

Fujitsu Group

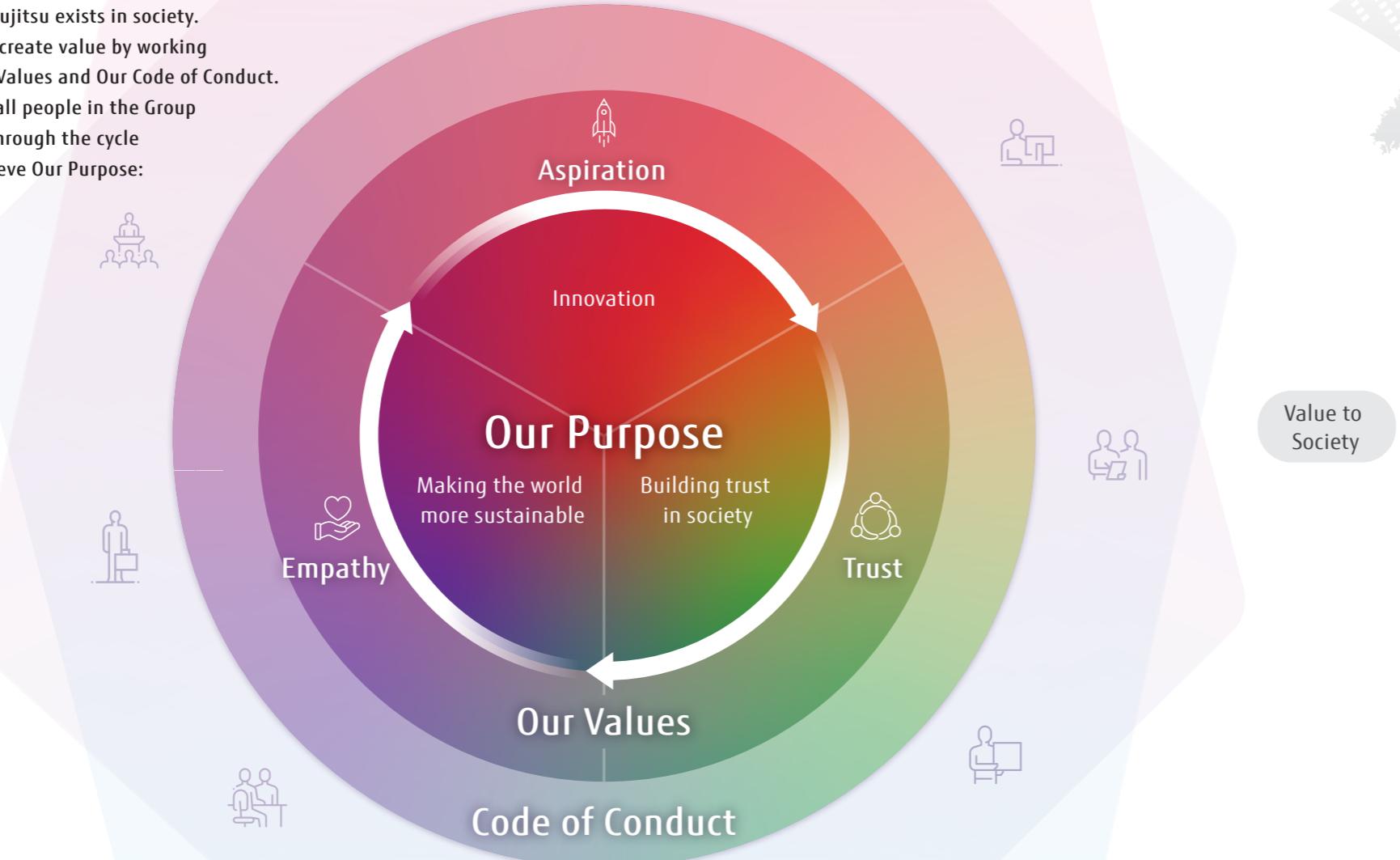
Integrated Report 2020

shaping tomorrow with you

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

Our Purpose

Aspiration

Our Values

Trust

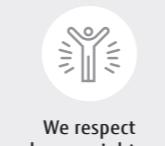
Empathy

- 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.

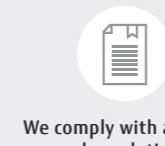
- Honor promises and exceed expectations.
- Act with ethics, transparency and integrity.
- Work autonomously and unite for common goals.
- Contribute to a trusted society using technology.

- 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



We respect human rights.



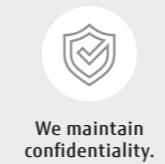
We comply with all laws and regulations.



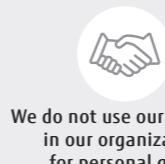
We act with fairness in our business dealings.



We protect and respect intellectual property.



We maintain confidentiality.



We do not use our position in our organization for personal gain.

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Forward-Looking Statements

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

MESSAGE TO SHAREHOLDERS AND INVESTORS



Takahito Tokita
Representative Director
CEO, CDXO

To realize Fujitsu's Purpose, we will enhance our ability to stay in tune with global society, continue to make agile changes, and create value.

Empathy with Society as a Force to Change the Status Quo

This year the Fujitsu Group reformulated its corporate philosophy, the Fujitsu Way, setting out its Purpose, why Fujitsu exists in society, which is "to make the world more sustainable by building trust in society through innovation," and providing a basis for the actions of each person in the Group.

While endeavoring to transform our business model, I have continued to contemplate what value only we as the Fujitsu Group can create. I came to believe that it was essential for each of the 130,000 Group employees to pose and answer this question themselves in order to achieve the transformation we are working toward. These deliberations led to repeated discussions with many people inside and outside the Company, which resulted in Our Purpose and the reformulation of the Fujitsu Way.

Since becoming CEO in June 2019, I have been continuously impressed by the high abilities of Fujitsu Group employees, their outstanding technical capabilities, and the sincerity of their work in various situations. I do, however, feel that the efforts of employees tend to be focused too narrowly on the particular tasks before them. Such observations make me keen to encourage employees to grasp the broader implications of their work, based on empathy for social issues that lie ahead, beyond our immediate customers.

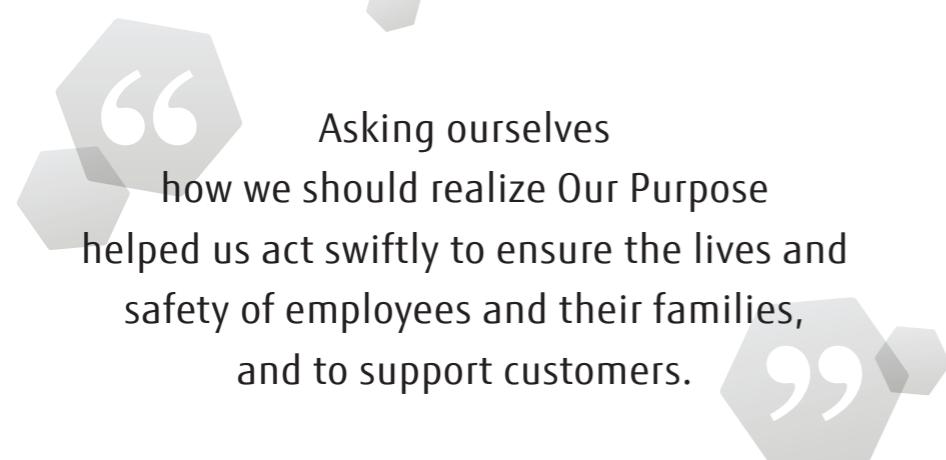
Our Purpose declares the Fujitsu Group's commitment to society. At the same time, it is also a theme designed to cultivate the ability of every employee to broaden their horizons to a global society and to think beyond their own immediate work and have a greater sense of empathy with society. I ask each employee as a member of Fujitsu, a large group with sales of about ¥3.8 trillion (in fiscal 2019) and about 130,000 employees, to have the will to make bold proposals for tackling issues facing society and to help lead major transformation. As a leader, I intend to integrate the will of employees as a driving force for transformation and medium- to long-term growth by communicating my vision on what the Fujitsu Group should aspire to be.

COVID-19 Response That Emphasizes Prompt Management Decisions and Action

Looking back on the roughly 18 months since I became CEO, I am humbled by the magnitude of the impact of COVID-19 on society, the economy, and people's lives. As CEO, I have a renewed sense of responsibility to protect the lives of employees and their families.

From the fall of 2019, we have held repeated discussions internally on the Group's Purpose. In a sense, that helped us prepare for COVID-19, as we asked ourselves how we should realize Our Purpose "to make the world more sustainable by building trust in society through innovation." In addition to ensuring the lives and safety of employees and their families, we were able to act swiftly to support customers who are at the forefront of preventing the spread of COVID-19, such as local governments and healthcare institutions.

Of course, with hindsight, even more could have been done. As the situation evolved from moment to moment, however, in order to swiftly implement necessary measures, we made



prompt management decisions, took quick action, and as we did so, disseminated information about our response both inside and outside the Group. I think we did the best possible under difficult circumstances. As a related issue, the Board of Directors' meetings held since March have switched to a remote format; our decision making was supported by the same intense discussions and exchanges of opinions on our COVID-19 response and business continuity as at face-to-face meetings, led by Mr. Atsushi Abe, the Chairman of the Board of Directors.

A Shift in Values Caused by the Pandemic

The reason why the impact of COVID-19 is so great is that the infection is still spreading all over the world, including Japan. What I see as more significant from a medium- to long-term perspective is that social changes that were expected to emerge gradually in the next two to three years have been forced by the outbreak of the pandemic to take place within two to three months. I believe that this is causing a shift in values, and that our everyday and work lives, as reflected in corporate management, are undergoing rapid changes.

Remote working, introduced by many companies of all sizes to prevent the spread of the virus, was rapidly adopted at levels that would have taken years without such a crisis. COVID-19 is not only prompting reviews of individual workstyles but also changes in approaches to the management of human resources, organizations and customer relationships, the rethinking of supply chains and business portfolios, and the restructuring of business models. Such developments look sure to gather steam in the future. That suggests the possibility of an even greater need for innovative services and business process transformation, making full use of digital technology and data—that is, “digital transformation (DX).” Growing DX momentum points to growth in businesses that support it.

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

In the Management Direction announced in July 2020, the Group expressed its determination to deliver value to customers in the two business areas of “For Growth,” which contributes to business growth of customers, and “For Stability,” which contributes to the stable operation of customers’ businesses. “For Growth” encompasses such areas as DX, which aims for the creation of new businesses and business process transformation that utilizes digital technology and data, and “modernization,” which replaces and upgrades conventional IT systems with cloud-based services. “For Stability” covers “traditional IT services,” which are at this point the mainstay of the Group’s earnings. By creating value in ways unique to Fujitsu in the two business domains of “For Growth” and “For Stability,” we aim to achieve our fiscal 2023 financial goals of revenue of ¥3.5 trillion and an operating profit margin of 10% in Technology Solutions.* To achieve Our Purpose, we are working on four priority areas in value creation.

* New segment classification. See page 37 for more information on segment changes.

► COVID-19 response
► P8-9

► Discussion with independent directors
► P16-19

► Creating value in two business areas
► P21

► Achieving financial goals
► P35-36

Rebuilding Our Global Business Strategy

Structural reforms in our business in Europe, underway since 2018, have been making progress. As a result, overseas business rebounded, achieving operating profit in the fiscal year ended March 31, 2020. In addition, the level of communication between each regional head and Fujitsu headquarters has been increasing. At this point, however, we have not yet turned the corner toward growth, and frankly, we recognize that rebuilding our global business is the most challenging of the four priority issues.

