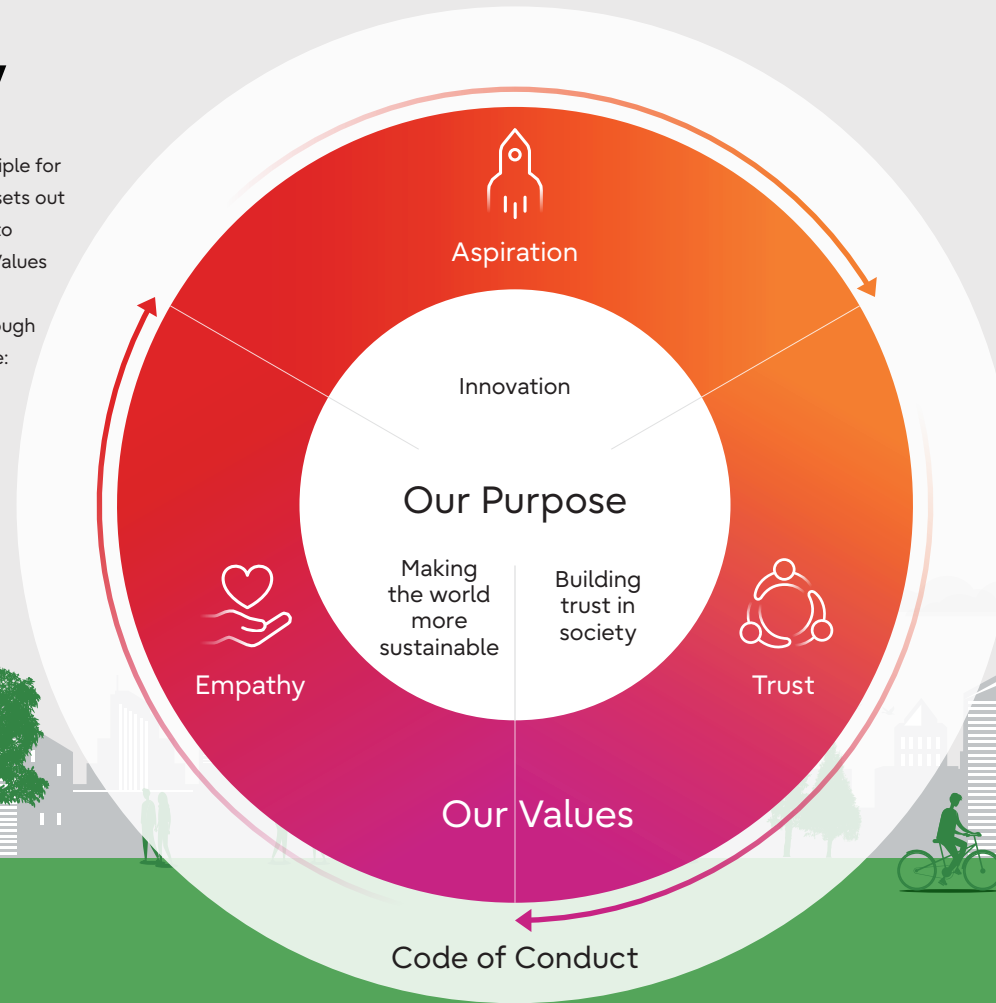




Fujitsu Group Integrated Report 2021

The Fujitsu Way

In July 2020, Fujitsu reformulated the “Fujitsu Way,” the principle for the behavior of its people centered on Our Purpose, which sets out why Fujitsu exists in society. All Fujitsu employees will seek to create value by working every day in accordance with Our Values and Our Code of Conduct. In line with the new Fujitsu Way, all people in the Group will strive to achieve Our Values through the cycle of three actions necessary to achieve Our Purpose: Aspiration, Trust, and Empathy.



Our Purpose

Our Purpose is to make the world more sustainable by building trust in society through innovation.

Our Values

- | | | |
|--|---|---|
| <p>Aspiration</p> <ul style="list-style-type: none"> • Set ambitious targets and act with agility. • Embrace diversity and create original ideas. • Stay curious and learn from failures and experiences. • Deliver positive impact through human centric innovation. | <p>Trust</p> <ul style="list-style-type: none"> • Honor promises and exceed expectations. • Act with ethics, transparency and integrity. • Work autonomously and unite for common goals. • Contribute to a trusted society using technology. | <p>Empathy</p> <ul style="list-style-type: none"> • Strive for customers' success and their sustainable growth. • Listen to all people and act for the needs of our planet. • Work together to solve global challenges. • Generate shared value for our people, customers, partners, community and shareholders. |
|--|---|---|

Code of Conduct

- | | | | | | |
|--|--|--|---|--|---|
| <ul style="list-style-type: none"> • We respect human rights. | <ul style="list-style-type: none"> • We comply with all laws and regulations. | <ul style="list-style-type: none"> • We act with fairness in our business dealings. | <ul style="list-style-type: none"> • We protect and respect intellectual property. | <ul style="list-style-type: none"> • We maintain confidentiality. | <ul style="list-style-type: none"> • We do not use our position in our organization for personal gain. |
|--|--|--|---|--|---|

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Representative Director and CEO, CDXO

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Forward-Looking Statements

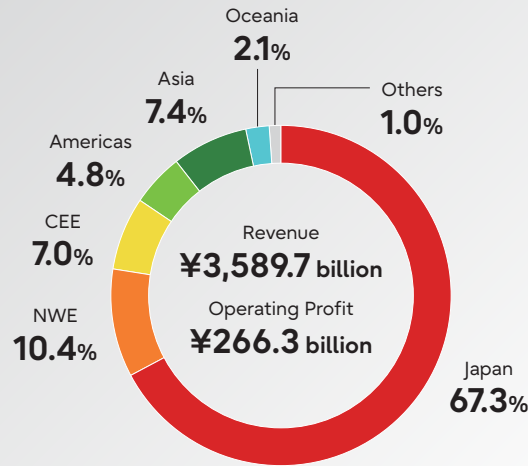
This Integrated Report may contain forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in such statements. 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.

Fujitsu at a Glance

The Fujitsu Group has established a global service structure with operations in six regions including Japan.

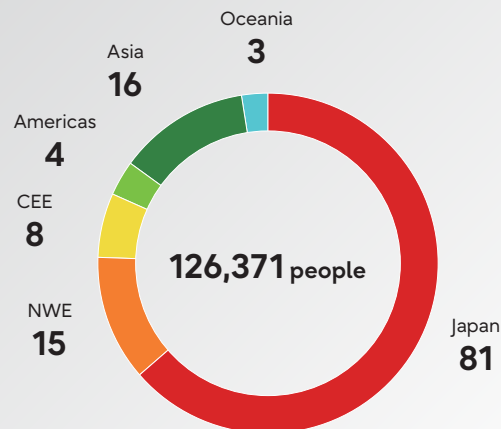
Fujitsu's IT services business ranks top by market share in Japan and in the top tier worldwide, a record that reflects our outstanding technologies and long track record in building large-scale, cutting-edge systems.

Revenue by Region (Fiscal year ended March 31, 2021)



Consolidated Number of Employees (As of March 31, 2021)

(Thousands of people)

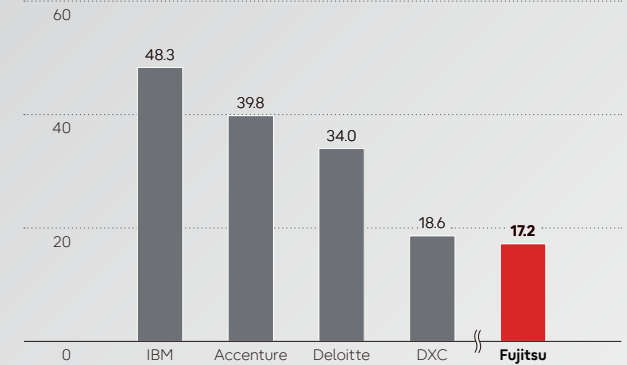


Notes:
NWE (Northern & Western Europe): the United Kingdom, Finland, Sweden, Denmark, Norway, Spain, Portugal, France, Belgium, Luxembourg and the Netherlands
CEE (Central & Eastern Europe): Germany, Austria, Switzerland, Poland and Russia
Americas: the United States, Canada, Brazil, Mexico, etc.
Others: Europe excluding NWE and CEE, the Middle East and Africa

Fujitsu's Position in the IT Services Market

Global Services Revenue

(Billions of US dollars)



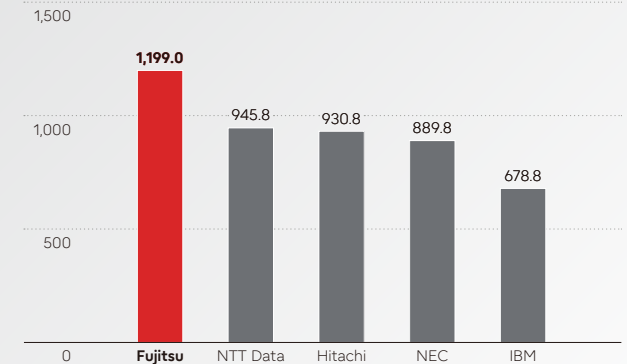
Notes: 1. Revenue estimate using calendar year, based on IDC's services market definition. US dollar basis

2. Ranking by vendors' revenue in 2019

Source: IDC Japan, April 2021 (JPJ47534821)

Japan IT Services Revenue

(Billions of yen)



Note: Consolidated revenue estimate using calendar year, based on IDC's services market definition

Source: IDC Japan, July 2021 (JPJ47045321)

Business Segments

Technology Solutions

Main Products/Services/Regions

Solutions/Services

- ▶ System integration (system implementation, business application services, etc.)
- ▶ Consulting
- ▶ Outsourcing services (datacenter services, ICT managed services, application managed services, business process outsourcing, etc.)
- ▶ Cloud services (IaaS, PaaS, SaaS, etc.)
- ▶ Network services (business networks, etc.)
- ▶ System support services (ICT system and network maintenance and monitoring services, etc.)
- ▶ Security solutions
- ▶ Software (middleware)

System Platforms

System Products

- ▶ Servers (mainframes, UNIX servers, mission critical IA servers, PC servers)
- ▶ Storage systems
- ▶ Front end technology (ATMs, POS systems, etc.)
- ▶ Software (OS)
- ▶ Automotive control units and in-vehicle information systems

Network Products

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

International Regions Excluding Japan

- ▶ Solutions/Services delivery and System Products sales in regions outside Japan

Technology Solutions (Common)

- ▶ Common expenses related to Technology Solutions (basic research and development expenses and others)
- ▶ Elimination of sales/profit/loss between subsegments
- ▶ Corporate subsidiaries

Ubiquitous Solutions

Main Products/Services

- ▶ PCs

Device Solutions

Main Products/Services

- ▶ Electronic components (semiconductor packages, batteries, etc.)

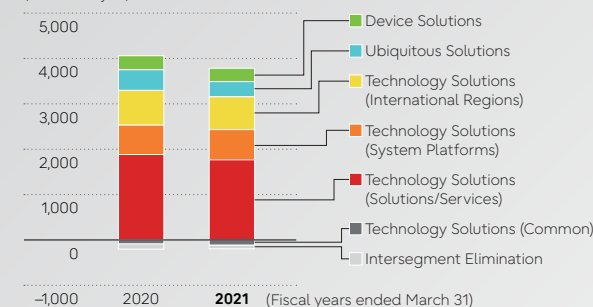
Intersegment Elimination

- ▶ Elimination of intersegment sales

Performance by Segment

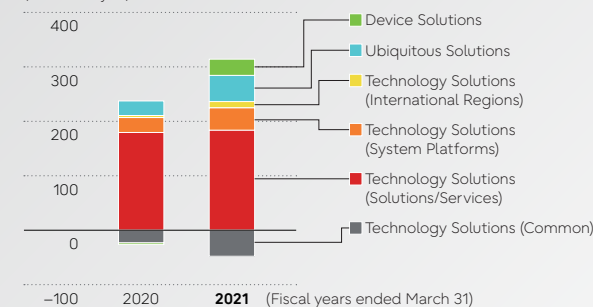
Revenue

(Billions of yen)



Operating Profit

(Billions of yen)



Technology Solutions

(Year on year)

| | |
|-------------------------|--------------------------------|
| Revenue | Down 5.3% |
| Operating Profit | Up 0.3% |
| Operating Profit Margin | Up 0.4 percentage point |

Fujitsu Update: Current Status of Changes Targeting Value Creation

Through the transformation of its business model, the Fujitsu Group has taken bold steps to evolve considerably from the company it was just several years ago.

Recent results demonstrate the success of these efforts to date, with Fujitsu achieving operating profit of more than ¥200 billion for two consecutive years and record-high operating profit and net profit attributable to owners of the parent in fiscal 2020 (the year ended March 31, 2021). We will continue to accelerate our transformation efforts to achieve medium- to long-term growth.

Revising the Fujitsu Way with Our Purpose as its pillar

In 2020, we clarified Fujitsu's Purpose and revised the Fujitsu Way, which defines the principles of behavior of all Fujitsu Group employees, for the first time in 12 years. We are pursuing value creation unique to the Fujitsu Group by addressing the challenges of global society and enhancing empathy with the voices of global citizens.

Transforming the business model from an electronic equipment and IT company to a DX company

We have spun off or sold our PC, smartphone, and semiconductor businesses to concentrate management resources on our IT services business. We are shifting our business model to reinforce our position as a leading DX company that supports the digital transformation of our customers.

Reorganizing Group formation to accelerate transformation

To accelerate business model transformation and strengthen competitiveness, we have established new subsidiaries including Fujitsu Japan and Ridgelinez, streamlined system integration subsidiaries and research centers, and consolidated the Fujitsu Group's delivery functions. We are rebuilding our global business strategy around a six-region structure comprising Japan, Asia, Northern & Western Europe (NWE), Central & Eastern Europe (CEE), the Americas, and Oceania.

Pursuing a new organization and human resources to create new value

To promote shifts in the Group's employee mindsets and organizational culture, we are building a new human resources and organizational management framework appropriate for this "new normal" era. We will lead the transformation of our customers through example, further promoting DX internally with data-driven management and strengthening the ranks of people who can spearhead our DX initiatives, making our own transformation a guiding light for others.

Earning the trust of stakeholders by acting as a responsible global company

Through Global Responsible Business (GRB), a platform for promoting sustainability activities, we are striving to earn the trust of our stakeholders by fulfilling our responsibilities as a global company and promoting initiatives that contribute to solving social issues.

Continuously strengthening governance structure to enhance corporate value

We are working to constantly strengthen our structure to promote effective governance that meets the expectations of our shareholders. Measures we have taken included ensuring diversity on the Board of Directors, appointing an independent director as chairman of the Board of Directors, and forming the Board of Directors with independent directors as a majority.

Value Creation Model

We in the Fujitsu Group are committed to providing value to society driven by Our Purpose, starting with social trends.

Social Trends

- 1 An era of uncertainty**
Threat of new coronavirus infection
- 2 Agreement of global goals**
SDGs / Paris Agreement (COP)
- 3 Expectations of companies**
Stakeholder capitalism
- 4 Expectations of Fujitsu**
Digital transformation



Input

Fiscal 2020 results

Financial capital

- Revenue ¥3,589.7 billion
- Operating profit margin 7.4%

Non-financial capital

Human capital

- Ratio of female employees (non-consolidated) 18.2%
- Percentage of female managers (non-consolidated) 7.4%
- Annual cost of education* ¥114.8 thousand/year per person

* Fiscal 2019 results, Fujitsu and domestic Group companies

Natural capital

- GHG emissions 658 thousand tons

Intellectual capital

- R&D investment ¥113.8 billion

Social & Relationship capital

- Community investment ¥11 billion

Manufactured capital

- Capital expenditure ¥87.5 billion

Our Purpose

Our Purpose is to make the world more sustainable by building trust in society through innovation

Building new possibilities by connecting people, technology and ideas, creating a more sustainable world where anyone can advance their dreams

Fujitsu UVance

| | | | | |
|------------------|---------------------------|-----------------------|----------------|-----------------|
| Vertical Areas | Sustainable Manufacturing | Consumer Experience | Healthy Living | Trusted Society |
| Horizontal Areas | Digital Shifts | Business Applications | Hybrid IT | |

Global Responsible Business (GRB)

| | | | | | | |
|-------------------------------------|-----------|-------------|------------|--------------|-------------------|-----------|
| Human Rights, Diversity & Inclusion | Wellbeing | Environment | Compliance | Supply Chain | Health and Safety | Community |
|-------------------------------------|-----------|-------------|------------|--------------|-------------------|-----------|

Outcome

Providing value to society
Providing human-centric values

- Shareholders
Long-term improvement in corporate value
- Customers
Customers' success and their sustainable growth
- Employees
An environment that maximizes potential
- Business partners
Coexistence and co-prosperity with business partners
- Society
Act for needs of our planet first

Output

Fiscal 2022 targets

| | |
|---------------------------------|-----------------------------------|
| Financial indicators | Revenue ¥3,500.0 billion |
| | Operating profit margin 10% |
| Non-financial indicators | Customer NPS® (under preparation) |
| | Employee engagement 75 |
| | DX Promotion Indices 3.5 |

Board of Directors / Audit & Supervisory Board Members



(Back row from left) 10 Hideo Makuta 10 Youichi Hirose 9 Kenichiro Sasae 2 Hidenori Furuta 3 Takeshi Isobe 7 Yoshiko Kojo 11 Megumi Yamamuro 12 Koji Hatsukawa
(Front row from left) 4 Masami Yamamoto 8 Scott Callon 1 Takahito Tokita 6 Atsushi Abe 5 Chiaki Mukai

- 1 **Takahito Tokita**
Representative Director
CEO, CDXO
- 2 **Hidenori Furuta**
Representative Director
COO, CDPO
- 3 **Takeshi Isobe**
Director
CFO
- 4 **Masami Yamamoto**
Director
Senior Advisor
- 5 **Chiaki Mukai**
Director*
- 6 **Atsushi Abe**
Director*
- 7 **Yoshiko Kojo**
Director*
- 8 **Scott Callon**
Director*
- 9 **Kenichiro Sasae**
Director*
- 10 **Youichi Hirose**
Audit & Supervisory
Board Member
- 11 **Megumi Yamamuro**
Audit & Supervisory
Board Member
- 12 **Koji Hatsukawa**
Audit & Supervisory
Board Member*
- 13 **Hideo Makuta**
Audit & Supervisory
Board Member*

* Independent directors and Audit & Supervisory Board members

Message to Shareholders and Investors

Through the pursuit of
Our Purpose, we will embrace
new challenges that
go beyond existing
frameworks and strive for
the creation of value that only
Fujitsu can provide.

Takahito Tokita

Representative Director
CEO, CDXO



Providing Value Guided by Aspiration, Trust, and Empathy


The Fujitsu Group's Purpose is to make the world more sustainable by building trust in society through innovation. Our starting point is to work with our customers and other stakeholders to find ways to overcome the challenges that society faces. However, in order to build a relationship of trust with our stakeholders through the challenge of solving problems, we must have true empathy for the problems that society faces and for the demands for their solutions. I believe that repeating the cycle of Aspiration, Trust, and Empathy will lead to the provision of new value and our own sustainable growth.

The world faces wide-ranging challenges, including economic disparities between countries that have come to light as a result of the race to secure sufficient supplies of vaccines, climate change that is causing increasingly severe natural disasters around the world, the emergence of geopolitical risks including the economic decoupling between the United States and China, and the disruption of supply chains globally. Underlying my emphasis on the cycle of Aspiration, Trust, and Empathy is a sense of crisis—unless each and every one of us asks themselves how they can contribute to solving social issues and achieving the outcomes outlined by initiatives like the SDGs through our business, and seeks to take on these challenges, not only will the Group struggle to continue creating value in the future, but more importantly, the world will face increasingly dire challenges in the years ahead.


This sense of crisis really hit home with the outbreak of COVID-19. Our group has been providing services to local governments and the healthcare sector for many years, but

as COVID-19 brought to light the lack of a mechanism for hospitals, health centers, and local governments to share information in an efficient and timely manner, it became clear that we had not been deeply aware of this issue and had not proposed measures to solve it to a wide range of customers. This caused us to reevaluate our approach to date and was a moment of deep self-reflection.

Pursuit of the Fujitsu Group's Unique Value Creation

Turning this sense of regret and crisis into constructive energy, we are focusing on **delivering value to customers in the two business domains of "For Growth" and "For Stability."** 

With "For Growth," which represents the domain in which we contribute to the transformation and growth of our customers' businesses, we are promoting digital transformation (DX) to create new businesses using data, and "modernization," which involves replacing and upgrading conventional IT systems by shifting them to cloud-based services. In the "For Stability" domain, we contribute to the stable operation of our customers' IT infrastructure through the maintenance and operation of conventional IT systems and the provision of related products.

In April 2021, as we entered the second year of our "For Growth" and "For Stability" business strategy, we also identified **seven Key Focus Areas that will drive the "For Growth" business domain.**  Of the seven areas, we defined three Horizontal Areas—Digital Shifts, Business Applications, and Hybrid IT—as the foundations of the digital technologies and

services that are essential to supporting our customers' DX. Based on this foundation, we provide services that generate high added value in the four Vertical Areas of Sustainable Manufacturing, Consumer Experience, Healthy Living, and Trusted Society, pursuing a cross-industry approach based on the ideal state of society and the issues that need to be addressed to realize it.

The examination of the Key Focus Areas began with a vision of the world in 2030, and we imagined the future of society and the activities of companies and local governments in that society. Next, we focused on the markets that are expected to show high growth by 2030. Based on this analysis, we examined from various angles how we can utilize the management resources of our group and whether we can gain a strong competitive advantage in the future as the markets grow.

During this process, we thoroughly discussed what kind of value creation Fujitsu is uniquely capable of. As an IT services and software business with a large share of the Japanese market, the Fujitsu Group has provided services to customers in all industries, including manufacturing, finance, retail, telecommunications, and healthcare, as well as to the public sector, from the central government to local governments. Will we remain able to deliver competitive services in all of these areas in the future? Is there a way to make more effective and efficient use of limited management resources? What initiatives should be prioritized to realize Our Purpose? These four Vertical Areas are the result of such in-depth questions and discussions.

Delivering value to customers in the two business domains of "For Growth" and "For Stability" **P19-28**

Key Focus Areas **P22-23**

The “purpose-driven organization” that I am aiming for represents new value creation aligned with Our Purpose that exceeds the existing business frameworks or “silos” that have emerged in different teams’ areas of work and surroundings. It is an organization that has a pervasive culture of creating new value. In other words, completely breaking free of thinking in “silos” empowers us to create a purpose-driven organization.

New Services That Break the Bounds of “Silos”

Behind the setting of the Key Focus Areas is my belief that new value creation requires a new business vision. For example, simply expanding the options for purchasing locations such as physical stores and online stores does not mean that we have realized the vision of Consumer Experience as a valuable experience for consumers. Rather, to create value that goes beyond simple purchasing and creates a new experience that excites consumers, we must integrate diverse industries, such as supply chain management encompassing procurement, manufacturing, and the distribution of products right through to store displays, with finance, spanning such areas as cashless payments and point exchanges. To achieve this, we must first remove the conventional frameworks of industries, pursue value for customers and society, and envision the services that realize that value.

The “purpose-driven organization” that I am aiming for represents new value creation aligned with Our Purpose that exceeds the existing business frameworks or “silos” that have emerged in different teams’ areas of work and surroundings. It is an organization that has a pervasive culture of creating new value. In other words, completely breaking free of thinking in “silos” empowers us to create a purpose-driven organization.

One of the characteristics of our group is that we have a strong “frontline capability,” which means that our business tends to operate in a bottom-up manner, driven by our industry-specific business divisions armed with highly skilled employees. However, if there is too much of a bottom-up tilt, it can create a situation where thinking that transcends

boundaries and silos becomes blocked. By combining bottom-up, frontline capabilities with Key Focus Areas identified from the perspective of Our Purpose, we can trigger a chain reaction and take on the challenge of creating new value.

Demonstrating Competitiveness through the Integration of Technology and Services

A few years ago, when I was based in the UK, one of our customers commented rather frankly to me that “Fujitsu’s technology consists of different pieces. These pieces don’t show all that Fujitsu can actually do.” If we compare technology to language, for example, I see this customer’s criticism as, in effect, saying, “Fujitsu may have the vocabulary, but I don’t know what you are trying to say.”

To answer the question of what we’re “trying to say,” let’s consider the example of the hardware business. This business represents an important asset for us to achieve growth as a technology group. This is because the technological capabilities we have developed through the development and manufacture of hardware are the source of our competitive advantage and differentiation from our competitors. That being said, the business of making products according to the specifications given by the customer as we’ve done in the past is just one piece of the puzzle. Only by envisioning the kind of value that we can provide to our customers and to society, and offering it as a service, can our hardware business and advanced technological capabilities remain a competitive advantage.

The recent launch of the 5G business, which vertically integrates telecommunication technology and services,

embodies this idea. Rather than delivering communication devices that meet the customer's specifications as "pieces," we first envision the services that are needed in the world, develop the hardware necessary for those services, and then provide them in an integrated manner with software and services. We will strengthen businesses that are born out of this kind of social issue-driven thinking.

New Domestic Business Structure in Full Swing as Management Policy Progresses

The Key Focus Areas define the future direction of the Fujitsu Group's business, but specific initiatives are still in their infancy. I will now touch on some initiatives that are already moving forward under our Management Direction, aiming to create value in the "For Growth" and "For Stability" business domains.

Rebuilding Our Global Business Strategy

Aside from Japan, in each of the international regions structural reforms to streamline the product-centered business portfolio, which consists mainly of the sale of hardware and its maintenance and operation, have largely been completed. However, the transition to a growth trajectory by shifting to the services business has been delayed compared to the initial plan due to the impact of the strict lockdowns to prevent the spread of COVID-19 in Europe, which accounts for approximately 70% of our international regions' sales revenue.

On the other hand, we are getting a good sense of the way forward, having started the first quarter of the fiscal year ending March 31, 2022 in the black, and having seen gradual growth in services business deals in the Central & Eastern

Europe (CEE) and Northern & Western Europe (NWE) regions. This is due in part to determined efforts being made in each region to implement the **four measures—common global portfolio, account plan, offerings, and alliances—** that are the preconditions for the shift to the services business.

Strengthening Issue Resolution Capability in Japan

April 2021 marked the full-scale launch of our structure designed to strengthen our domestic business, which we had been preparing since the fall of 2020. **Fujitsu Japan** is a new company that brings together the technological capabilities and know-how of the Fujitsu Group to make proposals that will contribute to solving the social issues facing Japan.

Japan's Digital Agency was established in September 2021 and is moving forward with plans to standardize the information systems used by local governments to handle basic administrative tasks. In addition, many Japanese companies are under pressure to review their internal operations and processes to make effective use of data and to address the risks associated with aging core systems. That makes DX, including the migration of on-premise systems to the cloud, an urgent issue. Fujitsu Japan aims to become a leader in DX in Japan by responding to the needs of local governments as they standardize their information systems and by providing solutions for corporate management issues.

Contributing to Greater Business Stability

As a counterpart to Fujitsu Japan, which makes proposals to customers, Japan Global Gateway, which also started full-scale operations in April 2021, facilitates "delivery" of the contents of proposals through software development and

We first envision the services that are needed in the world, develop the hardware necessary for those services, and then provide them in an integrated manner with software and services. We will strengthen businesses that are born out of this kind of social issue-driven thinking.

Global Business Strategy

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Fujitsu Japan

P24-25

Japan Global Gateway

P26-27

Risk management

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Information security

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Business producers

P33

Achieving our financial targets

P15-16

system maintenance and operations. This organization is the key both to improving the quality and speed of services provided to customers and to increasing the profitability of the Group's existing IT services businesses.

It has already been several years since the Group set the standardization of delivery and the utilization of global delivery centers as a management issue. The foremost mission of **Japan Global Gateway** is to break through the barriers of business practices and culture that have hindered standardization and the effective use of global delivery capabilities. With the determination to establish a model for service delivery, we have assembled a team of skilled and experienced system engineers (SEs), including managers who can bring about change.

Coinciding with the full-scale launch of Fujitsu Japan and Japan Global Gateway, we transferred related divisions of Fujitsu headquarters to Fujitsu Japan and consolidated system integration subsidiaries into Fujitsu headquarters and Fujitsu Japan. We are strengthening our delivery capabilities by optimally allocating management resources across the Fujitsu Group toward "For Growth" and "For Stability."

We are also focusing on **strengthening risk management** to **prevent system failures and unauthorized access**, which is a prerequisite for the stable operation of IT infrastructure. Based on sincere reflection on system issues that have come to light, I am directly leading a close Groupwide inspection to see if there are any internal management systems that have deteriorated over time, or if there are any practices that have not been integrated in formal procedures.

Becoming Our Customers' DX Partner of Choice

Rather than providing stand-alone technologies, products, or services, the DX that the Group aims to achieve means solving customers' management issues and envisioning the creation of completely new value together with customers. Our "**business producers**" are tasked to lead the way in solving problems and creating value. We are fundamentally reviewing the sales activities of Fujitsu itself and Fujitsu Japan and encouraging employees in conventional sales positions to become business producers through reskilling.

Ridgelinez, a subsidiary that began operations in April 2020, already provides consulting services to about 300 customers to help them realize DX. For a consulting service that identifies and analyzes business issues through discussions with management, the spread of COVID-19 has created a very challenging environment, but the company is expanding its customer base while utilizing seminars conducted online and other online forums. Some of the projects linked to the company's services have led to business deals with the Company, and we look forward to medium- to long-term business expansion.

Achievement of Our Management Goals

By focusing on the seven Key Focus Areas, we will further accelerate our investment in growth and do our utmost to **achieve our financial targets** of revenue of ¥3.5 trillion and an operating profit margin of 10% in the Technology Solutions business in the fiscal year ending March 31, 2023. In particular, we expect the operating profit margin to contribute to strengthening profitability once Japan Global Gateway gets

into stride after its launch. We have taken various steps we felt were needed to get to this point and position us for the future. I am confident that we will see results. We are now focusing on accelerating our initiatives toward the fiscal year ending March 31, 2023.

As for non-financial indicators, we have recently set quantitative targets for the fiscal year ending March 31, 2023 for **employee engagement** and **DX Promotion Indices**. For the remaining indicator, the **Net Promoter ScoreSM (NPS[®])**,* we are currently discussing within the Group with a view to setting a target value that is convincing from a global perspective.

* Net Promoter[®] and NPS Prism[®] are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld, and Net Promoter SystemSM and Net Promoter ScoreSM are service marks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

Transformation Is Never Complete

To achieve a breakthrough in delivering business growth, we need to eliminate various barriers that stand in the way, one by one. When we look at the future of society and pursue the ideal state of our group, many challenges still lie ahead. As the **One ERP+ Project** progresses, we would like to clarify the results of data-driven management and use them as a reference for proposals to customers and also establish causal links between financial indicators and non-financial indicators. With regard to **Global Responsible Business (GRB)**—our priority issues for sustainability—we would like to clarify the relationship with financial indicators more logically. In the area of climate change, we would also like to provide new services, including solutions to support our customers' climate change responses, as well as reducing

the Group's own greenhouse gas emissions. In addition, as a group we will need to support the **sustainable transformation of our customers and society** in order to realize Our Purpose of making society more sustainable. Acutely aware that transformation is never complete, I am becoming more and more motivated to promote it. Transformation that delivers sustainability will only become possible once our own transformation is realized.

I see growing expectations for change within the Fujitsu Group and increasing motivation to promote change among employees. It is demonstrated in the high application numbers for the **internal job posting system** that we introduced to encourage staff to take on challenges and grow, and gradually improving employee engagement. The Group's DX project **"Fujitra,"** which is spearheading the Group's own transformation, is also promoting a project called **"Purpose Carving[®],"** in which employees are asked to identify and express their personal purposes. In such ways, moves toward the realization of Our Purpose are steadily spreading within the Group, with the starting point of empathy for social issues.

To achieve truly "purpose-driven" management and medium- to long-term growth, we will continue to push forward with reforms. Expect more changes to come with the Fujitsu Group!



Takahito Tokita
Representative Director
CEO, CDXO

| | |
|--|---------------|
| Employee engagement | P35 |
| DX Promotion Indices | P36 |
| Net Promoter Score SM (NPS [®]) | P35 |
| One ERP+ Project | P34 |
| Global Responsible Business (GRB) | P44-45, 49-50 |
| Social Innovation through DX | P37-40 |
| Internal job posting system | P32 |
| Fujitra | P34 |
| Purpose Carving [®] | P14 |

In-House Promotion of the Fujitsu Way

Revision of the Fujitsu Way

In recent years, the world has entered a more complex, interconnected, rapidly changing and uncertain era, throwing various threats to global sustainability into relief. Against this backdrop, the Fujitsu Group has defined its Purpose—“to make the world more sustainable by building trust in society through innovation.” This statement reaffirms Fujitsu’s commitment to providing even greater value to its customers through technology and proactively contributing to the transformation of society.



Measures to Promote the Fujitsu Way and Our Purpose throughout the Group

To promote the Fujitsu Way among Group employees, we are implementing various communication activities, offering a variety of briefings across different venues and media for all employees. To help steadily spread awareness of the Fujitsu Way, we have appointed Fujitsu Way promotion leaders at Fujitsu Group companies both in Japan and internationally. We have established a governance system in which the Fujitsu Way promotion leaders take the lead in promoting the Fujitsu Way throughout the year.

Fujitsu Way Meetings are held every six months by the CEO and Fujitsu Way promotion leaders representing each division as a venue for directly communicating the thoughts of Fujitsu’s leadership, ensuring the uptake of the Fujitsu Way, and motivating Fujitsu Way promotion leaders. We are working to spread the Fujitsu Way throughout the world, including holding town hall meetings with the CEO and sharing best practices from frontline departments.

Broadening the Message through Purpose Carving®

To realize Fujitsu’s Purpose, we need to mobilize the thoughts and feelings of each and every employee to generate greater power and momentum. To this end, the Fujitsu Group is rolling out a Groupwide program called Purpose Carving®, an initiative that encourages employees to engage in dialogue and express their personal purpose in words. Through Purpose Carving®, we aim to reevaluate the meaning of work and life, carve out an individual’s purpose, and at the same time, find where they overlap with Fujitsu’s Purpose, providing the driving force for future change.

Currently, the management team is pioneering the implementation of this program and is in the process of rolling it out to all departments. In addition, we have implemented Purpose Carving® as part of the training program for approximately 1,600 new employees in Japan in fiscal 2021.



Sustainability Contribution Award

The Fujitsu Group has expanded the Environmental Contribution Award, which was launched in 1995, to the more relevant “Sustainability Contribution Award,” to commend projects at all Group companies involved in activities that make society more sustainable and for fostering mindsets and change in organizational culture to achieve this, aimed at realizing the Group’s Purpose. Based on the criteria of “Aspiration,” “Trust,” and “Empathy,” which are the foundational values of the Fujitsu Way, the Fujitsu Way promotion leaders and departments related to **Global Responsible Business (GRB)** promotion conduct the screening, and finally the CEO and the COO approve the projects to be awarded.

In 2020, the inaugural year of the competition, we received 127 submissions from Fujitsu Group companies around the world, with the Grand Awards going to “Achieved the highest level of speed in the machine learning processing benchmark MLPerf HPC” and “Faster than anyone else. COVID-19 Infection Control Team” while six excellence awards and 13 special awards were also given. These awards and good practices are shared widely within the Group to provide an opportunity to expand the promotion of sustainability.

