a company that solves issues facing society and customers in Asia, and aim for further business expansion.</p>		<p>In Europe, we will continue to pursue structural reforms to shift to services businesses and improve profitability. We are currently consolidating our European bases, which will enable us to conduct selection and focus with management resources, reduce fixed costs for indirect divisions, and shift to a more profitable business model. We have reorganized our European business into two regions, Northern &amp; Western Europe (NWE), and Central &amp; Eastern Europe (CEE), and are looking to promote the agile expansion of our businesses in each.</p> <p>In NWE, we have integrated the region's delivery group with the Global Delivery Group (GDG) of offshore development bases. By cooperating with offshore development bases, we aim to provide high-quality, cost-competitive, end-to-end integrated services to customers.</p> <p>In CEE, we are moving toward closing the Augsburg plant in Germany in September 2020. We are shifting our product business toward providing higher value-added products. In the services businesses, we will increase human resources in the IT consulting field to solve issues facing customers, strengthen service offerings by industry, shift to solution-type services, and expand our services businesses in continental Europe.</p>	<p>In the Americas, we are developing a wide range of offerings in addition to system products, including IT peripherals, terminals for industry, and IT services businesses. We do, however, recognize that management resources are dispersed and efficiency is compromised in some areas. We are focusing on fields where we can offer added value and promoting the transformation to a business model that can provide solutions to issues facing customers. We will enhance industry-specific services and solutions and provide high-value-added services to our customers. In North America, we will pursue management efficiency by promoting shared functions between the services business and the network products business. In the North American network business, we will focus on investments in developing operations in growth markets, use other companies' products to complement our portfolio, and work to actualize customer demand and turn sales around.</p>	<p>In April 2019, we revised our operation model and adopted a new organizational structure. The aim here was to promptly resolve issues facing customers and to provide them with higher value-added services. We have established a system in which engineers capable of proposing solutions to problems are located near customers, and we intend to respond flexibly as we build out the solutions business horizontally. We will also augment digital business while expanding consulting services and application services.</p>																																																												
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<b>Operating Profit (Loss) / Operating Profit (Loss) Margin</b> (Years ended March 31)	<p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss)</th><th>Operating Profit (Loss) Margin</th></tr> <tr><td>2017</td><td>221.4</td><td>7.1</td></tr> <tr><td>2018</td><td>182.5</td><td>6.1</td></tr> <tr><td>2019</td><td>210.3</td><td>7.1</td></tr> </table> <p>Legend: Operating profit (left), Operating profit margin (right)</p>	Year	Operating Profit (Loss)	Operating Profit (Loss) Margin	2017	221.4	7.1	2018	182.5	6.1	2019	210.3	7.1	<p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss)</th><th>Operating Profit (Loss) Margin</th></tr> <tr><td>2017</td><td>-0.1</td><td>-0.2</td></tr> <tr><td>2018</td><td>4.8</td><td>1.7</td></tr> <tr><td>2019</td><td>3.9</td><td>1.5</td></tr> </table> <p>Legend: Operating profit (loss) (left), Operating profit (loss) margin (right)</p>	Year	Operating Profit (Loss)	Operating Profit (Loss) Margin	2017	-0.1	-0.2	2018	4.8	1.7	2019	3.9	1.5		<p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss)</th><th>Operating Profit (Loss) Margin</th></tr> <tr><td>2017</td><td>-12.6</td><td>-1.7</td></tr> <tr><td>2018</td><td>1.1</td><td>9.0</td></tr> <tr><td>2019</td><td>-43.9</td><td>-5.5</td></tr> </table> <p>Note: Recorded business model transformation expenses in 2019</p> <p>Legend: Operating profit (loss) (left), Operating profit (loss) margin (right)</p>	Year	Operating Profit (Loss)	Operating Profit (Loss) Margin	2017	-12.6	-1.7	2018	1.1	9.0	2019	-43.9	-5.5	<p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss)</th><th>Operating Profit (Loss) Margin</th></tr> <tr><td>2017</td><td>2.1</td><td>0.8</td></tr> <tr><td>2018</td><td>6.5</td><td>2.3</td></tr> <tr><td>2019</td><td>-4.8</td><td>-2.0</td></tr> </table> <p>Legend: Operating profit (loss) (left), Operating profit (loss) margin (right)</p>	Year	Operating Profit (Loss)	Operating Profit (Loss) Margin	2017	2.1	0.8	2018	6.5	2.3	2019	-4.8	-2.0	<p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss)</th><th>Operating Profit (Loss) Margin</th></tr> <tr><td>2017</td><td>3.8</td><td>3.4</td></tr> <tr><td>2018</td><td>4.1</td><td>4.0</td></tr> <tr><td>2019</td><td>2.8</td><td>3.3</td></tr> </table> <p>Legend: Operating profit (left), Operating profit margin (right)</p>	Year	Operating Profit (Loss)	Operating Profit (Loss) Margin	2017	3.8	3.4	2018	4.1	4.0	2019	2.8	3.3
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Note: IDC Japan is a source of IT market information.