Being a global company is part of the Fujitsu Group’s identity, and the diversity of talent and networks gained from global business operations are also the source of our resilience and robust management capital. We will continue to rebuild our global business strategy in order to fulfill Our Purpose by providing services unique to Fujitsu globally.

► Rebuilding global business strategy

► P26-27

► Launching Fujitsu Japan

► P28

► Raising profitability of IT services business

► P26-27, 28

► Ridgelinez

► P32-33

► M&As and venture investments

► P31

Strengthening Issue Resolution Capability in Japan

In the Japanese market, where the Group has established a leading position, we are vigorously promoting “For Growth” in order to further bolster that position. There are a number of Japan-specific factors that we need to address in market segments including local government, education, healthcare, and private-sector demand among medium-sized enterprises. Proposals must be tailored to meet their unique situations, including the current state of IT systems and legal and regulatory trends. With the aim of meeting these needs and expanding business, on October 1, we launched Fujitsu Japan Limited, a new company responsible for business in Japan. In tandem with this, we plan to optimize the roles and systems of domestic Group companies.

Contributing to Greater Business Stability

We are continuing to reinforce our delivery system. The “Japan Global Gateway,” established for the Japanese market in 2020, is an example of a new initiative in this area. We established the Gateway organization to further expand the use of our Global Delivery Centers that offer efficient development and support services through globally standardized processes. The Gateway organization analyzes the distinctive needs of Japanese customers and specific requirements of individual projects and streamlines them into tasks workable in standardized processes. Incorporating competitors’ best practices, we will expand remote support and standardization to enhance the quality and speed with which we deliver services to customers and raise the profitability of existing IT services business.

Becoming Our Customers’ Best Partner in Digital Transformation

Regarding business that supports our customers’ DX, Ridgelinez, a new company that we had been developing since last year, started operations in April 2020, providing one-stop support for customers’ DX from consulting to implementation of advanced technology. Ridgelinez is one example that embodies Fujitsu’s transformation into a DX company. Under a new culture distinct from that at Fujitsu, Ridgelinez has established its own structures and in-house systems. I am looking forward for Ridgelinez to work on DX with a freedom of thinking that demonstrates flexibility and agility.

We are also working to build an ecosystem that supports DX through M&As and investments in venture companies. For example, in light of the now widespread view that data will be the “new oil” of the global economy, we are collaborating with companies that have advanced software platforms for data analysis. By doing so, we are keen to create new markets that did not exist before and establish a competitive advantage in them. In another initiative, we have started a joint project aiming to create a payment coordination platform that enables exchange of the value of multiple companies in different industries in the form of digital currencies and points.

These initiatives mark the start of our challenge to open up a new market by developing unprecedented DX solutions, combining our powerful customer base in Japan and our relationships of trust with our customers with the platforms and data of external partners.

Promoting DX Internally

We are also accelerating transformation within the Group to create new value. We are creating a "data-driven management" system that accumulates and analyzes various management-related data in a timely manner with a view to utilizing such information for decision making; we have [launched an ambitious Companywide DX project](#) in which all divisions participate; and we are [formulating a marketing strategy](#) that utilizes customer feedback in real time. We are also promoting measures to facilitate internal transformation, such as the "[Work Life Shift campaign](#)," which reimagines the role of offices and workstyles for the "new normal" era.

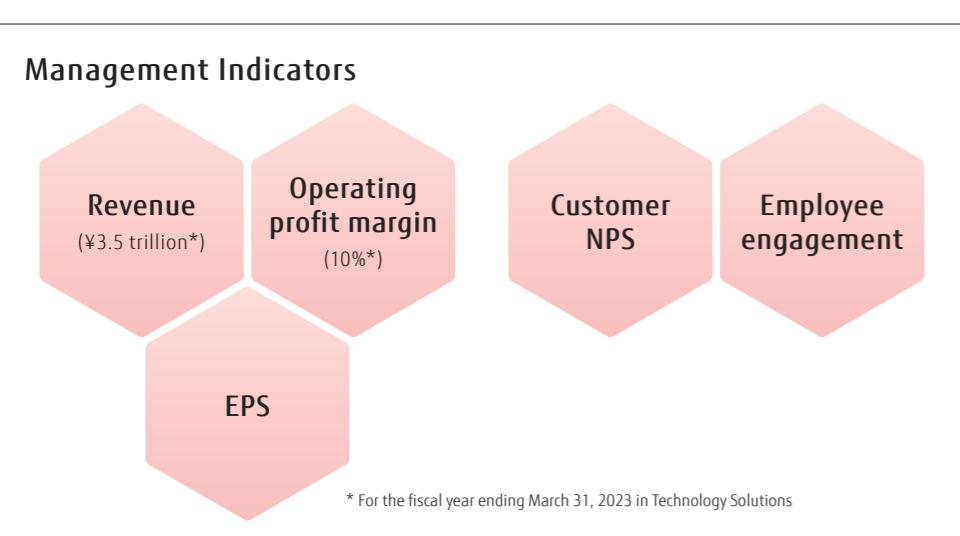
We took the deliberate decision to come up with a series of measures in quick-fire succession. In order to realize the essential changes that pave the way for the Fujitsu Group's future, it is not enough to gradually address some of the problems that are visible on the surface. I believe we need to change everything, including the surroundings and the foundations.

The effect of the talent we acquired as members of the executive team in fiscal 2020 to accelerate transformation has been more than I had expected. They bring new insights to the Group, underpinned by their wide range of knowledge and experience, including global best practices, and act as "influencers" within the Group. The "Fujitsu native" executives, including myself, have been greatly inspired. I believe this has helped us overcome groupthink—the internal logic and tacit understanding that hinders change.

Commitment to Transformation Expressed in Non-Financial Indicators

Recently, I have come to think that the ability required for the Group to succeed in the future could be described as "[agile change](#)." A rigid body bound by rules and policies, such as a structure consisting of steel frames bolted tightly together, cannot move. Of course, without tightening the bolts, the structure will not hold up. But if there are too many bolts, it becomes difficult to remove them; it is impossible to change the structure. With that in mind, I believe what we need is the ability to swiftly and accurately grasp evolving situations and fine-tune our trajectory while moving toward our goal.

In the management policy announced in July 2020, we [included non-financial management indicators alongside financial indicators](#) as a way to facilitate "agile change." Our aim is to



- ▶ Companywide DX project ▶ P29
- ▶ Marketing strategy ▶ P30
- ▶ Work Life Shift ▶ P24-25

- ▶ Systems for promoting change ▶ P34
- ▶ Management Indicators and GRB ▶ P22-23

I believe what we need is the ability to swiftly and accurately grasp evolving situations and fine-tune our trajectory while moving toward our goal.

create value by swiftly and accurately grasping changes in important factors for the Group and reflect them in management. To achieve that, we are targeting customer Net Promoter Score (NPS), which shows the trust of our customers, and "employee engagement," which shows the enthusiasm of employees toward their work and a sense of belonging to the organization.

Looking back on my own experience of servicing customers as a system engineer, I believe that customer NPS and employee engagement are meaningful indicators. Customer satisfaction with the IT system that is finally completed and the motivation of colleagues working together go beyond the success or failure of a single project. They are directly linked to the reputation of the entire Group. And the added value and competitive advantage accrued by such reputation are reflected in financial indicators such as revenue and profit. In short, financial performance and non-financial performance are two essential wheels for sustainable value creation and, in turn, for us to achieve Our Purpose.

We have just begun data collection and analysis, and set non-financial indicators without presenting specific numerical targets. There may be criticism that such a move is not convincing. We also recognize that we will have to clarify the correlation between the non-financial indicators and the seven priority issues we promote under the banner of [Global Responsible Business \(GRB\)](#), which the Fujitsu Group is working on as a responsible global company. We have decided, however, that it is important to express our commitment to change and demonstrate data-driven management as we practice it, even if it may appear hasty. Going forward, we hope to deepen our understanding of the factors and initiatives that contribute to the value creation of the Group through global data collection and analysis, and utilize them in dialogue with stakeholders.

I find great encouragement in having more opportunities to come into direct contact with the strong interest of employees in the future of the Fujitsu Group, thanks to our improving internal communications infrastructure. I would like to see their interest to bring about changes in their actions in a way that our customers also appreciate, and that all stakeholders, including shareholders and investors, realize that the Fujitsu Group has evolved through such change.

By drawing the future of our customers and society from new perspectives and creating value through "agile management," we are determined to strive for the sustainable growth of the Fujitsu Group and the realization of Our Purpose. I hope you will join me in looking forward to the continuing changes in the Fujitsu Group.

Takahito Tokita
Representative Director
CEO, CDXO

- ▶ Global Responsible Business (GRB) ▶ P41

THE FUJITSU GROUP'S RESPONSE TO THE COVID-19 PANDEMIC

In response to the worldwide COVID-19 pandemic, the Fujitsu Group has taken measures in an array of areas to ensure the safety of customers, business partners, and employees and their families; prevent the spread of infection; and sustain the operations of both the Group and its customers.

Basic Policy

The Fujitsu Group is advancing measures based on its business continuity plan. At the same time, we are giving first priority to preserving the lives of customers, business partners, employees and their families, and local community residents while taking infection prevention measures pursuant to the policies and recommendations of governments and municipal authorities in countries worldwide where we have businesses.

For details on the Fujitsu Group's basic policy, please visit the following website.

<https://www.fujitsu.com/global/about/resources/news/notices/2020/0324-01.html>

For details on the Fujitsu Group's business continuity plan, please see "Risk Management" on **pages 66–67**.

Preventing the Infection of Employees and Ensuring Their Safety

In Japan, where 82,000, or 64%, of the Fujitsu Group's employees work, the Group strongly recommended personnel to work remotely beginning from the day before the government's request for a nationwide closure of schools on February 27, 2020. On March 27, prior to the government's April 7 state of emergency declaration, the Group decided that employees in the Tokyo metropolitan area should, in principle, work remotely. We subsequently extended this measure to encompass all employees working at operating bases around Japan. Overseas, we complied with the policies of governments and municipal authorities and introduced remote working in principle, particularly for employees working in European countries, where strict city lockdowns were imposed, and in cities worldwide.

With respect to work unsuited to remote working, including management and maintenance work performed by system

engineers at customers' operating bases, members of the senior management team consulted with customers and sought the implementation of infection prevention measures, such as reducing personnel numbers and time spent at operating bases to the minimum. In addition, we received permission from customers to introduce remote working for certain management, maintenance, and development tasks. Going forward, we will continue considering whether the permanent assignment of system engineers to customers' operating bases is necessary in light of discussions with customers on their requirements and our Work Life Shift initiative, whose scope extends beyond COVID-19 countermeasures.

For details on our initiatives to ensure the health and safety of employees, please see "Occupational Health and Safety" on **page 45**.

Communicating with External Stakeholders

In conducting marketing activities and holding interviews and meetings with customers, we take maximum advantage of internet content distribution and online meeting systems.

Since March 2020, we have been livestreaming investor briefings on performance and management strategy as well as Q&A sessions conducted by the senior management team.