Message from the CFO

We will accelerate our strategic growth investments to expand our business and strengthen our profitability. Simultaneously, we will continuously work to increase returns to shareholders and achieve sustainable growth in corporate value.

Takeshi Isobe

Director
CFO



Overview of Financial Performance in the Fiscal Year Ended March 31, 2021

For the fiscal year ended March 31, 2021, consolidated revenue was ¥3,589.7 billion, a decrease of ¥268.0 billion from the previous fiscal year that reflected the impact of COVID-19 and the absence of one-off demand for PCs in the previous fiscal year. In contrast, consolidated operating profit and profit attributable to owners of the parent reached respective record highs of ¥266.3 billion, up ¥54.8 billion year on year, and ¥202.7 billion, up ¥42.6 billion year on year. This was owing mainly to steady progress in improving profitability in the domestic services business, as well as gains on business sales and lower business model transformation expenses than in the previous fiscal year. As a result, the operating profit margin improved 1.9 percentage points from the previous fiscal year, to 7.4%.

In the Technology Solutions business, a business segment for which financial targets are set in our medium-term plan, revenue decreased ¥169.2 billion year on year, to ¥3,043.6 billion, due to the significant impact of COVID-19. Operating

profit was negatively impacted by over ¥50 billion due to the decrease in revenue, but this was more than offset by improved profitability, resulting in an increase of ¥0.5 billion year on year, to ¥188.4 billion. The operating profit margin improved 0.4 of a percentage point from the previous fiscal year, to 6.2%.

We are steadily expanding our earning power as we make progress toward achieving our financial targets of revenue of ¥3.5 trillion and an operating profit margin of 10% in the fiscal year ending March 31, 2023, the final year of our medium-term plan. Achieving these targets remains an ambitious goal, but we believe we can do so by steadily pushing forward with the measures we have already launched into motion.

With regard to the financial position, free cash flow (FCF) increased ¥3.3 billion year on year, to ¥236.3 billion. As a result of profit growth, EPS increased 28.1% year on year, to ¥1,013.8, while enhancing capital efficiency, as exemplified by the improvement in ROE of 1.6 percentage points year on year, to 15.1%. For EPS, we are targeting a compounded annual growth rate of 12% for the five fiscal years starting from the fiscal year ended March 31, 2020.

Accelerating Strategic Growth Investments

In Technology Solutions, we are promoting business under the two domains of “For Growth,” where we contribute to the transformation and growth of our customers’ businesses, and “For Stability,” where we contribute to the stable operation and quality improvement of our customers’ IT infrastructure. In the fiscal year ending March 31, 2022, we will step up strategic growth investments more than ever before to expand the scale of our “For Growth” and “For Stability” businesses and improve profitability. As for investments for value creation, we are promoting the development of global offerings that will drive the expansion of the services business and reinforcing Japan Global Gateway (JGG) to establish a service delivery model. With an eye toward the Group’s internal transformation, we are investing in human resources development and the realization of data-driven management. We plan in the fiscal year ending March 31, 2022 to increase our overall investment for growth in the two domains by approximately ¥60 billion from the previous fiscal year, to ¥100 billion.

These investments will always be made from a global perspective, while with regard to returns, we will focus on measures that will contribute to sustainable growth and profitability over the medium to long term, rather than aiming for benefits in the short term. A typical example is JGG, which became fully operational in April 2021. This is an initiative to improve both quality and profitability by promoting standardization and in-house development and maintenance work and expanding development of software and systems at overseas sites. Similarly, one of the main objectives of the reorganization of Fujitsu Japan and SI subsidiaries, which also began full-scale sales activities in April, is to improve business efficiency.

As for investments for our own transformation, we are promoting our Work Life Shift initiative and human resources development to realize employee wellbeing, and we are continuing to invest in the One ERP+ Project to standardize and integrate the Fujitsu Group's global IT systems as a foundation for data-driven management. As data-driven management becomes more sophisticated, we expect it to provide great benefits for financial management. For example, we anticipate that we'll be able to make more efficient

and effective management decisions by understanding financial information with an unprecedented level of detail, speed, and ease. This will offer insights into factors that affect sales revenue and profit, risk management, and support the flexible formulation of financial plans based on highly accurate forecasts. We will accelerate investments in the two growth fields of value creation and our own transformation to achieve stronger business growth.

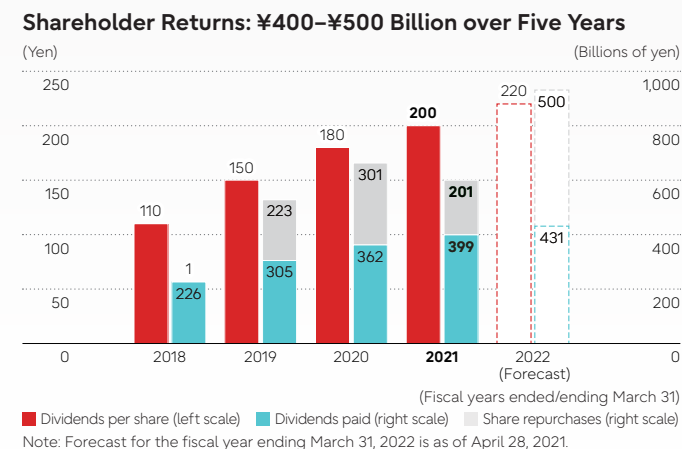
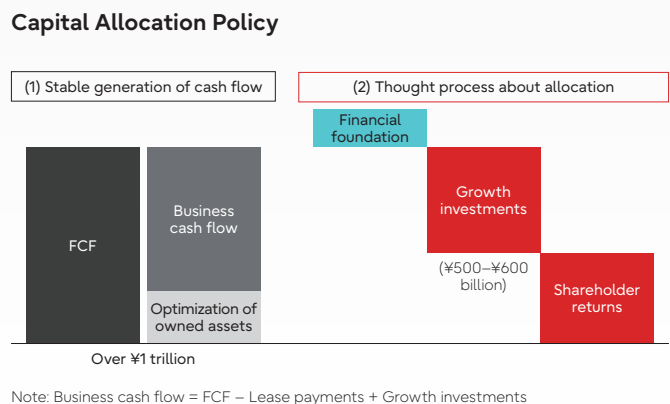
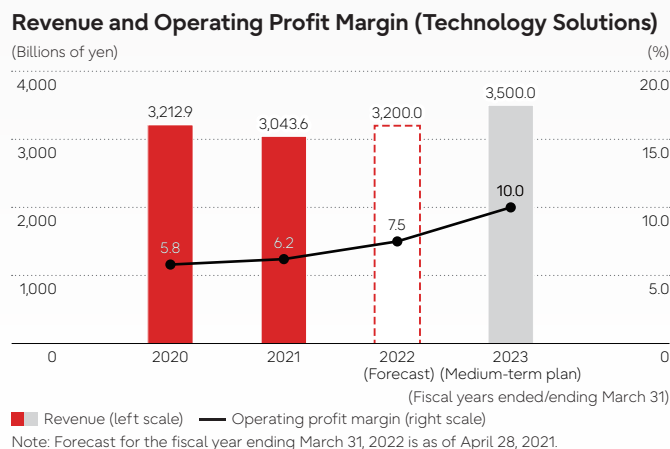
Expanding Shareholder Returns and Improving Capital Efficiency

In parallel with accelerating investment in growth, we are also expanding shareholder returns. We plan to return ¥400–¥500 billion to shareholders over the five-year period from the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2025. We increased dividends per share for the fifth consecutive year to ¥200 in the fiscal year ended March 31, 2021; as a result, the total amount of shareholder returns was approximately ¥60 billion. In the fiscal year ending March 31, 2022, we plan to continue to increase dividends based on

stable cash flow generation and expand share buybacks to ¥50 billion, while continuing to improve capital efficiency.

Implementation of Financial Strategies for Sustainable Growth

We are doing our utmost to achieve the financial targets of our medium-term plan, which ends in the fiscal year ending March 31, 2023. Those targets are a crucial milestone as a promise to our shareholders and investors, but they represent an intermediate waypoint in the sustainable growth of our Group, and not the final goal. In addition to steadily implementing the measures we have already set forth to achieve our medium-term targets, we have also started initiatives that will shape the Group in 2030, such as the development of offerings in the seven Key Focus Areas that will drive our ongoing "For Growth" initiative. We will continue to pursue rational financial strategies from a long-term perspective to ensure the sustainable growth of the Fujitsu Group.



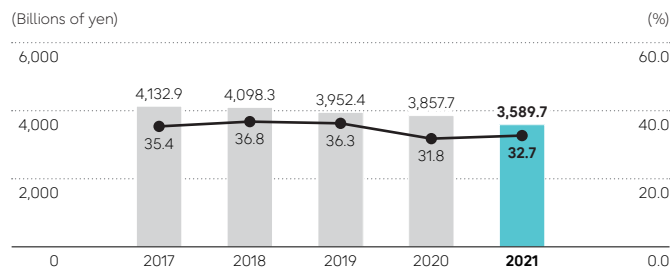
Financial Highlights

Fujitsu Limited and Consolidated Subsidiaries

The Fujitsu Group adopted International Financial Reporting Standards (IFRS) in the fiscal year ended March 31, 2015.

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



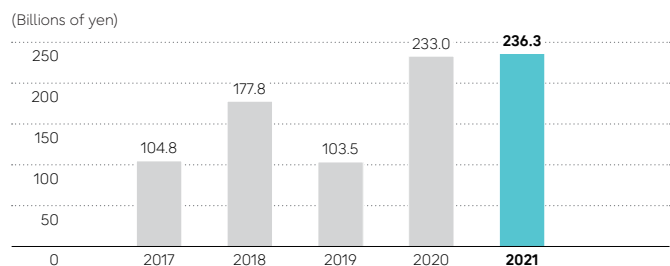
(Fiscal years ended March 31)

■ Revenue (left scale) — Percentage of sales outside Japan (right scale)

Revenue **¥268.0 billion** Down

Although revenue remained at a high level for 5G base stations in the network business and electronic components due to high global demand for semiconductors, overall revenue declined, mainly due to the negative impact of COVID-19 and an increase in demand for PCs last year following the end of the support period for Windows 7 that did not recur this year.

Free Cash Flow

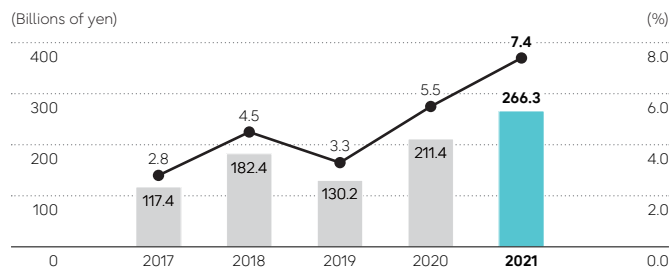


(Fiscal years ended March 31)

Free cash flow **¥3.3 billion** Up

Net cash provided by operating activities decreased ¥39.3 billion year on year as a result of an increase in income tax expenses. Net cash used in investing activities also decreased from the previous fiscal year, by ¥42.6 billion. As a result of the aforementioned factors, free cash flow improved in net cash inflows.

Operating Profit and Operating Profit Margin



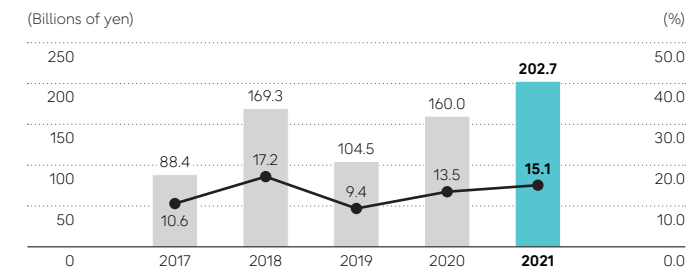
(Fiscal years ended March 31)

■ Operating profit (left scale) — Operating profit margin (right scale)

Operating profit margin **1.9 percentage points** Up

Operating profit increased significantly due to improvements in profitability in the Technology Solutions segment, increased sales volume in Network Products like 5G base stations, and a strong demand for semiconductors despite the impact of reduced revenue due to COVID-19 and an increase in demand for replacement PCs last year that did not recur this year.

Profit Attributable to Owners of the Parent and ROE



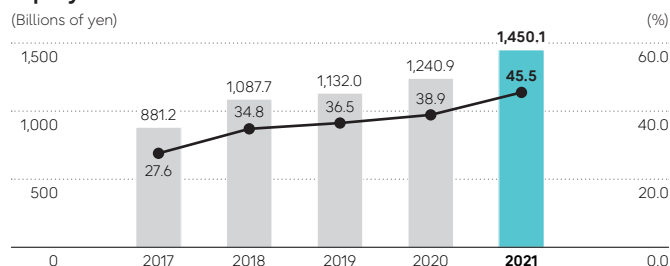
(Fiscal years ended March 31)

■ Profit attributable to owners of the parent (left scale) — ROE (right scale)

Profit attributable to owners of the parent **¥42.6 billion** Up

Profit attributable to owners of the parent rose ¥42.6 billion year on year due to higher operating profit. Income tax expenses were up ¥10.0 billion year on year, to ¥78.3 billion, as a result of an increase in taxable income.

Equity Attributable to Owners of the Parent and Equity Attributable to Owners of the Parent Ratio



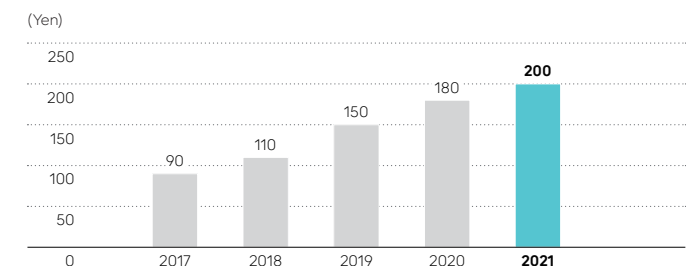
(As of March 31)

■ Equity attributable to owners of the parent (left scale)
— Equity attributable to owners of the parent ratio (right scale)

Equity attributable to owners of the parent ratio **6.6 percentage points** Up

Reflecting the recognition of profit attributable to owners of the parent of ¥202.7 billion, retained earnings were up ¥173.2 billion from the previous fiscal year-end. Although an acquisition of treasury stock of ¥20.0 billion implemented as a shareholder return measure led to negative treasury stock, at cost, of ¥79.4 billion, equity attributable to owners of the parent ratio rose.

Dividends per Share of Common Stock



(Fiscal years ended March 31)

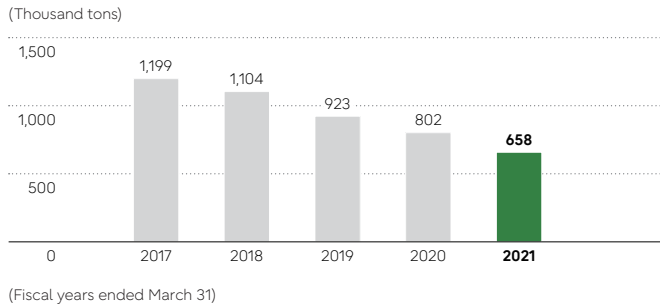
Note: On October 1, 2018, Fujitsu consolidated every 10 shares of stock into one share. Dividends per share reflect this share consolidation.

Dividends per share of common stock **¥20** Up

Annual dividends increased ¥20 year on year, to ¥200. Further, the Company implemented a ¥20.0 billion acquisition of treasury stock during the fiscal year, completing the entire treasury stock acquisition quota of ¥50.0 billion set in the previous fiscal year. Going forward, the Company will continue stably providing dividends commensurate with the growth of businesses and profits over the medium to long term.

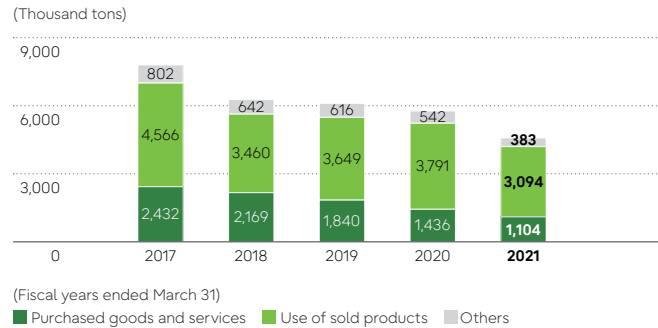
ESG Highlights

Trend in Greenhouse Gas Emissions (Scope 1 & 2)



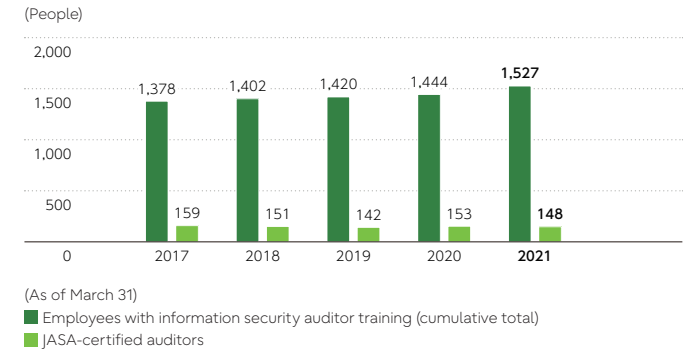
As of the end of fiscal 2020, the Fujitsu Group's greenhouse gas (GHG) emissions were 18.0% lower than the fiscal 2019 year-end level.
 Note: The scope of aggregation is Fujitsu Limited and Group companies in Japan and overseas.
 Scope 1: Direct emissions
 Scope 2: Indirect emissions from energy sources

Trend in Greenhouse Gas Emissions (Scope 3)



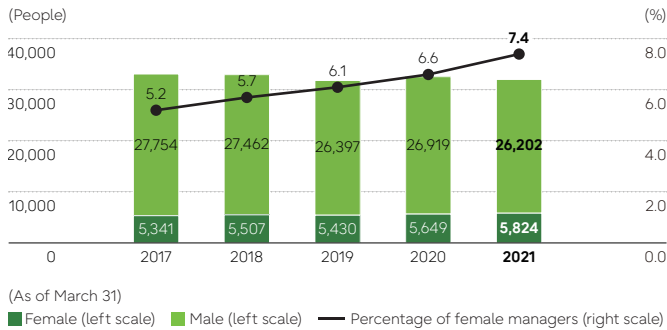
As of the end of fiscal 2020, the Fujitsu Group's GHG emissions were 20.7% lower than the fiscal 2019 year-end level.
 Note: The scope of aggregation is Fujitsu Limited and Group companies in Japan and overseas.
 Scope 3: Indirect emissions other than Scope 1 and Scope 2

Employees with Information Security Auditor Training (Cumulative Total) and JASA-Certified Auditors



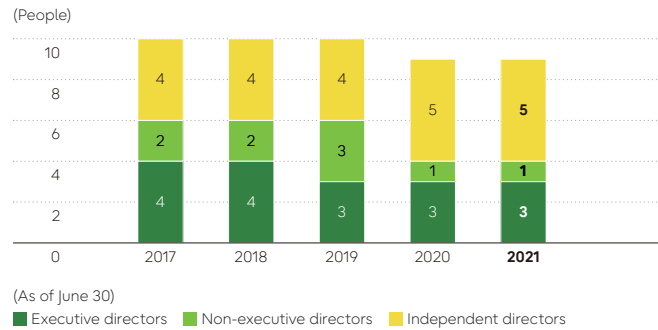
We have been offering information security auditor training to heighten the quality of information security audits in each organization. Also, we have been encouraging employees to acquire auditor qualifications certified by Japan Information Security Audit Association (JASA).
 Note: The scope of aggregation is Fujitsu Limited and Group companies in Japan.

Numbers of Female and Male Employees and Percentage of Female Managers



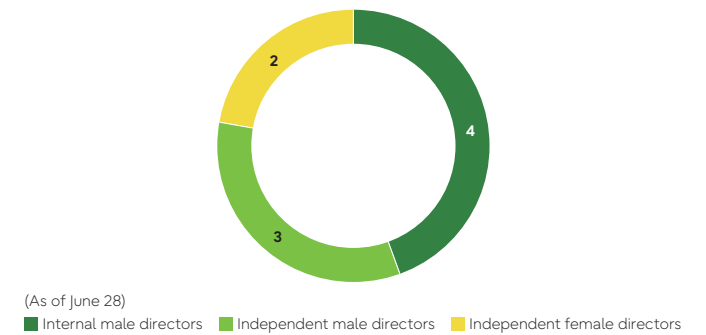
Fujitsu is proceeding with selective training for female employees and other initiatives with a view to having more women in leadership positions.
 Note: The scope of aggregation is Fujitsu Limited.

Executive Directors, Non-Executive Directors, and Independent Directors



We are strengthening oversight by actively appointing independent directors.

Diversity of the Board of Directors



We are promoting lively discussions and enhancing objectivity by ensuring the diversity of the Board of Directors. As of June 28, 2021, the nine members of the Board of Directors included five independent directors, two of whom are women.

Creating Value for Customers with “For Growth” and “For Stability”

The Fujitsu Group is determined to deliver value to customers in the two business domains of “For Growth,” which contributes to the transformation and growth of our customers, and “For Stability,” which contributes to the stable operation of our customers’ IT infrastructure and business operations.

To accelerate value creation in these two domains as the best partner for customers embracing digital transformation (DX), the Group is working to restructure its global business strategy, strengthen its ability to solve the problems of our Japanese customers, and create a framework that will contribute to further stabilizing our customers’ businesses.



Message from the COO

We will create a new growth scenario for our global business and pursue medium- to long-term growth as a technology company by renewing our IT service delivery model in Japan.



Hidenori Furuta

Representative Director
COO, CDPO
Head of International Regions

Restructuring Our Business to Contribute to the Successful Digital Transformation of Japanese Companies

The Fujitsu Group's business structure in Japan has undergone a major transformation with the full-scale launch of [Fujitsu Japan](#) and [Japan Global Gateway \(JGG\)](#) in April 2021 and the reorganization of its systems integration subsidiaries. This shift is the Group's answer to the so-called "2025 Digital Cliff," an expression used by Japan's Ministry of Economy, Trade and Industry that highlights the risk of a delay in DX due to serious problems including shortages of IT talent and the obsolescence of core systems that many Japanese companies are facing.

As partners realizing DX with our customers, we technology companies have two missions. The first one is to make valuable proposals that contribute to solving the problems our customer companies and society are facing. The second one is to build a new service delivery model to replace the multiple contractor structure* in the software and service industry that is distinctive to the Japanese market.

Fujitsu Japan addresses the first one of these missions. "business producers" who have mastered design thinking and other essential methodologies for DX implementation propose ways to overcome the challenges using digital

[Fujitsu Japan](#)

[P24-25](#)

[Japan Global Gateway \(JGG\)](#)

[P26-27](#)

* A structure in which an IT service vendor that receives an order for IT system development from a user company subcontracts parts of the development work to a development partner, which in turn subcontracts a further part of the work to another company. While this is effective in securing manpower to carry out large-scale development projects in a short period of time, it also involves problems such as dispersion of development know-how and reduced efficiency.

technology. In order to visualize results, we have established a set of KPIs to measure the actual quality of proposals aiming to realize DX and do not merely focus on the amount of orders we receive, as we did under the traditional KPI model used by our sales department. We are monitoring the progress on the KPIs using the data from the customer relationship management (CRM) system that we have introduced for managing business deals with customers. In addition, we have established six area headquarters across Japan, and are developing offerings tailored to regional characteristics by leveraging the knowledge of the reorganized and integrated subsidiaries.

JGG is addressing the second mission, the building of a new service delivery model to replace the multiple contractor structure. JGG is the core of this new service delivery model to standardize services and expand shared services. Under this model, JGG will promote the standardization of systems and software development operations, and will also be involved in the design, development, and testing of shared services in collaboration with the Global Delivery Centers (GDCs), the Group's overseas development locations. Collaboration between JGG and the GDCs will enable a speedier and more stable delivery of high-quality services than ever before and will also contribute to strengthening the medium- to long-term profitability of the Group's overall services business through improved productivity. By making greater use of our GDCs, we expect to be able to more effectively use the resources of our development partners in Japan, who have cultivated the know-how, experience, and expertise essential for providing services to specific industries and customers, and to increase the added value of our services.

Efforts to Prevent Recurrence of System Failures

Led by Our Purpose, we pursue the stable provision of high-quality services and the achievement of trusting relationships

with customers through our services. This pursuit is also the foundation and driving force in our "For Stability" business domain, which contributes to the stable operation of our customers' IT infrastructure. The system failure of the Tokyo Stock Exchange's trading system in October 2020 was a regrettable incident that shook this foundation, and we would like to apologize again for any inconvenience caused to the concerned parties.

The OEM products that caused the **system failure** were quickly inspected after the cause was identified, and the review of the incident has already been completed. We are also reviewing the systems delivered to our other customers by verifying whether there are any risks or issues that have not been covered by previous inspections. In addition, we have established a quality assurance organization directly reporting to the CEO and are making Groupwide efforts to strengthen our framework for improving the quality of our products and services.

Preventing recurrence of system failures

P80

Region-specific Growth Scenarios

We are also making progress in restructuring our global business to achieve the financial targets for the fiscal year ending March 31, 2023, set out in our Management Direction. By the fiscal year ended March 31, 2021, we completed structural reforms to avoid losses in our global business. Currently, we are developing region-specific growth scenarios, incorporating the seven **Key Focus Areas** we set out in 2021.

In each region, we have almost completed the establishment of an organizational stance for deploying the four key elements of our global business strategy—a globally uniform portfolio, global account plans, global delivery, and global

alliances. Our **global offerings**, for example, already include nine solutions. Together with the head of each region, the business units responsible for the development of these solutions set sales targets and investment plans, and review progress every month. Global accounts currently include 132 strategic global customers. Here, we are promoting the standardization of service plans we offer to our customers and are consolidating pipeline information for future orders.

Key Focus Areas

P22-23

Global offerings

P28

Achieving Management Goals and Setting a Course for the Future

The initiatives described so far will contribute to the domains "For Stability," aimed at the stable operation of our customers' IT infrastructure, and "For Growth," aimed at the transformation and growth of our customers' businesses, as set forth in our Management Direction. These initiatives are also a stepping stone toward the Group's growth in 2030 and beyond.

In 2021, we realized a new structure for R&D with the aim to leverage the development capabilities of cutting-edge technologies—as exemplified by Fugaku, the world's fastest supercomputer—in the seven Key Focus Areas and global offerings that will drive "For Growth" and lead to medium- to long-term growth of the Fujitsu Group.

We will steadily proceed with medium- to long-term efforts aimed at achieving Our Purpose, while constantly monitoring the progress and results of initiatives such as Fujitsu Japan and JGG to achieve the goals of our Management Direction.

Fujitsu's Key Focus Areas—Message from the Head of Global Solutions Business

We will capture new markets and growth opportunities by creating social value in the seven Key Focus Areas in order to contribute to a better world.

Megumi Shimazu

Corporate Executive Officer
SEVP, Head of Global Solutions Business



Significance of Social Issues as a Starting Point for Growth

The world in 2030 is expected to be a very different place from now. The United Nations estimates that the world's population will increase from 7.7 billion in 2019 to about 8.5 billion in 2030.*1

The latest Intergovernmental Panel on Climate Change (IPCC) report predicts that global average temperatures will rise faster than previously expected.*2 On the other hand, there is no doubt that the evolution of digital technology is going to make possible the impossible. The year 2030 is also the time frame for the attainment of the 17 goals and 169 targets set out in the "Sustainable Development Agenda" of the United Nations Sustainable Development Goals (SDGs).

What kind of value will the Fujitsu Group provide to customers, to society, and to each individual during this process of change from now to 2030? The Fujitsu Group's growth strategy remains inseparable from imagining a better future for the world and thinking about the role we should play in realizing it. The needs and expectations of customers and society seeking change for the better will also offer new markets and growth opportunities. Based on this idea, we are now aiming for growth, focusing on social issues as a point of departure, and have specified seven Key Focus Areas that will drive business in the "For Growth" domain under the new business brand "Fujitsu Uvance."

*1 Source: UN, *World Population Prospects: The 2019 Revision*

*2 Source: IPCC, *Climate Change 2021: The Physical Science Basis*

Seven Key Focus Areas: Horizontal Areas and Vertical Areas

The seven Key Focus Areas are divided into two categories: Horizontal Areas, which are the foundation to support the offering of diverse services to our customers, and Vertical Areas, which are cross-industry business areas that relate to solving different issues confronting society.

The Horizontal Areas include three fields: "Digital Shifts," which support data-driven decision making, operations, and workstyle innovation; "Business Applications," which provide cloud integration and applications; and "Hybrid IT," which provides cloud computing and security services for customers' core systems. Within the three fields that compose the Horizontal Areas, we will make full use of the development and technological capabilities we have built up over the years to convert digital technology into value.

The Vertical Areas consist of the following four fields: "Sustainable Manufacturing," which realizes circular, traceable manufacturing focused on the environment and people; "Consumer Experience," which enables payment, retail, and logistics to deliver diverse experiences to consumers; "Healthy Living," which supports the wellbeing of all people; and "Trusted Society," which contributes to the creation of a safe, secure, and resilient society.

The Value We Provide and the Technology That Supports It

In the following section, we want to introduce the value we provide to stakeholders and the technology that makes it a reality, taking Trusted Society as an example. Natural disasters pose an increasingly serious threat in many parts of the world, and pandemics present another urgent, ongoing challenge to humanity. The Group will contribute to mitigating and minimizing the impact of such threats through predictions made possible by digital technology. The solutions used for risk prediction include technologies to process real-time data sent from sensors installed in various facilities and equipment with ultra-high speed and large-capacity computing infrastructure, as well as technologies to visualize the dynamics of society as a whole as a "digital twin." In this way, we aim to grow by combining computing with our various other proprietary technologies and "building new possibilities by connecting people, technology, and ideas."

Accelerating Transformation Based on Key Focus Areas

One reason for adopting terms like "Sustainable" and "Trusted" in the names of two of our Vertical Areas was to present the value we offer to our customers. Another reason was to clarify the value we offer and to carefully select services and solutions that match that value. In order for the Group to remain competitive and grow together with our customers in an ever-changing market, it would be meaningless if we were to just refresh the outer package and keep all the same services we have been offering.

To demonstrate Uvance's presence as a driving force behind the expansion of the "For Growth" sector as soon as possible, we are currently working rapidly to develop specific services, solutions, and service delivery systems organized and systematized for each Key Focus Area. We are also considering an organizational restructuring of the Group in order to achieve a better alignment between the Key Focus Areas and the organization and its human resources. To realize Our Purpose "to make the world more sustainable by building trust in society through innovation," we seek to provide real value to our customers and society at large by addressing social issues and seizing opportunities for growth.



Building new possibilities by connecting people, technology and ideas, creating a more sustainable world where anyone can advance their dreams.



| | | | | |
|-------------------------|--|--|--|---|
| Vertical Areas | Sustainable Manufacturing Circular, traceable manufacturing with consideration to the environment and people | Consumer Experience Payments, logistics and retail that provide consumers with diverse experiences | Healthy Living Supporting all kinds of people in living in ways that promote wellbeing | Trusted Society Creating communities that embody safety, security, and resilience |
| Horizontal Areas | Digital Shifts Data-Driven Work Style Reform | Business Applications Cloud Integration Applications | Hybrid IT Cloud Security | |

Interview with the President of Fujitsu Japan



"Our mission and final goal is to solve the problems of Japan's local communities and to be a leader in DX for FJJ's tens of thousands of customers."

Takayuki Sunada

President
Fujitsu Japan Limited



What are the specific roles of Fujitsu Japan (FJJ) in relation to Fujitsu Limited?



Our main targets are medium-sized companies with sales of less than ¥100 billion, local governments that are rooted in the local communities of Japan and are already facing a variety of social issues, as well as organizations in the education and healthcare sectors.



What are the specific issues and needs of customers rooted in local communities, and how does FJJ plan to help customers in addressing those issues?



The biggest challenges local communities are facing are the declining birthrate and aging population, and the resulting population decline. For example, the need to create cities with strong child-rearing support, in order to encourage the younger population to move to local areas and settle down can be traced back to this decrease in population. FJJ will offer solutions to respond to such needs of local governments. For example, we proposed to use AI-based solutions in daycare centers to efficiently match applicants with centers where vacancies are available, in order to avoid inconvenient cases where siblings are separated and assigned to different daycare centers. Currently, there is also a need for systems that enable online medical care and online learning in response to the COVID-19 pandemic.



The Japanese government established a new Digital Agency in September 2021, and there are plans to establish and provide a "government cloud" in the future. Business systems of local governments are also expected to be migrated to standardized core operating systems by the end of the fiscal year ending March 31, 2026. How will FJJ respond to these plans?



We see this as a unique opportunity to make a significant change in regional businesses and propose solutions "beyond standardization." As a Fujitsu Group company with the largest market share in municipal business solutions, we will of course support standardization itself. But we will not stop there. We will propose DX using the resources generated by the cost savings through standardization. Solutions for basic resident registration operations and the child-care solutions mentioned earlier are possible candidates to start with.

From a medium- to long-term perspective, we aim to solve social issues and create new value in areas such as "smart cities," which are often referred to as cross- or inter-industry markets. What is needed here is the formation of an ecosystem through collaboration with the government and partners from areas such as mobility, energy, and healthcare. By developing an infrastructure that connects the data in each of the domains handled by partners, we will support the provision of data-based services including transport on-demand and the expansion

of the use of renewable energies. FJJ needs to add a "special extra" to its offerings in order to differentiate itself from regional IT vendors with strong price competitiveness.

Q How do you approach medium-sized corporate customers? Are there any particular services or industries that you intend to focus on within the extremely wide range of medium-sized companies?

A First, we will focus on offerings to migrate from conventional, customer-specific systems to IaaS.*¹ Ultimately, our goal is to provide cloud computing and SaaS.*² We will **work with JGG** on these migrations and cloud-based service delivery. Although there are differences among companies, many medium-sized companies are painfully aware of the fact that they need DX to survive. We want to produce results with such medium-sized companies at an early stage, before focusing on municipalities, where it may take a little longer for demand to materialize.

We understand that it is not realistic to provide comprehensive solutions for all industries. Our idea is to determine priority areas and offer packaged

JGG

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services and solutions provided by partners in these areas. We are currently working to organize the customer bases and product portfolios of the companies that have joined FJJ to create a business portfolio that enables FJJ to create synergies.

*¹ Infrastructure as a Service: A cloud service that enables flexible use of virtual servers, storage, and other computing resources when needed

*² Software as a Service: A cloud service that allows users to use a variety of software when needed, without the need to own or create their own network

Q Please tell us about the progress of the integration process since the launch of FJJ in October 2020.

A We have a lot of work to do, such as building our business portfolio, integrating our internal management systems including order and supply, and integrating our human resources development and evaluation systems. This is not surprising since the former Fujitsu business unit in charge of municipalities, education and healthcare, and eight former Fujitsu subsidiaries have been united under the umbrella of FJJ. I believe that my mission as president is to create an organization where our 12,000 employees with different backgrounds can feel comfortable as a member of FJJ. To achieve this, FJJ must create and present its own vision. We also need to make it clear to our employees what they need to do to realize this vision and what kind of efforts we expect from them.

Q What is FJJ's unique vision and what employee evaluation system do you use to realize it?