## SHAREHOLDER DATA

(As of March 31, 2019)

**Capital:** ¥324,625 million  
**Authorized Common Stock:** 500,000,000 shares  
**Issued Common Stock:** 207,001,821 shares  
**Number of Shareholders:** 134,539

### Equity Shareholdings by Type of Shareholder:



### Status of Principal Shareholders:

Principal Shareholders	Number of Shares Held (Thousands)	Percentage of Shares Held (%)
Ichigo Trust Pte. Ltd.	12,951	6.39
The Master Trust Bank of Japan, Ltd. (for trust)	12,067	5.95
Japan Trustee Services Bank, Ltd. (for trust)	10,869	5.36
SSBTC CLIENT OMNIBUS ACCOUNT	6,307	3.11
Fuji Electric Co., Ltd.	5,949	2.94
Fujitsu Employee Shareholding Association	5,467	2.70
JP MORGAN CHASE BANK 385151	3,921	1.93
Japan Trustee Services Bank, Ltd. (for trust 5)	3,785	1.87
Asahi Mutual Life Insurance Company	3,518	1.74
STATE STREET BANK WEST CLIENT – TREATY 505234	3,400	1.68

#### Notes:

- The investment ratio is calculated after exclusion of treasury stock holdings (4,317 thousand shares).
- The shares held by The Master Trust Bank of Japan, Ltd. (for trust), Japan Trustee Services Bank, Ltd. (for trust), and Japan Trustee Services Bank, Ltd. (for trust 5) pertain to the trust business by the institution.

**Corporate Headquarters:** Shiodome City Center,  
1-5-2 Higashi-Shimbashi,  
Minato-ku, Tokyo 105-7123, Japan

**Telephone:** +81-3-6252-2220

**Transfer Agent:** Mitsubishi UFJ Trust and  
Banking Corporation  
4-5, Marunouchi 1-chome,  
Chiyoda-ku, Tokyo 100-8212, Japan

**Stock Exchange Listings:** Tokyo, Nagoya

**Accounting Auditors:** Ernst & Young ShinNihon LLC

**Shareholder Information:** For further information, please contact:  
Fujitsu Limited  
Public & Investor Relations  
Telephone: +81-3-6252-2173  
Facsimile: +81-3-6252-2783

For inquiries, please visit our "Contact" page on our investor relations website.

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

### On the Publication of *Fujitsu Group Integrated Report 2019* (Editorial Policy)

This report is for our various stakeholders, including shareholders and other investors, and provides information on non-financial aspects, such as the environment, society, and governance, together with financial information. Through this publication, we aim to communicate the Fujitsu Group's initiatives for business activities and value creation comprehensively and simply.

In our first report since the appointment of our new president in June 2019, we have provided an easy-to-understand explanation of our new Management Direction and tried to describe the president's thinking underpinning our Management Direction.

In editing the report, we have referred to various guidelines, such as the International Integrated Reporting Framework of the International Integrated Reporting Council.

From the fiscal year ended March 31, 2015, Fujitsu has adopted the International Financial Reporting Standards (IFRS). However, some sections have presented results under the Japanese accounting standard for the purpose of year-on-year comparison. These sections are indicated in the report.

All brand names and product names are trademarks and registered trademarks of their respective holders.

## FUJITSU GROUP'S INFORMATION DISCLOSURE



### Corporate Website

Our corporate website presents information on the Fujitsu Group's products, corporate activities, press releases, and messages from the president.

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



### Investor Relations Website

Our investor relations website presents information on financial results, materials and videos from various briefings, and corporate governance information. PDF versions of this *Fujitsu Group Integrated Report* are also available for viewing.

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



### Sustainability Website

We have established a sustainability website that provides detailed information on the non-financial areas contained in the *Fujitsu Group Integrated Report*. The website publishes information on our approach to non-financial activities centered on global responsible business, as well as on promotional frameworks, examples of initiatives, data, and other areas. In our efforts to update information promptly, we primarily publish information via the website.

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

# FUJITSU LIMITED

Shiodome City Center, 1-5-2 Higashi-Shimbashi,

Minato-ku, Tokyo 105-7123, Japan

Telephone: +81-3-6252-2220

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

## Legibility

We have reviewed this report using our ColorSelector tool to choose a highly accessible color combination so that the text and figures are as legible as possible to the widest range of readers.

## Consideration for the Environment

- This report has been printed using waterless printing, which reduces the amount of harmful materials used and emitted.
- FSC® Certified Paper as designated by the Forest Stewardship Council® has been used in printing in order to help preserve forestry resources.
- Vegetable oil inks that do not include volatile organic compounds have been used.