Reimagining Workstyles

In Japan, since the state of emergency declaration was lifted on May 25, we have continued with remote working as our mainstay workstyle and ensured that office attendance does not exceed 25%. Also, we have halted overseas business trips and long-distance domestic business trips, in principle.

As part of our drive to evolve into a DX company and to realize new workstyles and wellbeing befitting the post-

COVID-19 "new normal," in July 2020 we announced the Work Life Shift initiative **P24–25**, which will revolutionize the workstyles of all our employees in Japan. Moreover, once we have entrenched this initiative domestically, we will introduce similar initiatives into our operations worldwide.

Advancing Measures for Social Issues

Faced with the COVID-19 pandemic and the widening impact of infection prevention measures, CEO Tokita urged Group employees to act above all else with safety in mind and called for expedited responses to cooperation requests from organizations on the front lines of infection countermeasures as well as for ideas on solutions to social issues.

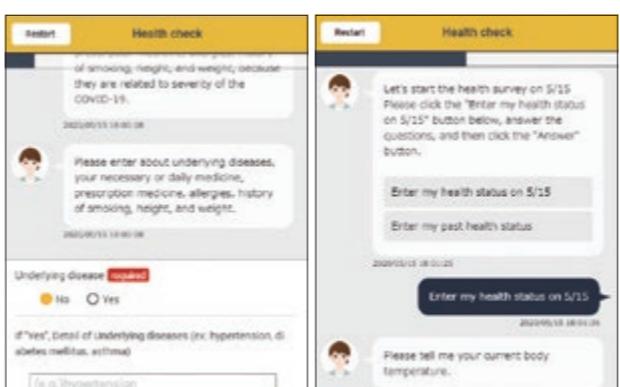
For details on in-house proposals aimed at addressing social issues that have arisen from the COVID-19 pandemic, please see "Community" on **pages 50–51**.

Facilitating the Dissemination of Information on Infection and Preventive Measures

For local governments and public health centers responsible for collecting information needed to prevent the spread of infection, we are providing a service that collects, shares, and manages information on the health of those who have come into contact with infected patients. Based on a system that utilizes the cloud-based chatbot CHORDSHIP,*1 this service allows public health center personnel or those who have had contact with infected patients to input information on health status by answering simple questions displayed in an application installed on mobile devices. As of September 1, 25 local governments and 70 public health centers throughout Japan have introduced the service.

We began developing this system when the Cluster Response Team—which belongs to the Ministry of Health, Labour and Welfare's Novel Coronavirus Response Headquarters—requested our assistance on February 26, 2020. Wasting no time, Fujitsu formed the Special Task Force Team for COVID-19 Control and released the first version of the system on March 5. Subsequently, we continued helping with efficient information collection by providing a new service for responding to inquiries from local residents.

*1 This is an AI-enabled automated chat program that was developed by Fujitsu and which is used by the call centers of financial institutions and major corporations. CHORDSHIP includes an application programming interface for mobile devices and social network linkage as standard.



Screenshots of the pages of Fujitsu's health-monitoring chat service, which alleviates the information collection and administrative burden at public health centers by enabling those who have had contact with patients to submit daily health status reports via smartphones.

Supporting R&D Focused on COVID-19

Fujitsu has committed both to the Open COVID Pledge, which originated in the US and promotes free access to participants' intellectual property rights for activities aimed at ending the COVID-19 pandemic, and to a similar initiative in Japan, the OPEN COVID-19 DECLARATION. Moreover, we have provided free access to 40,000 patents related to the development of new drugs and patient care.

Also, ahead of the usage of the supercomputer Fugaku from fiscal 2021, some nodes of the supercomputer—which is being jointly developed by the research institution RIKEN and Fujitsu—are being used on a trial basis to identify candidate therapies, predict droplet transmission of COVID-19 in indoor environments, and conduct other research. These applications of the supercomputer are being conducted by RIKEN in partnership with Japan's Ministry of Education, Culture, Sports, Science and Technology.

Helping Customers Realize Business Continuity and Resilience

In addition to supporting customers' introduction of remote working, we are providing free of charge certain COLMINA*2 solution products for the digitalization of manufacturing as well as cloud computing-enabled patent management services for small and medium-sized companies.

Focused on the post-COVID-19 "new normal," our Reimagine campaign is calling on customers to reinvent their businesses and assisting them in transforming their workstyles and manufacturing processes.

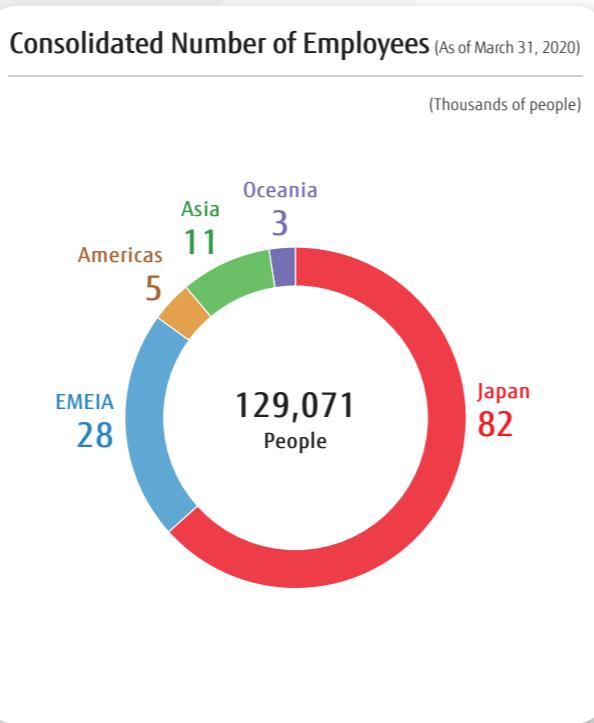
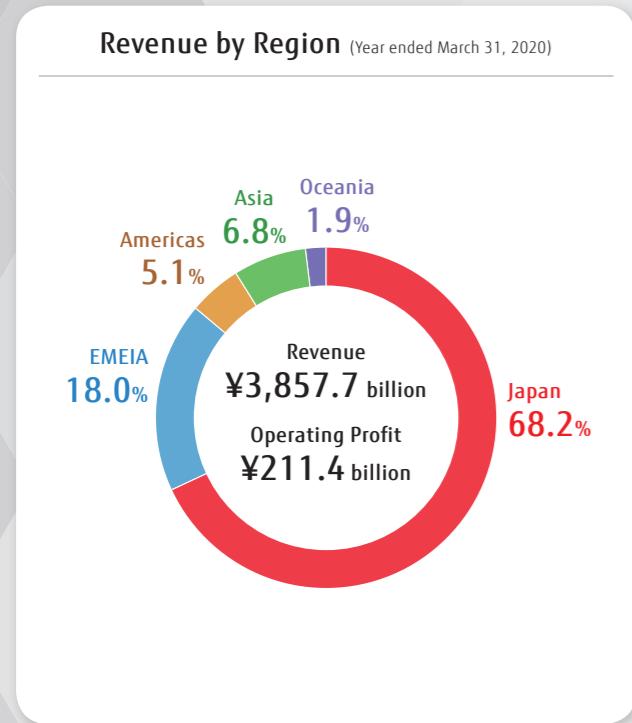
*2 This is a service platform that supports the digital transformation and optimization of manufacturing by utilizing the huge volumes of diverse data that accumulate at manufacturing sites to recreate processes virtually.

For details on the Reimagine campaign, please visit the following website.
<https://www.fujitsu.com/global/reimagine/>

For details on Fujitsu's response to COVID-19, please visit the following website.
<https://www.fujitsu.com/global/covid19/>

FUJITSU AT A GLANCE

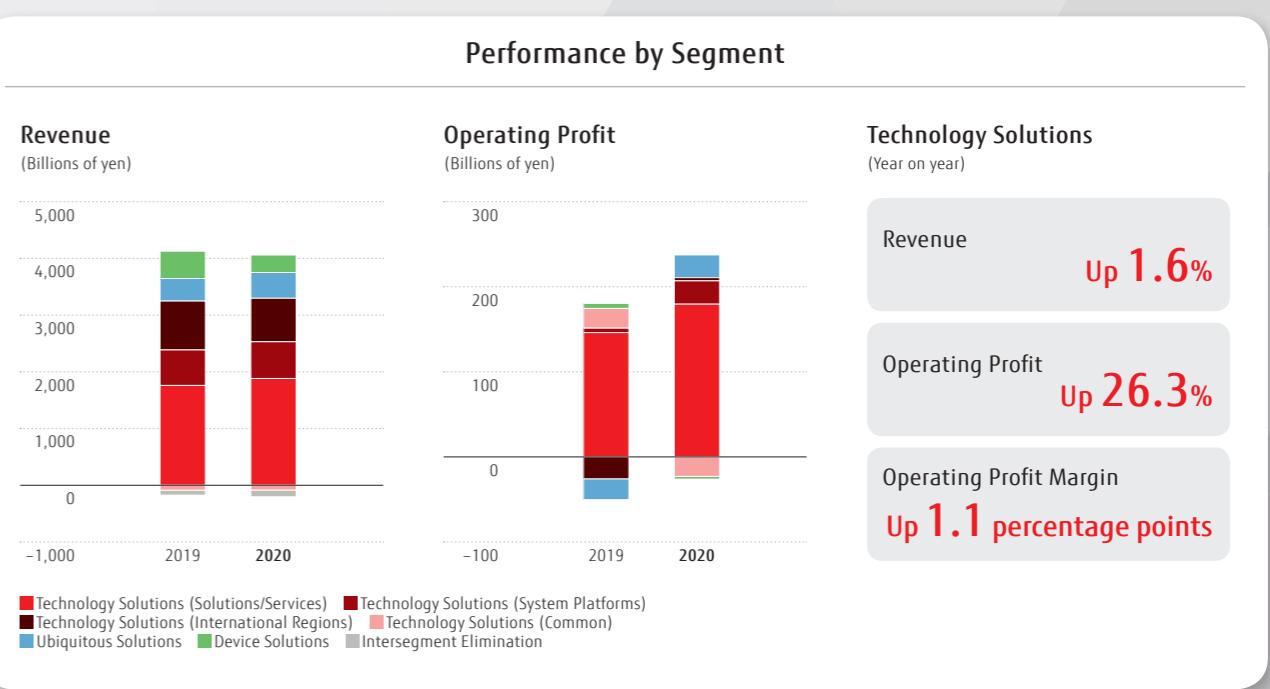
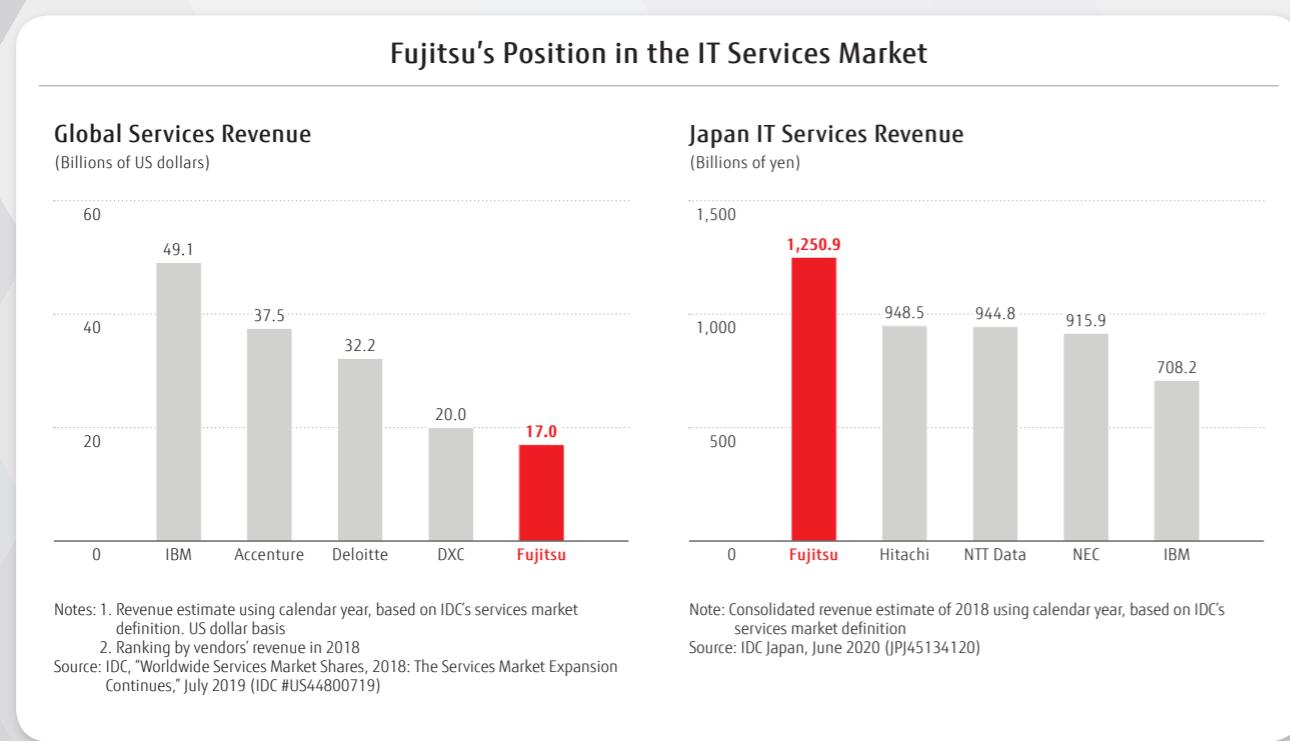
The Fujitsu Group has established a global service structure with operations in six regions including Japan. Fujitsu's IT services business ranks top by market share in Japan and in the top tier worldwide, a record that reflects our outstanding technologies and long track record in building large-scale, cutting-edge systems.