A FJJ's vision is to support medium-sized companies and communities in solving their problems, and to revitalize them through DX. To share this vision with our employees, we introduced an evaluation system based on their contribution to problem solving. We also classified both business producers and system engineers as profit centers, and designed our management system accordingly. Customer relationship management (CRM) data also shows that employees are changing their mindsets and are more active in making proposals to solve problems rather than just acquiring immediate orders from customers.

Q What are FJJ's goals?

A Achieving the Fujitsu Group's financial targets will require us to aim for an operating profit margin of 10% for FJJ on a non-consolidated basis in the fiscal year ending March 31, 2023. However, this is not our final goal. Our mission and final goal is to solve the problems of Japan's local communities and to be a leader in DX for FJJ's tens of thousands of customers. In this way, we aim to achieve growth and increase profits.

Interview with the Head of Japan Global Gateway

Q Please tell us about the role of Japan Global Gateway (JGG).

A JGG is a group of engineering specialists who are the backbone of the Group's IT service delivery. In cooperation with the Global Delivery Centers (GDCs), these specialists function as the execution force for the design, manufacturing, and testing of IT services, as well as the operation and maintenance of systems.

The initial goal of JGG was to expand the use of the GDCs in software development and system integration work. It had a relatively limited role as an intermediary responsible for the standardization of tasks between Japanese engineers and the GDCs. However, JGG now has the much larger mission to build a new service delivery model, and the scope is expanding.

Q Can you tell us more about the enlarged scope? What do you mean by "building a new service delivery model"?

A The Group's domestic business has traditionally been centered on the development and operation of custom-made IT systems for each customer company. This means, for example, that the architecture selection processes, the quality assurance system, the system for training and enhancing the skills of engineers, and the management structure have been developed in accordance with the conventional business model. Establishing a service delivery

model means structurally reforming the existing system to fit the new delivery model.

When we delve into the domestic business strategy of expanding shared services, we find that not only do we need to unify the "what," the content of the service, but we also need to unify the "how," the structure that enables the service. Based on this recognition, structural reform of service delivery was also brought within JGG's scope.

The structural reform of service delivery involves the consolidation of human resources as well as the consolidation and standardization of services. Up to now, services were provided in a vertical structure by each business group, but with this structural reform, organizational barriers have been removed and the services have been consolidated into JGG.

Q What is the current state of progress with the role assigned to JGG?

A First, we are steadily expanding the use of the GDCs. As of July 2021, the number of GDC employees engaged in IT services for the Japanese market had already doubled compared with the same period last year. The number of engineers working on services for Japan at the GDCs is also expected to expand to approximately 9,000 by the end of the fiscal year ending March 31, 2023, compared with an annual average of 3,000 until last year.

Second, we are building a new service delivery model, working on specific initiatives in accordance



"The top-down approach to promoting change is fostering an energy that is clearly different from that of our reforms in the past."

Katsuhiko Uramoto

Corporate Executive Officer
Head of Japan Global Gateway

with the annual plan and milestones approved by the JGG Steering Committee, which includes COO Hidenori Furuta, Senior Executive Vice President and Head of Japan Region Masaki Kubota, and Corporate Executive Officer SEVP, Head of Global Solutions Business Megumi Shimazu.

Q If JGG's role has expanded, has the staffing structure also changed?

A JGG started with 40 employees in November 2020. As of October 2021, we had 3,800 engineers, including engineers who belonged to the business groups of Fujitsu's head office and engineers from system integration subsidiaries that were integrated into Fujitsu's head office as a result of the strategic group formation reorganization. The number of employees is expected to increase to approximately 7,000 by April 2022.

Q If the scope of JGG changes and the domestic structure is enhanced to such an extent, is there not a possibility that the initial objective of expanding the use of the GDCs will be given less priority?

A I don't mean to diminish the use of the GDCs at all. Contributing to improving productivity in the services business is a priority for JGG, and we are currently increasing our hiring, especially in India and the Philippines, to achieve our goal of having 9,000 employees at the GDCs by the end of the fiscal year ending March 31, 2023. In terms of profit contribution,

we have set a target of raising profits by ¥20 billion from the fiscal year ending March 31, 2023, compared with the fiscal year ended March 31, 2021, by combining JGG, FJJ, and the reorganization of the overall Group formation.

Q The standardization of services the Fujitsu Group has been working on over the past few years is growing rapidly under JGG. What are the reasons for this?

A I think the biggest factor is the commitment of the management team to this reform. The management has directly shared the message within the Group that this structural reform is an indispensable measure for creating the future of Fujitsu. As a result, senior managers with the same aspirations and awareness are gathering at JGG. This top-down approach to promoting change is fostering an energy that is clearly different from that of our reforms in the past.

In addition, I would like to mention two points regarding the perspective of these measures. First, we have standardized design, development, and testing operations to a different level than before. Second, we have created a pool of talent around a system that we have named the "shared service model."

Regarding the first point, we subdivided the series of tasks into smaller ones and thoroughly clarified them. If we eliminate ambiguity in the tasks, the members of the GDCs who are not familiar with the culture of Japanese IT services, and therefore not

proficient in "reading between the lines" of IT development, would be able to clearly understand what needs to be done and to what extent. This is also helping us to visualize project progress management.

As for the second point, the "shared service model," Japanese engineers from JGG and engineers from the GDCs are pooled together in pairs within the team to deliver services for SAP systems, for example, and to provide the same service to different customers. Compared to the traditional way of assigning GDC engineers to a specific customer or project, we become able to deliver service with great speed. From the customer's point of view, the advantage is that skilled members are assigned to the project, and the customer can always receive speedy service at a stable quality.

Q Please tell us about JGG's future challenges and vision.

A I am proud to say that JGG is a unit that is at the forefront of diversity and inclusion (D&I) in the Fujitsu Group. Japan is expected to face a shortage of IT talent by 2025, so promoting D&I is of the utmost importance. In addition to contributing to the growth of the Group, I want to pave the way for new practices in the IT sector by shaking up the old structure in which Japanese men were responsible for most of the IT service delivery in Japan, and accumulate best practices originating in Japan as a standard bearer of a new delivery model.

Message from the Head of Global Services Business Group



We will provide a global portfolio that integrates the most outstanding technologies and know-how of the Fujitsu Group globally to drive sustainable growth in the services business.

Tim White

Corporate Executive Officer
Head of Global Services Business Group, Global Solutions Business

The Global Head Office team, the Global Services Business Group, which was established in the fiscal year ended March 31, 2021, is building a global portfolio for the whole Fujitsu Group, while pulling together business strategies and investments across all regions. Our goal is to provide high-value-added services to our customers by consolidating the most outstanding technologies, know-how and resources of our Group on a global scale. We are currently developing the final details around the services that will make up our global portfolio and their deployment in each region, under Enterprise Infrastructure Services Solutions (EISS) and Enterprise Business Applications (EBAS), and we plan to start providing specific service offerings for customers from autumn 2021.

EISS will focus on services around Hybrid IT, Work Life Shift, Enterprise Cyber Security, and our Microsoft alliance to meet our customers' needs, including the migration from on-premise to cloud. In the area of Hybrid IT, for example, we are unifying the content and methods of services, while

leveraging the experience each region has in providing cloud solutions as well as expanding the use of our Global Delivery Centers (GDCs) in delivery. In addition, with our cybersecurity-related services, which have established a strong position in the Australian, Japanese, and UK markets, we are consolidating our know-how in our "Centers of Excellence" and strengthening reference functions in each region.

EBAS provides services related to the implementation and integration of SAP, ServiceNow, Salesforce, and Fujitsu applications, helping customers to enhance their workflow and data analysis while flexibly incorporating the partner ecosystem. With SAP, for example, we have an extensive track record of service in Japan, as well as in Asia and in parts of Europe, namely Finland. We also have a particularly strong client base in the manufacturing sector. Looking ahead, EBAS will focus on strengthening our service capabilities and developing our global portfolio by leveraging the experience and knowledge from our Japanese business, looking to expand to other regions

and across other industry sectors. With ServiceNow, which is achieving impressive results as a pillar of Fujitsu's IT service management in Northern & Western Europe (NWE), we plan to apply the know-how we have in Europe to Japan, anticipating the growth of this area in the Japanese market. We are also expanding ServiceNow to be a platform beyond IT service management and to address both employee and customer experience workflows.

I believe the development of global offerings will allow an increasingly efficient investment in service development, and will also help the Fujitsu Group enhance its competitive advantage. We will also review our go-to market and business approach accordingly with a view to increase shared services, contributing to Fujitsu's Groupwide transformation under Project Fujitra. By bringing together the strength, diversity, know-how and experience of all the members of the Global Services Business Group, I am confident we will drive sustainable growth by providing the best of Fujitsu to our customers across the globe.

Transforming Our Personnel and Organization to Create Value

The Fujitsu Group is transforming itself. We are stepping up data-driven management, raising productivity through the development of Group employees with the competence both to work in and design environments conducive to digital transformation, and advancing digital transformation based on inclusion, ownership, and innovation "ecosystems."

By encouraging Group employees to take the initiative in pursuing innovation, we will strengthen employee engagement as well as customer relationships. As a result, the organization will grow with a strong focus on Our Purpose and provide new value to customers and society.



Interview with the Chief Human Resources Officer

Q What is the objective of reforming the Fujitsu Group's human resources strategy?

A Our overriding aim is to foster a mindset and organizational culture that forge ahead with the transformation of the Fujitsu Group's businesses and contribute to the realization of Our Purpose. Digital transformation will be the growth driver of the Fujitsu Group. In other words, we will grow by helping customers transform and grow their businesses. To build the necessary capabilities, we need personnel who can identify issues and think and act independently. The development of such personnel is the objective of the human resources strategy that we are currently pursuing.

Our previous business model was based on made-to-order construction of IT systems for our customers, which called for the provision of services in accordance with given specifications. Although indispensable for the construction of stable systems, I think this role put us in a slightly passive position. Therefore, we believe that our human resources strategy must change to reflect the Group's future business model.

Q What specific measures are you taking to encourage employees to think and act independently?

A In 2020, we launched a series of measures aimed at realizing new workstyles and reforming organizational and human resources management, which we

referred to as our "Work Life Shift" initiative. In particular, the expansion of our internal job posting system and the introduction of job-based human resources management have emerged as important factors in encouraging employees to independently add to their skill sets and take on new challenges.

The introduction of job-based human resources management means a shift from the conventional approach of membership-based human resources management—in which the emphasis is on how to utilize the talent currently available—to a strategic approach to talent and organizational design in which the focus is on the type of human resources needed to execute business strategies.

Expanding and enhancing the internal job posting system has also markedly changed the relationship between the Group and its employees. Employees have far more opportunities to take the initiative in searching for and selecting positions advertised in-house, acquiring new skills as needed, and pursuing ambitious goals. Rather than management unilaterally deciding on the training and assignment of employees, the employees can now learn and build their careers proactively.

Internal job posting system **P32**

Job-based human resources management **P32**




"The introduction of job-based human resources management means a shift to an approach focused on talent and organizational design."

Hiroki Hiramatsu
CHRO

Q How have employees reacted to the major changes in the human resources system?

A The reaction has been more positive than expected. For example, more than 1,350 employees from across the Fujitsu Group responded to a recruitment drive for new managers in October 2020, and approximately 750 of the applicants received promotions to managerial positions. In addition, as of June 2021, nearly 2,900 employees had applied for open in-house positions, with more than 750 employees assuming new positions as a consequence.

In total, at least 1,500 personnel have transferred, demonstrating that employees have taken the management's seriousness about change on board. Moreover, those who have not yet applied for the advertised positions have expressed an interest in taking up the challenge in the future and developing their skills to this end. Overseas, Group company employees have asked for more information so that they can pursue their ambitions by applying for in-house positions. Through "Fujitsu VOICE" , a program for collecting employee feedback, we are able to receive employees' frank evaluations of measures in a timely manner and utilize the information to improve the systems that we have introduced.

The internal recruitment system is invigorating not only individual employees but the organization as a whole. To attract talent through the system, divisions must make themselves more appealing. Naturally, the engagement of existing division members will

also come under scrutiny. If managers want to attract personnel or retain existing personnel, they have to create environments where employees can take on challenges. To encourage the creation of such environments, one-on-one dialogues between managers and their subordinates are held Group-wide. Also, we are creating systems to ensure high-quality communication even when the participants are in different locations.

"Fujitsu VOICE"

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Q As well as the personnel assignment system, you have changed the personnel evaluation system. How exactly has it changed?

A We have emphasized linking personnel evaluation and Our Purpose. Creating an organization that is strongly focused on Our Purpose cannot be accomplished simply by the senior management team taking the lead in setting a direction for the Group. We believe the establishment of a vision that both managers and personnel from each division and Group company can relate to and endeavor to realize is also necessary. With this in mind, we have introduced a system that evaluates employees' contribution to the realization of our vision.

Specifically, for senior officers worldwide, we have adopted a common "balanced scorecard"* to evaluate beneficial impact on Our Purpose, the tackling of

transformation tasks, contribution to financial and non-financial indicators, initiatives under the Global Responsible Business (GRB) platform, and performance in relation to indicators. For the management rank below senior officers, targets are broken down into numerical values, and beneficial impacts rather than the degrees of achievement are evaluated.

* The balanced scorecard is a strategy and business performance evaluation framework utilizing a well-balanced combination of management indicators that have an important bearing on the realization of a vision or strategy.

Q The Fujitsu Group is promoting diversity, inclusion, and wellbeing under the GRB platform. What is the relationship between this platform and the Work Life Shift initiative?

A Since the Work Life Shift initiative contributes to employee wellbeing and promotes diversity and inclusion within the Group, we are of course seeking synergies between this initiative and the GRB platform. The platform represents the Fujitsu Group's commitment as a global company and forms the basis of business management. Meanwhile, as Work Life Shift is part of efforts by the Group to transform itself, the initiative occupies a different position and is linked to business strategies. However, the common goal of the initiative and platform is to realize Our Purpose.

GRB

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Progress in Human Resources and Organizational Transformation


Work Life Shift

In 2020, the Fujitsu Group launched its Work Life Shift initiative, which aims to realize employee wellbeing in the “new normal” era by transitioning from a focus solely on work to a view of work and lifestyle as part of an integrated whole. We are promoting this initiative based on three key approaches. The first one, “Smart Working,” enables employees to choose flexible workstyles fitted to particular types of work, objectives, or lifestyles. The second approach, which we call “Borderless Office,” encourages location-flexible workstyles and the development of comfortable office environments that are conducive to creativity. The third one, “Culture Change,” will transform our corporate culture through human resources management based on high degrees of employee autonomy and mutual trust.

Introduction of Job-based Human Resources System

Among the three approaches mentioned above, the “Culture Change” approach seeks to align Fujitsu’s human resources strategy and organizational design with its business strategy and also to innovate the current human resources system to promote a diversification of career options. The driver of “Culture Change” is a job-based human resources system that assigns the right people to the right jobs. To achieve such a system, it is important to determine clear job descriptions in terms of responsibilities, skills, and activities based on globally unified standards and rankings. Fujitsu introduced a job-based human resources system for managers in Japan in 2020, and plans to establish a common Groupwide global system by applying this system to all Group employees.

Expansion of the Internal Job Posting System

In 2020, Fujitsu launched an internal job posting system by expanding the existing in-house recruitment system. Within the system, any Group employee can apply via a Groupwide intranet site for vacant in-house positions. The system encourages employees who want to seek new challenges in a new work environment by providing valuable information on positions and results of [employee engagement](#)  surveys for each division on the intranet. The system is encouraging healthy competition of talent among the Fujitsu Group, with some divisions adding videos or presentation slides to their job offerings to give overviews of their divisions and illustrate the rewards and growth opportunities that they offer. The internal job posting system has revitalized the entire Fujitsu Group as the increase in transfers and personnel mobility is strengthening cross-divisional exchanges, which in turn generates collaboration among different business divisions.

Employee engagement

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Better Communication through One-on-One Dialogues

Fujitsu employs Groupwide one-on-one meetings between managers and their subordinates in order to encourage in-house communication. We realize how important it is for employees to be able to consult with their superiors about growth opportunities and future careers, receive appropriate advice, and gain an understanding of the mission of their division and the role they are expected to play over the medium and long term in order to realize their full potential. In addition, these dialogues have a highly positive impact on employee engagement and on the clarification of Fujitsu’s Purpose as they give the supervisors and their subordinates the opportunity to take a step back from their daily reporting and consultation routine in order to discuss and clarify common visions.

Support for Self-Motivated Learning

Fujitsu has not only introduced a new human resources system, but has also replaced its traditional rank-based training system with a system that encourages employees' to take charge of their own learning and growth throughout their careers. The Fujitsu Learning Experience, an on-demand platform in cooperation with Udemy, one of the world's largest online video learning platforms, offers employees a lineup of approximately 8,800 courses—accessible at any time and any place. Using this new platform, employees can register for their aspired positions and then receive recommendations on suitable e-learning courses. In this way, employees can acquire necessary skills and knowledge in order to prepare for challenging, new positions. The platform also provides content that aims to inspire employees' ambitions like "Edge Talk," where experts from inside and outside the Fujitsu Group talk about learning and their experiences.

Strengthening Human Resources to Lead Digital Transformation

As part of the digital transformation project "Fujitra," we are training all 130,000 Group employees with the skills and knowledge required to be a driver of digital transformation. Fujitsu has defined common skills and knowledge in three areas as "digital transformation (DX) literacy": "Agile Methodology," "Data Sciences," and "Design Thinking." Based on this system, Fujitsu is developing training courses where employees can acquire the necessary practical skills to nurture human resources able to drive digital transformation. By focusing on these three areas—"Agile Methodology," used for the development of systems and software, "Data Sciences," related to digital technologies, and "Design Thinking," an approach used by designers to develop new services and create innovation—we aim to expand our business in order to create new value and realize Our Purpose.

Nurturing of Business Producers

The Fujitsu Group aims to create value in the two business domains "For Growth" and "For Stability." To this end, Fujitsu has revised conventional practices where sales personnel were assigned to specific industries and accounts in our domestic business and redefined the staff's role as "business producers" who will be leaders to provide new value to our customers. Currently, we are promoting the reskilling and education of business producers so that they can fulfill their role and create value in future markets.

The goal of reskilling is to acquire techniques necessary to drive digital transformation to become a leader in the "value creation process," which we have defined in the form of model activities for business producers. Introductory courses include lectures on market analysis, how to prepare digital transformation concepts, and design thinking. Trainees then acquire practical skills by participating in customers' digital transformation projects. After finishing both the introductory training course and the practical skills phase, participants are evaluated based on their practical skills to drive the "value creation process" as well as their knowledge and understanding of their own role as business producers.

According to a survey, 97.0% of the reskilled personnel understood the need for and endorsed the change in their roles, and graduates of the course are enthusiastically using the skills they have acquired to address social issues and contribute to customers' digital transformation projects. In addition, as some system engineers have expressed their wish to participate in this training, we are considering to offer the course to a wider range of employees.

Advancement of Fujitra

Fujitsu is promoting the Groupwide digital transformation project “Fujitra,” an initiative to revolutionize our products and services, business models, organization and business processes and culture, aiming to further strengthen our competitiveness in today’s digital age. The goals of the Fujitra project are to analyze, test, and implement a digital transformation project integrating the whole organization as well as a “Japan-style” digital transformation project that will serve as a model for our domestic customers.

The project is led by a steering committee, comprising CEO and CDXO Takahito Tokita; CIO and Deputy CDXO Yuzuru Fukuda; COO and CDPO Hidenori Furuta; CFO Takeshi Isobe; CHRO Hiroki Hiramatsu; and CMO Taeko Yamamoto. Digital transformation officers, selected from 22 divisions, four Group companies in Japan, and five overseas regions report to the steering committee. These digital transformation officers are responsible for promoting reforms across divisions, advancing Companywide measures in each division and region, and leading digital transformation at each division level by gathering insights from frontline operations on a rolling basis.

The Fujitra project is focused on breaking down rigid corporate cultures such as vertically siloed systems and over-planning that have developed among business and corporate divisions. As a “Companywide DX model,” the project focuses on initiatives based on approaches from five areas: the growth of strategic business, the creation of new business, mutually beneficial systems and environments, process re-designing, and the enhancement of profitability of existing businesses. The senior management team and the Group’s approximately 130,000 employees will unite and realize digital transformation that takes maximum advantage of digital technologies with the aim to become an organization that is strongly focused on Our Purpose and to establish a corporate culture that aims to continuously adapt to the constant changes in society.

The “One Fujitsu” Program

Fujitsu is currently promoting the “One Fujitsu” program as part of the Fujitra project, a program to reform its data infrastructure to make data-driven management possible.

The purpose of the program is to optimize decision making, actions, management, and operations at all levels of the organization from senior executives through to frontline personnel by enabling real-time analysis and the prediction of management and operations based on the latest data.

“One Fujitsu” is a management and operation reform program to standardize the data and business processes of the Fujitsu Group worldwide on a single system. The renewal of our IT systems is one step toward achieving this goal.

As the first step of the program, we are currently promoting the One ERP+ Project as part of our Enterprise Resource Planning (ERP) program, which aims to maximize value from limited resources like human resources, goods, money, and time.

The key to this project, which involves fundamental reform of existing operations, is the Group employees’ participation in and commitment to the reforms. We have assigned a data & process owner who directly reports on the progress of the project to the CEO for each significant business process, such as business negotiation management, accounting, and procurement. Under this system, we are promoting standardization and digitalization across businesses and regions.

With ERP as a starting point, we will ultimately extend the “One Fujitsu” program to encompass all operations. Globally, the program will standardize Fujitsu’s Groupwide management, business processes, data, and IT to realize management and operations that are based on a data-driven, predictive model.

Non-Financial Indicators

To realize Our Purpose, we are taking financial and non-financial measures. With regard to non-financial measures, the Group is promoting organizational transformation while focusing on seven priority issues within its **Global Responsible Business (GRB)**  platform: Human Rights and Diversity & Inclusion, Wellbeing, Environment, Compliance, Supply Chain, Occupational Health and Safety, and Community. We believe that conducting business in a way that meets our responsibilities to all our stakeholders earns the trust of customers and society and increases employee engagement. To measure our performance in these areas, we have established the customer Net Promoter ScoreSM (NPS[®]), employee engagement, and DX Promotion Indices, which show progress in advancing our organizational culture as non-financial indicators.

Employees with high engagement levels can provide customers with high-quality services, while positive evaluation from customers further increases the motivation of employees. Setting the customer NPS[®], employee engagement, and DX Promotion Indices as non-financial indicators enables us to monitor our transformation into a business organization that is strongly focused on Our Purpose and value creation for our customers.

Over the medium to long term, we will analyze and clarify the relationship between performance data based on financial and non-financial indicators as well as between performance data based on Global Responsible Business initiatives and non-financial indicators with the goals of demonstrating our dynamism as a data-driven organization and creating innovative value.

Global Responsible Business (GRB)

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Net Promoter ScoreSM (NPS[®])


NPS[®] is a metric to measure “customer loyalty” (the customers’ levels of trust and attachment toward a company, product, or service) and is used for analyzing the level of customer experience and its improvement. While conventional customer satisfaction surveys ask about current levels of satisfaction, customer NPS[®] is calculated based on a single question concerning the probability of recommendation to another person: “How likely are you to recommend our product or service to a friend or colleague?” The resulting score is then used to predict changes in

customer behavior. The customer NPS[®] will help us to gain honest responses from our customers regarding their expectations toward our company as well as outstanding tasks. We will incorporate the insights gained from these responses in our management, operations, and products, in order to create new value and use this feedback to continuously improve our business.

In 2020, we conducted a survey that mainly targeted strategically important customers in 30 countries. We have furthermore established the CX Steering Board, a project headed by the CEO where senior management team members and customer experience leaders responsible for customer experience initiatives in each region examine business strategies and measures based on customer NPS[®] analysis. Internal discussions are also currently underway to set a Groupwide common global target for customer NPS[®] for the fiscal year ending March 31, 2022.

Employee Engagement

The Fujitsu Group has set “Employee Engagement” as a non-financial indicator and a management goal. Employee Engagement shows the level of employees’ empathy toward Our Purpose and the overall direction of our company. It furthermore measures their degree of loyalty toward the organization and gives better understanding about how autonomous and self-directed employees work and contribute to the Company. We aim to achieve an Employee Engagement score* of 75 by the fiscal year ending March 31, 2023. In 2020, the Group conducted a global Employee Engagement survey to clarify goals for Fujitsu as a group and for workstyles with the aim to speedily incorporate the employees’ feedback and changes in awareness in our business management.

Fujitsu is currently promoting “**Fujitsu VOICE**”  as one of its internal digital transformation initiatives. The aim of the program is to collect feedback from customers and employees (including the Employee Engagement survey) and incorporate it into our business management. The engagement survey results are available to all Fujitsu Group employees and incorporated into the daily management of workplaces. Each business, division, and Group company is continuously reshaping its culture to improve employee engagement.

* An average score calculated by assigning scores between 0 and 100 to each of the five answer options of survey questions

“Fujitsu VOICE”

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DX Promotion Indices

In 2021, the Fujitsu Group began disclosing “DX Promotion Indices,” a set of non-financial indicators in order to give external stakeholders access to objective information on the Group’s self-transformation. The indices have been established by Japan’s Ministry of Economy, Trade and Industry (METI) with the aim of encouraging companies to promote digital management reforms. To this end, the indices provide opportunities for senior executives; personnel engaged in business operations, digital transformation, and IT; and other stakeholders to share their awareness of current situations and challenges in the promotion of digital transformation and to utilize the resulting insights for further actions. Based on 35 qualitative and other indices, companies conduct self-diagnoses and submit the results to the Information-technology Promotion Agency, a neutral organization that comprehensively analyzes the diagnosis results and benchmarks them against those of other participating companies.

The Fujitsu Group will use the DX Promotion Indices to regularly measure the [Fujitra](#) project’s progress in renewing in-house processes and information infrastructure, realizing data-driven management, and revamping human resources and organizations. We will furthermore use the indices to set targets to improve our digital transformation initiatives. In the fiscal year ended March 31, 2021, when Fujitra officially started, the Group’s performance based on the indices improved from the previous fiscal year’s 1.9 points to 2.4 points. Fujitsu is accelerating its transformation initiatives with the aim to raise performance to 3.5 points in the fiscal year ending March 31, 2023.

In 2020, we were selected by METI and the Tokyo Stock Exchange as one of the “DX Stock” companies for our digital transformation initiatives. In 2021, the Group was named a “Noteworthy DX Company,” a designation given to companies with high overall evaluations or that engage in initiatives meriting particular attention. Furthermore, in March 2021 we were certified as a “DX-Certified Business Operator” under a digital transformation certification program established by METI.

Fujitra

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Aggregated Results of Self-Diagnosis Based on DX Promotion Indices in 2020

| | n | Current average (all indices) | Average target for three years (all indices) |
|---|-----|-------------------------------|--|
| All companies | 305 | 1.60 | 3.21 |
| Large companies with at least 1,000 employees | 141 | 1.98 | 3.57 |
| DX-certified companies | 33 | 2.71 | 4.24 |

Source: Report on Analysis of Self-Diagnosis Based on the DX Promotion Indices (2020 edition), issued June 14, 2021, Information-technology Promotion Agency

“Fujitsu VOICE”

“Fujitsu VOICE” is based on a common digital service that uses feedback from customers and Group employees to increase the momentum of in-house and business transformation initiatives by frequently collecting and analyzing quantitative and qualitative data and managing measures taken in light of this data. The program uses AI and analytics to digitally collect and analyze data on the emotions, experiences, and opinions of customers and Group employees. This helps us to understand the backgrounds to and reasons for specific events and reactions and enables us to incorporate these findings into our business management.

[Work Life Shift](#) is a good example of how the use of “Fujitsu VOICE” has initiated transformation. In May 2020, we conducted a two-week survey of all Group employees. The approximately 37,000 responses delivered us insights regarding the design of specific systems as well as the prioritization of measures to be incorporated into the Work Life Shift initiative. As the data-based visualization of employees’ opinions allowed for faster decisions and reforms, we were able to shorten the planning process and accelerate the launch of this system. As a Companywide initiative, “Fujitsu VOICE” is also helping us to flexibly improve our structures based on the employees’ feedback.

By collecting and analyzing not only employee opinions but also feedback from customers on their expectations, requests, and service evaluations, the Group will utilize data to enhance customer experience and deliver value to our customers.

Work Life Shift

P32

Social Innovation through Digital Transformation

The Fujitsu Group is committed to creating new value to realize its Purpose:
“To make the world more sustainable by building trust in society through innovation.”

We are working with partners who have specialized knowledge and expertise, and are taking on the challenge of leveraging leading-edge digital technology to solve social issues like the fight against disease, the reduction of greenhouse gas emissions, and the prediction of disasters to minimize their impacts.



Contributions in Drug Discovery and the Medical Field

While the worldwide vaccination rates for COVID-19 increase, the emergence of variants has made it difficult to predict how the disease situation will unfold.

The Fujitsu Group is contributing to the fight against COVID-19 through innovations in drug discovery and novel medical treatments, realized through digital transformation (DX).

Computing Power to Support the Fight against COVID-19

The fight against COVID-19 has demonstrated the possibilities and importance of digital technology to our society. AI and machine learning technologies have enabled the development of vaccines at unprecedented speeds. People worldwide anticipate the promising, transformational potential of digital technologies to contribute to the development of new therapeutic drugs and the expansion of telemedicine services, to not only help us fight against the COVID-19 pandemic but to make our society more resilient in the years ahead.

With Healthy Living as one of its Key Focus Areas, the Fujitsu Group is drawing on digital technologies to mitigate the spread and damage of COVID-19 while driving research and development in the search to find new treatments.

The supercomputer Fugaku, for example, represents one of the most powerful platforms in the global fight against COVID-19, and was jointly developed by the research institute RIKEN and Fujitsu. The computing power of Fugaku has been utilized in exciting research projects that have fundamentally changed our understanding of the virus, conducted by institutions like RIKEN, including for projects to discover therapeutic drug candidates, the prediction of virus droplet infection in indoor environments and countermeasures, and evaluation models to measure the impact of the spread of the disease and city lockdowns on socioeconomic activities.

Transforming the Development Process of Middle-Molecule Drug Discovery

Fujitsu proved its exceptional hardware development capabilities with its driving role in the development of the world's most advanced computing technology for the supercomputer Fugaku.* However, Fujitsu's strength is not limited to hardware. Fujitsu's competitive advantage also lies in its ability to combine computing technologies with software development and system integration to provide customers with services that realize innovation and create social value that the Fujitsu Group aims to achieve.

One of our latest initiatives to combine technology and service is a joint project with a venture company to innovate drug discovery processes. Together with our partner PeptiDream Inc., which has unique technologies in the field of middle-molecule (peptide) drug discovery, we take on new challenges for innovation. Through our joint research, we have succeeded in the rapid and accurate calculation of the stable structure of middle-molecule compounds, which had been extremely difficult using conventional simulation technology.

In this joint research, Fujitsu successfully proposed mechanisms to improve efficiency in the drug discovery process based on high-performance computing and its quantum-inspired Digital Annealer technology, which allows users to rapidly solve combinatorial optimization problems that prove difficult to solve using current conventional computers.

Based on the results of this joint research, we are also working on the development of therapeutics to treat COVID-19. In November 2020, the five companies PeptiDream, Fujitsu, Mizuho Capital Co., Ltd., Takenaka Corporation, and Kishida Chemical Co., Ltd. established the joint venture PeptiAID, aimed at the development of therapeutics to treat coronavirus diseases. Fujitsu provides its knowledge in computing technology and will also take up the challenge of establishing a new foundation for the drug discovery process through digital transformation, by utilizing AI-based prediction of activities and physical properties, and creating a drug discovery IT infrastructure that helps researchers to share knowledge and utilize research data.

* Press release on June 28, 2021: "Japan's Fugaku Retains Title as World's Fastest Supercomputer for Three Consecutive Terms."

<https://www.fujitsu.com/global/about/resources/news/press-releases/2021/0628-01.html>

For more information about PeptiAID, please visit the following website.

<https://www.fujitsu.com/global/about/resources/news/press-releases/2020/1112-01.html>

Contributing to the Mitigation of Climate Change

Amid accelerating efforts to combat climate change, the Fujitsu Group is promoting advanced digital technologies to drive social innovation and create new value. Fujitsu aims to contribute to a carbon-neutral society by addressing climate change through “mitigation measures,” which focus on the reduction of greenhouse gas emissions, as well as “adaptation measures,” which aim to prevent and reduce damage inflicted by natural disasters.

Improving the Efficiency of Large-Scale Logistics Services Using the Digital Annealer

In recent years, the importance of logistics as part of the social infrastructure underpinning people's lifestyles and industrial competitiveness is steadily increasing. At the same time, however, we are facing issues like shortages of drivers and a rapid increase in logistics costs in Japan due to small-lot and high-frequency deliveries amid the rapid growth of the e-commerce (EC) market. Measures to improve efficiency and reduce costs are also required in traditional areas like the logistics management of components in the manufacturing industry as a fundamental part of the supply chain. Increasing logistics and traffic density are factors that further increase CO₂ emissions, which may negatively impact climate change and lead to more severe and frequent weather disasters. In order to contribute to solving such challenges of the logistics

industry, Toyota Systems and Fujitsu have conducted joint trials to optimize the distribution network of automobile components by utilizing Fujitsu's quantum-inspired Digital Annealer technology.

When planning logistics in automobile manufacturing, there are countless possible route options for purchasing parts from various suppliers, which must pass through relay warehouses and deliver parts to several suppliers. To optimize logistics in automobile manufacturing, it is necessary to identify routes with the lowest logistics costs out of a huge number of potential candidates. To find the optimal solution, one must take into account the maximum load capacity of vehicles, cargo volumes, designated delivery times, travel distances and times between destinations, as well as the time required to load and unload cargo. However, with a growing number of vehicles and destinations, the number of combinations increases exponentially, making it extremely

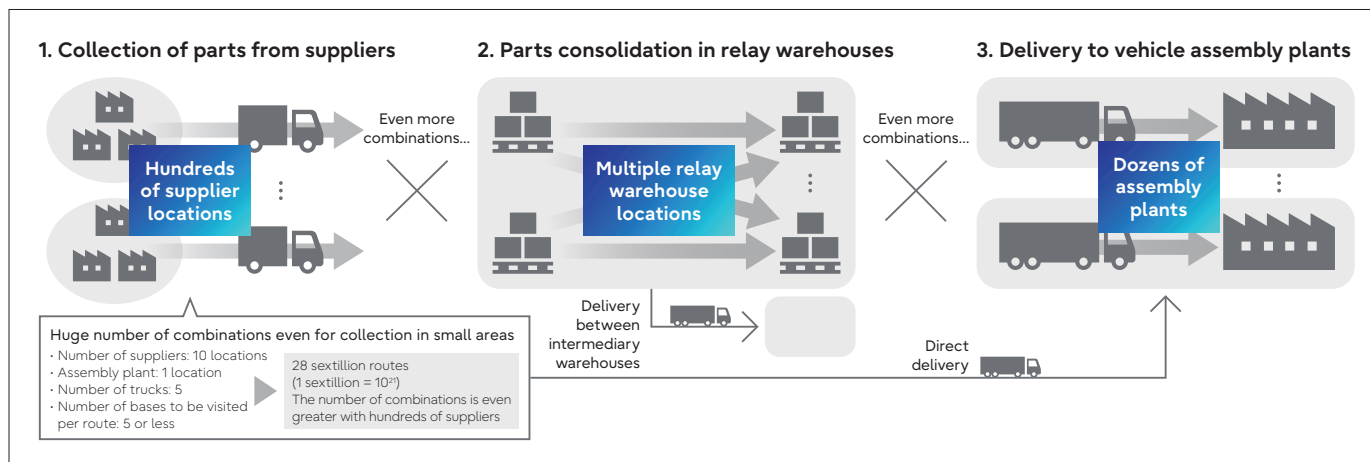
difficult for people to calculate the best answer. Fujitsu's quantum-inspired Digital Annealer is able to deliver optimal solutions to such problems at high speed.