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
 - 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
- Ubiquitous Solutions**
 - Main Products/Services
 - PCs
- Device Solutions**
 - Main Products/Services
 - Electronic components (semiconductor packages, batteries, etc.)
- Intersegment Elimination**
 - Elimination of intersegment sales

Note: New business segments, applied from the fiscal year ending March 31, 2021. Graphs shown below are presented based on the new segments. For further details on segment changes, see page 37.



FINANCIAL HIGHLIGHTS

Fujitsu Limited and Consolidated Subsidiaries

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

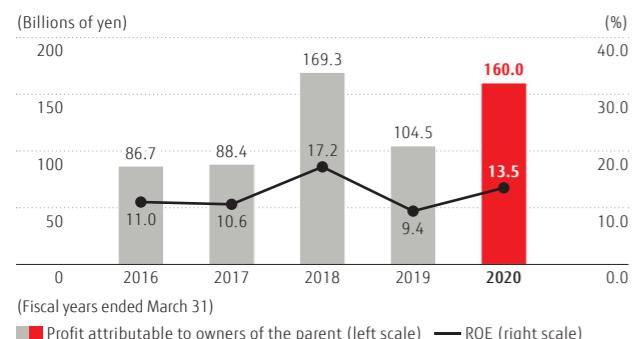
REVENUE AND PERCENTAGE OF SALES OUTSIDE JAPAN



Revenue -¥94.6 billion Down

Revenue declined approximately ¥182.0 billion due to reorganization of the device business. Further, the yen's strength against the U.S. dollar, euro, and pound resulted in a ¥47.7 billion decrease in revenue. Meanwhile, the Company's core business, Technology Solutions, grew revenue ¥135.2 billion on an actual business basis thanks to significant growth centered on the services business in Japan.

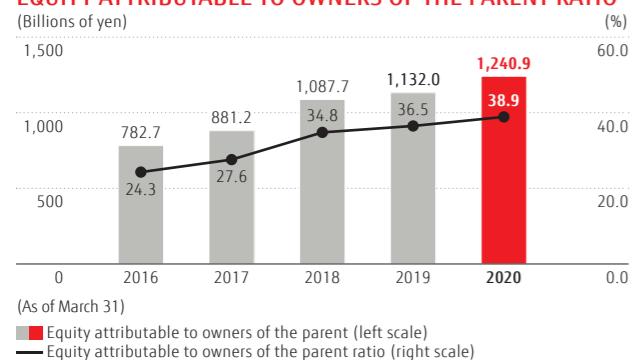
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT AND ROE



Profit attributable to owners of the parent +¥55.4 billion Up

Profit attributable to owners of the parent rose ¥55.4 billion year on year mainly due to higher operating profit. Income tax expenses were up ¥17.1 billion year on year, to ¥68.2 billion, as a result of an increase in taxable income.

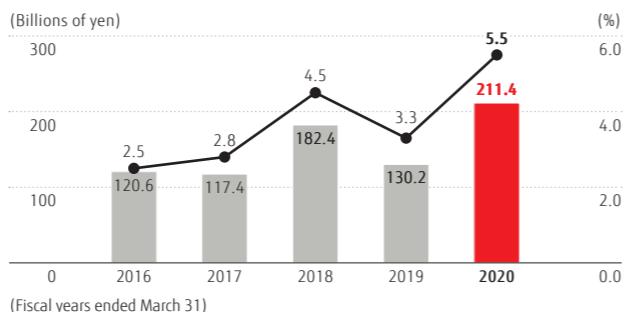
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT RATIO



Equity attributable to owners of the parent ratio +2.4 percentage points Up

Reflecting the recognition of profit attributable to owners of the parent of ¥160.0 billion, retained earnings were up ¥159.0 billion from the previous fiscal year-end. Although an acquisition of treasury stock of ¥29.9 billion implemented as a shareholder return measure led to negative treasury stock, at cost, of ¥59.6 billion, equity attributable to owners of the parent ratio rose.

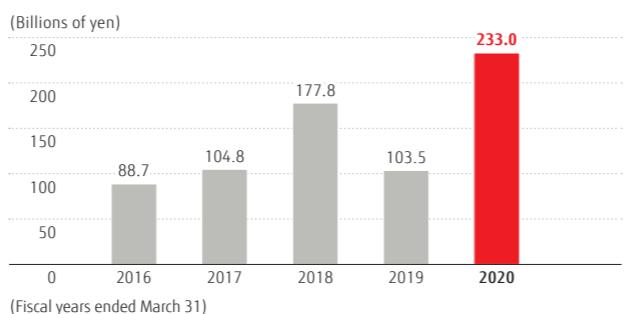
OPERATING PROFIT AND OPERATING PROFIT MARGIN



Operating profit margin +2.2 percentage points Up

Profitability improved, mainly reflecting better development efficiency in solutions and system integration, an increase in the efficiency of maintenance and operational management support in domestic infrastructure services, and the cost reduction benefits of lower priced key devices in the hardware business. The operating profit margin surpassed 5.0% for the first time since the fiscal year ended March 31, 1997.

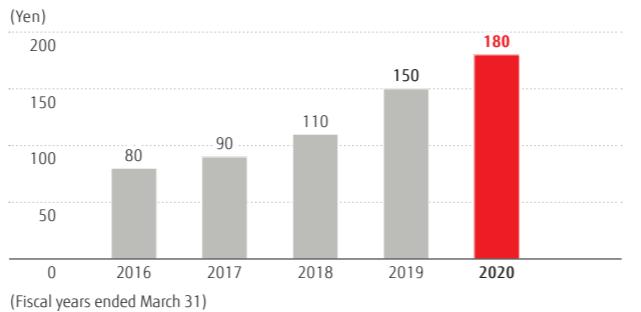
FREE CASH FLOW



Free cash flow +¥129.4 billion Up

Net cash provided by operating activities increased ¥247.8 billion year on year as a result of the favorable performance of the actual business and progress in collecting accounts receivable. Net cash used in investing activities was ¥114.2 billion, compared with net cash provided by investing activities of ¥4.1 billion in the previous fiscal year. As a result of the aforementioned, free cash flow improved significantly.

DIVIDENDS PER SHARE OF COMMON STOCK

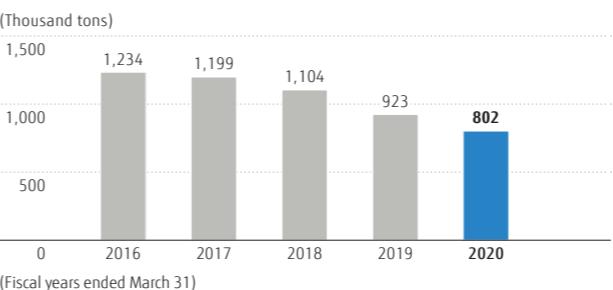


Dividends per share of common stock +¥30 Up

Annual dividends increased ¥30 year on year, to ¥180. Further, the Company established an upper limit of ¥50.0 billion for the acquisition of treasury stock and implemented a ¥29.9 billion acquisition of treasury stock in the fiscal year ended March 31, 2020. Going forward, the Company will continue stably providing dividends commensurate with the growth of businesses and profits and flexibly implementing acquisitions of treasury stock based on consideration of capital demand and the need to ensure financial soundness.

ENVIRONMENT, SOCIETY, AND GOVERNANCE HIGHLIGHTS

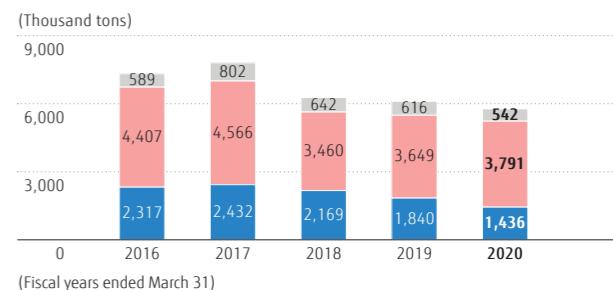
TREND IN GREENHOUSE GAS EMISSIONS (SCOPE 1 & 2)



As of the end of fiscal 2019, the Fujitsu Group's greenhouse gas emissions were 13.1% lower than the fiscal 2018 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 2019, the Fujitsu Group's greenhouse gas emissions were 5.5% lower than the fiscal 2018 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

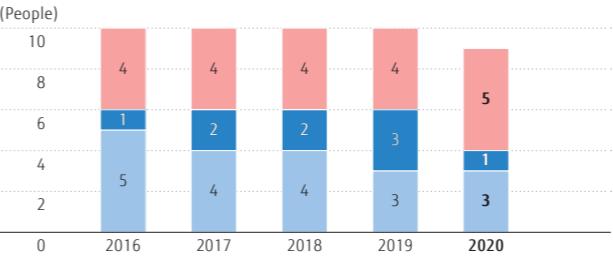
NUMBERS OF FEMALE AND MALE EMPLOYEES AND PERCENTAGE OF FEMALE MANAGERS



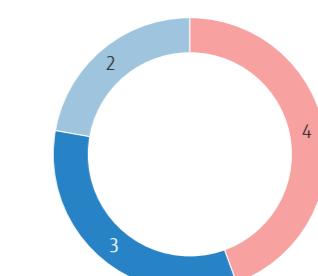
We are proceeding with selective training for female employees and other initiatives with a view to having women account for 20% of employees and 20% of newly appointed managers by the end of fiscal 2020.