Contributing to the Reduction of CO₂ Emissions

Within the trials, we succeeded in calculating new routes from a wide number of possible options within 30 minutes, contributing to a material reduction in overall logistics costs. Trials showed that customers can achieve cost reductions of approximately 2% to 5% compared to conventional methods by applying our technology to optimize their logistics routes. We also confirmed that optimizing logistics routes can reduce CO₂ emissions from trucks by 8.9% compared to conventional methods (based on research by Fujitsu*).

Moving forward, we aim to optimize the entire supply chain by applying technologies like the Digital Annealer to actual logistics operations, while simultaneously promoting further verification and practical applications to expand the scope of real-world use to contribute to the mitigation of climate change.

* Fujitsu developed the web estimation tool EcoCALC, to measure the reduction of environmental impact achieved through the use of the Digital Annealer by comparing CO₂ emissions levels before and after deployment. The calculation method is based on the International Telecommunication Union-Telecom (ITU-T) recommendation L.1410 for the methodology for environmental life cycle assessments of information and communication technology goods, networks and services (2012).



For more information about EcoCALC, please visit the following website:
<https://www.fujitsu.com/global/about/environment/sustainability-contribution-certification/>

Contributing to Efforts to Adapt to Climate Change

Every year, torrential rains and typhoons cause damage to homes and roads and claim many lives in Japan and other countries. As damages caused by climate change are expected to further increase in the future, the Fujitsu Group is promoting DX-based innovation to reduce the risk of flood damage and to ensure the safety of people. Through “adaptation measures,” Fujitsu will contribute to creating resilient communities and combating climate change.

AI Water Management Prediction System for Flooding Countermeasures

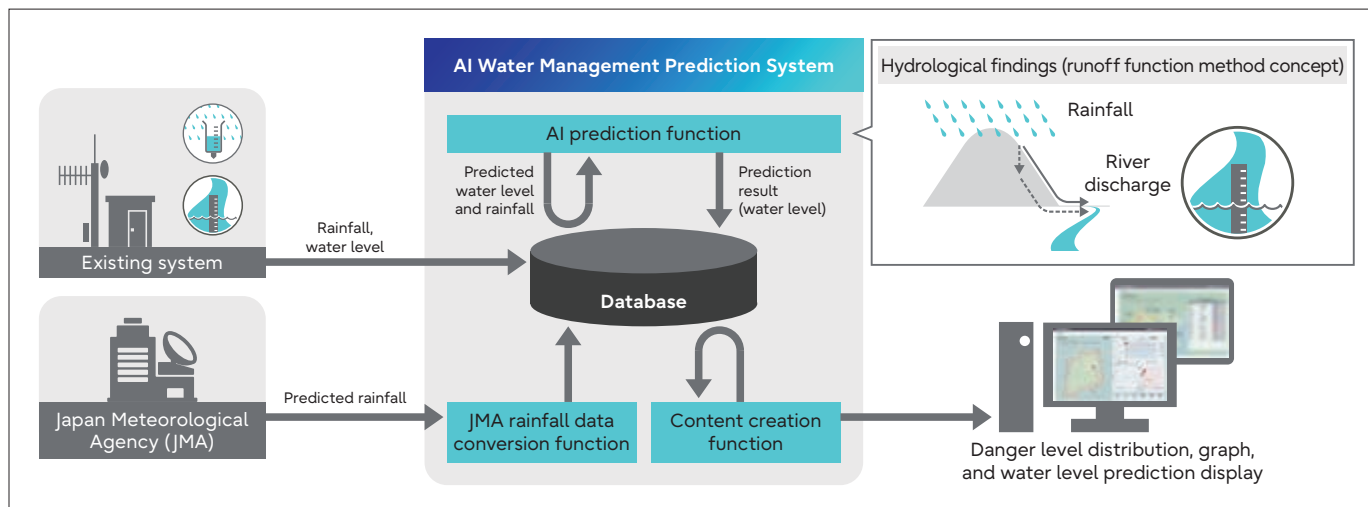
The number of disasters caused by floods globally has been on the rise since 1980, while the trend is increasing in recent years. In Japan, economic losses due to flood damage caused by Typhoon No. 19 in 2019 were approximately ¥1.65 trillion, the largest in the world. Damage caused by climate change, including flood damage, is becoming more frequent and severe. As rivers often overflow in a short period of time during floods, it is difficult to take precautions in advance. In addition to weather forecast information, local governments thus increasingly require real-time data to predict the influence of further rainfalls on the water level of rivers when issuing evacuation advisories to local residents.

Fujitsu’s AI Water Management Prediction System, launched in March 2021, meets these challenges by utilizing a model that incorporates insights from hydrology. The system can be used to predict water levels in smaller and medium-scale rivers with limited measurement data or for areas where water level sensors have been newly installed and have yet to accumulate sufficient data. These predictions will offer authorities a tool for delivering faster response times and mitigating flood damage in the event of a natural disaster, including dispatching personnel to affected areas and supporting appropriate decision making in issuing evacuation advisories. Such support also contributes to “adaptation” to the progressing effects of climate change, by protecting people from weather-related disasters such as river floods caused by heavy rains.

Ensuring Evacuation Lead Times Based on Forecasts

Using this system, AI predicts water levels based on collected observation data, enabling predictions of water levels of relevant rivers based on the expected rainfall upstream. This helps authorities make more accurate evacuation advisories, dispatch personnel to affected areas more appropriately, and deliver faster response times to prepare evacuation centers in the event of floods. The ability to predict risks in advance not only enables the preparation of appropriate action plans but also can further contribute to reducing greenhouse gas emissions by avoiding the waste of various energy resources.

Through this system and other AI-based solutions that can provide forecast information at various locations, the Fujitsu Group aims to reduce the risk of damage from natural disasters like river floods resulting from climate change. We will continue to contribute to the creation of a resilient society and the adaptation to climate change by promoting disaster prevention and mitigation in the event of natural disasters in cooperation with local communities, local governments, and businesses.



Sustainability Management

The Fujitsu Group's Purpose includes a pledge to "make the world more sustainable." To realize this goal, the Fujitsu Group is advancing initiatives that address priority issues identified under the Global Responsible Business (GRB) platform.

Based on the GRB platform, we will practice sustainability-focused management on a global scale. Moreover, each of the priority issues aligns with the Sustainable Development Goals (SDGs) established by the United Nations.

Through this platform, we will not only help achieve the SDGs but also set our sights beyond them as we reinforce and accelerate our initiatives to tackle issues facing both business and society at large.



Message from the Chief Sustainability Officer (CSO)

Guided by the Fujitsu Way, we are aiming to promote transformation that encompasses the sustainability of business and society, while building relationships based on genuine trust with our stakeholders.

Driving Transformation to Encourage New Value Creation

COVID-19 has demonstrated to us once again that we are one global society, posing an equal threat to people throughout the world. At the same time, competition has emerged among countries trying to secure medical supplies and vaccines for their people, casting divisions in society into sharp relief and underlining persistent inequities for communities unable to access the same opportunities for treatment and economic recovery. Cooperation and competition are vying with one another around the world, and against this backdrop, I was appointed as CSO of the Fujitsu Group in April 2021. I believe my mission is to foster understanding within the Group regarding these problems facing global society and to drive our transformation to encourage the creation of new value for all, as well as to externally communicate the Group's efforts to solve social issues.

Revision of the Fujitsu Way Aimed at Moving to a New Stage

The Group first formulated the Fujitsu Way in 2002. Since then, we have steadily expanded our sustainability initiatives, which can also be described as the practical implementation of the Fujitsu Way, earning a certain amount of recognition from external groups and evaluating institutions. However, our activities have been driven mainly by certain, mainly corporate, divisions, and we must acknowledge that not all Group employees have a full sense of their own role in our efforts toward sustainability management.

The context for the 2020 revision of the Fujitsu Way is that of an accelerating global movement to create a new capitalism designed to overcome the challenges of climate change, social division and other social issues. In this environment, we were determined to take the Group's sustainability management efforts to the next stage. To ensure that the Group will

Yumiko Kajiwara
CSO



continue to be trusted by society and have an essential part to play in the future, we felt that each Group employee needed to consider the value that the Fujitsu Group provides to society.

The revised Fujitsu Way is centered on Our Purpose, which sets out why Fujitsu exists in society. It sets out the milestones that the Group will aim to achieve, looking ahead to the society of the future and backcasting to clarify the role that the Group should play as a technology company toward realizing it. We will also look to the past, digging down into our DNA to draw inspiration from our 86-year history since our founding.

Internal Promotion of Our Purpose and Sharing of Values

To help employees understand Our Purpose and engage in business with a focus on the sustainability of society, they must share the values that form the principles for their conduct. Our Values are “Aspiration,” “Trust,” and “Empathy,” and for each of these three values, we have presented four conduct guidelines. These have been made into an explanatory document that has been translated into 19 languages to promote them internally. Furthermore, the heads of our internal divisions and Group subsidiaries are all responsible for promoting the Fujitsu Way, and we hold regular meetings for reporting on and sharing the status of implementation of the Fujitsu Way. In addition, to encourage employees to understand and take

ownership of Our Purpose, we introduced a dialogue program titled “Purpose Carving®” for putting the individual’s own purpose into words as an exercise for helping each individual employee explore their own purpose and give it shape. We also create opportunities for employees to reflect on the value that their work brings to society.

Through these actions, sustainability initiatives within the Group are gradually being stepped up. As the president continuously communicates his thinking about the Fujitsu Way and demonstrates a strong commitment to purpose-driven management, corresponding movements are emerging among employees, and I am encouraged by those responses.

Promotion of GRB and Establishment of Non-Financial Indicators

We have been promoting Global Responsible Business (GRB) as a platform for implementing the Fujitsu Way. GRB is a platform comprising universal issues that need to be addressed in promoting sustainable management while upholding our responsibility as a technology company. We have established seven priority issues.

Through our efforts to promote GRB, we aim to cultivate a Groupwide mindset and organizational culture that can resolve sustainability-related issues for society. This is the reason for incorporating GRB-related items in our evaluation system for the executive team. At the same time, by disclosing our progress on the KPIs that we have set for each priority

issue, we aim to demonstrate quantitatively to our customers and other external stakeholders the changes that we have made toward creating value in a way that is unique to Fujitsu.

The seven priority issues are mutually interlinked and exert a positive influence on each other, such as wellbeing and health and safety, or supply chain and compliance. By working toward set targets, the results should become evident in the trust that the Group receives from stakeholders, particularly customers, and in the trust that the Company receives from individual Group employees. Based on this idea, the Group has established non-financial indicators as customer Net Promoter ScoreSM (NPS[®]) and employee engagement. We are monitoring the progress of sustainability management and changes toward the realization of Our Purpose through such management.

Connecting Corporate Value and Sustainability

The sustainable increase of the Group’s corporate value depends heavily upon the sustainability of our global society, as well as on building relationships of trust with all stakeholders. By incorporating sustainability perspectives in our business as a matter of course, we strengthen the competitiveness of our services, and enhance the value we provide, leading to improvements in customer evaluation and employee engagement. As the CSO, I will drive the Group’s transformation with a view to establishing this kind of interconnectedness.

Overview of Our Sustainability Management

Until now, the Fujitsu Group has earned society's trust by delivering products and services responsibly. At present, however, given the unpredictability of day-to-day life and business activities due to an unprecedented crisis, we must redouble efforts to meet society's expectations. Accordingly, under the guidance of our leadership, we will step up sustainability-focused business management and make significant advances in directions that benefit society.

For details on "Sustainability Management in the Fujitsu Group," please visit the following website:
<https://www.fujitsu.com/global/about/csr/vision/policy/>

The Fujitsu Group's Sustainability Management

Basic Approach

In contributing proactively to the transformation of society amid the current uncertainty and volatility, we have to conduct business activities as a member of international society based on the new Fujitsu Way, which clarifies Our Purpose, or reason for being. It is particularly important that we take into consideration environmental, social, and economic viewpoints when addressing issues, thereby formulating initiatives that have beneficial impacts on society. To this end, we revised our management targets by incorporating new non-financial indicators alongside existing financial indicators in fiscal 2020. Through long-term, stable contribution to society and customers financially and non-financially, the Fujitsu Group will achieve renewed growth.

Promotional Systems and Framework

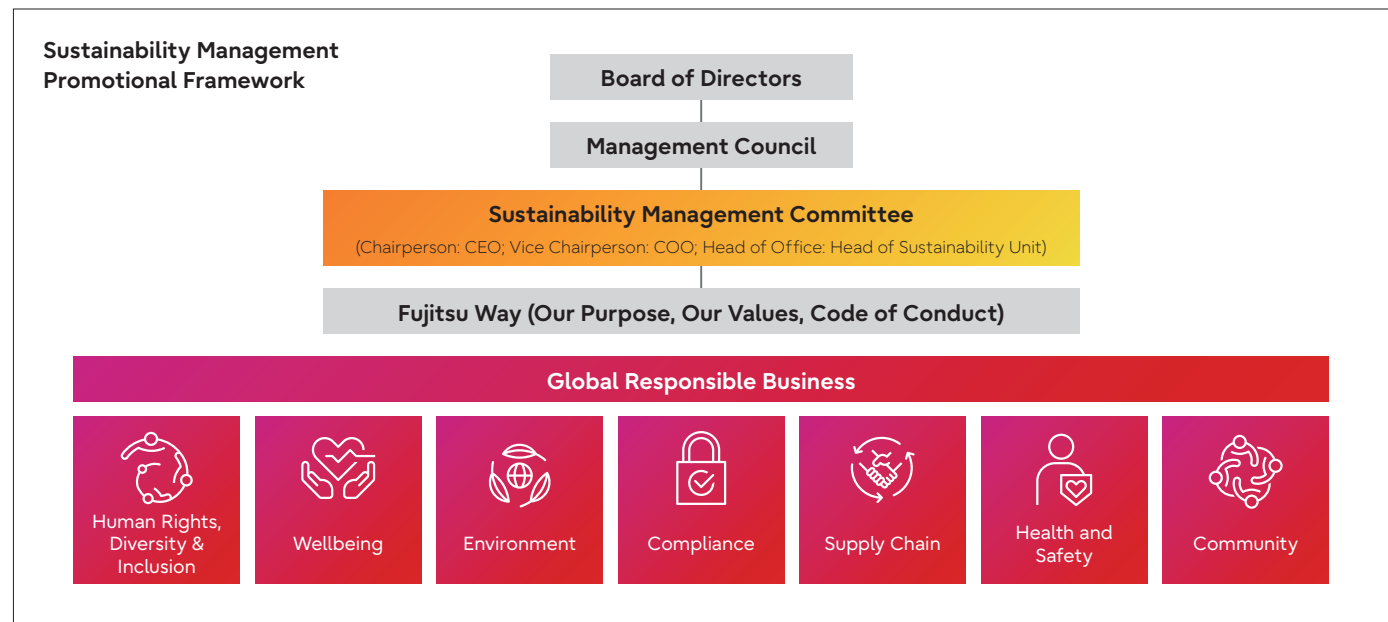
In April 2020, the Fujitsu Group established the Sustainability Management Committee, tasked with determining how a responsible global company should conduct business management. Specifically, the committee is focused on realizing long-term growth by taking into consideration environmental, social, and economic impacts and by creating value for all of the Group's stakeholders.

Convening every six months, the committee checks progress toward non-financial targets, deliberates on new activities, and

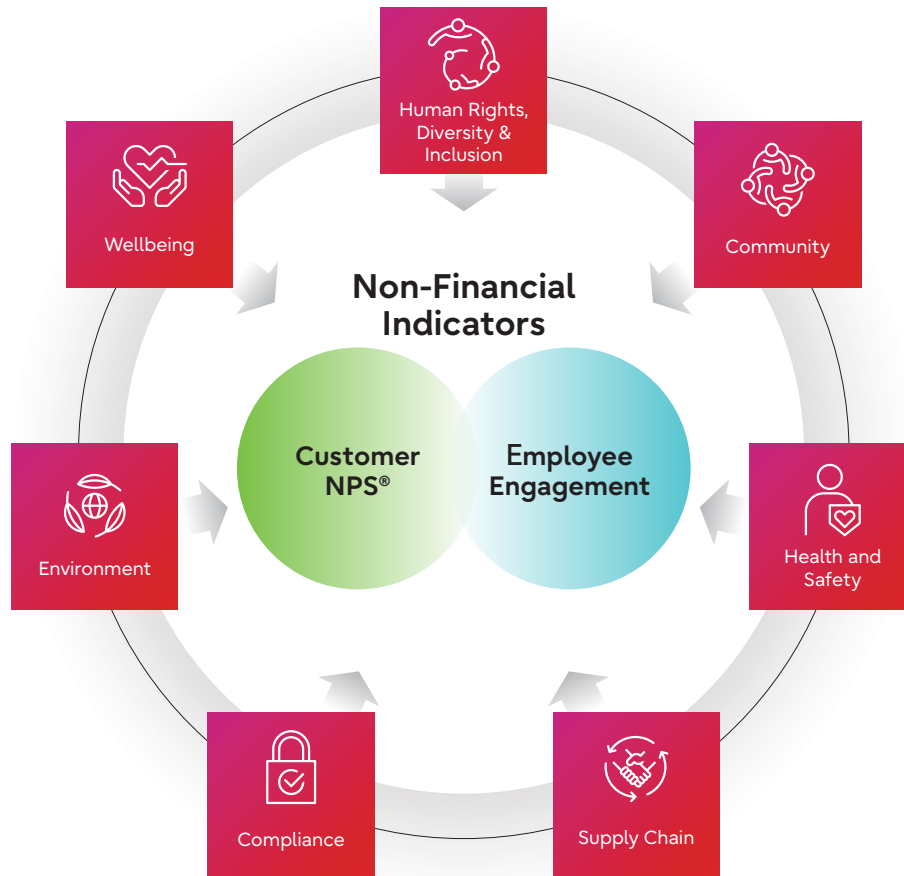
reports findings to the Management Council and the Board of Directors. The committee is chaired by the CEO and comprises executives whom the chairperson appoints with a view to furthering sustainability management. As of October 2021, the committee had 17 members, including the chairperson.

Guided by the Sustainability Management Committee while adhering to the overarching Global Responsible Business (GRB) platform of sustainability aspirations, we have identified seven

priority issues as shown in the figure below. Setting our sights on key performance indicators for each of these issues, we are advancing initiatives across each region and division globally. The leaders of units and Group companies are responsible for promoting the Fujitsu Way internally. Therefore, these leaders will establish missions for their organizations based on the Fujitsu Way and the GRB platform and review the progress of initiatives aimed at accomplishing the missions.



Management Indicators and Global Responsible Business (GRB)



By driving sustainability initiatives, the GRB platform gives concrete form to the Fujitsu Way. Ever mindful that their corporate group is a member of society, all Group employees will not merely seek profits but simultaneously work to reduce the negative impact of business activities on sustainability while maximizing their positive benefits.

By promoting the GRB platform, our initiatives toward the non-financial sector will ultimately benefit our business and

financial performance in the long term. Accordingly, the Sustainability Management Committee will regularly check the progress toward achievement of the GRB platform, and the committee's conclusions will be released through reviews of the Group's Management Direction and various media.

For details on the non-financial indicators, please see **page 35, "Non-Financial Indicators."**

SDG Initiatives

Our Purpose is to make the world more sustainable by building trust in society through innovation. This statement represents an internal and external pledge to help realize the Sustainable Development Goals (SDGs).

We believe the SDGs essentially define a system transformation that must be achieved by 2030 to allow the world's population, which is expected to exceed 9 billion-plus inhabitants in 2050, to live a good life within the planetary boundaries. The issues highlighted in the SDGs include environmental, social, and economic elements. One key to solving these inherent problems is digital transformation (DX), which can be applied on a scale that encompasses all aspects of society. Fujitsu is transforming itself to a sustainable management model via its GRB platform and is also working to resolve societal challenges through its business operations.

As a DX partner for our customers, we are promoting ecosystem-style initiatives that connect data and services across industry sectors. We will take a multifaceted approach to societal challenges by means of co-creation, aiming to create an impact by achieving larger-scale solutions with a wide range of stakeholders, and to maximize that impact.



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

Stakeholder Dialogue



Experts



Mr. Masanobu Komoda
President and Chief Executive Officer
Mitsui Fudosan Co., Ltd.



Dr. Kunio Ito
Director of CFO Education and
Research Center
Hitotsubashi University



Fujitsu



Takahito Tokita
Representative Director
CEO/CDXO



Hidenori Furuta
Representative Director
COO/CDPO, Head of International Regions



Vivek Mahajan
Corporate Executive Officer
CTO



Yumiko Kajiwara (Moderator)
Corporate Executive Officer
CSO

Advancing Business Management through Dialogue with External Experts

What kind of transformation is needed to achieve "Our Purpose"?

We are currently promoting a transformation designed to tie in all of our business activities in order to realize "Our Purpose," which we defined in 2020. We held a dialogue with Dr. Kunio Ito of Hitotsubashi University, who explained the importance of increasing both earning power and the management of ESG initiatives, proposing ROESG® management (combining return on equity and ESG), along with President and Chief Executive Officer Masanobu Komoda of Mitsui Fudosan Co., Ltd., who led the company's sustainable urban development business for many years with a progressive spirit. Corporate Executive Officer Yumiko Kajiwara served as the moderator for the dialogue, facilitating a smooth and fruitful discussion from which we received valuable input from both speakers.

Experts



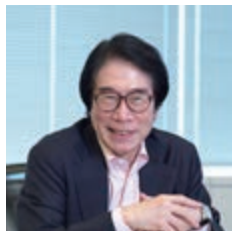
Mr. Masanobu Komoda
President and
Chief Executive Officer
Mitsui Fudosan Co., Ltd.

Increasing Partnerships in Which Values Can Be Shared and Creating Social Value

Mitsui Fudosan's purpose is clarified in its Group statement: "The Mitsui Fudosan Group aims to bring affluence and comfort to urban living." This statement expresses the Group's aim to contribute to a sustainable society through urban development. The real estate industry has a natural affinity with ESG, and employees have internalized the mission to enrich people's lives through urban development. Sustainability includes three meanings: "sustainability of the earth = environmental coexistence"; "sustainability of people = health and longevity"; and "sustainability of the economy = creation of new industries." These concepts underpinned our smart city projects in Kashiwanoha and Nihonbashi.

External partnerships are essential in the real estate business today. For example, to create a smart city, it is absolutely necessary to cooperate with various industries in areas such as the development of urban operating systems and infrastructure, including institutions for science and education. This is why I want to create social value by developing ecosystems with an increasing number of partners that share the same values and aim to "achieve a good balance of ESG, innovation, and earning power in their core business." It is necessary to enable customers to understand social value, and employees also need to recognize social value as a competitive advantage. Fujitsu refers to global sustainability in "Our Purpose," and I have high expectations for our partnership with Fujitsu and our goal to jointly develop an ecosystem to help solve social issues through business.

Experts

**Dr. Kunio Ito**

Director of CFO
Education and
Research Center
Hitotsubashi University

Leading DX and SX Driven by Personal Ownership of Fujitsu's Purpose through Dialogue

Human economic benefit has been prioritized over a responsible use of the earth's resources, leading to damage to common property and impacting climate change. There is a need to realize "good capitalism" by combining the power of digital transformation (DX) and sustainability transformation (SX). This formula will also lead to greater resilience in corporate management. The environment for companies has changed drastically over the past few years, and management has become something of a mixed martial art. It is no longer sufficient to simply disclose financial information; managers now need to skillfully combine financial and non-financial information, back their information up with data and actively engage in dialogue with investors and other stakeholders to enable them to understand their company's value.

At the same time, internal dialogue is also very important. As corporate organizations become more and more diverse, they need to communicate the "why"—the reason for their existence—convincingly and adjust their organizational direction accordingly. In other words, this is a company's purpose. During the process where companies internalize their purpose as part of themselves, people start to engage in many dialogues, which creates a participative management and ultimately drives transformation.

The "why" is also an important question for technology. By continuing to ask why technology is important and how it can contribute to solving social issues, Fujitsu can realize good technologies and become a leader in DX and SX.

The key to success in purpose-driven management is human capital, and it is vital to develop employees to the fullest extent of their potential. Recently, Fujitsu seems to be creating a corporate culture encouraging people who learn autonomously. I hope the Fujitsu Group will continue to promote purpose-driven management through engagement with its employees.

Fujitsu

**Takahito Tokita**

Representative Director
CEO/CDXO

Unifying Business and ESG and Demonstrating Leadership in Solving Global-Scale Issues

Looking at international conferences like the World Economic Forum summit in Davos, it seems that many leading companies are promoting sustainability management that combines their business with ESG initiatives, and not sustainability management in the sense of simple, traditional CSR activities. Like many of these progressive companies, Mitsui Fudosan Co., Ltd. is taking the same approach. In 2021, Fujitsu decided on seven Key Focus Areas for growth, while repeatedly going back to the question, "Why Fujitsu?" In this particular dialogue, I felt there was a need to strive even harder to unify our business with ESG initiatives and contribution to society.

Innovation is necessary for transformation. Therefore, diversity and conflict are also important elements. Healthy conflict is generated by dialogue in situations where diverse people with diverse values come together. This generates ideas and innovation, enabling the creation of innovative services.

I have heard a good deal of advice from both of our experts about the necessary transformations for Fujitsu to realize its Purpose. We will demonstrate our leadership as a technology company at the forefront, aiming to solve pressing global issues such as climate change and natural disasters.

Fujitsu



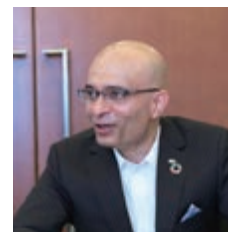
Hidenori Furuta
Representative Director
COO/CDPO, Head of
International Regions

A Global Perspective on Transformation and Diversity and Inclusion

During my time working in the United Kingdom as the Head of Global Delivery, I was immersed in a diverse workforce and this made me realize how important it is to create an inclusive work environment with dynamic engagement. My experiences working in this global role also shaped my understanding of issues regarding transformation. In the past, our strategic thinking has been focused on the Japanese market with separate management approaches for our businesses inside and outside of Japan. This has now shifted to us formulating and implementing corporate strategies from a global perspective in terms of markets, customers, and values. By having a global perspective, we open ourselves up to learning from others, challenging the way we do things and finding new ways to achieve sustainable growth.

Diverse teams and companies make better decisions and can drive real progress as different voices can be heard and opinions considered. Communication is key in the global workplace to bring this to a reality, and it empowers us to move toward a common goal. It ensures we have effective engagement among our colleagues, customers and stakeholders, which is of the utmost importance.

In 2020, we established a non-financial performance indicator that is now standard practice for many global companies. These measures provide a closer link to our long-term organizational strategies and alignment with Our Purpose. We will strive to achieve these non-financial indicators that we have set, and in doing so, we will transform ourselves and our customers, which will contribute to creating a more sustainable world.



Vivek Mahajan
Corporate Executive Officer
CTO

Achieving Differentiation with Technologies That Lead to Solutions for Social Issues

I started my career in Silicon Valley. Today, we are working to bring the individual purposes of our employees into closer alignment with the Fujitsu Group's Purpose to create a strong driving force. However, this is a difficult task, as our employees worldwide have different cultures and ways of thinking. I, myself, too, felt confused over cultural differences and customs when I first came to Japan. I am certain that it is important to constantly engage in dialogue, and to improve our ability to engage in constructive dialogue.

As we promote seven Key Focus Areas through Our Purpose- and data-driven approach, technology plays an extremely significant role. Our aim is to use technologies in which we are strong, like AI, security, supercomputing, and quantum computing to create services in fields like green energy and resiliency that lead to solutions for social issues globally. We will create systems that can supply the same level of services anywhere in the world, and enable customers to provide good business to their customers in turn.

Through this dialogue, we received a lot of advice about how to transform our Group in order to realize Our Purpose. As global-scale issues emerge, the values of society and individuals are changing dramatically. In this environment, we will engage in dialogue about Our Purpose in order to move in the same direction as one company, and work together with business partners that share our values to realize even further transformation. Guided by this advice and opinions, we will strive to realize Our Purpose globally as "One Fujitsu."

Overview of GRB Progress

For each material issue, the Fujitsu Group defines what Fujitsu aspires to be, its related goals, and its KPIs with a deadline of the end of fiscal 2022. In order to achieve these goals, we are building an effective management system and considering specific actions that will enable us to implement activities on a higher level globally, while taking into account differences in national laws, labor markets, and other factors in each country and region.

| Material Issues | What Fujitsu Aspires to Be | Goals for FY2022 | Major Achievements in FY2020 |
|---------------------------------------|---|--|---|
| Human Rights, Diversity and Inclusion | <p>▶ Human Rights In both the real-world and digital societies, consideration for “human dignity” is reflected in all our corporate activities and we constantly work to “create human-centric value.”</p> <p>▶ Diversity and Inclusion Be a responsible business that reflects the diversity of our world and build an inclusive culture where everyone can be completely themselves. We will celebrate difference and ensure that people can succeed regardless of their personal identity, especially their gender, sexual orientation, gender identity, race, ethnicity, health, disability, and age.</p> | <p>▶ Human Rights Embedding “respect for human rights” within the Fujitsu Group • Completion rate for global human rights training: 80%</p> <p>▶ Diversity and Inclusion Cultivation of inclusive corporate culture • Fujitsu Group aims to achieve at least Consolidated 69% from 66% (FY2019) / Non-consolidated 63% from 59% (FY2019), in favorable answers to Diversity and Inclusion question of Engagement Survey by FY2022.* • Fujitsu Group aims to achieve at least Consolidated 10% from 8% (FY2019) / Non-consolidated 9% from 6% (FY2019) female leadership by FY2022.* * Where “Consolidated” relates to all Fujitsu Group Companies globally, and “Non-Consolidated” relates to Fujitsu Limited.</p> | <p>▶ Human Rights Preparing contents for human rights training for all employees (Started in July 2021)</p> <p>▶ Diversity and Inclusion • Favorable answers rate of engagement survey related to “Diversity and Inclusion” question Consolidated 67% / Non-consolidated 61% • Female leadership rate Consolidated 9.3% / Non-consolidated 7.4%</p> |
| Wellbeing | <p>The Fujitsu Group aims to enrich and continuously improve our positive health culture where our employees can work to their full potential, both in mind and body. We value the importance of our people, and will strive to enable them to succeed in their own personal development and growth.</p> | <p>Providing a positive work environment for our people • Fujitsu Group aims to achieve at least 71%, in favorable answers to “Work Life Balance” and “Care” question of Engagement Survey by FY2022.</p> <p>Enabling success in personal development and growth • Fujitsu Group aims to achieve at least 70%, in favorable answers to “Growth” question of Engagement Survey by FY2022.</p> | <p>• Favorable answers rate of engagement survey related to “Work Life Balance” and “Care” question: 66%</p> <p>• Favorable answers rate of engagement survey related to “Growth” question: 67%</p> |
| Environment | <p>Fujitsu will fulfill its social responsibilities as a global corporate environmental leader. We aim to contribute to achieving the 1.5°C climate change goal of the Paris Agreement and also to resolving environmental challenges, through such measures as developing innovative solutions that make effective use of resources.</p> | <p>Fulfill our social responsibilities and help to resolve environmental challenges • Reduce greenhouse gas emissions at Fujitsu sites by 37.8% or more from the base year level (Reduce by 4.2% each year compared with FY2013) • Avoid risks associated with our business activities and minimize our impact on the environment • Help to resolve environmental challenges for customers and society through our business operations</p> | <p>• Greenhouse gas emissions reduction rate: - FY2020 Target 29.4% or more - Achievement 25.3% (Reduced by 4.4% compared with FY2013) * Accelerate GHG reduction by the increase of renewable energy usage from FY2021</p> <p>• Avoid risks and minimize our impact on the environment: [Business sites] • Reduce total water usage by 2.2% (180,000 m³) (compared to FY2017) • Promote eco design for resource saving and circulation and increase resource efficiency of newly developed products by 27.5% (compared to FY2014) • Reduce amounts of waste generated by 34.1% (9,867t) (from the average of FY2012–2014)</p> <p>[Supply Chain] • Reduced CO₂ emissions due to power consumption during product usage by 37% (compared to FY2013) • Reduce CO₂ emissions and conserve water resources in the upstream supply chain: Request the Fujitsu Group’s key partners (approximately 750 companies) to undertake reduction activities</p> <p>• Help to resolve environmental challenges: Through ICT services, conducted 39 measures including both internal staff initiatives and external business promotion initiatives with the aim of understanding and spreading the SDGs contribution</p> |

| Material Issues | What Fujitsu Aspires to Be | Goals for FY2022 | Major Achievements in FY2020 |
|--------------------------------|---|--|---|
| Compliance | Ensure that all officers and employees within the Fujitsu Group conduct their business activities with a high level of compliance awareness and through those activities, the Fujitsu Group fulfills our social responsibilities and earns the trust of our stakeholders. | <p>To further disseminate compliance-related part of the Fujitsu Way Code of Conduct throughout the entire organization, the Global Compliance Program is rolled out for the entire Fujitsu Group, thereby instilling a high level of compliance awareness in the organization, and the management is to take the lead in fostering a corporate culture where each employee does not tolerate any wrongdoings (Zero Tolerance).</p> <ul style="list-style-type: none"> Deliver messages from the President or the Heads of each Business Group/Region on the importance of compliance (at least once a year) | CEO and each region head announced message to employees on importance of compliance. |
| Supply Chain | In its supply chain, the Fujitsu Group will achieve responsible procurement that embraces diversity and gives full consideration to human rights, the environment and health & safety. | <p>The Fujitsu Group will achieve responsible procurement in its supply chain.</p> <ul style="list-style-type: none"> To ensure that its major suppliers comply with the international standards for responsible procurement, the Fujitsu Group will obtain one of the following documents from its major manufacturing subcontractors and parts suppliers for its core products (Target KPI = 100%) <ul style="list-style-type: none"> A platinum or gold level of site recognition under the RBA* Audit Recognition program Written consent with the Fujitsu Group CSR Procurement Guideline (equivalent to the RBA Code of Conduct) <p>Promotion of supply chain diversity</p> <ul style="list-style-type: none"> We set supply chain diversity as our goal of Responsible Business and promote it globally. | <ul style="list-style-type: none"> Availability of any of the following documents: Achieved 60% <ul style="list-style-type: none"> A platinum or gold level of site recognition under the RBA Audit Recognition program Written consent with the Fujitsu Group CSR Procurement Guideline Achieved procurement KPIs from enterprises with diverse attributes, such as SMEs, women's management, and minority enterprises in UK, Americas, and Oceania |
| Occupational Health and Safety | <p>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.</p> <ul style="list-style-type: none"> We will foster a culture that does not tolerate accidents, incidents and poor safety performance. We will ensure safety is a core business value, and make safety important and personal in order to influence people's decisions and behavior. We will completely eliminate the loss of business opportunities due to preventable illnesses, injuries, and unexpected work-related accidents. | <p>The Fujitsu Group will maintain a safe and comfortable working environment, and promote employees' mental and physical health in every workplace.</p> <ul style="list-style-type: none"> Zero occurrences of serious accidents Implementing health and safety-related management reviews at the global level, conducted once a year | <ul style="list-style-type: none"> Zero occurrences of serious accidents Exchanging opinions with stakeholders for implementing management review |
| Community | <p>Our employees, who possess an awareness that they belong to a global society, will have a positive impact not just on society, but on the economy and on business, by increasing their empathy for social issues and engaging in the co-creation of activities.</p> <p>We will evaluate, analyze and communicate the impact that our employees have made, and offer greater value to society.</p> | <p>Contributing to the transformation of both our corporate culture and mindset of employees</p> <ul style="list-style-type: none"> Rate of increase in the number of employees participating in social contribution activities related to social issues: 10% increase compared to FY2019 under the new normal | Developed a scheme to collect case studies (Started collection in FY2021) |

* RBA: Responsible Business Alliance

Fujitsu Joins EICC, a Global Corporate Social Responsibility Coalition (renamed as the Responsible Business Alliance [RBA] in October 2017)
<https://www.fujitsu.com/global/about/resources/news/press-releases/2017/0329-01.html/>

Human Rights

Why It Matters to Fujitsu

The Fujitsu Group's business is built on relationships with various people throughout the world including customers and suppliers. Respect for human rights is an essential element for conducting responsible business globally. Ensuring human rights is at the very foundation of our social responsibility, including the working environment within the Fujitsu Group and our supply chain, as well as the offering of safe and secure services to our customers amid the rapid digitalization of society. This is why the Fujitsu Group considers human rights to be an important issue.

Education on Human Rights

The Fujitsu Group conducts education and training activities using both course content that is common across the Company as well as content targeting issues specific to a region or Group company. In July 2021, we launched a new e-learning program on "Business and Human Rights," targeting approximately 130,000 Group employees, with the aim to enable individual employees to learn about how to conduct business with an awareness of human rights. The e-learning program introduces basic knowledge about human rights, global trends, and corporate initiatives and also provides examples of corporate activities that could have a negative impact on human rights in three key areas identified by Fujitsu (customers and end-users, employees, and the supply chain). In this way, the program aims to foster a deeper personal understanding of the importance of respecting human rights in day-to-day business.



Screen shot from the fiscal 2021 e-learning program

AI Ethics Initiatives

As a company developing and providing AI services and solutions, in 2019, the Fujitsu Group formulated and announced the "Fujitsu Group AI Commitment." This commitment outlines Fujitsu's vision to use rapidly developing AI technologies with the aim of offering greater potential to all people and contributing to the prosperity of society. The Fujitsu Group is currently promoting a range of initiatives related to AI ethics. These include the establishment of the "Fujitsu Group External Advisory Committee on AI Ethics," which consists of outside experts in AI and other sectors. The committee provides objective appraisals of our initiatives on AI ethics, and its outcomes are shared with Fujitsu's Board of Directors. Furthermore, to evaluate and consider our actual business practices from diverse perspectives including human rights, privacy, and ethics, we have established the "Human Centric AI Working Group," which comprises personnel from multiple related internal divisions. As part of our AI governance, we are promoting initiatives including training for employees on AI ethics in order to prevent ethical problems related to AI.

BEING: Our Commitment to Society—Fujitsu Americas' Initiative

In spring of 2020, as social injustice issues continued to occur across the United States, Fujitsu Americas was compelled to take action and remain committed to human rights by pledging to listen and contribute to society. We confirmed our strong company stance on this matter and focused on efforts that would drive diversity and inclusion. As part of this movement, we launched the Black Employee Inclusion Network Group (BEING). BEING is committed to creating a safe place to discuss issues, to being authentic in the workplace, to helping build an inclusive environment for all employees, and to serving communities in need.



Black Employee Inclusion Network Group (BEING)

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

Diversity and Inclusion

Why It Matters to Fujitsu

Innovation requires a corporate culture that embraces and leverages diversity. In order to realize the potential of each individual, it is important to elicit various viewpoints and discuss them constructively as a group, engaging in dialogue and creating an environment in which everyone accepts each other's differences. Diversity and inclusion (D&I) is an important priority for the Fujitsu Group, as it enables us to contribute to solving social issues through innovation and to drive sustainable growth.

A Culture That Empowers Everyone to Be Themselves—LGBT+ Initiatives

Fujitsu is promoting initiatives to foster deeper understanding of gender and sexual diversity to create a workplace in which all employees can feel secure and comfortable and perform to the absolute best of their abilities. In addition to a message from the CEO, we also have training seminars and internal systems set up to promote recognition of gender and diversity-related topics throughout the Group. At the same time, we are making efforts to expand the network of LGBT+ allies in the Group by holding LGBT+ Ally Meetings where diverse LGBT+ individuals and allies can talk together, as well as movie screenings and other events.

Fujitsu Pride is a movement at the Fujitsu Group where representatives from LGBT+ employee network groups and allies from each region come together to collaborate and take action on a global scale, supported by executive sponsors. In 2020, with people unable to conduct activities due to COVID-19, we held the first-ever online "Global Fujitsu Virtual Pride Week," hosted by Fujitsu Pride. A large number of executives and employees from Fujitsu and Group companies in Japan and overseas participated in the activities. As an online format, the event included virtual parades, webinars, panel discussions, and small group events to discuss LGBT+ topics.



Employee volunteers participating in parades in cities all over the world

Companywide Diversity Promotion Forum

The Fujitsu Group has formulated the Global D&I Vision & Inclusion Wheel to promote D&I, aiming to encourage employees to "Be Completely You." The Companywide Diversity Promotion Forum has been held each year since fiscal 2008, aiming to foster a corporate culture where everyone can play an active part in the Company as who they are. The forum features messages from the CEO and the management team regarding D&I, encourages employees to change their mindset and behavior, and provides an opportunity to think about the importance of D&I.



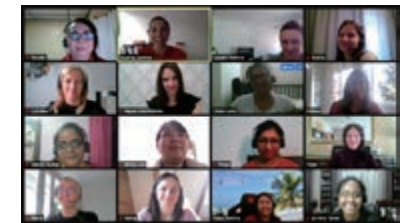
CEO Tokita participating from his office



Management team members in a panel discussion

Mentoring Program for Female Engineers

The Global Delivery Group operates a mentoring program for female engineers starting in the early years of their careers. Pairing female engineer mentees with senior engineer mentors, the program helps mentees to gain a wide range of skills, as well as confidence in their engineering ability by accumulating a variety of experience. The program is also used as a networking opportunity between female engineers from different countries and regions. We also offer a mentoring program for applicants to senior engineering programs to provide even more opportunities to increase employees' skill levels.



Participants gathering from multiple countries and regions

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

Wellbeing

Why It Matters to Fujitsu

Human resources are the most important capital for Fujitsu as a technology company. To attract and retain highly qualified talent, it is vital for us to focus on employee wellbeing and support the further growth of each individual employee. Thus, wellbeing is an important issue for the Fujitsu Group.

FUJITSU Learning Festival

In June 2021, the Fujitsu Group held “FUJITSU Learning Festival 2021” as an online event for all employees and their families around the world. The event was designed to encourage employees to develop positive habits around independent, self-motivated learning. This initiative, which is part of Fujitsu’s newly introduced job-based human resources system, relates to a new training policy to provide self-development support for employees who wish to carry out self-learning. Around 60 sessions were held over the five days of the event, including an interactive session with CEO Takahito Tokita, as well as seminars by internal and external speakers about various themes including agile thinking, sustainability, and SDGs, with sessions and workshops also held by employees. Around 37,000 people from 41 countries participated. Going forward, we plan to hold the event every year, aiming to create a positive cycle as an organization in which individual employees can live in a way that is true to themselves.



FUJITSU Learning Festival 2021



Online venue accessed by employees throughout the world

Recognition as a “2021 Health & Productivity Stock Selection” and One of the “White 500 Health & Productivity Management Outstanding Organizations”

As a company that considers its employees’ health management from a management perspective and addresses the issue through strategic initiatives, Fujitsu was for the first time designated as a member of the “2021 Health & Productivity Stock Selection” by Japan’s Ministry of Economy,

Trade and Industry and the Tokyo Stock Exchange. Fujitsu was also certified as one of the top 500 “Health & Productivity Management Outstanding Organizations” (the “White 500”) by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, for the fifth consecutive year. This reflects our continuous efforts to maintain and improve the health of our employees and their families. Among our Group companies in Japan, one was recognized as a “White 500 company” (top 500 enterprise), 14 were recognized under the “large enterprise category,” and four under the “SME (small and medium-sized enterprise) category.”



Online Health Program

The Fujitsu Group is taking various measures to encourage the physical and mental wellbeing of employees and their families, taking into account changes in their lifestyles and working environments due to the COVID-19 pandemic. For employees in Japan, we provide various health e-learning programs such as stress management, while for the international region, we offer various online programs including exercises such as yoga and muscle training, study sessions on mental health, concerts, and cooking classes. We also hold various online events on the occasion of events like “Global Wellness Day” and “Mental Health Month.” These activities also serve as opportunities for exchange between employees and help them to maintain and improve their mental and physical health during teleworking.

For details on the Fujitsu Group’s human resources initiatives, please visit the following websites:

Human Resources Development and Career Design

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

Performance Evaluation and Compensation, and Work Environment

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

Health Management

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

For details on the Fujitsu Group’s human resources and organizational transformation, please see **pages 29–36**.

Occupational Health and Safety

Why It Matters to Fujitsu

Our diverse pool of talented employees is the most important resource for Fujitsu as a technology company. As such, it is one of Fujitsu's most important missions to protect both employees' mental and physical wellbeing by providing a safe and healthy work environment.

Infectious Disease Countermeasures

In response to the COVID-19 pandemic, we have thoroughly adopted a working style based on working from home so that our employees around the world can work safely and with peace of mind. We have also switched from face-to-face meetings to online meetings and conference calls. As a general rule, we have suspended most overseas business trips and long-distance domestic business trips. In addition, we have developed and disseminated guidelines for working from home and have taken measures to review our internal operations and fulfill our social responsibilities, for carrying out smooth operations regardless of the environment.

As for office environments, we are implementing measures such as appropriately controlling the percentage of employees in the office, having seating layouts taken social distancing into account, placing alcohol-based disinfectant, and managing records of where people sit in non-fixed seating, in order to provide workplace environments where employees can work in safety.

In Japan, we also conducted local COVID-19 vaccination programs for employees, including Group company employees, in areas where Fujitsu's internal medical staff was able to administer the vaccination process (Kawasaki Plant, Osaka Hub, Oyama Plant, and Nagano Plant). As of October 2021, 65,244 vaccines have been administered.

We have also set up a consultation service for infectious disease countermeasures and disseminated information to our employees on how to prevent and combat the spread of infectious diseases.

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

Community

Why It Matters to Fujitsu

Local communities represent a vital stakeholder for Fujitsu and contributing to them as a global citizen and as a global corporation remains an essential part of our commitment to social responsibility. Contributing to local communities also helps employees develop their own skills and increases the pride they take in their work for the Group.

Global Communities—SDG Communities (絆)

SDG Communities—絆 (*kizuna*)—is a project that aims to bring Fujitsu employees together to form global virtual communities focused on the implementation of the Sustainable Development Goals (SDGs) set by the United Nations. Employees can use Fujitsu's internal social media services to choose their own SDGs and start collaborating with other Fujitsu employees around the world who share the same objectives. The aim is to embed the core values of the SDGs into the Fujitsu culture as we work to deliver on Fujitsu's Purpose.



Activities in countries all over the world

Engagement with External Parties

The Fujitsu Group proactively engages with external parties to remain engaged with worldwide sustainability trends, gain insights into progressive initiatives, and promote exchanges among global companies.

World Business Council for Sustainable Development (WBCSD)

Fujitsu was a participant in the WBCSD's formulation of "Vision 2050: Time to Transform" in March 2021, its long-term vision for the period up to 2050. In "Vision 2050: Time to Transform," the WBCSD identifies nine areas of transformation that companies need to achieve, including energy, manufacturing and resources, and health and wellbeing, and outlines specific actions for the next 10 years. Fujitsu's Purpose is aligned with "Vision 2050: Time to Transform," and we will continue to work toward the realization of a sustainable society.

World Economic Forum (WEF)

In 2021, due to the impact of COVID-19, the "Davos Agenda" was held as an online event for five days, starting January 25. Under the theme of "A Crucial Year to Rebuild Trust," leaders from various fields engaged in lively virtual discussions with a view to partnering to rebuild the world's economic and social systems in the post-COVID era. From Fujitsu, CEO Tokita and COO Furuta participated in various sessions and gained more in-depth insights about the role that companies should play in bringing about a sustainable society.

Partnering with Centrica to Provide Homeschooling Support

Many children have had to shift to remote learning from home because of the COVID-19 pandemic. Fujitsu UK has partnered with Centrica to create a system for refurbishing business laptops and PCs for use in home learning and delivering them the next day to families in the United Kingdom whose home environment makes it challenging to participate in distance learning. Approximately 350 devices have been distributed to date.



Using a donated laptop for remote learning

Antenna Programming Provided Free of Charge for the Deaf and Hard of Hearing

Developed by Fujitsu, Antenna is a user-interface device that can be worn on the hair, earlobe, collar, cuff, etc., to allow people who are deaf or hard of hearing to sense sound physically using vibration and light. The interface is used for speech training and rhythm acquisition, enabling the deaf and hard of hearing to experience a new world of sound. Fujitsu began providing Antenna free of charge in fiscal 2019, and it has now been introduced in about 80% of schools for the deaf throughout Japan, as well as being used in other educational institutions.



Antenna can be worn easily on the hair or collar like a clip

Providing Financial Support for Entrepreneurs in Developing Countries through a US NPO

Fujitsu Group company Ridgelinez Limited is participating in programs established by Kiva Microfunds, a US NPO that supports the provision of microfinance to entrepreneurs in developing countries. Through sustainable support (funding) enabled by the Kiva crowdfunding platform, Ridgelinez is providing new business opportunities to entrepreneurs such as purchasing farm equipment for greater yields, improving the communication environment for children's mobile learning, and launching pharmacies to support the health of local communities.



Entrepreneurs who have received funding

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

Supply Chain

Why It Matters to Fujitsu

Globalization has led to the expansion of corporate supply chains throughout the world, where they have various impacts. As a global corporation, it is our responsibility to care about human rights, the environment, diversity, and other issues not limited to the Group's internal interests, but touching on the entire supply chain. Fujitsu Group regards the supply chain as a matter of the utmost strategic importance, representing an essential aspect of conducting responsible business.

Addressing Conflict Minerals

The policy of the Fujitsu Group is to exclude any minerals that might give rise to conflicts, or that are at high risk of being associated with forced labor or human rights violations from its products, components, and supply chain. Fujitsu has established the Sustainability Management Committee as an internal organization to ensure the transparency of its supply chain and responsible sourcing of minerals. In addition, the Fujitsu Group conducts surveys regarding conflict minerals with reference to the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*. These surveys use the Conflict Minerals Reporting Template (CMRT) and the Cobalt Reporting Template (CRT) developed by the Responsible Minerals Initiative (RMI).

Communication with Suppliers

The Fujitsu Group holds business meetings with its major suppliers to provide explanations about assessment results as well as Fujitsu's business outlook and procurement strategy under the "Suppliers' Performance Review" system. The feedback provided at these meetings also addresses CSR topics, and suppliers that do not meet Fujitsu's standards are asked to make improvements. In addition, since fiscal 2020, the Fujitsu Group has held the "Fujitsu ActivateNow Partner Summit," its global flagship event for suppliers. At the event, senior executives, heads of business groups, and the executive vice president responsible for purchasing give an overview of Fujitsu's business direction and explain Fujitsu's procurement strategy. During this event, we also present partners who have made exceptional contributions to our business with certificates of appreciation to strengthen further partnerships with our suppliers.

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

Compliance

Why It Matters to Fujitsu

Compliance is one of the most important management priorities from the perspective of maintaining and improving corporate value. In all of our business activities, it is essential to be aware of and act with integrity at a high level of corporate ethics that respects international and local standards. Therefore, the Fujitsu Group recognizes compliance as an important management issue.

Policies and Structure for Implementation

At the Fujitsu Group, the Risk Management & Compliance Committee, which reports directly to the Board of Directors and is chaired by the CEO, is responsible for overseeing Groupwide compliance at the global level based on the Policy on the Internal Control System.* The Risk Management & Compliance Committee nominates the executives who shall be responsible for compliance and risk, and said executives, together with the relevant departments, shall carry out measures based on direction from the Risk Management & Compliance Committee and the Global Compliance Program. The Risk Management & Compliance Committee collaborates with the Regional Risk Management & Compliance Committees, which have been formed as subcommittees, and raises Groupwide awareness of the Fujitsu Way Code of Conduct and achieves compliance with it.

* Policy on the Internal Control System
<https://www.fujitsu.com/global/images/gig5/notice121b.pdf> (pages 5-10)

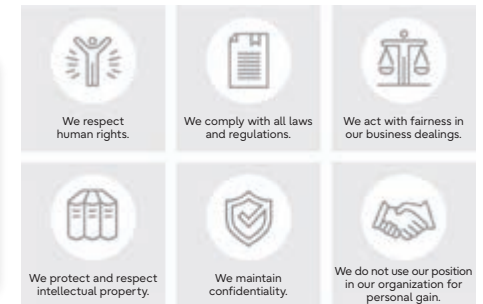
Fujitsu Way Code of Conduct

The Fujitsu Way contains a Code of Conduct, which outlines the fundamental principles that all Fujitsu Group employees should abide by, as shown on the right.

Fujitsu has also refined its Fujitsu Way Code of Conduct by developing the Global Business Standards (GBS) in 20 languages to serve as a guide on legally compliant behavior for all Fujitsu Group-affiliated employees worldwide and applies the GBS uniformly across the Fujitsu Group.



Global Business Standards



Fujitsu Way Code of Conduct

Top Management Initiatives

Top management expresses its intentions to strive for compliance proactively and continuously through measures such as sending messages to employees, and in doing so, Fujitsu puts the Fujitsu Way Code of Conduct and the GBS into practice and spreads them throughout the entire Fujitsu Group.

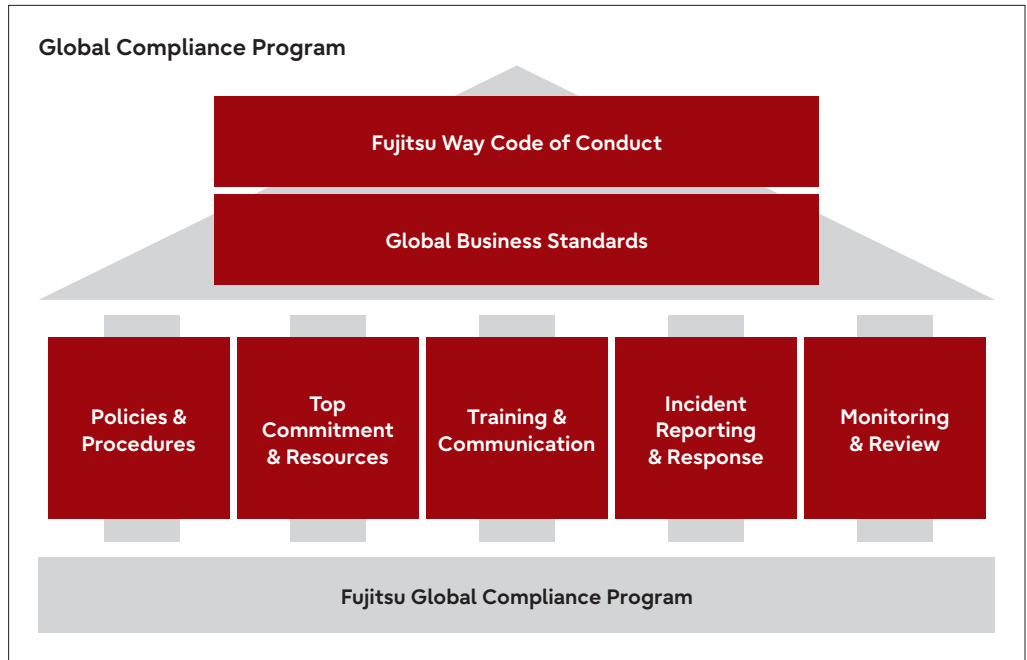
The CEO has repeatedly sent out messages to all employees, both in Japan and overseas, declaring that Fujitsu will put an end to compliance violations such as collusion and the formation of cartels. Outside of Japan, regional heads and Group company top managers continuously send out messages emphasizing the importance of compliance and a corporate culture that has zero tolerance for wrongdoing.

Furthermore, Fujitsu established Fujitsu Compliance Week, which begins on December 9, the United Nations' designated International Anti-Corruption Day, and employs measures such as sending out simultaneous messages across the Fujitsu Group to encourage employees to focus on compliance and promote compliance discussions.

Global Compliance Program

Fujitsu has developed the Fujitsu Global Compliance Program (GCP) to implement and disseminate the Fujitsu Way Code of Conduct and the GBS and is working to maintain and improve the Fujitsu Group's global legal compliance structure. The GCP organizes Fujitsu's various compliance-related activities into five pillars in a systematic manner. The GCP promotes external understanding of Fujitsu's compliance structure and its compliance activities, in addition to clarifying what items Fujitsu needs to address on a continual basis. Based on this GCP, we implement various policies and initiatives in each region, taking into account factors such as each country/region's legal systems and government institutions' guidelines.

Please refer to the PDF below for information about the promotion of the Global Compliance Program.
https://www.fujitsu.com/global/documents/about/csr/compliance/2021_Promoting_GCP_en.pdf



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

The Environment

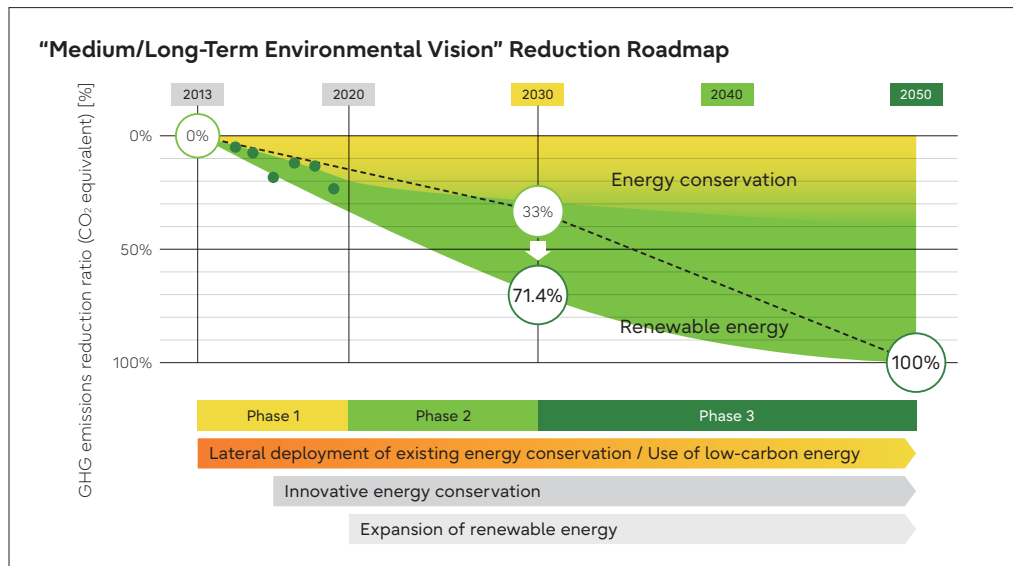
Why It Matters to Fujitsu

The issue of climate change has the greatest impact on the sustainability of society. As a global technology company, the Fujitsu Group has a responsibility to reduce not only its own greenhouse gas (GHG) emissions but also to contribute to solving climate change-related issues for customers and society. The global environment is the foundation of society itself and remains an important priority for the Fujitsu Group.

Aiming to Reduce GHG Emissions at Business Sites by 37.8% or More from FY2013 Levels

Increasing Our Medium- and Long-Term Targets

In May 2017, Fujitsu formulated its medium- and long-term environmental vision, “Fujitsu Climate and Energy Vision,” and in August of the same year, obtained Science Based Targets (SBT) certification for 2°C-aligned emissions reduction targets to be achieved by 2030. Amid accelerating moves toward carbon neutrality, the Group reexamined the role that it should play, and in April 2021, it revised its emissions reduction targets for its business sites in fiscal 2030 from 33% to 71.4% below fiscal 2013 levels. These reduction targets were validated as 1.5°C-aligned targets by the SBT initiative.



Initiatives toward Achieving Our Targets

In 2018, the Fujitsu Group joined the international initiative RE100, which aims to promote and expand the use of renewable energy. So far, progress has been made mainly in Europe and the United States, while promoting usage in Japan remains a challenge. In fiscal 2020, however, Fujitsu achieved 100% renewable energy use at its three Systems Laboratories (in Aomori, Kumamoto, and Oita prefectures), which host energy-intensive offices. Also, in fiscal 2021, we successfully achieved 100% renewable energy use at our Kawasaki Main Office, one of Fujitsu's key facilities in Japan.



Kawasaki Main Office



Aomori Systems Laboratory

Avoiding Risks Associated with Business Activities and Minimizing Risks to the Environment (Water Risk Countermeasures)

The Fujitsu Group conducts flooding damage impact assessments for each business site using hazard maps and implements countermeasures. We determine whether each business site falls within the “estimated flood inundation area (planned scale: once every 10–100 years or assumed maximum scale: once every 1,000 years)” for nearby rivers as established by the Ministry of Land, Infrastructure, Transport and Tourism or prefectural governments. We also assess what the impact will be on-site and off-site, and whether there will be an impact from water ingress in buildings, etc. We then rank the sites on a four-point scale. For sites that correspond with the most hazardous level, we assign a four and then formulate various measures to reduce risk, such as protecting the site perimeter with retaining walls and watertight panels.



Sliding gates



Removable watertight panels



Gates that can be raised and lowered

Examples of Contribution to Solving Environmental Issues for Customers and Society through Business

Improving Beverage Supply Chains Using Blockchain Technology

In Europe, beer is found at the heart of many aspects of life, culture, and tradition, and consumers increasingly take interest in the origin of ingredients and production. To establish complete transparency and traceability for the barley supply chain from grower to consumer, there were technological challenges such as ensuring data reliability and tamper-proofing and tracking throughout different stages of a complex supply chain. The world's largest brewer, AB InBev is working with Fujitsu's Track and Trust Solution Center and its partner, SettleMint, to solve these challenges using blockchain technology.

In a pilot project, QR codes were added to one million beer packs, and by scanning them, consumers were able to see where the barley was grown, reaped, and malted, giving them more insight than ever before. Furthermore, by connecting players across the entire supply chain end-to-end on one secure, decentralized platform built using blockchain technology, we can contribute to improving productivity, water and energy efficiency, and soil health, as well as grower development.

For other cases, please see **"Social Innovation through DX" on pages 37–40.**

Environmental Action Plan

The Fujitsu Group has formulated an Environmental Action Plan since 1993 and continues to broaden the scope of its environmental activities. To significantly reduce our own environmental impact, we implemented far-reaching measures throughout our factories and offices to cut CO₂ emissions and chemical pollutants, reduce waste, and address other environmental concerns. In addition, we have also expanded the focus of our activities across the entire supply chain, including our customers, and society as a whole. The Fujitsu Group will continue responding to the demands of the changing times, and the Group will deepen and further develop its environmental activities with the goal of helping to create a sustainable and rewarding society.

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

Since fiscal 2019, we have executed measures set forth under the Fujitsu Group Environmental Action Plan (Stage IX), which calls on us to reduce our operating bases' greenhouse gas (GHG) emissions, provide products that consume less power during usage, conserve water resources with a focus on supply-chain water risks, and respond to the problem of plastic waste. We achieved all of our targets for fiscal 2019, and in fiscal 2020, we achieved even further improvements on our target values.

Environmental Action Plan (Stage X) (Fiscal 2021 to Fiscal 2022)

The Fujitsu Group has specified targets that address the three global societal challenges of climate change, resource circulation, and living in harmony with nature. We will focus on these targets during the two-year period from fiscal 2021 to fiscal 2022 by working to minimize negative environmental impacts in the supply chain.

Targets established in line with the societal challenges of climate change, resource circulation, and living in harmony with nature

- Climate change: Strengthening our commitment to meet the target of limiting global warming to 1.5°C above pre-industrial levels
- Resource circulation: Maintaining and enhancing efforts in the areas of resource-saving product design (with an emphasis on reducing the use of plastics) and water risk assessments throughout the supply chain
- Living in harmony with nature: Based on global trends, a new target to visualize impacts on biodiversity

For details on the Fujitsu Group's Environmental Action Plan, please visit the following websites:

Environmental Action Plan (Stage IX)

<https://www.fujitsu.com/global/about/environment/approach/plan/stage9/>

Environmental Action Plan (Stage X)

<https://www.fujitsu.com/global/about/environment/action-plan/index.html>

TCFD-Based Information Disclosure

The Fujitsu Group recognizes that climate change is an important issue for management as it has a significant impact on the sustainability of society over the long term, and we therefore conduct analysis to ascertain medium- to long-term risks and opportunities. In addition to our own response to climate change risks, we believe that examining the potential climate change risks affecting our customers and making value creation proposals to them using our strengths in digital technology will also lead to business opportunities. As a result, we have also strengthened our governance as we aggressively promote initiatives on management strategies for climate change countermeasures. In April 2019, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and we are working to disclose information to various stakeholders, including investors.

For details on the Fujitsu Group's TCFD-based information disclosure, please visit the following website.
<https://www.fujitsu.com/global/about/environment/tcfid/index.html>

| Items | | Response Status |
|---------------------|---|--|
| Governance | Board's oversight of climate-related risks and opportunities | <ul style="list-style-type: none"> The Sustainability Management Committee, chaired by the CEO, shares risks and opportunities related to climate change, implements strategies for investigation of medium- and long-term issues, and formulates policies. These results are reported to the Board of Directors via the Management Council. Important risks identified for the overall Group, including climate risk, are reported periodically to the Board of Directors by the Risk Management & Compliance Committee. |
| | Management's role in assessing and managing climate-related risks and opportunities | <ul style="list-style-type: none"> The representative director and CEO serves as the chair of the Risk Management & Compliance Committee, with responsibility for the highest level of decision making and for business execution. Directors are responsible for supervision based on reports by the Management Council. In April 2021, the position of chief sustainability officer (CSO) was established. In this role, the CSO proposes reforms to directors and the executive team and executes business related to sustainability. |
| Strategy | Short-, medium-, and long-term climate-related risks and opportunities | <ul style="list-style-type: none"> Envisaged risks include strengthening of laws and regulations related to carbon tax, increased competition for decarbonization technologies, loss of reputation due to insufficient response to customer needs, or delayed response to climate change. Envisaged opportunities include provision of climate change response products and services, as well as value creation through new proposals using digital technology. |
| | Impact of climate-related risks and opportunities on businesses, strategy, and financial planning | <ul style="list-style-type: none"> ICT products and services to deal with climate change provide opportunities to increase sales, while physical risks and legal risks could have the impact of increasing operational costs by requiring the implementation of measures in the Group's operations and supply chains. <p>Note: Please see CDP Response (C2.3, 2.4) for details.</p> |
| | Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | <ul style="list-style-type: none"> Utilizing a 2°C scenario, the Fujitsu Group conducted scenario analysis of the period through 2050 and established a medium- to long-term environmental vision. By responding to this environmental vision, we assessed that we are resilient in our strategy. We are currently conducting a scenario analysis for Key Focus Areas announced in April 2021, using multiple scenarios including 1.5°C. |
| Risk Management | Risk identification and assessment process | <ul style="list-style-type: none"> The Risk Management & Compliance Committee promotes Companywide risk management policy, including for risks related to climate change. Based on the risk assessment results for each division, the committee conducts a two-factor matrix analysis with severity and likelihood axes, selects and assesses risks, and reports the results to the Board of Directors. |
| | Risk management process | <ul style="list-style-type: none"> The Company conducts risk monitoring using an environmental management system based on ISO 14001. |
| | How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | <ul style="list-style-type: none"> The Risk Management & Compliance Committee identifies and evaluates Companywide risks, including climate change, and coordinates with the Sustainability Management Committee to identify, analyze, and evaluate risks, and to propose and implement recurrence prevention strategies. |
| Metrics and Targets | Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process | <ul style="list-style-type: none"> Fujitsu uses greenhouse gas (GHG) emissions and the renewable energy introduction rate as metrics. |
| | Scope 1 & 2, and applicable Scope 3 GHG emissions | <ul style="list-style-type: none"> Scope 1: 75 kt-CO₂ Scope 2: 583 kt-CO₂ (location based), 540 kt-CO₂ (market based) Scope 3: 1,104 kt-CO₂ (Category 1: Purchased Goods and Services), 3,094 kt-CO₂ (Category 11: Use of Sold Products) |
| | Targets and performance for management of climate-related risks and opportunities | <ul style="list-style-type: none"> Fujitsu set a target of realizing carbon neutrality by 2050. In April 2021, we increased our GHG emissions reduction target for 2030 to 71.4% (vs. fiscal 2013), corresponding to the "1.5°C standard." Scope 1 & 2 GHG emissions reduction (vs. fiscal 2013): 32.7% reduction in fiscal 2020 vs. target (fiscal 2020/2030 = 14/71.4%) Scope 3 (Category 1 & 11) GHG emissions reduction (vs. fiscal 2013): 48.7% reduction vs. target (fiscal 2030 = 30%) |

Governance

Under the Fujitsu Group's governance structure for risks and opportunities, the Group identifies and manages risks and opportunities related to climate change, while formulating and promoting countermeasures through the Sustainability Management Committee and the Risk Management & Compliance Committee. Both committees are chaired by the representative director and CEO, and their findings are reported periodically to the Board of Directors via the Management Council.

To strengthen sustainability management, including for climate change, Corporate Executive Officer Yumiko Kajiwara was appointed chief sustainability officer (CSO) in April 2021. The CSO will propose reforms to directors and the executive team and execute business related to sustainability. In addition, the CSO will promote the expansion of a range of initiatives that contribute to society's efforts to achieve carbon neutrality and successfully adapt to climate change.

Strategy

Utilizing a 2°C scenario, the Fujitsu Group conducted an analysis of the period through 2050 and—drawing on its results to establish a medium- to long-term environmental vision—formulated the FUJITSU Climate and Energy Vision. The Group announced its GHG emissions reduction targets for 2030 and 2050, along with its contributions to climate change mitigation and adaptation of customers and society. The actions taken in response to this environmental vision demonstrated the resilience of the Group's strategies. Furthermore, in April 2021 the Group raised the standard for its GHG emissions reduction targets from 2.0°C to 1.5°C, based on the accelerating trend toward achieving carbon neutrality in global society.