Note: The scope of aggregation is Fujitsu Limited.

EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS, AND INDEPENDENT DIRECTORS

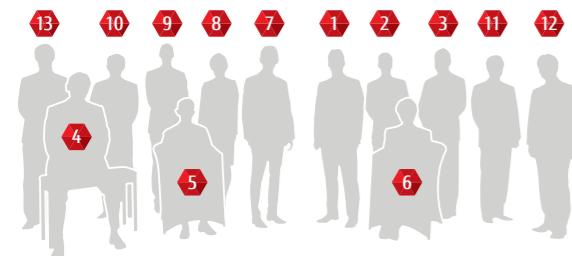


We are strengthening oversight by actively appointing independent directors.



We are promoting lively discussions and enhancing objectivity by ensuring the diversity of the Board of Directors. As of June 22, 2020, the nine members of the Board of Directors included five independent directors, two of whom are women.

BOARD OF DIRECTORS / AUDIT & SUPERVISORY BOARD MEMBERS



13 **Takahito Tokita**
Representative Director
CEO, CDXO

2 **Hidenori Furuta**
Representative Director
COO, CTO

3 **Takeshi Isobe**
Director
CFO

4 **Masami Yamamoto**
Director
Senior Advisor

5 **Jun Yokota**
Director*

6 **Chiaki Mukai**
Director*

7 **Atsushi Abe**
Director*

8 **Yoshiko Kojo**
Director*

9 **Scott Callon**
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

For employment histories of the directors, please refer to [pages 54–55](#).

DISCUSSION WITH INDEPENDENT DIRECTORS

Role of Corporate Governance in Accelerating Transformation to a DX Company



Atsushi Abe
Managing Partner,
Senior Advisor
Sangyo Sosei Advisory Inc.

Scott Callon
Chief Executive Officer
Ichigo Asset Management, Ltd.

At the Annual Shareholders' Meeting held on June 22, 2020, the Board of Directors, which included a new independent director, was approved. Immediately following the meeting, Atsushi Abe, Chairman of the Board of Directors, and Scott Callon, the new director, sat down to exchange views on the recent changes in Fujitsu's governance system and progress with its transformation to a DX company.

Abe: At the Annual Shareholders' Meeting that just concluded, all of the members of the new Board were approved. Now we must pull together to promote Fujitsu's transformation.

Callon: As an investor, I have always respected Fujitsu as an excellent company. Having built a relationship of trust with you over a number of discussions, I am very happy to be able to participate directly as an independent director. I am committed to the transformation of Fujitsu.

Abe: When your name came up as a candidate for independent director, I spoke about the proposal with other independent directors, corporate executive officers, external experts, and some shareholders. Knowing that you are the CEO of Ichigo Asset Management, an institutional investor and one of Fujitsu's major shareholders, about 80% of the people agreed with the proposal, saying "yes, definitely." The remaining 20% pointed out issues such as potential conflicts of interest and the unintended message that sales of Fujitsu shares would give if Ichigo decided to sell. After considering those concerns, we concluded that the benefits of having you speak on behalf of the capital markets in the Board carried the greater weight.

Callon: All information I come into contact with in Fujitsu Board meetings is strictly firewalled. Ichigo believes Fujitsu is a strong company and a good company. Because we are investing for long-term value creation, we have no intention of selling in the near term.

—As an investor, in what sense do you regard Fujitsu as "strong and good"?

Callon: Above all, Fujitsu's clear stance of contributing to society and the world through its technology. I have long argued that Japan is an ESG powerhouse. Within Japan, Fujitsu is deeply committed—and that goes from employees on the ground to the CEO—to serving the less fortunate and creating social value. Governance is also robust, as you can see from Fujitsu considering a shareholder like me as a candidate for independent director. As far as I know, no large Japanese listed company has ever before appointed an institutional investor as an independent director. Fujitsu is on par with leading companies in Europe and the United States in strengthening its governance system on its own initiative with the mission of supporting the world through its services.

Abe: Fujitsu has been making sustained efforts to strengthen governance. In addition to having a Board of Directors with a majority of non-executive officers, Fujitsu brought in independent directors who have a diverse range of backgrounds and strong personal views, rather than having "celebrity CEO" directors. After I became a director in 2015, we established the Independent Directors & Auditors Council to create a mechanism to support their substantive oversight of and advice to Fujitsu. Since 2019, I myself have chaired the Board of Directors. I think 2020 is even more epoch-making. In addition to the Board becoming a majority of independent directors, Scott joined us. That gives the Board of Directors direct access to the perspectives of shareholders and investors and the capital markets.

Fujitsu is on par with leading companies in Europe and the United States in strengthening its governance system on its own initiative with the mission of supporting the world through its services.

Callon: Governance both unlocks corporate value and ensures the discipline required of public companies. I have high expectations that Fujitsu will succeed in its business transformation, thereby realizing its 5 to 10-year goals and driving sustainable growth. In doing so, Fujitsu will also deliver to the world value creation distinctive to its culture and history as a Japanese company and contribute to the diversity of global society.

—When Mr. Abe was appointed chairman of the Board of Directors in June 2019, it was the first time an independent director had been appointed to the post. What kind of changes have you seen over the year?

Abe: I think we have reached a milestone where we now have a good framework in place, revamping systems that may be customary at Japanese companies but are nonetheless peculiar from the perspective of governance principles. However, we still face issues. Recently, I conducted direct interviews with other directors to evaluate the effectiveness of the Board, including my performance as chairman. One issue that has long been identified as a problem is that it is very difficult to have deep discussions on each agenda item. Although I think we have been making improvements, this issue has not been completely resolved over the past year. Scott, you will participate in meetings from here on and will see at first hand that the Board of Directors receives many reports and has time constraints on its discussions.

Callon: To be honest, I find it troubling when an item is proposed for Board approval after the policy and content have in effect been pre-decided upon by management. I would like to be involved in discussions from an early stage and be fully convinced before agreeing to any proposal.





The Purpose is not set on a pedestal; rather, each one of us must give life to the Purpose and the values it embodies.

Abe: A common pattern at Japanese companies so far has been for executive officers to repeatedly discuss the issues, with proposals only submitted to the Board when close to making a decision. We have been striving to make improvements over the years, aiming to make decisions based on full discussions at the Board, particularly regarding management issues of strategic importance. Based on this year's annual evaluation, we are coordinating with the Board secretariat to enable Board discussions from an even earlier stage, and we are preparing to further change the way Board meetings are managed from July. Other suggestions were to further enhance the Independent Directors & Auditors Council and for independent officers to continue to update their knowledge. That puts a heavy burden on independent directors, but I look forward to receiving your input.

—How do you evaluate progress in Fujitsu's transformation to a "DX company," a core and strategically important management issue?

Abe: As positive developments displaying the considerable speed with which we are pushing ahead with Fujitsu's transformation, I would highlight the launch of Ridgelinez in April, our investment in Palantir Technologies and the strategic alliance agreement we reached with it in June, and bringing into operation a skill-based human resources system. Senior executives are currently setting a more detailed and clearer course, including a capital allocation policy, to promote DX and determine what to focus on. On the whole, I think that we are moving in the right direction by bringing together people with diverse knowledge to provide optimal guidance for transformation.

Callon: When this gives rise to services unique to Fujitsu, services that other companies cannot provide, customers and investors will be able to see concrete results of Fujitsu's transformation.

Abe: When it comes to showing results, we realize that we don't have much time for trial and error. Behind the appointment of external talent—people who play essential roles in our transformation—lies the determination of CEO Tokita to quickly change the mindsets of people within the Company by fostering the interaction of people with diverse experience and very different views.

From the perspective of meeting the expectations of all stakeholders and contributing to resolving social issues, the reformulation of the Fujitsu Way based on our newly established Purpose will also be of great significance for our transformation. What we have to be careful of here is that the Purpose not be set on a pedestal. Rather, each one of us must give life to this Purpose and the values it embodies. Hold the Purpose close, and when in doubt, return to it to come up with an answer. For example, if you are at a loss between whether to pursue shareholder value or the provision of social value, you should be able to come to a conclusion by going back to the Purpose.

Callon: I place first priority on creating social value. If doing so also grows shareholder value, that's great. In short, creating social value does not necessarily have to be directly linked to creating shareholder value, so I think it makes sense to consider them separately. The key issues that Fujitsu is addressing as part of being a Global Responsible Business, such as human rights, diversity and inclusion, and zero CO₂ emissions, have fundamental value in and of themselves, irrespective of shareholder value creation.

I have high expectations that Fujitsu will succeed in its business transformation, thereby realizing its 5 to 10-year goals and driving sustainable growth. In doing so, Fujitsu will also deliver to the world value creation distinctive to its culture and history as a Japanese company and contribute to the diversity of global society.



Abe: It is an underlying premise that the two go hand in hand, but there may be complicated problems that cannot be seen in black and white terms. In such cases, though, it may make sense to return to the starting point of Purpose. And when there is a Board composed of members with diverse backgrounds that enables a multifaceted and thorough discussion, there should be no significant damage to shareholder value.

—Finally, please tell us your thoughts on the role of Fujitsu in society in the post-COVID-19 era.

Abe: Fujitsu employees have shifted to working from home to prevent infections, and it is clear that the use of digital technology can significantly change the way people work. Digital technology has been shown to be indispensable for measures against the global spread of COVID-19 and for the development of therapeutic drugs and vaccines now underway. In other words, solving social problems and Fujitsu's business are inseparable. The widely shared understanding that the collection and analysis of data are becoming increasingly important for solving social problems will surely help our transformation to a DX company.

Callon: This may be a contrarian view, but COVID-19's impact on society may not be particularly long-term if a vaccine is developed. This is clearly a tragic pandemic. However, the world rebounded surprisingly well from the once-in-a-century economic shock that was the global financial crisis. Over the long term the secular, unavoidable, structural challenges of aging and a declining birthrate may have a greater impact on Japan than this COVID-19 pandemic. Faced with such challenges, can we bring about a revolution in productivity to stimulate the economy and maintain Japan's affluence? And can Fujitsu lead the revolution as a DX company, or will it merely follow it? I think we should frame Fujitsu's future in such terms.

Abe: It is vital for the Board to hold such discussions for Fujitsu's long-term value creation. I am again acutely aware that my role as chairman of the Board of Directors is to ensure more active discussions at Board meetings, paving the way for our next action as Fujitsu.



The widely shared understanding that the collection and analysis of data are becoming increasingly important for solving social problems will help our transformation to a DX company.

SPECIAL FEATURE

Progress Toward Becoming a DX Company

The Fujitsu Group conducts all business activities to realize its Purpose "to make the world more sustainable by building trust in society through innovation."

In 2020, the 85th anniversary of its founding, the Fujitsu Group, starting from its Purpose, is looking ahead to future changes in society, envisioning what it should be as a technology company that operates globally and accelerating transformation on all fronts, from business and human resource management to organizational management.

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

Please see the inside cover and page 1 of this report for details on the Fujitsu Way, and its Purpose, Values, and Code of Conduct.

The Fujitsu Group is working to evolve from a conventional ICT company into a digital transformation (DX) company that realizes innovation by making full use of digital technology and data. To realize Our Purpose, we aim to create innovative services and business processes as our customers' DX partner.

In order to gain the trust of our customers as a DX partner, we need to tackle not only problems at hand but also look ahead to the future of our customers' businesses and together draw up their visions and goals. To that end, we must increase our empathy with social needs and global issues and have the foresight to anticipate change.

Individuals, society, and the economy are connected globally and in complex ways, as evident in the impact of COVID-19 on society and climate change in the form of more frequent extreme weather events. Besides our Group, many companies, governments, and organizations around the world—including our customers—are taking tougher stances in facing up to these connections and conducting activities with a greater focus on social value. The Group will work to transform itself and create value by enhancing empathy with social issues and spearheading these efforts as a "DX company" that brings trust to society.

Creating Value in Two Business Areas

The Fujitsu Group creates value in two business areas: "For Growth," in which we contribute to customers' business transformation and growth, and "For Stability," in which we provide continuous support for the stability of customers' businesses.

We aim to expand our business and improve profitability by providing services in these two areas while leveraging the strong relationships of trust that we have built with our customers and our competitive advantages in our understanding of industries and sectors cultivated through our business.



"**For Growth**" encompasses both DX and the modernization of IT systems for the realization of DX. DX realizes business transformation and new business creation by making full use of the vast amount of data generated by connecting people and things and digital technologies such as artificial intelligence (AI) and edge computing. We also replace and upgrade "traditional IT systems," or companies' servers operated in-house and complicated systems hosted by them, with cloud-based services. The Group partners with customers in realizing DX through the global delivery of specialized solutions in such fields as mobility, manufacturing, finance, and retail; and by providing versatile services that support multi-cloud and hybrid cloud computing at a global level.

"**For Stability**" consists of a wide range of products and services, building core systems that control the heart of a company's business; supporting it by providing a platform centered on various servers and storage systems; and stabilizing and maintaining the IT environment through operation. The stability of the IT environment is essential for the growth of our customers' businesses. This is an area where highly reliable products and services are indispensable, and in this field the Group has built powerful business foundations centered on Japan. To bolster competitiveness and enhance added value, the Group continues to expand the functions and scale of its Global Delivery Center (GDC) offshore bases, which handle a wide range of functions including software and application development, and maintenance and operation services. We are also working to enhance maintenance services by utilizing digital technology.

Management Indicators and Global Responsible Business (GRB)

In order to objectively grasp changes and achieve sustainable growth as a DX company—and demonstrate it to all stakeholders—the Fujitsu Group has, in addition to financial indicators, established indicators to evaluate its activities in non-financial areas.

Going forward, we will develop systems for global and continuous monitoring of data from two non-financial indicators that evaluate our relationships with customers and with employees, and reflect the insights gained from these in various activities.

Fulfilling Our Purpose is predicated on the Fujitsu Group achieving sustainable growth. To that end, we need to build relationships of trust with all of our stakeholders. In addition to revenue and operating profit margin as financial indicators, we have set customer Net Promoter Score (NPS) as a new non-financial indicator for trust from customers, and employee engagement as an indicator for employees of their mindsets and empathy with the organizational culture.

Since the fiscal year ended March 31, 2020, the Group has set seven priority issues that it should focus on as a responsible global company under the heading of Global Responsible Business (GRB). The evaluation criteria and priority activities for each of these issues, including human rights and diversity and inclusion, and wellbeing, are different, but they are related to each other. We believe that focusing on these seven issues will lead to greater trust from customers and employees, which in turn will be reflected in the non-financial indicators. By working on the GRB issues, the Group seeks to promote its transformation to a DX company while strengthening its management base as it builds relationships of trust with all stakeholders and achieves sustainable growth.



Internal Reforms and Work Life Shift

Human resources are the source of innovation and trust set out in Our Purpose and how we provide new value to customers and society as a DX company. The Group is introducing new ways of working that promise a more empowering, productive, and creative experience for employees; an environment in which employees feel motivated to take on challenging work, that supports collaboration between diverse people, and in which all employees constantly learn and grow. In light of the COVID-19 pandemic, under the name "Work Life Shift," we are promoting new workstyles and organizational and human resource management changes for the "new normal" era.

Eliminating Restrictions and Improving Efficiency

We achieve more efficient time management by easing the rigid work rules on time and location by, for example, eliminating the "core" hours applied with the flextime system, abolishing commuter pass payments premised on going to work every day, and ending the system of assigning employees to work away from home by enabling them to handle their work through remote working and business trips as needed.

Smart Working

Achieve workstyles that allow employees to flexibly use their time according to the contents of their work, business roles, and lifestyle

We have overhauled established work systems, allowances, welfare programs, and IT environments that have been based on the assumption that everyone goes to work in a fixed office, taking a flexible approach to the use of time and place.

Financial Support for Home Work Environment and Expenses

A monthly "smart working allowance" of ¥5,000 per person is provided to assist covering costs related to remote working, such as communications and utility fees, home office furniture, and other improvements to personal work environments. In addition, we create a system in which all employees use company-supplied or BYOD*1 smartphones connected to business systems to improve work efficiency, while also improving the convenience of employee training programs.

*1 Bring Your Own Device is the practice that allows the use of personal devices for work purposes.

Organizational Design Based on Business Strategy

We rigorously design the organization and job positions according to the business strategy for value creation as a DX company and assign the most suitable people. We intend to eliminate vagueness in positions of responsibility and authority, and clarify managers' scope of responsibility.

Culture Change

Create a new organizational culture through human resource management based on employee autonomy

We create a corporate culture that encourages taking on challenges and value creation through organizational structures based on trust, the shared understanding of duties, roles and expectations between supervisors and subordinates, appropriate evaluation, and support for the physical and mental health of employees.

Workstyle Reforms with Contract/Temporary Staff

Under certain requirements such as the use of company-supplied PCs and ensuring a secure working environment, we have already enabled remote working for some contracted and temporary employees, and we plan to gradually expand the scope of this initiative.

Promoting Diversification of Career Paths

We aim to enhance in-house communication between supervisors and subordinates by utilizing the Zinrai for 365 Dashboard,*3 expanding the internal posting system*4 in which employees take on new tasks on their own initiative, and using our Compensation Plan for Highly Talented Professionals.*5 In such ways, we seek to support the mobility and active participation of diverse human resources.

*3 Fujitsu's proprietary service that enables enhanced productivity and realization of diverse workstyles, using AI to visualize business operations and processes

*4 A system in which recruitment positions are open to the entire Fujitsu Group, with all Fujitsu Group employees encouraged to take up the challenge and apply for those positions

*5 A system that allows compensation to be designed flexibly for specialists with a high degree of talent in such areas as AI and IT security

Hub Office

Hub offices are established as spaces for innovation, encouraging collaboration and networking with customers and partners, and team building through discussion and information exchange across different divisions and organizations. They also serve as venues for in-house demonstrations and showcasing of cutting-edge technologies and services such as 5G and cross-industry solutions.

Borderless Office

Enable location-flexible workstyles and provide a comfortable and creative office environment

We inspire employees' creativity by creating a seamless system that allows employees to freely choose the place where they want to work, including hub offices, satellite offices, and home & shared offices, depending on the type of work they do.

Satellite Office

Satellite offices have infrastructure on a par with hub offices and are equipped with high-performance video conferencing systems to enable online multi-site meetings between employees with the aim of creating a comfortable work environment and a sense of unity with multiple locations and encouraging global communication.

Home & Shared Office

Working from home is suitable for desk work that requires concentration, and online learning can be undertaken according to individuals' schedules. By utilizing external "Shared Offices," which are located in convenient locations such as city centers or near suburban train stations, we intend to make it possible to work efficiently at any time and place.

Use of IT Tools

We are introducing a location information platform that utilizes IoT technologies to visualize people's movement and office usage. Through utilizing data, we are enhancing the ease of use of the office and supporting safe and comfortable workstyles, including measures to prevent infectious diseases.

Adding Value to Offices

By increasing the added value of offices with spaces and devices that contribute to improving the physical and mental wellbeing of employees, in addition to offering functions that facilitate the formation of internal and external communities, we expect to improve employee engagement.

FUJITSU'S DX: VIEWS OF KEY PEOPLE

Message from the COO

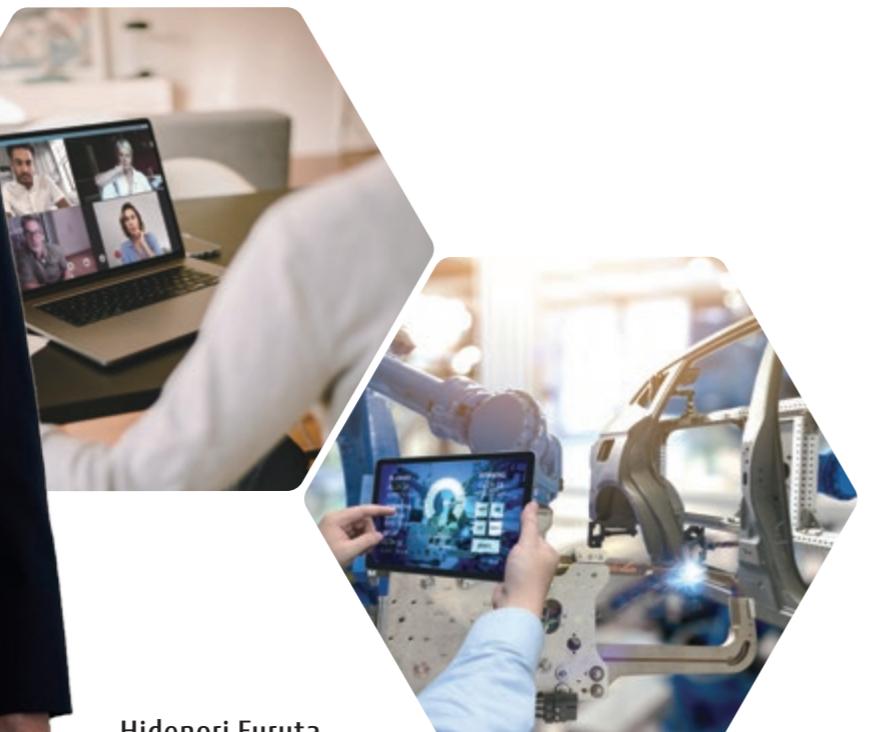
Achieving Growth by Changing Culture Built on Sharing Goals and Pursuing Value Unique to the Fujitsu Group



Strengthening Governance of Global Business

In restructuring the global business—one of the priorities for the Group's transformation—we are shifting our focus from business centered on the sale of hardware and its operation and maintenance to business centered on services.

Measures to transform business and improve profitability have already brought about significant changes, the greatest of which is the strengthening of governance in each region by headquarters. It started with the reorganization of the global business into a six-region system including Japan in April 2020. Regarding business plans, which had essentially been left to the regions except for the setting of sales targets,



Hidenori Furuta

Representative Director
COO, CTO
Head of Global Solutions Business
Head of International Regions

we shifted to deciding the details of these and their timelines through discussions between headquarters and regional management leaders. As a result, not only have communications between headquarters and each region improved dramatically, but the global strategy formulated by headquarters and the business plans of each region have become interlocked, and more consistent. From the perspective of headquarters, the progress of measures promoted by each region can be quickly grasped, which enables us to analyze causes when things do not go as expected and make timely adjustments as necessary.