The Fujitsu Group continuously promotes internal responses to climate change, such as reducing GHG emissions and bolstering the resilience of datacenters and business sites. In addition, the Group is working to promote value creation using digital technologies aimed at realizing a carbon-neutral society. One initiative includes a trial of a project that increases logistics efficiency by leveraging Fujitsu's quantum-inspired Digital Annealer to rapidly solve complex combinatorial optimization problems. Fujitsu has also taken advantage of technological developments in computing, AI, and IoT to mitigate the impacts of climate change-related disasters, including for predicting climate and weather patterns with high accuracy and proposing evacuation plans. Fujitsu also announced that it will ensure that all the power required for its

FJcloud service operations at its datacenters in Japan will be provided by renewable energy by fiscal 2022.

Moreover, in its Management Direction update of April 2021, Fujitsu announced seven **Key Focus Areas** that will drive the "For Growth" business domain. The Group will also consider climate change countermeasures within these areas and reflect them in its business strategies.

Based on the Management Direction update of the Key Focus Areas and other factors, the Group has now started a multi-scenario analysis, including for the 1.5°C scenario.

Key Focus Areas

P22-23

Risk Management

The Risk Management & Compliance Committee identifies, classifies, assesses, and manages Groupwide risks, including climate change risks. The committee collects the results of risk assessments conducted based on the expertise of respective divisions and units in such areas as policy, reputation, natural disasters, supply chains, products and services. Then, using information collected, the committee conducts a two-factor matrix analysis of severity and the likelihood of risks, thereby identifying high-priority risks on a Companywide level. The Sustainability Management Committee shares climate change business risks, opportunities, and countermeasures and conducts progress management.

Metrics and Targets

The metrics managed by the Fujitsu Group are GHG emissions and the introduction rate of renewable energy, and the Group has set GHG emissions reduction targets. In fiscal 2020, the Group's GHG emissions reduction results and renewable energy introduction rate trended at levels that were in reach of the Group's targets. In April 2021, the Group increased its GHG emissions reduction target to meet the 1.5°C standard, and now aims to reduce GHG emissions at its business sites by 71.4% (vs. fiscal 2013) in fiscal 2030.

For details on the Fujitsu Group's TCFD-based information disclosure, please visit the following website.
<https://www.fujitsu.com/global/about/environment/tcf/index.html>

Agreement with International Norms, Participation in International Organizations, and External Evaluation

Agreement with International Norms and Participation in International Organizations

United Nations Global Compact (UNGC)



World Business Council for Sustainable Development (WBCSD)



World Economic Forum (WEF)

For details on the Fujitsu Group's participation in the WBCSD and WEF, please see "Community" on page 55.



Science Based Targets initiative (SBTi)



Gold Member participant in Renewable Energy 100% (RE100)



Agreement with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

External Evaluation

High ratings received from global ESG rating institutions, etc.

Member of Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Dow Jones Sustainability Indices (World, Asia Pacific)
Included 21 times over nine consecutive years



CDP
Received the highest grade of A in "Climate Change," "Water Security," and "Supplier Engagement Rating"
Certified as a "Supplier Engagement Leader Board" company



FTSE4Good Index Series

Included for 10 consecutive years



MSCI World ESG Leaders Index

Included for 10 consecutive years



STOXX ESG Global Leaders

Included for five consecutive years

Selected for all four ESG stock indices adopted by the Government Pension Investment Fund (GPIF)

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom Japan



Roundtable Discussion with Independent Directors—Governance That Anticipates Change and Drives Innovation



Atsushi Abe

Managing Partner,
Senior Advisor,
Sangyo Sosei Advisory Inc.

Chiaki Mukai

Specially Appointed
Vice President,
Tokyo University of Science

Yoshiko Kojo

Professor, Department of
International Politics,
Aoyama Gakuin University School
of International Politics,
Economics and Communication

Scott Callon

Chief Executive Officer,
Ichigo Asset Management, Ltd.

Global society faces major challenges and changes, including its response to COVID-19, the economic realignment toward the realization of a decarbonized society, and the rising chorus of voices calling for diversity and equality. Amid this, Fujitsu is working to create value through its strategy focused on the “For Growth” and “For Stability” business domains.

After the shareholders' meeting held on June 28, 2021, we asked the just-reappointed independent directors about how Fujitsu perceives the changes in society and how they are linked to Fujitsu's own transformation.

—Mr. Callon, it has been one year since you were appointed as a director. Have there been any discoveries or surprises that you did not anticipate when you were looking at Fujitsu as an investor?

Callon: Actually, there have been no major surprises. As an investor, I was impressed with Fujitsu's deep commitment to generating social value, as evidenced by the establishment of Fujitsu's new Purpose and reformulation of the Fujitsu Way. However, as an investor, I had to base my evaluations only on surface-level results that were visible to external investors, such as Fujitsu's business strategy and execution and operating results. As a director, I am able to see not only our results but also the processes that underpin these results, including the roles that independent directors play in corporate governance and our discussions on strategy and execution. This has bolstered my confidence in Fujitsu as an excellent company.

Abe: Scott has contacts with numerous companies both as an investor and as a business executive, and he has a very broad perspective. As a member of the capital markets, Scott's opinions are very persuasive, and the executive team pays close attention to them when discussing the expectations and concerns of the capital markets and investors regarding Fujitsu. Scott's recommendations have also come into play in the capital allocation policy announced in April 2021, which represents a step forward from that announced last year.

Callon: A common challenge for Japanese companies is that even when they seek to provide robust disclosure, the disclosed information may not be conveyed fully and clearly to those outside the company. Thus, for Fujitsu's own disclosure,

it is better to make our policies and goals more explicit. I have suggested this to Mr. Tokita (CEO) and Mr. Isobe (CFO), and we have discussed it with Mr. Abe.

—There is growing demand for Board oversight of climate change and other sustainability initiatives. How is Fujitsu's Board of Directors responding to this new demand?

Callon: As can be seen in all of Fujitsu's business activities being linked to Our Purpose, Fujitsu's corporate values have always been that it should contribute to society and benefit all stakeholders. Japan historically has had a philosophy of "working for mutual benefit," so there is no need to newly articulate the concept of "stakeholder capitalism" here.

Mukai: In the fields of medicine, aerospace development, and education, in which I specialize, we are always thinking about our roles and significance in society, so I think it's natural for us to respond to social issues and the needs of the people in the community. The heart of DX lies in providing solutions to social issues, and I think our Group is exactly the same. Without being sensitive to the sustainability of society, our Group itself will not be sustainable.

Kojo: In the international community, there is a shared understanding that climate change has a negative impact on many issues, including poverty, infectious diseases, and biodiversity. The Fujitsu Group has a high level of awareness within its executive team, as illustrated by the reformulation of the Fujitsu Way with Our Purpose as its pillar. We are proactive in addressing climate change issues, and we have set non-financial indicators to disclose our own initiatives to external stakeholders.

As a director, I am able to see not only our results but also the processes that underpin these results, including the roles that independent directors play in corporate governance and our discussions on strategy and execution. This has bolstered my confidence in Fujitsu as an excellent company.



Mukai: In terms of integrating sustainability and business, progress on non-financial indicators has already been incorporated into the performance evaluations of senior management, and the Compensation Committee (please see page 74), of which Dr. Kojo and I are members, has begun considering the incorporation of reflecting the achievement of non-financial indicators in the remuneration of executive directors. However, the specific methods need to be discussed more. For example, it will take some time to come to a conclusion on how to take into account the difference between the time horizon of sustainability and the time horizon of business; how to ensure objectivity and fairness in evaluations; and how to measure results that are not easily quantifiable.

—Mr. Abe, you said here a year ago that Fujitsu was preparing to further change the way Board meetings were managed in light of the 2020 Evaluation of the Effectiveness of the Board of Directors. Specifically, what changes have been made?

Abe: We have been promoting closer communication between the Board of Directors and the executive team. This is because open communication is essential for drawing rational conclusions.

The independent directors' meetings have long functioned as a forum for sharing information and fostering understanding of our business. Since 2020, we have also held more than a dozen "business overview briefings" a year. These are study sessions where we receive explanations of individual businesses from the executive team. We also hold "private sessions" by independent directors and independent Audit & Supervisory Board members to enhance communication and share their concerns and opinions. We are also increasing opportunities for direct communication, for example, by holding one-on-one sessions between the president and independent outside directors. Mr. Kenichiro Sasae was elected as an independent director at the shareholders' meeting held today. Even before his appointment we recognized the need to have a system to shed light on what was not understood clearly for all of us, not just newly appointed Board members.

Mukai: The increase in communication between the Board of Directors and the executive team, and the ability to share the concerns of both parties, are really thanks to the contribution of Mr. Abe, the chairman of the Board of Directors, who acts as a link in the communication with the senior executive team.

Kojo: We now have much better communication channels to convey to the executive team what information we need and to receive feedback from the team. This is very important in terms of not leaving opinions expressed unacted on and deepening discussions at Board meetings. The management of the Board of Directors has changed more and more over the past year as a result of the COVID-19 pandemic, and I feel that each time it has done so, its functions have been strengthened.

Abe: As was the case with the COVID-19 pandemic, unexpected situations occur in corporate management. What is particularly important for the executive team to take agile action in such situations is to have a common understanding of the extent to which the Board of Directors should be involved in decision making and the extent to which the executive team should involve the Board of Directors. I believe that the foundation for such common understanding is regular communication.

—What will be required in the future to further improve the effectiveness of governance, especially in terms of the diversity of the Board?

Callon: One thing I think we need is independent directors who are able to discuss technology and competition in the IT services industry on an equal footing with the management team. I started my career in computers, so I have a little bit of a background; Dr. Mukai is a scientist; and Mr. Abe has a strong understanding of the IT industry. However, the IT services industry is changing dramatically, and the range of technologies that we need to understand in order to generate insights into Fujitsu's future is also very broad. Even with study, it is difficult to generate a level of understanding that supports in-depth discussions.

Kojo: The level of knowledge of the independent directors has definitely deepened through learning at the “business overview briefings” and “private sessions” that Mr. Abe alluded to earlier. Even so, it is clear that there are many technical topics that cannot be understood immediately after listening to a single explanation. Moreover, our approximately 130,000 employees have wide-ranging understanding of technical topics across the Group's broad business scope.

Mukai: As for my personal study, I have access to the materials of the management meetings on tablet computers provided to independent directors by the Company. In addition to reading a considerable amount of material, I ask questions to young employees who are members of the Independent Directors & Auditors Council Support Office when I don't understand something, as well as doing my own research. That said, there is much more than one person can comprehend with their own range of knowledge and understanding. That's why we need members with diverse expertise and experience.

Callon: A non-diverse board is like a soccer team consisting entirely of goalkeepers. For the Board to carry out its monitoring function and discuss and articulate Fujitsu's long-term strategy, it needs access to a diversity of knowledge and skills. This should include perspectives and advice based on industry knowledge and insights generated from Fujitsu peer benchmarking.

Abe: It is difficult to say whether expertise in computer science or IT services qualifies a person to be a member of the Board of Directors, because it is not as simple as that. It is important for the Board of Directors to have both a big-picture view and expertise as a group, and it is meaningless to satisfy only the formal requirements. This issue is also related to the function of the Board of Directors: whether it should be a so-called “management-type” board that discusses the substance of the business, or a “monitoring-type” board that sets management policies and subsequently focuses on confirming progress.

Considering that the heart of DX is to provide solutions to social issues, our Group's own sustainability is not possible without being sensitive to the sustainability of society.





What is important for the executive team to take flexible measures is to have a common understanding of the extent to which the Board of Directors will be involved in decision making and the extent to which the executive team will involve the Board of Directors. I believe that the foundation for such common understanding is regular communication.

Mukai: In terms of diversity, I think it would be excellent if we could include the voices of the younger generation, regardless of whether or not they directly participate in Board meetings. Looking further into the future than the medium to long term ultimately comes down to the question of how young people will change society and what they want to change.

—Finally, what are your opinions and expectations regarding the next steps for value creation at Fujitsu, and what are your own aspirations?

Kojo: The future of the COVID-19 situation remains uncertain, and there is no foreseeable end to the crises that threaten the sustainability of society in the future. Under such circumstances, I would like to ask what kind of value our Group can provide to society, and I hope to continue to enhance my skills in doing so.

Mukai: This is the third year since our Group turned its direction toward DX, so we need to be able to show tangible results from our efforts to our customers and other external

stakeholders. Personally, I am looking forward to the expansion of business that utilizes the data within our Group of 130,000 employees, and I myself need to learn more in order to consider the possibilities.

Callon: In the past, hardware made up a large part of our business and required significant, ongoing capital investment. Today, however, we need to make decisions—essentially for the first time ever—on how to allocate the cash from our large cash flow generation capability. Since this cash is hard-earned and valuable, we need to determine whether potential

investments are businesses with high success probabilities and leverage Fujitsu's unique strengths. I support Fujitsu's Purpose-driven ambition to transform itself and strengthen its ability to solve important social problems, along with the dedication of all employees globally to grow long-term value for all stakeholders.

Abe: With regard to internal reforms, under the leadership of CEO Tokita, Fujitsu's own DX promotion initiative, "Fujitra," has changed mindsets in our Group and is bringing about real changes. In terms of business, we have taken the necessary steps, including the establishment of a new company. From now on, we will monitor the results of our efforts to strengthen our problem-solving capabilities and support the executive team in achieving our goals by urging them on.

As chairman of the Board of Directors, I will continue to focus on eliciting the opinions of each director and communicating with the executive team to reach conclusions through open discussion. I will conduct meetings with a sense of urgency, as if we are being monitored by a third party, to ensure that we are having rational discussions.

The future of the COVID-19 situation remains uncertain, and there is no foreseeable end to the crises that threaten the sustainability of society in the future. Under such circumstances, I would like to ask what kind of value our Group can provide to society.



Message from the New Independent Director

Fujitsu is one of Japan's leading companies in the field of advanced technology, including services related to information technology and the development of supercomputers. The further development and success of its business is important from the perspective of progress and benefits not only for Japan but for all of humanity.

I believe that Fujitsu's Purpose—"to make the world more sustainable by building trust in society through innovation"—aligns with the needs of our times. Fujitsu has also defined "Aspiration," supported by diversity and curiosity; "Trust," or acting with ethics and transparency; and "Empathy," listening to society and various stakeholders including shareholders, as important values. This is a thoughtful stance not only in the business world but also in considering the ideal form of nations and the international community as a whole.

I am delighted to be able to participate as an independent director in a company that advocates such values and principles. I have served as an independent director at other companies as well, and I feel that corporate governance reforms in Japan in recent years are still underway in many

companies, and that such reforms vary depending on the characteristics of each company. I hope that Fujitsu will continue to pursue new challenges and innovation and to evolve its business under its unique but internationally competitive governance, while maintaining its admirable culture. I see my role as an independent director to support this endeavor from a wider perspective, and I hope that my experience in the field of diplomacy will be useful here.

The Japan Institute of International Affairs, where I serve as president, was presented with the "2020 Think Tank of the Year-Top Think Tank in the World" award, and its findings may be of some help. Competition for technology among companies is intensifying around the world, and nations and groups of nations are looking to gain the ascendancy. In an age when those who control technology control the rules and the order of the surrounding data and cyber space, I would like to support Fujitsu in making the best choices between various alliances and partnerships and help navigate between liberalized and tightly regulated markets.



Kenichiro Sasae

President
The Japan Institute of International Affairs (JIIA)

Management

(As of October 1, 2021)

EXECUTIVE DIRECTORS



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 Corporate Executive Officer, SEVP
 Jun. 2019 Representative Director and Chief Executive Officer (CEO)*2
 Chairman of the Risk Management & Compliance Committee*2
 Oct. 2019 Chief Digital Transformation Officer (CDXO)*2

Takahito Tokita

Representative Director
 CEO, CDXO

Number of years as director: 2

Number of Fujitsu shares held:
 1,000*1



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
 Head of Global Delivery
 Apr. 2018 Corporate Executive Officer
 SEVP, Head of Digital Services Business
 Jan. 2019 SEVP, Head of Technology Solutions Business
 Chief Technology Officer (CTO)
 (until June 2021)
 Jun. 2019 Representative Director and Chief Operating Officer (COO)*2
 Apr. 2020 SEVP, Head of Global Solutions Business
 Oct. 2021 Chief Data & Process Officer (CDPO)*2

Hidenori Furuta

Representative Director
 COO, CDPO

Number of years as director: 2

Number of Fujitsu shares held:
 2,133*1



Born: July 29, 1962
 Apr. 1985 Joined the Company
 Jun. 2014 VP, Corporate Controller Division,
 Corporate Finance Unit
 Apr. 2018 Corporate Executive Officer
 EVP, Head of Corporate Finance Unit
 (until March 2021)
 Jun. 2019 Chief Financial Officer (CFO)*2
 Apr. 2020 Corporate Executive Officer, SEVP
 Jun. 2020 Director and Corporate Executive Officer,
 SEVP*2

Takeshi Isobe

Director
 CFO

Number of years as director: 1

Number of Fujitsu shares held:
 325*1

NON-EXECUTIVE DIRECTORS



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
 Jan. 2010 Corporate Senior Executive Vice President
 Apr. 2010 President
 Jun. 2010 Representative Director
 President
 Jun. 2015 Representative Director
 Chairman (until June 2017)
 Chairman of the Board of Directors
 (until June 2019)
 Jul. 2015 Member of the Executive Nomination
 Committee and
 Compensation Committee (until June 2019)
 Jun. 2017 Director and Chairman (until June 2019)
 Outside Director, JFE Holdings, Inc.*2
 Jun. 2019 Director and Senior Advisor*2
 Member of the Board of Directors
 (Outside Director),
 Mizuho Financial Group, Inc.*2
 Jul. 2021 Member of the Executive
 Nomination Committee*2

Masami Yamamoto

Director
 Senior Advisor

Number of years as director: 11

Number of Fujitsu shares held:
 10,140*1



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*3
 (until March 2015)
 Jun. 1987 Visiting Scientist, Division of Cardiovascular
 Physiology, Space Biomedical Research
 Institute, NASA Johnson Space Center
 (until December 1988)
 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*2
 Apr. 2016 Specially Appointed Vice President of
 Tokyo University of Science*2
 Jul. 2016 Member of the Executive Nomination
 Committee*2 (until June 2021)
 Member of the Compensation Committee
 (until June 2018)
 Jan. 2017 Chair of the Scientific and Technical Subcom-
 mittee, UN Committee on the Peaceful Uses
 of Outer Space (COPUOS) (until January 2018)
 Apr. 2018 Special Counselor of the JAXA*3
 (until March 2021)
 Jul. 2018 Chairperson of the Compensation Committee*2
 Mar. 2019 Outside Director, Kao Corporation*2

Chiaki Mukai

Director
 Specially Appointed
 Vice President of
 Tokyo University of Science

Number of years as director: 6

Number of Fujitsu shares held:
 3,086*1



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.*4
 Aug. 2001 Managing Director and Head of
 Global Corporate Finance,
 Deutsche Securities, Ltd.*5
 Aug. 2004 Partner & Head of Japan, J.P. Morgan Partners
 Asia*6 (until March 2009)
 May 2007 Board Member, Edwards Group Ltd.*7
 (until October 2009)
 Dec. 2009 Managing Partner, Sangyo Sosei Advisory Inc.*2
 Feb. 2011 Board Member, ON
 Semiconductor Corporation*2
 Jun. 2015 Director*2
 Jun. 2019 Chairman of the Board of Directors*2
 Dec. 2019 Senior Advisor, Sangyo Sosei Advisory Inc.*2
 Jul. 2021 Chairman of the Executive
 Nomination Committee*2

Atsushi Abe

Director
 Managing Partner,
 Senior Advisor,
 Sangyo Sosei Advisory Inc.

Number of years as director: 6

Number of Fujitsu shares held:
 2,693*1

NON-EXECUTIVE DIRECTORS

**Yoshiko Kojo**

Director
Professor, Department of International Politics, Aoyama Gakuin University School of International Politics, Economics and Communication
Number of years as director: 3
Number of Fujitsu shares held: 684*1

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 (until March 2020)
Oct. 2010 President, Japan Association of International Relations
Oct. 2012 Member of Advisory Board, Japan Association of International Relations*2
Oct. 2014 Member of Science Council, Japan*2 (until September 2020)
Jun. 2018 Director*2
Jul. 2019 Member of the Executive Nomination Committee and Compensation Committee*2
Apr. 2020 Professor, Department of International Politics, Aoyama Gakuin University School of International Politics, Economics and Communication*2

**Scott Callon**

Director
Chief Executive Officer, Ichigo Asset Management, Ltd.
Number of years as director: 1
Number of Fujitsu shares held: 0*1

Born: December 6, 1964
Apr. 1988 MIPS Computer Systems, Inc.*8
Jan. 2003 Head of Equities, Morgan Stanley Japan Limited*9
May 2006 Chief Executive Officer, Ichigo Asset Management, Ltd.*2
Oct. 2008 Chairman and Representative Statutory Executive Officer, Asset Managers Holdings Co., Ltd.*10 *2
Nov. 2008 Director and Chairman of the Board of Directors, Asset Managers Holdings Co., Ltd.*10 *2
May 2012 External Audit & Supervisory Board Member, Chiyoda Co., Ltd. (until May 2020)
Mar. 2020 Chairman and Representative Director, Japan Display Inc.*2 (until December 2020)
Jun. 2020 Director*2
Aug. 2020 Chairman of the Board of Directors, Japan Display Inc.*2
Jan. 2021 Chairman and Representative Executive Officer, CEO and Director, Japan Display Inc.*2
Jul. 2021 Member of the Executive Nomination Committee and Compensation Committee*2

**Kenichiro Sasae**

Director
President of The Japan Institute of International Affairs
Number of years as director: Newly appointed
Number of Fujitsu shares held: 0*1

Born: September 25, 1951
Apr. 1974 Ministry of Foreign Affairs
Mar. 2002 Director-General of Economic Affairs Bureau, Ministry of Foreign Affairs
Jan. 2005 Director-General of Asian and Oceania Affairs Bureau, Ministry of Foreign Affairs
Jan. 2008 Deputy Minister for Foreign Affairs
Aug. 2010 Vice-Minister for Foreign Affairs
Sep. 2012 Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America
Jun. 2018 President and Director General, The Japan Institute of International Affairs
Jun. 2019 Outside Director, SEIREN CO., LTD.*2
MITSUBISHI MOTORS CORPORATION*2
Dec. 2020 President, The Japan Institute of International Affairs*2
Jun. 2021 Director*2
Jul. 2021 Member of the Compensation Committee*2

AUDIT & SUPERVISORY BOARD MEMBERS

Audit & Supervisory Board Members

Youichi Hirose**Megumi Yamamuro**

Lawyer and Special Advisor, URYU & ITOGA

Audit & Supervisory Board Members (Independent)

Koji Hatsukawa

Certified Public Accountant

Hideo Makuta

Advisor, Nagashima Ohno & Tsunematsu

REPRESENTATIVE DIRECTORS / CORPORATE EXECUTIVE OFFICERS

Representative Director
CEO, CDXO

Takahito Tokita

Representative Director
COO, CDPO

Hidenori Furuta

Director and Corporate Executive Officer
CFO

Takeshi Isobe

Corporate Executive Officers

Naoyoshi Takatsuna**Masaki Kubota****Ryuji Kushida****Taizo Takahashi****Megumi Shimazu****Vivek Mahajan****Junichi Saito****Hirohisa Yamaguchi****Isamu Yamamori****Tsuneo Hayashi****Shunsuke Onishi****Hiroki Hiramatsu**

Executive Fellow

Toshihiko Morita**Yuzuru Fukuda****Kyoko Mizuguchi****Shingo Mizuno****Yumiko Kajiwara****Kazushi Koga****Yuuichi Koseki****Shunsuke Baba****Hiroataka Hara****Tim White****Taeko Yamamoto****Yoshinami Takahashi**

*1 Number of shares held as of March 31, 2021

*2 To present

*3 Currently, the Japan Aerospace Exploration Agency (JAXA)

*4 Currently, Raymond James & Associates, Inc.

*5 Currently, Deutsche Securities Inc.

*6 Currently, Unitas Capital

*7 Currently, Atlas Copco

*8 Currently, Wave Computing

*9 Currently, Morgan Stanley MUFG Securities Co., Ltd.

*10 Currently, Ichigo Inc.

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 Our Purpose (from 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 endeavors 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. (For the specific measures, please see "1. Overview of Corporate Governance Structure.")

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/about/ir/library/governance/governancereport-b-en-20211223.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

Reduced directors' terms to one year
To further clarify directors' management responsibilities

2006

Established the Executive Nomination Committee and Compensation Committee

To ensure the transparency and objectivity of the process for choosing candidates for executives and the process of determining compensation, and to ensure an appropriate compensation system and level

Established the Independent Directors & Auditors Council
To support independent directors and Audit & Supervisory Board members, who maintain a certain degree of separation from the execution of business activities, in consistently gaining a deeper understanding of Fujitsu's business

2009

Established Corporate Governance Policy
To explain to shareholders basic policies on the establishment and operation of systems in light of basic approaches to corporate governance
For the complete Corporate Governance Policy, please visit the following website. <https://www.fujitsu.com/global/about/ir/library/governance/governancereport-b-en-20211223.pdf>

2015

Introduced performance-based stock compensation plan

To incentivize executive directors to improve medium- to long-term corporate value and to promote shareholder-oriented business management

2017

Abolished senior executive advisor/ advisor system

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

2018

Appointed independent director as chairman of the Board
Independent directors are appointed as chairman of the Board, chairperson of the Executive Nomination Committee, and chairperson of the Compensation Committee in order to strengthen the supervisory function.

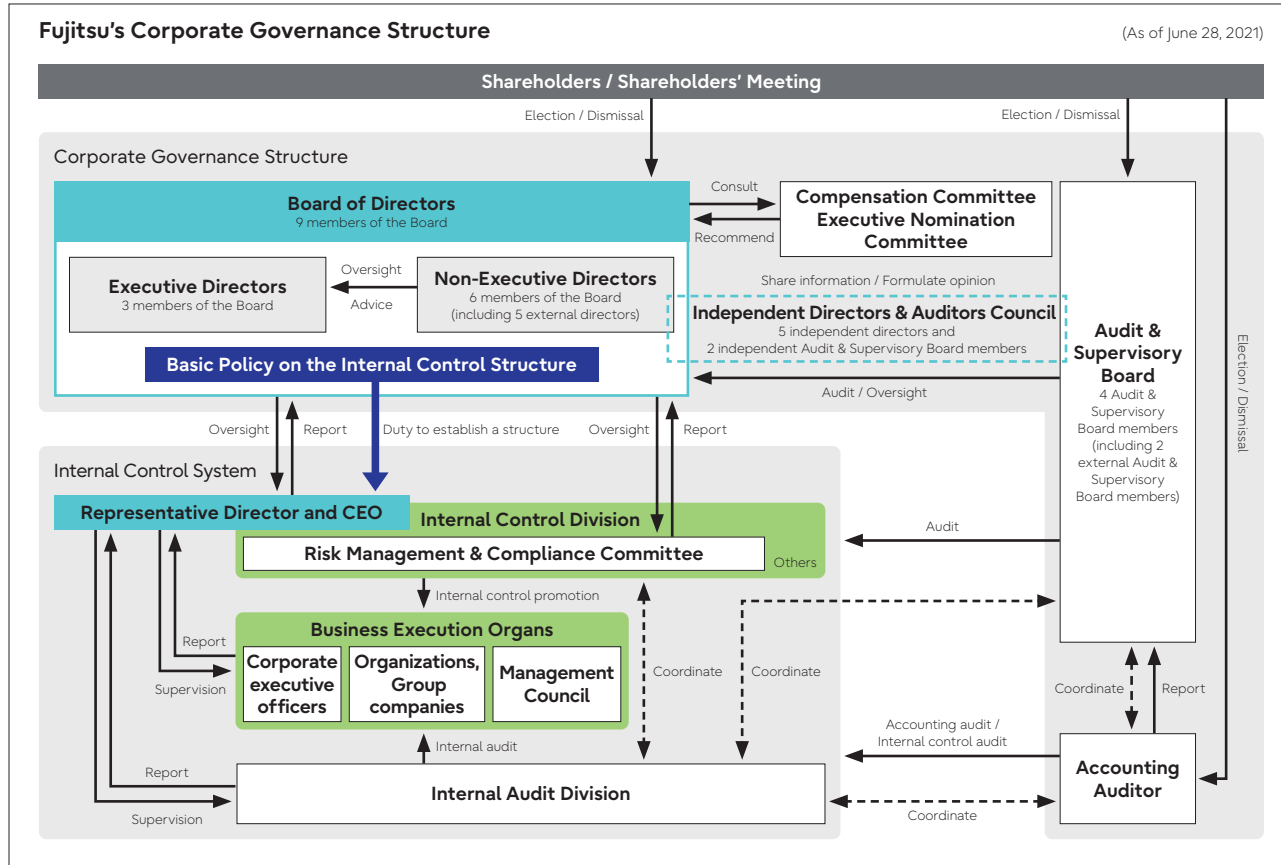
2019

Made independent directors a majority on the Board of Directors

Among nine directors, five independent directors constitute a majority. Our aim is to increase the transparency and objectivity of deliberations.

2020

1. Overview of Corporate Governance Structure



Roles and Composition of Key Boards, Committees, and Councils

| | |
|---|---|
| <p>Board of Directors</p> | <ul style="list-style-type: none"> · Serves as a body for making important decisions and overseeing management · Mainly oversees and acts in an advisory capacity in relation to the management execution of executive directors · Non-executive directors at least the same in number as executive directors · At least one non-executive director appointed from within the Company · Proactive appointment of independent directors to the position of non-executive director · One-year term of office for directors · As of June 28, 2021, the Board of Directors is composed of nine members, of whom three are executive and six are non-executive directors (including five independent directors). The Board of Directors is chaired by an independent director. |
| <p>Audit & Supervisory Board</p> | <ul style="list-style-type: none"> · From an independent position, audits and provides oversight of the Board of Directors as well as management execution functions and conducts accounting audits · Four-year term of office for Audit & Supervisory Board members · As of June 28, 2021, the Audit & Supervisory Board comprises four members, of whom two are full-time Audit & Supervisory Board members and two are external Audit & Supervisory Board members. |
| <p>Executive Nomination Committee and Compensation Committee</p> | <ul style="list-style-type: none"> · Serve as advisory bodies to the Board of Directors · The Executive Nomination Committee deliberates on candidates for director and Audit & Supervisory Board member positions in accordance with the Structural Framework of the Corporate Governance Structure and the Procedures and Policy of Directors' and Auditors' Nomination/Dismissal stipulated in the Company's Corporate Governance Policy, and submits recommendations to the Board of Directors. · The Compensation Committee submits 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 Directors' and Auditors' Nomination/Dismissal stipulated in the Company's Corporate Governance Policy. · As of July 29, 2021, the Executive Nomination Committee comprises three independent directors and one non-executive director; the Compensation Committee comprises four independent directors. (For details on committee members, please see "Members of the Board of Directors and Audit & Supervisory Board" on page 72.) · As of July 29, 2021, both committees are chaired by independent directors. |
| <p>Independent Directors & Auditors Council</p> | <ul style="list-style-type: none"> · Serves as a framework under which independent directors and independent Audit & Supervisory Board members share information and further their understanding of the Company's businesses. Council members discuss the medium- and long-term direction of the Company, share information, and exchange viewpoints so that all members can formulate their own opinions. · Is composed of all independent directors and independent Audit & Supervisory Board members |

2. External Directors / External Audit & Supervisory Board Members

Independence Standards for External Directors and Auditors

The Company evaluates the independence of external directors and auditors 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 a Fujitsu Group company*1;
 - (2) Director, executive officer, Audit & Supervisory Board member, or important employee*2 of a major shareholder*3 of Fujitsu;
 - (3) Director, executive officer, Audit & Supervisory Board member, or important employee*2 of a major lender*4 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 a significant amount of monetary benefits*5 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*2 of a major business partner*6 of Fujitsu.

- b** A person who is not a close relative*7 of any of the following persons, at present or at any time within the preceding years, will be designated as independent:
- (1) Executive director, non-executive director,*8 or important employee of Fujitsu Group companies;
 - (2) Director, executive officer, Audit & Supervisory Board member, or important employee*2 of a major shareholder of Fujitsu;
 - (3) Director, executive officer, Audit & Supervisory Board member, or important employee*2 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 a 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*2 of a major business partner of Fujitsu.

*1 "Fujitsu Group company" means Fujitsu Limited or one of 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 who holds at least 10 percent of the voting rights of Fujitsu nominally or substantially.

*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).

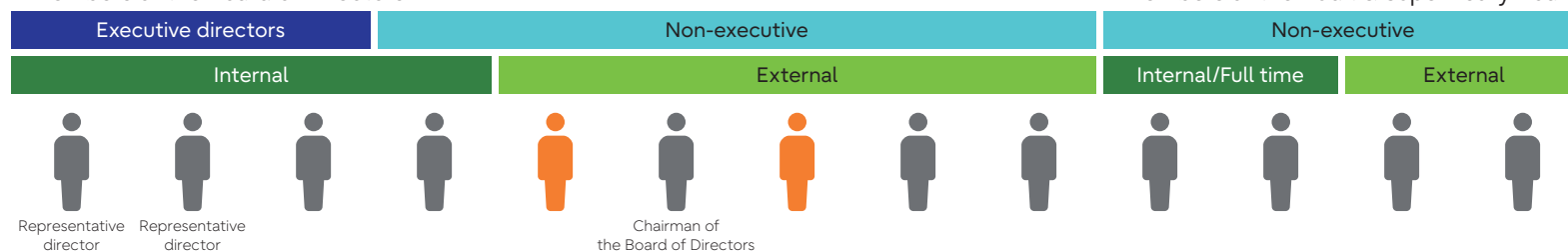
*8 This condition applies only when judging the independence of Fujitsu's independent Audit & Supervisory Board member or a nominee thereof.

Members of the Board of Directors and Audit & Supervisory Board

(As of July 29, 2021)

 Male
  Female
 Chairperson
  Member

9 members of the Board of Directors



| | Takahito Tokita | Hidenori Furuta | Takeshi Isobe | Masami Yamamoto | Chiaki Mukai | Atsushi Abe | Yoshiko Kojo | Scott Callon | Kenichiro Sasae | Youichi Hirose | Megumi Yamamuro | Koji Hatsukawa | Hideo Makuta |
|--|-----------------|-----------------|---------------|-----------------|--------------|-------------|--------------|--------------|-----------------|----------------|-----------------|----------------|--------------|
| Executive Nomination Committee | | | | ○ | | ● | ○ | ○ | | | | | |
| Compensation Committee | | | | | ● | | ○ | ○ | ○ | | | | |
| Independent Directors & Auditors Council | | | | | ○ | ○ | ○ | ○ | ○ | | | ○ | ○ |

Appointment of External Directors and Auditors

Fujitsu actively appoints external directors and auditors to increase management transparency and further improve efficiency.

Fujitsu determines independence based on the independence standards stated above. All external directors and auditors have been registered with and accepted as independent directors and Audit & Supervisory Board members by the financial instruments exchanges on which Fujitsu is listed in Japan.

Fujitsu's views on the roles, functions, and specific reasons for nomination of external directors and external Audit & Supervisory Board members are as follows:

External Directors

| | |
|--|--|
|  <p>Chiaki Mukai</p> | <p>Dr. Chiaki Mukai has an impressive personal history as a doctor who became Asia's first female astronaut, and she exemplifies the Company's spirit of taking on challenges at the cutting edge of science. She led discussions on executive compensation in her capacity as the chairperson of the Compensation Committee. The Company expects that she will continue to be able to provide oversight and advice as an external director from a fair and objective global perspective based on broad knowledge of science and technology. Fujitsu and Academic Corporation Tokyo University of Science, which operates the Tokyo University of Science where Dr. Mukai serves as vice president, had business transactions in fiscal 2020 amounting to approximately ¥61 million. Taking into account the scale of our sales, the amount of transactions is immaterial and does not constitute a conflict of interest. Therefore, Fujitsu considers Dr. Mukai to be independent.</p> |
|  <p>Atsushi Abe</p> | <p>Mr. Atsushi Abe has gained a deep understanding of the ICT industry and mergers and acquisitions through many years of experience in investment banking and private equity. As chairman of the Board of Directors, he has been managing proceedings objectively from his perspective as an investor gained through his experience to date and dialogues with institutional investors and has been leading discussions on the aforementioned. The Company expects that, in addition to being able to provide oversight and advice as an external director from a shareholder and investor perspective, Mr. Abe will continue to contribute to timely and decisive management decision making. Mr. Abe has never been a major shareholder, nor has he held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers Mr. Abe to be independent.</p> |
|  <p>Yoshiko Kojo</p> | <p>Dr. Yoshiko Kojo served in important positions, including the president of the Japan Association of International Relations, and her research has for many years focused mainly on the impact of economic entities (including private companies) on international politics. The Company expects that she will be able to provide extensive advice and oversight as an external director concerning the Company's responses to change in the external environment during a dramatic transition of international politics and with regard to initiatives for SDGs based on her deep insight. Dr. Kojo has never been a major shareholder, nor has she held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers Dr. Kojo to be independent.</p> |
|  <p>Scott Callon</p> | <p>Previously, Mr. Scott Callon worked at a foreign-affiliated securities firm. Currently, he serves as the chief executive officer of Ichigo Asset Management, Ltd., an independent investment advisory firm specializing in Japanese equity investment. He has garnered experience in conducting dialogues with investee companies as an institutional investor. From his past experience, the Company expects Mr. Callon to be able to provide oversight and advice from a shareholder and investor perspective and has designated him as an external director. Fujitsu and Japan Display Inc., where Mr. Callon is chairman, CEO, and representative executive officer, had business transactions in fiscal 2020 amounting to approximately ¥380 million. Taking into account the scale of our sales, the amount of transactions is immaterial and does not constitute a conflict of interest. Additionally, Ichigo Trust Pte. Ltd., which jointly holds voting rights with Ichigo Asset Management, Ltd., where Mr. Callon serves as chief executive officer, is our principal shareholder, although it does not fall under major shareholders stipulated in our independence standards. As he has never held a position involved in business execution of a major business partner of the Company, Fujitsu considers Mr. Callon to be independent.</p> |
|  <p>Kenichiro Sasae</p> | <p>Mr. Kenichiro Sasae has served in important positions including as the Vice-Minister for Foreign Affairs, Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America, and currently as the president of The Japan Institute of International Affairs. He has extensive knowledge and practical experience in international politics and economics. As the international situation has become more complicated in recent times, the Company expects that Mr. Sasae will be able to provide oversight and advice from a fair and objective global perspective based on his extensive knowledge and experience. Therefore, the Company expects that he will be able to fulfill his supervisory function and role as independent director. The Japan Institute of International Affairs, where Mr. Sasae serves as president, and the Company have no business relationship. As he has never held a position involved in business execution of a major business partner of the Company, Fujitsu considers Mr. Sasae to be independent.</p> |

External Audit & Supervisory Board Members

| | |
|-----------------------|---|
| <p>Koji Hatsukawa</p> | <p>Mr. Koji Hatsukawa has been appointed as an external Audit & Supervisory Board member because he has a wealth of auditing experience at global corporations as a certified public accountant as well as broad knowledge of corporate accounting. PricewaterhouseCoopers Aarata (currently, PricewaterhouseCoopers Aarata LLC), where Mr. Hatsukawa served as CEO, has not performed accounting audits for Fujitsu. Fujitsu and PricewaterhouseCoopers Aarata had business transactions in fiscal 2020 amounting to approximately ¥400 thousand. Taking into account the scale of our revenue, the amount of transactions is immaterial and does not constitute a conflict of interest. Therefore, Fujitsu considers Mr. Hatsukawa to be independent.</p> |
| <p>Hideo Makuta</p> | <p>Mr. Hideo Makuta has been designated as an external Audit & Supervisory Board member because he has profound insight into not only legal but also economic and social matters affecting corporate management, gained through his career as a public prosecutor and as a commissioner of the Japan Fair Trade Commission. Therefore, Fujitsu considers Mr. Makuta to be independent.</p> |

Systems for Ensuring the Effectiveness of the Board of Directors

In enhancing the effectiveness of the Board of Directors, the Company has focused on creating a system under which non-executive directors function effectively. Specifically, the Company believes it essential to establish a system that enables independent directors and Audit & 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. The Independent Directors & Auditors Council convenes on multiple occasions each year (nine times in fiscal 2020), and its members share information and exchange viewpoints so that each member can formulate their own opinions. In fiscal 2020, the members shared information and exchanged viewpoints on matters including the Company's Management Direction, the scope of business of the Company and of the Group as a whole. Based on the knowledge gained through the council, each independent director and Audit & Supervisory Board member provided advice to the Board of Directors. Moreover, to facilitate the operation of the Independent Directors & Auditors Council, the Company established the Independent Directors & Auditors Council Support Office in 2015. Under this system, one junior employee is assigned to support each council member so that they are able to acquire information through the support of these employees without requiring the mediation of the management execution team.

3. Executive Compensation

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 amounts of remuneration for directors and Audit & Supervisory Board members summarized in "Details of Remuneration" on page 77 are determined within the scope of total compensation established by resolution of the Annual Shareholders' Meeting based on the framework of the policy on the determination of the details of compensation, etc., for individual directors (hereinafter referred to as the "Determination Policy"), which was determined by the Board of Directors following the recommendation by the Compensation Committee. Compensation for each director is determined by the representative director and CEO subject to the approval of the Compensation Committee, and compensation for each Audit & Supervisory Board member is decided based on consultation with the Audit & Supervisory Board members.

Details of the Determination Policy are as follows.

Summary

Fujitsu has determined executive compensation to secure the exceptional talent necessary to manage the Fujitsu Group as a global ICT company and to further strengthen the link between its financial performance and shareholder value, while simultaneously improving its transparency. With an eye to these requirements, executive compensation comprises the following: "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 the connection to 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 bonus amount 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.

Composition Ratio for Each Type of Executive Compensation

- With the aim of setting competitive compensation that contributes to securing and retaining exceptional talent, executive compensation shall be determined based on the financial position of the Company, comparing the compensation composition ratio and compensation levels for each executive position at other companies with similar business lines and similar scale as benchmarks.
- The ratio of performance-based compensation to the total compensation for executive directors shall be determined so as to strengthen the link between the Group's financial performance and shareholder value by setting higher ratios for higher ranks.
- In the decision process, the Compensation Committee shall deliberate to ensure objectivity and validity.

Performance-based Stock Compensation

In order to provide executive directors with an incentive to achieve their performance targets for one fiscal year with regard to bonuses, and to provide executive directors with an incentive to increase corporate value over the medium to long term with regard to performance-based stock compensation as well as to further promote management from the perspective of shareholders, the Company has selected revenue and operating profit of the consolidated financial results, which are set out as management target indicators for each type of compensation, as indicators for bonuses and performance-based stock compensation.

(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. The Board of Directors Meeting examines 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 found, the Board of Directors Meeting will further evaluate whether there is a qualitative reason that supports the rationale for continuing to hold those shares and will discuss the continuation of such holdings. In fiscal 2020, the Company sold 23 issues, and at the Board of Directors Meeting, held on June 24, 2021, the Board determined which strategic shareholdings would be held by the Company at the end of fiscal 2020. The Company deals with strategic shareholders on an equal footing, just as it does with other business partners. Even when strategic shareholders indicate their sale of shares, we do not prevent them from selling. That said, we sometimes call upon them to consider the timing of the sale or the ways of selling their shares.

5. Views and Policies for Group Management and Measures to Ensure the Effectiveness of Corporate Governance

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

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

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

Measures to Ensure the Effectiveness of Corporate Governance

Fujitsu understands that its publicly listed subsidiaries make efforts to enhance corporate governance and provides support for these efforts. We recommend our listed subsidiaries to each become a company with an Audit and Supervisory Committee to strengthen corporate governance. Accordingly, all listed subsidiaries are ensured their independence by appointing independent directors and directors dispatched from the Company to help maximize their corporate value.

6. Status of Internal Audits, Accounting Audits, and the Internal Control Division

Internal Audit and Accounting Audit Systems

Audits Conducted by Audit & Supervisory Board Members

The Audit & Supervisory Board primarily conducts examinations of the appropriateness of audit policy and plans, the audit method of the accounting auditor, the appropriateness of the audit results, and the Key Audit Matters, as well as receiving reports from the Internal Audit Division and conducting examinations of reports on important items submitted by full-time Audit & Supervisory Board members to external Audit & Supervisory Board members.

Further, the activities of Audit & Supervisory Board members include attending and stating opinions at meetings of the Board of Directors, meetings of the Independent Directors & Auditors Council, and other important meetings; reviewing important approval documents; conducting exchanges of opinions with the representative director; auditing the operations of headquarters and subsidiaries; exchanging information with the corporate auditors of subsidiaries; receiving reports from the accounting auditor; receiving reports from the Internal Audit Division on the progress and results of audits; and receiving reports from the Compliance Division on the status of in-house whistleblowing. In addition, with respect to the Key Audit Matters that were adopted as early as fiscal 2019, we continued to hold a sufficient number of discussions and deliberations with the accounting auditor in fiscal 2020. The discussion topics were potential risks of material misstatements in the consolidated financial statements and impacts of, and developments in, material events, etc., that occurred in fiscal 2020.

Full-time Audit & Supervisory Board member Mr. Youichi Hirose has extensive knowledge of finance and accounting issues and many years of experience in the Company's finance and accounting divisions, having served as the head of the Company's Corporate Finance Unit. Full-time Audit & Supervisory Board member Mr. Megumi Yamamuro has many years of experience in the legal profession and is an expert in corporate law, including the Companies Act, and domestic and overseas compliance measures. (For overviews of the professional backgrounds of external Audit & Supervisory Board members, please see "Appointment of External Directors and Auditors" on page 73.)

Internal Audits

The Internal Control & Audit Office serves as an internal audit group. This division audits the internal affairs of the entire Fujitsu Group in cooperation with the internal audit groups of each Group company. The Internal Control & Audit Office 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 the Internal Control Structure, the Risk Management & Compliance Committee maintains and operates risk management systems, compliance systems, and internal control structures related to financial reporting and executes duties regulated under the basic policy. The status of operation of the internal control system is periodically reported to the Board of Directors.

7. Review of Corporate Governance in Fiscal 2020

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 2020.

Number of Meetings of Key Boards and Committees

| | | |
|--|--|--|
| Board of Directors' meetings (including extraordinary meetings) | Audit & Supervisory Board meetings | Attendance of external directors at Board of Directors' meetings |
| 14 (2) | 8 | 98.2% Mr. Jun Yokota: 100%; Dr. Chiaki Mukai: 100%; Mr. Atsushi Abe: 100%; Dr. Yoshiko Kojo: 92.9% |
| Attendance of external Audit & Supervisory Board members at Board of Directors' meetings | Attendance of external Audit & Supervisory Board members at Audit & Supervisory Board meetings | |
| 100% Mr. Hiroshi Mitani: 100%; Mr. Koji Hatsukawa: 100%; Mr. Hideo Makuta: 100% | 93.8% Mr. Hiroshi Mitani: 100%; Mr. Koji Hatsukawa: 87.5%; Mr. Hideo Makuta: 100% | |

Details of Remuneration

| Position | Number of Recipients | Remuneration Type | | | Total Amount of Compensation |
|--|----------------------|-------------------|--------------|--------------------------------------|------------------------------|
| | | Base Remuneration | Bonuses | Performance-based Stock Compensation | |
| Directors (Internal) | 5 | ¥218 million | ¥120 million | ¥208 million | ¥547 million |
| External directors | 5 | ¥75 million | — | — | ¥75 million |
| Audit & Supervisory Board members (Internal) | 3 | ¥72 million | — | — | ¥72 million |
| External Audit & Supervisory Board members | 4 | ¥33 million | — | — | ¥33 million |

1. The above includes directors and Audit & Supervisory Board members who resigned in fiscal 2020.

2. The total amount of monetary compensation for directors was resolved to be ¥600 million or less per year at the 106th Annual Shareholders' Meeting held on June 23, 2006. The total amount of non-monetary compensation was resolved to be ¥300 million or less per year and the total number of shares of common stock of the Company to be allocated was set within 43,000 shares per year at the 117th Annual Shareholders' Meeting held on June 26, 2017 (the Company conducted consolidation of shares at a rate of one share for every 10 shares effective October 1, 2018, and thus the number of shares after the consolidation of shares is indicated here). The Company is paying the compensation shown in the above table, which is within these limits.

The total amount of monetary compensation for directors was resolved to be within ¥1,200 million or less per year (including ¥150 million per year for external directors) at the 121st Annual Shareholders' Meeting held on June 28, 2021. At this Annual Shareholders' Meeting, separate from the limit on monetary compensation for directors, the total amount of non-monetary compensation was resolved to be ¥1,200 million or less per year and the total number of shares of common stock of the Company to be allocated was set within 75,000 shares per year.

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

4. Performance-based stock compensation shows the amount that was recorded as expenses in the fiscal year ended March 31, 2021.

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 taken in fiscal 2020 based on the evaluation of fiscal 2019

To improve the availability of relevant documents as well as the efficiency of meetings of the Board of Directors and the Independent Directors & Auditors Council, relevant documents have been digitized. Furthermore, in order to facilitate access to information outside of Board of Directors' meetings, the Company had business heads provide briefings on businesses for independent directors and auditors. Furthermore, independent directors and auditors continued to hold the Independent Directors & Auditors Council in an effort to facilitate the exchange of information and formulation of opinions between them, and private sessions hosted by the independent directors were introduced as a platform for the independent directors and auditors to form opinions.

Fiscal 2020 evaluation method

The evaluation of fiscal 2020 includes an evaluation of the chairman, and as in fiscal 2019, an anonymous questionnaire with a five-grade evaluation was conducted. From fiscal 2020, self-evaluations by directors and Audit & Supervisory Board members are also being carried out. The results of the questionnaire were reported at a regular meeting of the Board of Directors, and discussions based on the results were also held at this time. In addition, an evaluation of the Board of Directors by a proxy advisory firm was also conducted.

Fiscal 2020 evaluation

- Compared to the previous year, overall improvements were recognized. However, there is room for further improvement in document format and volume as well as the information provided.
- To enable the review of high-priority items, sharing information in advance and enhancing vital communication between Board members is important. While continuing to hold meetings of the Independent Directors & Auditors Council, private sessions, and briefings on businesses by management executives, the Company strives to provide a platform for the further provision of information and the exchange of views outside of Board of Directors' meetings.

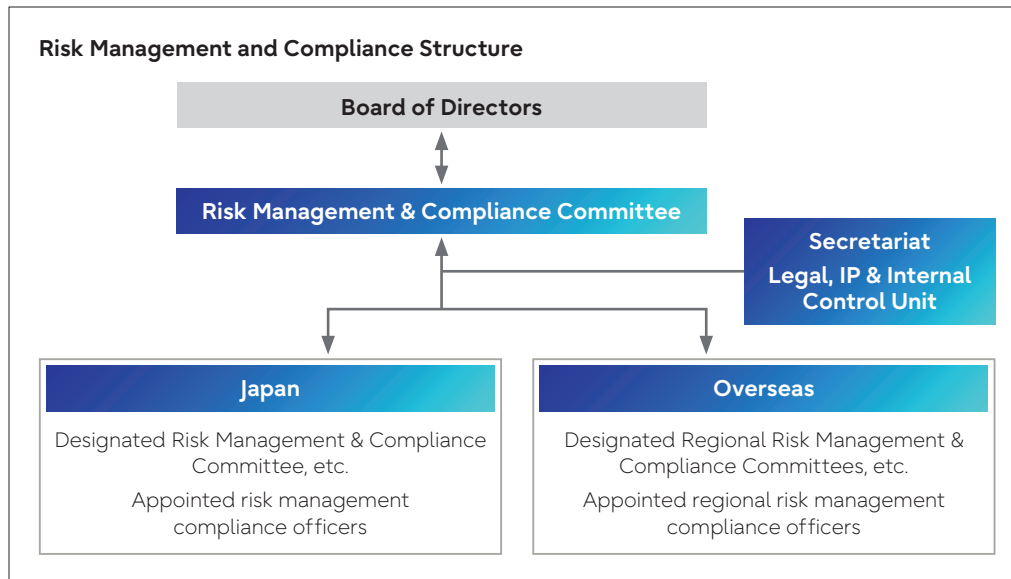
Risk Management

Guidelines & Structure

For the Fujitsu Group, it is an important management issue to appropriately identify and respond to risks in the Group's business operations and other activities. Accordingly, the Board of Directors formulated the Basic Policy on the Internal Control Structure. Based on this policy, the Fujitsu Group established a Risk Management & Compliance Committee reporting directly to the Board of Directors, which acts as the highest-level decision-making body on matters involving risk management and compliance.

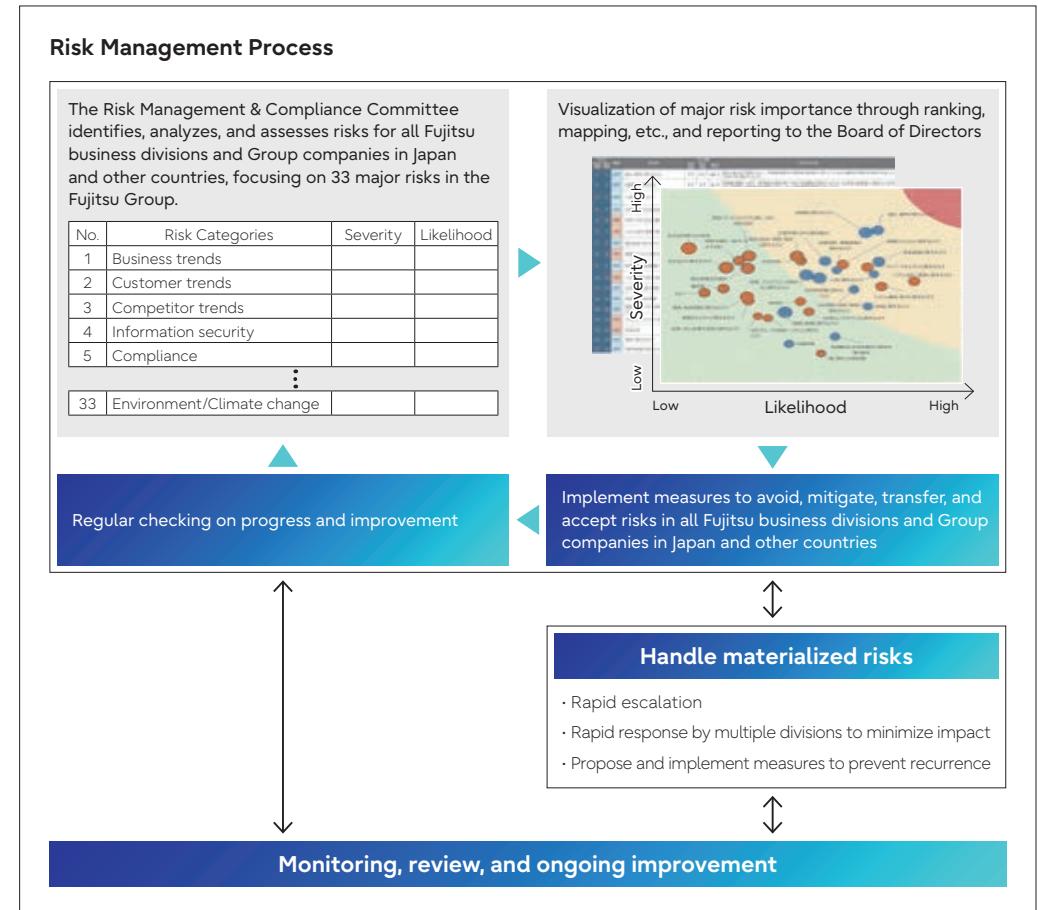
The committee also assigns risk management compliance officers to each of Fujitsu's divisions and to Group companies in Japan and internationally. These organizations collaborate to build a risk management and compliance structure for the entire Group, thereby guarding against potential risks and mitigating risks that have already materialized.

Furthermore, we created the Corporate Risk Management Division in November 2020, which reports directly to the CEO. This new body is responsible for risk management across the entire Fujitsu Group and is best positioned to interpret risk-related information and to spearhead rapid, appropriate responses where required.



Risk Management Process

The Risk Management & Compliance Committee identifies, analyzes, and assesses the major risks associated with business activities in all Fujitsu business divisions and Group companies in Japan and other countries. (Among the Group companies, implementation is focused on 33 risks identified as particularly important.) It also checks the progress of measures designed to avoid, mitigate, transfer and accept such 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, presenting the risks in a visually accessible format by ranking and mapping them.



The committee also prepares processes for dealing with risks that have eventuated despite implementation of the various preventive measures. If a critical risk arises, such as a natural disaster, a product fault or defect, a system or service problem, a compliance violation, an information security breach, or an environmental problem, the division or Group company concerned reports immediately to the Risk Management & Compliance Committee.

This committee then coordinates with the related divisions and work sites to quickly resolve the problem by taking appropriate steps, such as 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 committee also reports as needed to the Board of Directors. The Risk Management & Compliance Committee checks the progress of implementation of these processes on an ongoing basis and formulates improvements.

The Fujitsu Group's Response to COVID-19 Based on Business Continuity Plan

Recent years have seen a significant increase in the risk of unforeseen events that threaten continued economic and social activity. Such events include earthquakes, floods and other large-scale natural disasters, and pandemics involving infectious diseases. To ensure that the Fujitsu Group can continue to provide a stable supply of products and services that customers require even when such unforeseen circumstances occur, we have formulated a Business Continuity Plan (BCP). We are also promoting Business Continuity Management (BCM) as a way of continually reviewing and improving our BCP.

To respond to the spread of COVID-19 and maintain the safety of its customers, suppliers, and employees and their families, the Fujitsu Group has placed the highest priority on preventing the spread of the infection, based on the BCP. The Group is also promoting initiatives to sustain the supply of products and services to customers and to help resolve the many societal issues that have arisen due to the spread of the infection.

Specific initiatives include recommending that employees work from home or stagger their working hours, and switching internal company meetings and events to a videoconference format or other web-based sessions. Furthermore, operations previously carried out on-site at customers' locations, such as system development, operations, and maintenance, have been switched to remote operations, and in cases where on-site operations are essential, we request that measures such as social distancing and ventilating work areas be taken. By putting in place a set of countermeasures in cooperation with customers and government agencies in Japan and elsewhere, our goal is to maintain key business operations and meet our social responsibilities.

Business 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 to deal promptly with any issues that do occur.

For details on the Fujitsu Group's business and other risks, please see the risk management section in *Sustainability Data Book 2021*, disclosed on the following website.
<https://www.fujitsu.com/about/csr/riskmanagement/>

Main Business Risks

- Economic and financial market trends
- Customers
- Competitors and the industry
- Investment decisions and business restructuring
- Suppliers, alliances, etc.
- Public regulations, public policy, and tax matters
- Natural disasters and unforeseen incidents
- Finance
- Deficiencies or flaws in products and services
- Compliance issues
- Intellectual property
- Security
- Human resources
- Fujitsu Group facilities and systems
- Environment

Response to a Major Quality Incident

In response to a major incident in a system that occurred in 2020, Fujitsu has not only reviewed its own systems but is also strengthening its frameworks for risk management and quality assurance to deliver its customers with even greater stability for their systems and to restore trust in its services. To prevent any recurrence of such failures, Fujitsu will continuously focus its efforts on building resilient and stable mission-critical systems.

System Review

Fujitsu again reviewed the technical specifications and contents of the manual of the OEM products in use. Fujitsu confirmed that the descriptions are matching and also took measures to improve the evaluation process for its OEM products. To realize greater operational stability for its customers' systems, Fujitsu is also conducting a rigorous review of its other systems.

Risk Management Improvements and Quality Assurance Framework

Improvements to Risk Management Framework

Fujitsu established the Corporate Risk Management Division in November 2020, which reports directly to the CEO. This new body is responsible for risk management across the entire Fujitsu Group and will be better placed to interpret risk-related information and to spearhead rapid, appropriate responses in case of major incidents. Furthermore, the Group has established a framework to centralize risk-related information associated with business activities in Japan and other countries in order to enable relevant personnel within the Company to access the latest information in real time. Leveraging AI technology, the Fujitsu Group will analyze this information to visualize signs and the expected scope of impact of emerging potential risks in order to be better prepared in the event of future risks.

Improvements to Quality Assurance Framework

In order to strengthen the quality assurance system for its products, Fujitsu established Quality Management Representatives under the direct control of the CEO to oversee the effectiveness of all processes and a cross-divisional system that enables the further sharing of knowledge and expertise between divisions in addition to the existing quality assurance processes for each product division. Through an integrated view of the quality management process of products, solutions and services, the Fujitsu Group aims to strengthen its inspection process in order to detect non-conformity between processes and accelerate its quality improvements. In this way, the Group will provide products of even higher quality and reliability.

Information Security

Ensuring Information Security

Bearing in mind that digital technologies constitute 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 practice one of Our Values stated in the Fujitsu Way, to "Contribute to a trusted society using technology."

For further details on information security management, please refer to *Fujitsu Group Information Security Report*.
<https://www.fujitsu.com/global/about/resources/reports/securityreport/>

Information Security Policy

The Fujitsu Group positions digital services 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 digital security at Group companies in Japan and overseas.

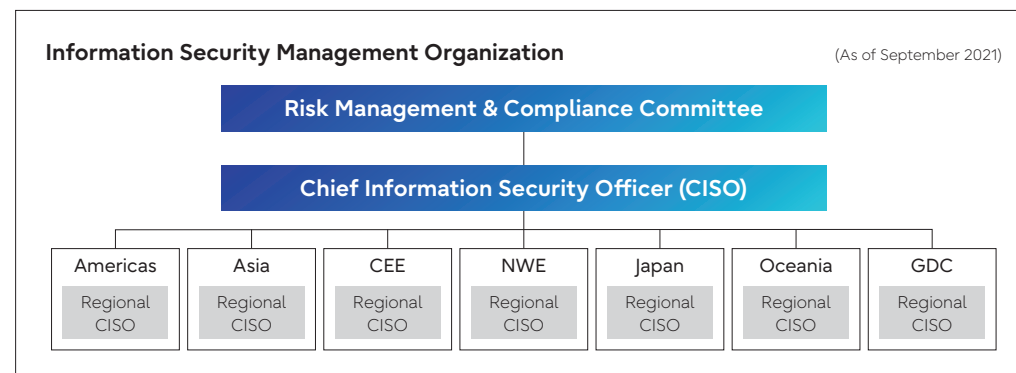
*1 Fujitsu Group Information Security Policy
https://www.fujitsu.com/global/imagesgig5/InformationSecurityPolicy_en.pdf

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 Fujitsu Declaration on Cybersecurity
https://www.fujitsu.com/global/documents/about/csr/security/Cybersecurity_declaration.pdf

Structure of Information Security Management

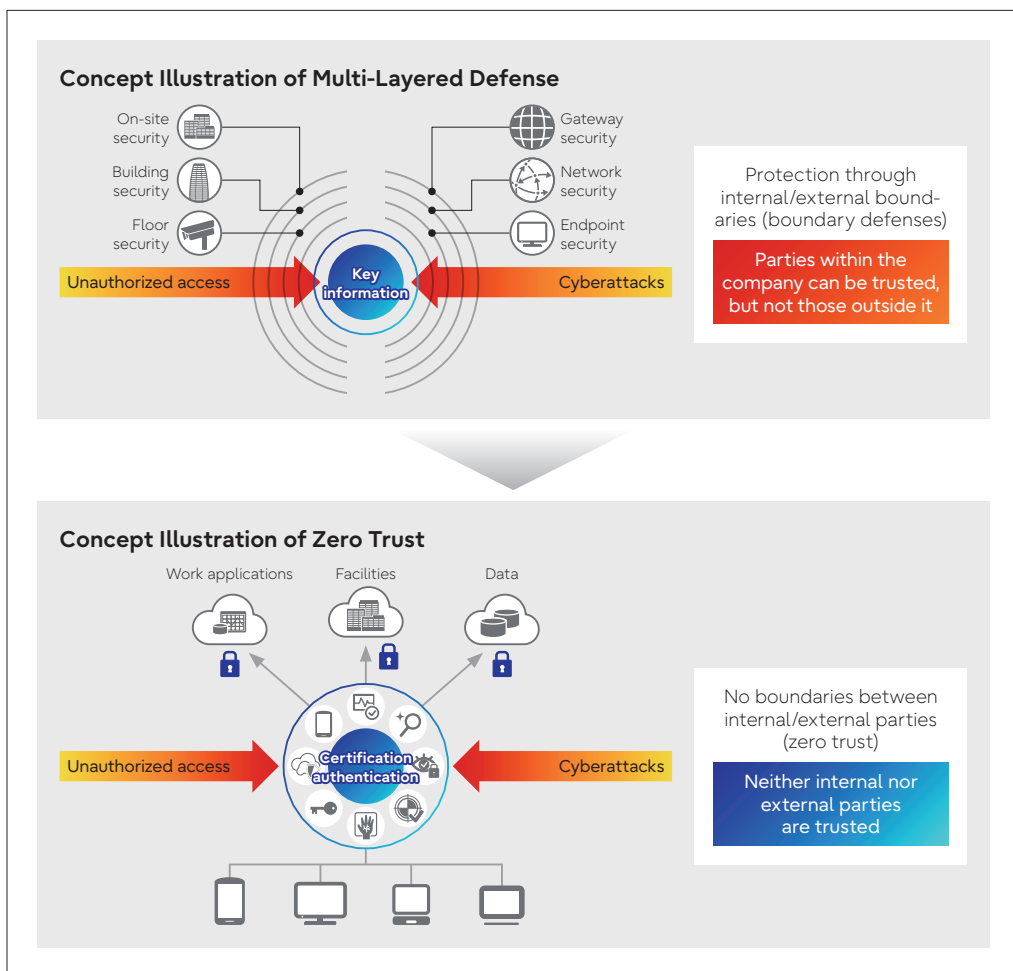
Given the increase in cyberattacks in recent years, the Fujitsu Group appointed a chief information security officer (CISO) under the authority of the Risk Management & Compliance Committee in order to further strengthen security measures within the Group. Moreover, in aiming to strengthen our global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



Security Measures Which Incorporate "Zero Trust"

The number of cyberattacks is rapidly increasing, and the methods employed are becoming more sophisticated and complex. Changes to how people work are also making it necessary to reevaluate and, if needed, overhaul security defense frameworks to keep up with the times.

The Fujitsu Group has adopted the idea of a multilayered defense as the basic concept of its information security measures, using multiple different measures to defend against cyberattacks, which are typified by targeted attacks that cannot be protected against by a single security measure. As IT environments change from being hosted on-site to on the cloud, we are making the shift from the concept of a multilayered defense to one of "zero trust" which trusts no user or device by default, operating under the premise that all networks, devices, users, and applications will be attacked. We apply "zero trust" to the three axes of cybersecurity, physical security, and information management, and ensure internal information security by authorizing access to information assets after authenticating the legitimacy of the user.



Cybersecurity

The Fujitsu Group has taken measures according to its IT infrastructure characteristics to achieve “zero trust.” As a measure against targeted cyberattacks, we have built an authorization- and authentication-based infrastructure, in addition to taking measures against unauthorized access and malware, in combination with measures against unauthorized device management and ID management, and data breaches. We are introducing measures to fight ever more sophisticated, varied, and complex cyberattacks.

Protection of Personal Information

As part of our efforts to protect personal information, Fujitsu acquired the PrivacyMark*4 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 are cooperating with entities such as our European subsidiaries 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 provide appropriate contractual and technical support in accordance with legal requirements. 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.

In addition, the European Commission and Japan have mutually recognized each other’s data protection laws, which went into effect on January 23, 2019, as providing an adequate level of protection. Based on this recognition, Fujitsu has established internal rules related to the handling of personal information moved between regions and spreads awareness regarding those rules.

*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.

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 | JGAAP | | | IFRS | | | | | | | (Billions of yen) | (%) | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------------------|-------------------------|--|
| | 2012 | 2013 | 2014 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Year-on-year change (%) | |
| FINANCIAL DATA | | | | | | | | | | | | | |
| Net sales (revenue) | ¥4,467.5 | ¥4,381.7 | ¥4,762.4 | ¥4,762.4 | ¥4,753.2 | ¥4,739.2 | ¥4,132.9 | ¥4,098.3 | ¥3,952.4 | ¥3,857.7 | ¥3,589.7 | -6.9 | |
| Net sales (revenue) outside Japan | 1,506.0 | 1,498.2 | 1,801.4 | 1,801.4 | 1,879.9 | 1,894.2 | 1,461.2 | 1,506.8 | 1,435.4 | 1,228.5 | 1,172.0 | -4.6 | |
| Point 1 Percentage of sales outside Japan (%) | 33.7 | 34.2 | 37.8 | 37.8 | 39.6 | 40.0 | 35.4 | 36.8 | 36.3 | 31.8 | 32.7 | | |
| Operating profit | 105.3 | 88.2 | 142.5 | 147.2 | 178.6 | 120.6 | 117.4 | 182.4 | 130.2 | 211.4 | 266.3 | 25.9 | |
| Operating profit margin (%) | 2.4 | 2.0 | 3.0 | 3.1 | 3.8 | 2.5 | 2.8 | 4.5 | 3.3 | 5.5 | 7.4 | | |
| Net profit (loss) (profit (loss) attributable to owners of the parent) | 42.7 | (79.9) | 48.6 | 113.2 | 140.0 | 86.7 | 88.4 | 169.3 | 104.5 | 160.0 | 202.7 | 26.7 | |
| Cash flows from operating activities | ¥ 240.0 | ¥ 71.0 | ¥ 175.5 | ¥ 176.5 | ¥ 280.1 | ¥ 253.0 | ¥ 250.3 | ¥ 200.4 | ¥ 99.4 | ¥ 347.2 | ¥ 307.9 | -11.3 | |
| Cash flows from investing activities | (190.8) | (161.4) | (128.8) | (128.9) | (200.5) | (164.3) | (145.4) | (22.5) | 4.1 | (114.2) | (71.5) | — | |
| Point 2 Free cash flow | 49.1 | (90.4) | 46.6 | 47.5 | 79.6 | 88.7 | 104.8 | 177.8 | 103.5 | 233.0 | 236.3 | 1.4 | |
| Cash flows from financing activities | (138.9) | 100.3 | (44.7) | (46.2) | (17.3) | (67.7) | (98.8) | (112.4) | (136.6) | (193.1) | (219.6) | — | |
| Inventories | ¥ 334.1 | ¥ 323.0 | ¥ 330.2 | ¥ 330.2 | ¥ 313.8 | ¥ 298.8 | ¥ 293.1 | ¥ 241.6 | ¥ 226.0 | ¥ 238.0 | ¥ 237.0 | -0.4 | |
| Monthly inventory turnover rate (times) | 1.01 | 1.00 | 1.07 | 1.07 | 1.11 | 1.12 | 1.15 | 1.21 | 1.22 | 1.13 | 1.16 | | |
| Total assets | 2,945.5 | 2,920.3 | 3,079.5 | 3,105.9 | 3,271.1 | 3,226.3 | 3,191.4 | 3,121.5 | 3,104.8 | 3,187.4 | 3,190.2 | 0.1 | |
| Owners' equity (equity attributable to owners of the parent) | 841.0 | 624.0 | 573.2 | 566.5 | 790.0 | 782.7 | 881.2 | 1,087.7 | 1,132.0 | 1,240.9 | 1,450.1 | 16.9 | |

Point

1

Percentage of sales outside Japan

The percentage of sales outside Japan increased 0.9 of a percentage point, to 32.7%. The weakening of the yen against the euro and pound compared with the previous fiscal year pushed up the percentage of sales outside of Japan.