We believe that the strategic direction of unifying global offerings and strengthening the delivery system is appropriate for the Fujitsu Group to demonstrate its competitive advantage, and we will consider M&As as a means to achieve restructuring of global businesses more effectively and swiftly.

Changing Mindsets and Culture with KPIs

We are also strengthening and optimizing systems in Japan. We are reorganizing domestic Group companies centered on Fujitsu Japan Limited, and in April 2020, we established Global Solutions as a new organization, integrating sales and system engineer (SE) divisions (see page 28). Communication is also key to organizational integration. We modified organizational management to enable sales and SE leaders to scrutinize each other's key performance indicators (KPIs) and clarify expected outcomes.

Sharing KPIs also encourages a shift in employee mindsets and organizational culture. Staff from the sales and SE divisions will combine their knowledge on how the Fujitsu Group is viewed by customers, and whether the developed technology will be accepted by the market and can be scaled up. By discussing with both customer needs and our technological capability perspectives in mind, we are trying to clarify the "value provided by Fujitsu" that goes beyond the compartmentalized logic of each division.

With regard to "For Stability," we are bolstering our delivery system, centering on Global Delivery Centers (GDCs). The use of GDCs has been expanding in Japan, mainly for projects involving package-management systems. The newly established Japan Global Gateway (JGG) will further advance the expansion by organizing customer-specific needs of custom-development projects and overcoming language barriers—matters that were difficult for GDCs to handle—into standard work that can be handled by the GDCs. We expect this to improve the speed and quality of service delivery and help avoid resource volatility.

Creating a Rewarding Environment for Engineers

From a CTO perspective, creating an environment in which engineers can find Fujitsu Group work truly rewarding is as important as strengthening AI, cloud, and other technological capabilities that support DX. We are also acutely aware that there is intensifying competition for engineers among other IT services companies, venture companies, and major companies in various industries.

Today, the open source communities centered on the United States and Europe play an important role in software development. Since the early 2000s, Fujitsu's engineers have been actively participating in such communities and making significant contributions. We are proud to be among the leading Japanese companies that encourage engineers to expand their horizons in this way. In addition, our customer base, which is one of the Group's strengths, is unique in that it allows us to keep up with cutting-edge developments in various industries and combine it with our core competencies to create new value. It also creates opportunities for our engineers to take on challenges.

Nonetheless, as demonstrated by the inclusion of employee engagement as a non-financial indicator, we are determined to pursue transformation in an organization offering greater career path diversity. Especially for young engineers, we are strengthening continuous support and feedback, by such means as providing opportunities to participate in projects that involve agile development and a mechanism to certify highly skilled personnel as "talent" and supporting their activities. Just as we reviewed the dispatching of engineers to work at our customers' offices amid the spread of COVID-19, we must also further respond to workstyle changes in the "new normal."

Looking back at my own career, I think that rewarding experiences for many engineers lie in the fact that the technology they are involved in leads to the creation of new value. We are pursuing employee satisfaction and business growth by accelerating the expansion of global offerings into the market, such as mobility solutions and "smart manufacturing" solutions, for which we expect growing demand, and accumulating a track record of value creation as a DX partner for our customers.

Overcoming the “2025 Digital Cliff” Together as a Partner

A Shared Sense of Urgency for Change

Sales personnel communicating directly with customers are keenly aware of the challenges faced by Japanese companies in overcoming the so-called “2025 Digital Cliff”* and the difficulty to solve critical issues simply by meeting the customer’s request for proposal (RFP). The sales style under COVID-19 premised on remote working is also heightening the sense of urgency on the sales front lines that we must transform our own operations.

Against this backdrop, we are advancing sales transformation to become a “business producer” that solves problems faced by customers. Through the organizational restructuring undertaken in April 2020, we have combined sales and SE forces to provide services that integrate insights from the production and sales front lines. We are also striving to improve profitability with a keen eye on profits as a KPI.

Input from executives who have joined Fujitsu from outside the Company has also been a great stimulus in generating growing momentum for sales transformation to incorporate best practices. We expect the expanding use of digital tools, together with the development of mechanisms to collect customer feedback that is currently underway in collaboration with the marketing team, will change conventional sales approaches and enhance the Fujitsu brand.

Fujitsu Japan—Bringing Together Key Group Strengths

Fujitsu Japan Limited, established in October 2020, will be the Group’s core company supporting local governments, medical and educational institutions, and second-tier companies and SMEs in the private sector to overcome the “2025 Digital Cliff,” stemming from a shortage of IT human resources and delays in digitalization. Based on our understanding of industries and sectors—a Group strength—we will be a partner that actively leads the transformation of companies that play significant roles in local economies. We will also support forging cooperation between the private and public sectors, academia, and medical institutions. The necessity of such cooperation has been thrown into sharp relief by COVID-19.

We will reskill sales personnel to enhance abilities to make the high-value-added proposals required of us as a partner. At the same time, the Fujitsu Group will leverage the strengths of each subsidiary to reinforce our capabilities.

Determined to help Japanese companies replace and update conventional IT systems and committed to solving critical issues, Fujitsu Japan will be a company that embodies the Fujitsu Group’s Purpose.

*“2025 Digital Cliff” is an expression used by the Ministry of Economy, Trade and Industry that highlights the possibility that many Japanese companies will face increasingly serious problems including shortages of IT human resources, the obsolescence of core systems, and the aging of human resources involved in maintenance, with risks of huge economic losses for Japan from 2025 due to the failure to achieve DX.



Masaki Kubota

Senior Executive Vice President
Head of Japan Region



Yuzuru Fukuda

Executive Vice President
CIO, Assistant CDO

Yuzuru Fukuda joined SAP Japan in 1997 and served as president of SAP Japan from 2014 to March 2020. He joined Fujitsu in April 2020.

Leading Change with “Redesign,” Starting from Square One

Reshaping Fujitsu through “Fujitsu Transformation”

Transformation—the “X” of DX—means letting go of past experience and embracing transformation with a different approach. Fujitsu now has at its core a Companywide DX project team whose members include CEO and CDO Takahito Tokita, Senior Executive Vice President Hidenori Furuta, CFO Takeshi Isobe, and myself, as well as representatives from related divisions. This project, dubbed “Fujitria” for “Fujitsu Transformation,” is tasked with realizing our management vision with Our Purpose as its guiding light as we take on breaking the conventional mold. The project seeks to transform Fujitsu through future-oriented “redesign,” spanning management, business operations, human resources, and organizational culture. Fifteen DX officers from business divisions and corporate functions throughout Fujitsu play key roles in promoting the project from the perspectives of both management and the front lines. Together with the “DX designers,” the members of a newly designated team directly reporting to the CEO, the DX officers facilitate transformation across divisions while maintaining Companywide consistency.

Key themes with this project are participation and ecosystems. We have introduced a digital platform that collects the “voices” of customers and Group employees (see page 30). In fact, every time we send out an update on the progress of DX on our intranet, we receive a flood of responses from employees—informing me of their high expectations and keenness to participate in shaping the future of the Company. We are determined to incorporate their enthusiasm in the project.

Turning Data into a Driving Force for Change

DX can be likened to a voyage where everyone overcomes various difficulties as they head to their destination. While Fujitria charts the route and ports of call for the “ship” Fujitsu, the driving force is the data collected using the power of digital technology. As CIO, I also oversee the IT systems that collect and analyze the data necessary for the Fujitsu Group to make strategic decisions and develop its business in a timely manner.

Of course, we have existing IT systems, but they are not optimized for digital business. In the future, IT systems will be required to have a DX platform that goes beyond improving operational efficiency and reducing costs. We are working to realize systems that promptly grasp information on all businesses around the world and enable effective management and on-site decision making based on that information, while at the same time realizing diverse and flexible workstyles and boosting productivity by using data and digital technology.

Fujitsu is, in a sense, the “IT headquarters” of “Japan Inc.” We are confident that by spearheading DX we will advance digital innovation throughout Japan, spurring its transformation for the future. With this aspiration in mind, we continue to forge ahead with our transformation.





Supporting Management Transformation through the Use of Marketing Data

All Employees Are Marketing Channels

Brands are a promise of value to customers. Good marketing encourages customer action by conveying the value a company can offer through a simple, unified message. Fujitsu has strengths in powerful name recognition in Japan, the trust gained by providing services directly to customers, broad technological capabilities, and wide-ranging, high-quality services and solutions. At this point, however, we have not yet clearly shared with our customers Fujitsu's superiority in the area of global DX business. In addition to undertaking unified and impactful marketing activities, what I aim for as CMO is for all employees of the Fujitsu Group—a vital channel for interacting with customers—to further improve the value of the "Fujitsu brand" through impactful branding and marketing activities.

Best Customer Experience through Leveraging Data via Marketing

I believe the Chief Marketing Officer (CMO) should also be the Chief Customer Officer. Marketing makes it possible to stay connected to tens of thousands of customers with whom we have had contact, aggregate and analyze customer reactions

in the form of data, and provide proposals and support that better meet customer needs. The purpose of marketing is to provide optimal and actionable proposals and experiences for customers while always looking at future changes in society from customers' perspectives.

With this in mind, our marketing team has been working with Assistant CDO Yuzuru Fukuda to build a system that aggregates, analyzes, and visualizes customer feedback—the voices of customers—as data. This will enable us to share with the entire Group a wide range of customers' management issues and needs as well as projected future trends, with the aim of offering higher quality services to customers and society. These activities support our own DX for data-driven management. Transforming our own business by utilizing data will put us in a good position to showcase our own practices to our customers as a reference.

In the post-COVID-19 world, multidirectional communication utilizing digital technology is bound to become more important. We will facilitate Fujitsu's transformation by incorporating leading-edge marketing methods including AI and other technologies and the use of external data.

Taeko Yamamoto

CMO
Corporate Executive Officer

As a marketing specialist, Taeko Yamamoto held executive positions at IBM Japan and Microsoft Japan. She joined Fujitsu in April 2020.

Contributing to Group Strategy with Acquisitions and Venture Investments

A Means to Accelerate Our Transformation

Fujitsu is undergoing major transformation. Our customers' needs are shifting, becoming more sophisticated. The market to supply these transformational services is very competitive, especially in regions outside Japan. To build the capability we need to deliver what our customers need, we must move fast to evolve what we do. Inorganic growth, encompassing both acquisitions and venture investments, is a powerful tool for accelerating this evolution.

Inorganic growth is most effective when it is done programmatically. This means doing a number of deals each year and not just one or two every few years. At Fujitsu, to get to the programmatic level, we must first build up our M&A "muscle." We need to build the systems, processes, and governance necessary to manage a full pipeline of deals and build the team to drive the activity. To that end, we have established the M&A Committee and the Venture Committee as core governance mechanisms. We have also clarified the responsibilities of the business unit that sponsors acquisitions or ventures. Finally, we have established a standard model to evaluate corporate value. For now, our mission involving the M&A Strategy & Execution Team is to embed our methodology into the fabric of the organization so that we become accustomed to doing deals on a regular basis.

M&A is just a tool to help realize our company strategy. Whatever the investment project is, we always look for alignment with the Fujitsu Way, which lays out the Company's reason for existence in "Our Purpose," and with the DX strategy orchestrated by Mr. Tokita and Mr. Fukuda.