Point

2

Free cash flow

Free cash flow was ¥236.3 billion, exceeding ¥200.0 billion for two consecutive fiscal years. The Company aims to create free cash flow of over ¥1 trillion over the five-year period until the fiscal year ending March 31, 2025.

* The actual figures are shown in units of billions of yen, and the rate of change is calculated in units of millions of yen.

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 | JGAAP | | | IFRS | | | | | | | | (%) |
|---|---------|-----------|---------|---------|---------|---------|---------|---------|----------|----------|------------|-------------|
| | 2012 | 2013 | 2014 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2020/2021*1 |
| FINANCIAL DATA | | | | | | | | | | | | |
| Return on equity (%) | 5.1 | (11.8) | 8.1 | 23.2 | 20.6 | 11.0 | 10.6 | 17.2 | 9.4 | 13.5 | 15.1 | |
| Owners' equity ratio (equity attributable to owners of the parent ratio) (%) | 28.6 | 21.4 | 18.6 | 18.2 | 24.2 | 24.3 | 27.6 | 34.8 | 36.5 | 38.9 | 45.5 | |
| Return on assets (%) | 1.4 | (2.7) | 1.6 | 3.7 | 4.4 | 2.7 | 2.8 | 5.4 | 3.4 | 5.1 | 6.4 | |
| Interest-bearing loans (billions of yen) | 381.1 | 534.9 | 519.6 | 560.2 | 578.4 | 534.9 | 486.7 | 402.2 | 316.2 | 405.5 | 316.3 | -22.0 |
| D/E ratio (times) | 0.45 | 0.86 | 0.91 | 0.99 | 0.73 | 0.68 | 0.55 | 0.37 | 0.28 | 0.33 | 0.22 | |
| Net D/E ratio (times) | 0.14 | 0.40 | 0.38 | 0.46 | 0.27 | 0.20 | 0.12 | -0.05 | -0.09 | -0.04 | -0.11 | |
| R&D expenses (billions of yen) | 238.3 | 231.0 | 221.3 | 222.5 | 202.7 | 179.8 | 170.0 | 158.6 | 134.9 | 123.3 | 113.8 | -7.7 |
| Capital expenditure*2 (billions of yen) | 140.6 | 121.7 | 122.2 | 122.8 | 140.6 | 156.0 | 120.6 | 94.0 | 83.5 | 96.4 | 87.5 | -9.2 |
| Depreciation*2 (billions of yen) | 131.5 | 116.5 | 115.1 | 115.9 | 121.2 | 119.8 | 108.6 | 107.0 | 96.9 | 84.5 | 76.0 | -10.1 |
| Amounts per share of common stock (yen)*3 | | | | | | | | | | | | |
| Net profit (loss) attributable to owners of the parent (EPS)*4 | ¥ 20.64 | ¥ (38.62) | ¥ 23.49 | ¥ 54.71 | ¥ 67.68 | ¥ 41.94 | ¥ 42.83 | ¥ 82.53 | ¥ 512.50 | ¥ 791.20 | ¥ 1,013.78 | 28.1 |
| Dividends | 10 | 5 | 4 | 4 | 8 | 8 | 9 | 11 | 150 | 180 | 200 | 11.1 |
| Equity attributable to owners of the parent*5 | 406.42 | 301.57 | 277.03 | 273.79 | 381.88 | 378.37 | 429.80 | 528.38 | 5,585.35 | 6,197.11 | 7,287.15 | 17.6 |

Point
3

Return on equity

Calculated through the division of profit attributable to owners of the parent by total equity attributable to owners of the parent (owners' equity), ROE was 15.1%. As a result of higher profit attributable to owners of the parent, ROE was up 1.6 percentage points year on year.

Point
4

Capital expenditure

With respect to the Technology Solutions segment, the Company invested ¥46.6 billion, mainly for facilities related to the services business and to office renovations associated with the Borderless Office initiative (reimagining the use of shared working space) that the Company is promoting as part of its Work Life Shift. As for the Device Solutions segment, investment amounted to ¥40.7 billion, mainly for equipment and facilities for the manufacturing of electronic components at subsidiary Shinko Electric Industry Co., Ltd.

*1 The actual figures are shown in units of billions of yen, and the rate of change is calculated in units of millions of yen.

*2 Capital expenditure and depreciation in the fiscal year ended March 31, 2020 do not include the effect of adopting IFRS 16 (Leases).

*3 On October 1, 2018, Fujitsu consolidated every 10 shares of stock into one share. Dividends per share for 2019 and thereafter reflect this share consolidation.

*4 Profit attributable to owners of the parent ÷ Average number of shares of common stock outstanding excluding treasury stock during the fiscal year

*5 Total equity attributable to owners of the parent (Owners' equity) ÷ Number of shares of common stock outstanding excluding treasury stock at the end of the fiscal year

Performance Highlights

Fujitsu Limited and Consolidated Subsidiaries

| Fiscal years ended March 31 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2020/2021 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| (%) | | | | | | | | | | | |
| NON-FINANCIAL DATA (ESG INDICATORS) | | | | | | | | | | | |
| Environmental | | | | | | | | | | | |
| Greenhouse gas emissions (Scope 1) (thousand tons)*1 | — | 225 | 219 | 197 | 189 | 208 | 198 | 147 | 87 | 75 | -13.8 |
| Greenhouse gas emissions (Scope 2 [Location-based]) (thousand tons)*1 | — | 790 | 1,105 | 700 | 686 | 1,021 | 939 | 808 | 715 | 583 | -18.5 |
| Greenhouse gas emissions (Scope 2 [Market-based]) (thousand tons) | — | — | — | — | — | — | 912 | 771 | 663 | 540 | -18.6 |
| Greenhouse gas emissions (Scope 3) (thousand tons) | — | 5,137 | 8,499 | 8,124 | 7,290 | 7,800 | 6,271 | 6,105 | 5,769 | 4,581 | -20.7 |
| Energy usage (thousand GJ) | — | — | 19,700 | 18,780 | 18,370 | 20,380 | 19,250 | 17,350 | 16,300 | 13,780 | -15.5 |
| Ratio of renewable energy to total electricity consumption (%) | — | — | — | — | — | 5.2 | 7.3 | 8.6 | 8.4 | 10.1 | |
| Water usage (thousand m ³) | 21,800 | 19,860 | 18,620 | 16,600 | 15,830 | 16,870 | 15,540 | 13,830 | 9,910 | 6,770 | -31.7 |
| Social | | | | | | | | | | | |
| Number of employees | 173,155 | 168,733 | 162,393 | 158,846 | 156,515 | 155,069 | 140,365 | 132,138 | 129,071 | 126,371 | |
| Outside Japan | 66,258 | 64,497 | 61,357 | 59,491 | 57,610 | 56,622 | 47,889 | 46,791 | 46,839 | 44,946 | |
| Percentage of female managers (non-consolidated) (%) | 3.7 | 4.0 | 4.3 | 4.6 | 4.8 | 5.2 | 5.7 | 6.1 | 6.6 | 7.4 | |
| Employee engagement*2 | — | — | — | — | — | — | — | — | 56 | 65 | |
| Governance | | | | | | | | | | | |
| Percentage of independent directors (non-consolidated) (%) | 36.4 | 33.3 | 27.3 | 36.4 | 40.0 | 40.0 | 40.0 | 40.0 | 55.6 | 55.6 | |
| Percentage of female directors (non-consolidated) (%) | 8.3 | 8.3 | 9.1 | 16.7 | 20.0 | 20.0 | 20.0 | 20.0 | 22.2 | 22.2 | |

Point
5

Point 5 Percentage of independent directors

As of the Annual Shareholders' Meeting convened in June 2021, five of the Company's nine directors approved were independent directors, who constitute a majority at meetings of the Board of Directors. The Company is strengthening oversight and advisory capabilities by actively appointing external directors with a high degree of independence and diverse perspectives.

*1 Figures for the fiscal years ended March 31, 2017 to 2019 differ from those presented in the ESG Highlights graphs on page 18 due to the inclusion of international business sites. From the fiscal year ended March 31, 2020, these international business sites were included, and the figures match with those in the ESG Highlights graphs on page 18.

*2 An average score calculated by assigning scores between 0 and 100 to each of the five answer options of survey questions

Highlights by Segment

Fujitsu Limited and Consolidated Subsidiaries

Presented based on business segments applied from the fiscal year ended March 31, 2021

| | | Market Environment | Fiscal 2020 Highlights | Revenue (Fiscal years ended March 31) | Operating Profit / Operating Profit Margin (Fiscal years ended March 31) | | | | | | | | | | | | | | | | | | | | |
|----------------------|---|---|--|---|---|------------------|-------|---------|-------|---------|---|------|-------------------------------|---------------------------------------|-------|--|------|-------------------------------|---------------------------------------|------|------|-----|------|------|-----|
| Technology Solutions | Solutions / Services | <p>The growth rate of the Solutions/Services market in the fiscal year ended March 31, 2021 turned negative, mainly due to the negative impact of COVID-19 on IT investments. In the fiscal year ending March 31, 2022, economic activity is expected to return gradually to normal, with an attendant restart of IT projects and an increase in new projects related to digital transformation (DX). DX initiatives including modernization of existing legacy IT systems are expected to accelerate in response to changes in lifestyle patterns and workstyles brought about by COVID-19.</p> | <p>Revenue Revenue in Solutions/Services was ¥1,765.9 billion, down 6.2% year on year. This decrease is due to impacts of COVID-19, including delays of business negotiations with customers in the enterprise and healthcare sectors, a fallback after the completion of a major business deal in the finance and retail sector, and a nationwide development halt in the infrastructure business among local governments. In addition, the end of the support period for Windows 7 in 2020 led to a fallback in areas like PC setup and deployment support in the hardware-related business, which had performed strongly in the previous fiscal year.</p> <p>Operating Profit Operating profit was ¥183.5 billion, up ¥4.0 billion year on year. This increase is due to an improvement in profitability in Solutions/SI and operation and maintenance services, as well as increasing efficiency in operating expenses, which offset the impact of the decline in revenue.</p> | <table border="1"> <caption>Revenue (Billions of yen)</caption> <thead> <tr> <th>Year</th> <th>Revenue</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>1,883.0</td> </tr> <tr> <td>2021</td> <td>1,765.9</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p> | Year | Revenue | 2020 | 1,883.0 | 2021 | 1,765.9 | <table border="1"> <caption>Operating Profit / Operating Profit Margin (Billions of yen / %)</caption> <thead> <tr> <th>Year</th> <th>Operating Profit (Left Scale)</th> <th>Operating Profit Margin (Right Scale)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>179.5</td> <td>9.5</td> </tr> <tr> <td>2021</td> <td>183.5</td> <td>10.4</td> </tr> </tbody> </table> | Year | Operating Profit (Left Scale) | Operating Profit Margin (Right Scale) | 2020 | 179.5 | 9.5 | 2021 | 183.5 | 10.4 | | | | | |
| | Year | Revenue | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | 1,883.0 | | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | 1,765.9 | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | Operating Profit (Left Scale) | Operating Profit Margin (Right Scale) | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | 179.5 | 9.5 | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | 183.5 | 10.4 | | | | | | | | | | | | | | | | | | | | | | | |
| System Platforms | <p>Impacted by a decline in IT investments due to delays and standstills of projects caused by the spread of COVID-19, the domestic System Platforms market contracted in the fiscal year ended March 31, 2021. In the fiscal year ending March 31, 2022, the market is expected to return to growth with the restart of these projects and the start of new DX-related projects.</p> <p>Driven by the switch from LTE to 5G, the size of the North American and Japanese mobile infrastructure markets has increased, and demand for O-RAN-compliant base stations in particular is expected to grow rapidly. While the optical transmission market in Japan expanded due to increased demand for core networks in the course of the 5G rollout in the fiscal year ended March 31, 2021, the North American optical transmission market shrank due to investment restraints amid the spread of COVID-19. Nevertheless, the market is expected to expand gradually, reflecting the growth in traffic accompanying the deployment of 5G.</p> | <p>Revenue Revenue in System Platforms was ¥665.4 billion, up 2.8% year on year. Despite a decline in revenue for System Products including servers and storage systems due to COVID-19, revenue increased due to a major business deal related to supercomputers and growth in demand for communication infrastructure including 5G base stations and optical transmission networks in the network business.</p> <p>Operating Profit Operating profit was ¥41.2 billion, up ¥13.7 billion year on year. This increase is due to factors like higher revenue in our network business and increased efficiency in our IA server development system globally.</p> | <table border="1"> <caption>Revenue (Billions of yen)</caption> <thead> <tr> <th>Year</th> <th>System Products</th> <th>Network Products</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>206.8</td> <td>233.3</td> <td>440.1</td> </tr> <tr> <td>2021</td> <td>245.1</td> <td>175.2</td> <td>420.3</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p> | Year | System Products | Network Products | Total | 2020 | 206.8 | 233.3 | 440.1 | 2021 | 245.1 | 175.2 | 420.3 | <table border="1"> <caption>Operating Profit / Operating Profit Margin (Billions of yen / %)</caption> <thead> <tr> <th>Year</th> <th>Operating Profit (Left Scale)</th> <th>Operating Profit Margin (Right Scale)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>27.4</td> <td>4.2</td> </tr> <tr> <td>2021</td> <td>41.2</td> <td>6.2</td> </tr> </tbody> </table> | Year | Operating Profit (Left Scale) | Operating Profit Margin (Right Scale) | 2020 | 27.4 | 4.2 | 2021 | 41.2 | 6.2 |
| Year | System Products | Network Products | Total | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | 206.8 | 233.3 | 440.1 | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | 245.1 | 175.2 | 420.3 | | | | | | | | | | | | | | | | | | | | | | |
| Year | Operating Profit (Left Scale) | Operating Profit Margin (Right Scale) | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | 27.4 | 4.2 | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | 41.2 | 6.2 | | | | | | | | | | | | | | | | | | | | | | | |

| | Market Environment | Fiscal 2020 Highlights | Revenue (Fiscal years ended March 31) | Operating Profit (Loss) / Operating Profit (Loss) Margin (Fiscal years ended March 31) | | | | | | | | | | | | | | | |
|--|---|---|--|---|---------------------------|------|-------|------|-------|---|------|------------------------------------|-----------------------------|------|------|------|------|------|------|
| <p style="text-align: center;">Technology Solutions</p> <p style="text-align: center;">International Regions Excluding Japan</p> | <p>Please see pages 88–89, "Technology Solutions Highlights by International Region."</p> | <p>Revenue Revenue in International Regions Excluding Japan was ¥723.7 billion, down 5.6% year on year. Despite securing a deal for a large-scale IT system development project in Europe, the strong impact of COVID-19 in the regions outside of Japan, as well as business reorganization measures like the withdrawal from low-profit businesses in Europe and the products business in the Americas led to a decline in revenue.</p> <p>Operating Profit Operating profit was ¥11.6 billion, up ¥7.7 billion year on year. Operating profit grew due to improvements and an increase in profit in the NWE (Northern & Western Europe) and the Americas businesses and the absence of the previous fiscal year's business model transformation expenses centered on North America. The decline in revenue was offset by improved profitability and higher efficiency in relation to expenses stemming from the first positive results of business model transformation initiatives.</p> | <p>(Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2020</td><td>766.3</td></tr> <tr><td>2021</td><td>723.7</td></tr> </table> <p>Note: Includes intersegment sales</p> | Year | Revenue (Billions of yen) | 2020 | 766.3 | 2021 | 723.7 | <p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Billions of yen)</th><th>Operating Profit Margin (%)</th></tr> <tr><td>2020</td><td>0.5</td><td>3.8</td></tr> <tr><td>2021</td><td>11.6</td><td>1.6</td></tr> </table> <p>■ Operating profit (left scale) — Operating profit margin (right scale)</p> | Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | 2020 | 0.5 | 3.8 | 2021 | 11.6 | 1.6 |
| Year | Revenue (Billions of yen) | | | | | | | | | | | | | | | | | | |
| 2020 | 766.3 | | | | | | | | | | | | | | | | | | |
| 2021 | 723.7 | | | | | | | | | | | | | | | | | | |
| Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | | | | | | | | | | | | | | | | | |
| 2020 | 0.5 | 3.8 | | | | | | | | | | | | | | | | | |
| 2021 | 11.6 | 1.6 | | | | | | | | | | | | | | | | | |
| <p style="text-align: center;">Ubiquitous Solutions</p> | <p>The corporate PC market in Japan in the fiscal year ended March 31, 2021 expanded significantly year on year overall, mainly driven by the rollout of the GIGA School Program PCs in the education market. These sales compensated for the demand for PCs last fiscal year following the end of the support period for Windows 7 and rush buying ahead of the consumption tax hike that did not recur this year. Despite concerns over a decline in profit due to the end of the GIGA School Program PC rollout and the impact of semiconductor shortages in the fiscal year ending March 31, 2022, a certain stable demand for PCs is expected to continue due to the proliferation of teleworking.</p> | <p>Revenue Revenue in the Ubiquitous Solutions segment was ¥334.6 billion, down 26.5% year on year. The decline in revenue was due to an increase in demand for PCs last year following the end of the support period for Windows 7 that did not recur this year and the impact of the transfer of the mobile phone retail store business in the fiscal year under review.</p> <p>Operating Profit Operating profit was ¥48.0 billion, up ¥21.2 billion year on year. Excluding the profit of ¥25.4 billion stemming from special items such as the transfer of the mobile phone retail store business, operating profit declined ¥4.7 billion from the previous fiscal year due to the impact of the contraction in revenue.</p> | <p>(Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2020</td><td>455.2</td></tr> <tr><td>2021</td><td>334.6</td></tr> </table> <p>Note: Includes intersegment sales</p> | Year | Revenue (Billions of yen) | 2020 | 455.2 | 2021 | 334.6 | <p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Billions of yen)</th><th>Operating Profit Margin (%)</th></tr> <tr><td>2020</td><td>5.9</td><td>26.7</td></tr> <tr><td>2021</td><td>48.0</td><td>14.4</td></tr> </table> <p>■ Operating profit (left scale) — Operating profit margin (right scale)</p> | Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | 2020 | 5.9 | 26.7 | 2021 | 48.0 | 14.4 |
| Year | Revenue (Billions of yen) | | | | | | | | | | | | | | | | | | |
| 2020 | 455.2 | | | | | | | | | | | | | | | | | | |
| 2021 | 334.6 | | | | | | | | | | | | | | | | | | |
| Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | | | | | | | | | | | | | | | | | |
| 2020 | 5.9 | 26.7 | | | | | | | | | | | | | | | | | |
| 2021 | 48.0 | 14.4 | | | | | | | | | | | | | | | | | |
| <p style="text-align: center;">Device Solutions</p> | <p>In the fiscal year ended March 31, 2021, the market grew due to a higher demand for semiconductors as a result of a shift in the digital landscape due to factors like the proliferation of teleworking triggered by the COVID-19 pandemic. Despite concerns over ongoing supply shortages as a result of stronger administrative regulations and supply chain disruptions caused by disasters and accidents, the demand for semiconductors is expected to continue to expand in line with the spread of 5G and progress of DX.</p> | <p>Revenue Revenue in the Device Solutions segment was ¥293.8 billion, down 4.7% year on year. Revenue declined due to the transfer of the semiconductor plant in Mie Prefecture in the third quarter of the fiscal year ended March 31, 2020. Excluding the impact of restructuring, revenue increased year on year due to an expansion in demand for electronic components.</p> <p>Operating Profit Operating profit was ¥29.8 billion, a turnaround of ¥33.0 billion from an operating loss in the previous fiscal year. This turnaround resulted from the absence of the previous fiscal year's restructuring expenses in the electronic components business, which totaled ¥10.0 billion. Excluding this impact, the turnaround amounted to ¥23.0 billion, reflecting favorable results from electronic components throughout the year due to a higher demand for semiconductors.</p> | <p>(Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2020</td><td>308.4</td></tr> <tr><td>2021</td><td>293.8</td></tr> </table> <p>Note: Includes intersegment sales</p> | Year | Revenue (Billions of yen) | 2020 | 308.4 | 2021 | 293.8 | <p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Billions of yen)</th><th>Operating Profit Margin (%)</th></tr> <tr><td>2020</td><td>-1.1</td><td>-3.2</td></tr> <tr><td>2021</td><td>29.8</td><td>10.1</td></tr> </table> <p>■ Operating profit (loss) (left scale) — Operating profit (loss) margin (right scale)</p> | Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | 2020 | -1.1 | -3.2 | 2021 | 29.8 | 10.1 |
| Year | Revenue (Billions of yen) | | | | | | | | | | | | | | | | | | |
| 2020 | 308.4 | | | | | | | | | | | | | | | | | | |
| 2021 | 293.8 | | | | | | | | | | | | | | | | | | |
| Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | | | | | | | | | | | | | | | | | |
| 2020 | -1.1 | -3.2 | | | | | | | | | | | | | | | | | |
| 2021 | 29.8 | 10.1 | | | | | | | | | | | | | | | | | |

Technology Solutions Highlights by International Region

Fujitsu Limited and Consolidated Subsidiaries

| | Market Environment | Priority Tasks | Revenue (Fiscal years ended March 31) | Operating Profit / Operating Profit Margin (Fiscal years ended March 31) | | | | | | | | | | | | | | | |
|---|---|---|---|---|---------------------------|-------|---|------|------------------------------------|--|------|------------------------------------|-----------------------------|------|-----|-----|------|-----|-----|
| Asia | <p>In 2020, the IT market in Asia grew 5.0% year on year, expanding at a faster rate than the previous year. From 2020 to 2021, the market is forecast to expand significantly by 11.9% year on year. The market is expected to expand even more rapidly than before, with a CAGR of 7.9% from 2020 to 2023. Growth is expected over a wide range of markets from products to services after recovering from a period of stagnation in 2019 due to the impact of COVID-19.</p> | <p>In Asia, we promote our business in line with the different market needs in each country and region. We cooperate with local partners, focusing on main target domains including automotive and manufacturing industries and government institutions. In Singapore, Thailand, China, and South Korea, where the service sales ratio is currently high, we will strengthen our earnings capabilities by focusing on business deals in the upstream stages, such as consulting. At the same time, we will deploy global and regional offerings in the automotive, manufacturing, and retail sectors, aiming to expand business application services and managed infrastructure services. As for the Philippines, Indonesia, Taiwan, and Vietnam, where the product sales ratio is high, we will work to increase our earnings capabilities mainly by automating infrastructure operations and strengthening partner alliances. We will continue to provide workstyle solutions for the "new normal" era brought about by COVID-19 to customers in a wide range of industries and government institutions. In addition, we will cooperate with our partners to actively provide technologies, offerings, and solutions on a global scale to solve new issues and needs, including the rising awareness toward the SDGs, social issues, and data-driven business.</p> | <p>(Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2020</td><td>86.4</td></tr> <tr><td>2021</td><td>79.8</td></tr> </table> <p>Note: Includes intersegment sales</p> | Year | Revenue (Billions of yen) | 2020 | 86.4 | 2021 | 79.8 | <p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Billions of yen)</th><th>Operating Profit Margin (%)</th></tr> <tr><td>2020</td><td>2.3</td><td>2.8</td></tr> <tr><td>2021</td><td>2.6</td><td>3.3</td></tr> </table> <p>Operating profit (left scale) Operating profit margin (right scale)</p> | Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | 2020 | 2.3 | 2.8 | 2021 | 2.6 | 3.3 |
| Year | Revenue (Billions of yen) | | | | | | | | | | | | | | | | | | |
| 2020 | 86.4 | | | | | | | | | | | | | | | | | | |
| 2021 | 79.8 | | | | | | | | | | | | | | | | | | |
| Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | | | | | | | | | | | | | | | | | |
| 2020 | 2.3 | 2.8 | | | | | | | | | | | | | | | | | |
| 2021 | 2.6 | 3.3 | | | | | | | | | | | | | | | | | |
| Europe | <p>In 2020, Europe's IT market grew at a modest pace of 2.6% year on year, after a period of stagnation during the previous year. Breaking this down by region, the IT market in Central and Eastern Europe grew by 8.9% year on year, expanding significantly at a faster pace than the previous year, while in Western Europe, the market grew at a slow pace, increasing by 1.8%. From 2020 to 2021, the IT market in Europe as a whole is expected to grow 7.2% year on year. Central and Eastern Europe as main drivers of growth are expected to grow by 10.1% and Western Europe by 6.9%. CAGR from 2020 to 2023 for the IT market in Europe overall is expected to be 4.7%. By region, Central and Eastern Europe is forecast to grow 4.3% year on year and Western Europe 4.7%, with IT investment expected to accelerate beyond pre-COVID-19 levels as the market continues to expand firmly.</p> | <p>In Europe, we completed restructuring measures, including the closure of product manufacturing plants, withdrawal from low profitability sites, and reduction of fixed expenses in the first half of the fiscal year ended March 31, 2021. In the products business, we have switched to efficient operations using electronics manufacturing services, while also concentrating management resources on the services business in an effort to expand sales and improve profitability. Going forward, we will cooperate with the operations in Japan and develop a common global portfolio to expand our offerings. Specifically, in the Northern & Western Europe (NWE) region, we will change to a sales system based on industry types, and strengthen and expand key areas such as cloud and information security. We will further roll out solutions including offerings from partners such as SAP and Microsoft to provide solutions and services to resolve customers' issues through an optimal delivery model in conjunction with the Global Delivery Centers (GDCs). In the Central & Eastern Europe (CEE) region, we have been working on the construction of a new foundation for service provision and conversion of sites for the services business to drive the growth of services. Going forward, we will provide global offerings and other solutions for customers in our specialty domains, including the public sector, manufacturing and automotive, with the aim to achieve growth in the services and digital fields.</p> | <p>NWE (Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2020</td><td>356.0</td></tr> <tr><td>2021</td><td>347.8</td></tr> </table> <p>Note: Includes intersegment sales</p> | Year | Revenue (Billions of yen) | 2020 | 356.0 | 2021 | 347.8 | <p>NWE (Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Billions of yen)</th><th>Operating Profit Margin (%)</th></tr> <tr><td>2020</td><td>4.7</td><td>1.3</td></tr> <tr><td>2021</td><td>5.3</td><td>1.6</td></tr> </table> <p>Operating profit (left scale) Operating profit margin (right scale)</p> | Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | 2020 | 4.7 | 1.3 | 2021 | 5.3 | 1.6 |
| | | | Year | Revenue (Billions of yen) | | | | | | | | | | | | | | | |
| 2020 | 356.0 | | | | | | | | | | | | | | | | | | |
| 2021 | 347.8 | | | | | | | | | | | | | | | | | | |
| Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | | | | | | | | | | | | | | | | | |
| 2020 | 4.7 | 1.3 | | | | | | | | | | | | | | | | | |
| 2021 | 5.3 | 1.6 | | | | | | | | | | | | | | | | | |
| <p>CEE (Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2020</td><td>171.6</td></tr> <tr><td>2021</td><td>170.4</td></tr> </table> <p>Note: Includes intersegment sales</p> | Year | Revenue (Billions of yen) | 2020 | 171.6 | 2021 | 170.4 | <p>CEE (Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Billions of yen)</th><th>Operating Profit Margin (%)</th></tr> <tr><td>2020</td><td>10.8</td><td>6.3</td></tr> <tr><td>2021</td><td>5.3</td><td>3.2</td></tr> </table> <p>Operating profit (left scale) Operating profit margin (right scale)</p> | Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | 2020 | 10.8 | 6.3 | 2021 | 5.3 | 3.2 | | | |
| Year | Revenue (Billions of yen) | | | | | | | | | | | | | | | | | | |
| 2020 | 171.6 | | | | | | | | | | | | | | | | | | |
| 2021 | 170.4 | | | | | | | | | | | | | | | | | | |
| Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | | | | | | | | | | | | | | | | | |
| 2020 | 10.8 | 6.3 | | | | | | | | | | | | | | | | | |
| 2021 | 5.3 | 3.2 | | | | | | | | | | | | | | | | | |

Note: IDC's Black Book Live Edition is the source of IT market information.

| | Market Environment | Priority Tasks | Revenue (Fiscal years ended March 31) | Operating Profit (Loss) / Operating Profit (Loss) Margin (Fiscal years ended March 31) | | | | | | | | | | | | | | | |
|----------|--|--|--|---|---------------------------|------|------|------|------|---|------|---|-----------------------------|------|-------|-------|------|------|-------|
| Americas | <p>In 2020, the IT market in the Americas grew 4.8% year on year, continuing to grow solidly despite a slight slowdown due to the impact of COVID-19 from the previous year. From 2020 to 2021, the market is expected to expand rapidly by 9.2%. From 2020 to 2023, the market is projected to continue growing at a high level, with a CAGR of 6.4%.</p> | <p>In the Americas, the Fujitsu Group completed the revision of its business portfolio by withdrawing from the products business (excluding the network products business) and by reorganizing retail businesses within the Group. Going forward, we will improve the profitability of the services business through selection and concentration, aiming to achieve both improved profitability and recovery of business scale. Specifically, we will formulate sales systems and account plans aligned with customers' industry types and strengthen our deployment of global offerings through preparation of industry-specific solutions and coordination with headquarters.</p> | <p>(Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2020</td><td>66.6</td></tr> <tr><td>2021</td><td>50.7</td></tr> </table> <p>Note: Includes intersegment sales</p> | Year | Revenue (Billions of yen) | 2020 | 66.6 | 2021 | 50.7 | <p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss) (Billions of yen)</th><th>Operating Profit Margin (%)</th></tr> <tr><td>2020</td><td>-17.4</td><td>-20.0</td></tr> <tr><td>2021</td><td>-5.4</td><td>-10.8</td></tr> </table> <p>Legend: ■ Operating loss (left scale), —●— Operating loss margin (right scale)</p> | Year | Operating Profit (Loss) (Billions of yen) | Operating Profit Margin (%) | 2020 | -17.4 | -20.0 | 2021 | -5.4 | -10.8 |
| Year | Revenue (Billions of yen) | | | | | | | | | | | | | | | | | | |
| 2020 | 66.6 | | | | | | | | | | | | | | | | | | |
| 2021 | 50.7 | | | | | | | | | | | | | | | | | | |
| Year | Operating Profit (Loss) (Billions of yen) | Operating Profit Margin (%) | | | | | | | | | | | | | | | | | |
| 2020 | -17.4 | -20.0 | | | | | | | | | | | | | | | | | |
| 2021 | -5.4 | -10.8 | | | | | | | | | | | | | | | | | |
| Oceania | <p>In 2020, Oceania's IT market grew gradually despite slowing down, expanding 3.7% year on year. From 2020 to 2021, the market is expected to continue growing gradually at 2.6% year on year. From 2020 to 2023, the market is forecast to continue growing at the same level, at a CAGR of 3.2%.</p> | <p>In Oceania, the services business accounts for a large ratio of sales of around 70%. However, the task here is to further improve profitability and align our business expansion with market changes and the necessary speed. In the fiscal year ending March 31, 2022, we are switching from a region-based sales system to a system centered on customers, in an effort to strengthen industry-type consulting functions. At the same time, we are switching to an operating model that offers greater efficiency and promoting utilization of the GDCs, automation, and standardization. We will also enhance offerings to drive sales growth in the digital domain, where high profits are expected, and will promote utilization of the GDCs and automation of tasks in delivery to drive down costs. We will also utilize Versor Pty. Ltd., which we acquired in April 2021, to respond to the expanding demand for advanced data analytics consulting services, aiming to shift to a high-value-added services business.</p> | <p>(Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2020</td><td>74.5</td></tr> <tr><td>2021</td><td>74.3</td></tr> </table> <p>Note: Includes intersegment sales</p> | Year | Revenue (Billions of yen) | 2020 | 74.5 | 2021 | 74.3 | <p>(Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Billions of yen)</th><th>Operating Profit Margin (%)</th></tr> <tr><td>2020</td><td>2.7</td><td>4.0</td></tr> <tr><td>2021</td><td>1.7</td><td>2.4</td></tr> </table> <p>Legend: ■ Operating profit (left scale), —●— Operating profit margin (right scale)</p> | Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | 2020 | 2.7 | 4.0 | 2021 | 1.7 | 2.4 |
| Year | Revenue (Billions of yen) | | | | | | | | | | | | | | | | | | |
| 2020 | 74.5 | | | | | | | | | | | | | | | | | | |
| 2021 | 74.3 | | | | | | | | | | | | | | | | | | |
| Year | Operating Profit (Billions of yen) | Operating Profit Margin (%) | | | | | | | | | | | | | | | | | |
| 2020 | 2.7 | 4.0 | | | | | | | | | | | | | | | | | |
| 2021 | 1.7 | 2.4 | | | | | | | | | | | | | | | | | |

Note: IDC's *Black Book Live Edition* is the source of IT market information.

Shareholder Data

(As of March 31, 2021)

Capital: ¥324,625,075,685
 Authorized Common Stock: 500,000,000 shares
 Issued Common Stock: 207,001,821 shares
 Number of Shareholders: 108,464

Equity Shareholdings by Type of Shareholder:



Status of Principal Shareholders:

| Principal Shareholders | Number of Shares Held (Thousands) | Percentage of Shares Held (%) |
|--|-----------------------------------|-------------------------------|
| The Master Trust Bank of Japan, Ltd. (for trust) | 16,807 | 8.45 |
| Ichigo Trust Pte. Ltd. | 14,899 | 7.49 |
| Custody Bank of Japan, Ltd. (for trust) | 10,395 | 5.22 |
| GIC PRIVATE LIMITED – C | 5,491 | 2.76 |
| Fujitsu Employee Shareholding Association | 4,442 | 2.23 |
| Asahi Mutual Life Insurance Company | 3,518 | 1.77 |
| Custody Bank of Japan, Ltd. (for trust 7) | 3,396 | 1.71 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 | 3,220 | 1.62 |
| STATE STREET BANK AND TRUST COMPANY 505103 | 3,002 | 1.51 |
| Fuji Electric Co., Ltd. | 2,844 | 1.43 |

Notes: 1. The investment ratio is calculated after exclusion of treasury stock holdings (8,002,339 shares).

2. The shares held by The Master Trust Bank of Japan, Ltd. (for trust), Custody Bank of Japan, Ltd. (for trust), and Custody Bank of Japan, Ltd. (for trust 7) pertain to their trust business.

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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

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

On the Publication of *Fujitsu Group Integrated Report 2021* (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 this year's report, we have provided an easy-to-understand explanation of our Management Direction and FY2020 Progress Review, which was originally presented in April 2021, and tried to describe the CEO's thinking underpinning it.

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.