Nicholas Fraser

Corporate Executive Officer, in charge of Acquisitions and Ventures

Nick Fraser joined Fujitsu in March 2020. His experience includes serving as a leader for acquisitions, venture investments, and partnering activity at global firms such as Accenture and McKinsey. Over his career, he has executed dozens of acquisitions, venture investments, and alliance projects.



DX is about both digital (technologies) and transformation (capability). We are filling our investment pipeline with opportunities that help us on both of these fronts: gaining differentiation in digital technologies such as AI, advanced data/analytics, or cybersecurity, and gaining capability to engage customers in transformative discussions.

Management from a Long-Term Perspective Engenders Trust

Fujitsu has the technical capabilities to develop advanced technologies such as the Digital Annealer on its own. It has also imbued the organization with a culture that approaches management from a long-term perspective and pursues sustainable value creation. Although competition is intensifying in the pursuit of quality assets, I firmly believe our culture is a strength that helps us earn the trust of target companies.

As I noted earlier, a programmatic approach to M&A is vital. In the end, though, it is the commitment of all stakeholders involved in a transaction that determines its ultimate success or failure. Working closely with all our staff, I am determined to make maximum use of my experience and network to help accelerate Fujitsu's transformation through inorganic growth.

Interview with the President of Ridgelinez

**Toshiya Imai**Chief Executive Officer
Ridgelinez Limited

After joining Fujitsu, Toshiya Imai worked for Booz Allen Hamilton for 14 years and then went on to positions at SAP Japan (Vice President), Bain & Company (Partner), Booz & Company (Representative Director), and PwC Consulting LLC (Deputy Chief Executive Officer). He has been in his current position since April 2020.

Looking to Build a Track Record and Establish the Brand as a Trusted Transformation Partner

Q What is Ridgelinez?

A We are a consulting company that accompanies our client companies on their "transformation journey." We provide comprehensive support from identifying and analyzing management issues, to formulating strategies for change, and to implementing and testing technology.

Q What does DX mean?

A Let me give a specific example. Currently, apparel companies are being forced to review the management of physical stores due to the growth of e-commerce and the influence of COVID-19. What customers are looking for in physical stores, meanwhile, is something that reflects their tastes and provides products when needed. Perhaps that would persuade them to make the trip. Leveraging digital technology to restructure the retail business based on data can enhance the customer experience in the store and create new value. DX is what realizes such innovation.

Q Why a consulting service? The Fujitsu Group is strong in technology, but it is a latecomer in the consulting field.

A The kickoff point with the work of a conventional system integrator is a customer's request for proposal (RFP), but starting from there, you cannot grasp the core management issues. To really understand the issues behind the RFP requires interaction with management and key business unit leaders and repeatedly asking questions. To make creative proposals that will realize transformation, we need to start with consulting that explores the "why" rather than RFPs that focus on the "how."

Q How do you differentiate yourself from your competitors?

A Frankly, it's challenging. The greatest differentiating factor is the brand, but in consulting, the brand boils down to your track record. With that in mind, I believe we must create an organization that can produce results. That in itself will lead to differentiation.

Q What is the key to creating an organization that can produce results?

A I think what is essential is to secure talented people, the core of a consulting firm, and the human resource system for that purpose, especially the performance appraisal system. Having been in this business for more than 30 years I believe that the consulting methodology itself can be acquired through training. That is why we need a system to identify talent that can produce results and a performance appraisal system to evaluate the talent appropriately. Ridgelinez has introduced a 360-degree performance appraisal system that collects feedback from people inside and outside the company other than direct supervisors to minimize the arbitrariness of personnel appraisals. Objective results-based evaluations and feedback have the greatest impact on the development of people and the acquisition and retention of excellent talent.

Q At the start of operations in April 2020, most of the company's employees are from the Fujitsu Group. How will you create the culture required of a consulting firm?

A Changing a culture is a limitless task. But you can change how people act. I believe that changes in how we act will encourage a shift in mindsets and create a culture. Take, for example, the materials we use for presentations to our customers. We have unified the formats that our people in the past used to prepare individually. Each page has one main point and a few subpoints to back up that point from different perspectives. This approach involves people undertaking analysis of information and testing it according to a certain protocol. By repeating this process, the basic task of "structuring the problem" required of consultants is shared by

all members; communication with customers will change, and eventually it will lead to the emergence of an organizational culture.

Q Ridgelinez is not a division of Fujitsu but a highly independent subsidiary, and your offices are physically separated from the Fujitsu headquarters. What is your relationship with Fujitsu?

A I think of us as a doubles tennis team. We both play with our special skills toward the unified purpose of promoting the transformation of our customers. The worst thing with doubles teams is to be diffident with each other. Rather, it is better to go aggressively after the ball. We also play a role as a "reference," showcasing where the Fujitsu Group will be in five years from now. With that in mind, we will expand our network with companies outside the Group, create joint ventures, and work with other consulting companies that are strong in specific fields. We would like to develop our business while taking a flexible approach to cooperation and other options.

Q What are your current goals?

A The first is to work on projects commensurate with our capacity and to build a track record of success. In order to keep the transformation pot bubbling multiple teams work on different projects, and I am asking our people to do things three times faster than before. However, we do not intend to expand regardless of the projects. What is important for us today is less scale than quality. Our immediate aim is to make our customers realize the benefits of DX and to be regarded as a reliable partner in that process.



Kyoko Mizuguchi
General Counsel and CISO

Contributing to the Creation of Essential Value through the Provision of Systems to Promote Change

Taking Charge of Implementing Measures with a Sense of Ownership

The Legal, IP, and Internal Control Promotion Unit, which I oversee, is often considered to play a "defensive" role because it manages mechanisms for enforcing rules, including laws and regulations. However, it also plays an active role in promoting change. One of the important functions of the unit is to determine the actions so that our values are shared across the Group, and to review and update management systems and mechanisms accordingly. I believe the unit must try to take action with a sense of ownership.

The development of our corporate governance illustrates how the continuous review-action cycle of the system works. Over the past few years, we have increased governance effectiveness by being open to the opinions and advice of independent directors and the Audit & Supervisory Board members and taking sincere actions in response. Behind these actions is the sense of ownership shared in the secretariat; we believe that by supporting the operation of the Board of Directors, we, the secretariat, are able to transform the Company and enhance our corporate value. Our sense of ownership permeates in such initiatives as holding in-depth briefings with Chairman Atsushi Abe before and after Board of Directors' meetings; supporting the operation of the Independent Directors & Auditors Council, which provides a forum for information sharing and discussions for the members to better understand the Company; and assigning a junior employee to each independent director and Audit & Supervisory Board member as support staff to help with addressing various questions and requests.

Regarding Group governance overseeing subsidiaries, the Group Business Unit, established in February 2020, is taking the lead in considering the optimal Group formation, and the emphasis on ownership and action remains the same for the unit. In light of our Management Direction, we are reviewing the roles of subsidiaries and their fundamental relationships with headquarters. We are not only planning what the Group should be but also implementing the measures needed to get there.

A High-Speed "Challenge Cycle"

What I believe will become even more important in the future is to imagine the unknown, beyond the past patterns. To that end, we must openly incorporate knowledge and information generated inside and outside the Group; calmly and enthusiastically think through and make decisions and execute them; and accept failures and take actions based on lessons learned. I think of this as a high-speed "challenge cycle." Our effective corporate governance structure and solid internal control systems that employ both active and defensive measures enable us to implement such a cycle.

We are facing new challenges on a global level every day in the fields of intellectual property, risk management, information security, compliance including export controls, AI ethics, and legal systems that support innovation. Guided by our values, we are determined to tackle these challenges in collaboration with frontline business divisions through the provision of legal services.

Message from the CFO

We are pursuing sustainable improvement in corporate value by strengthening our capability to generate cash flow and optimally allocating it to strategic growth investments and stable shareholder returns.



Takeshi Isobe
Director
SEVP, CFO

Overview of Financial Performance in the Fiscal Year Ended March 31, 2020

The consolidated financial results for the fiscal year ended March 31, 2020 began to show the fruits of the transformation we have undertaken over the past few years. On an actual business basis that excludes special items such as the impact of business restructuring, consolidated revenue was ¥3,857.7 billion, an increase of ¥87.4 billion year on year. Consolidated operating profit was ¥225.2 billion, an increase of ¥84.9 billion year on year, and the operating profit margin was 5.8%, an improvement of 2.1 percentage points from the previous fiscal year. We are making good progress toward achieving our financial targets of revenue of ¥3.5 trillion and an operating profit margin of 10% in the Technology Solutions business for the fiscal year ending March 31, 2023.

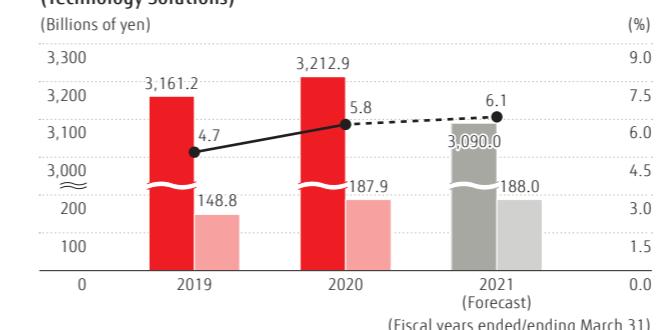
As a result, profit attributable to owners of the parent amounted to ¥160.0 billion. In addition, we strengthened cash flow generation by optimizing the assets we own and achieved steady growth in dividends per share with an increase of ¥30 from the previous fiscal year, to ¥180.

In a business environment in which the impact of COVID-19 is of great concern, the Group has continued to maintain a net cash position since the fiscal year ended March 31, 2018, and has been working to maintain a sound and stable financial position by such means as securing approximately ¥500 billion in cash on hand.

Progress with DX and the Impact of COVID-19

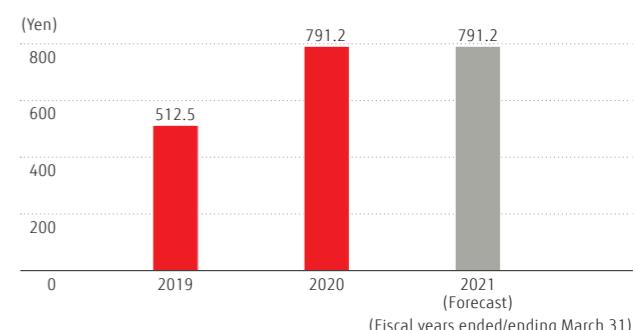
We have also been making steady progress in value creation in the two business areas of "For Growth" and "For Stability."

Revenue, Operating Profit, and Operating Profit Margin (Technology Solutions)



Revenue (left) ■ Operating profit (left) — Operating profit margin (right)
Note: Figures presented are based on new segments. Forecast for the fiscal year ending March 31, 2021 is as of July 30, 2020.

EPS



Note: Forecast for the fiscal year ending March 31, 2021 is as of July 30, 2020.

In the "For Growth" business area, to monetize the value created by DX we have begun to build new revenue models including those based on subscriptions and success fees in addition to the conventional "person-month" based model. In the "For Stability" business area, we have been taking measures to improve the profitability of domestic service businesses, the mainstay of our earnings, through such means as establishing and utilizing Japan Global Gateway (JGG), a new initiative aimed at maintaining and enhancing service quality and improving efficiency.

The spread of COVID-19 has had a negative impact on the customer front, prompting reviews of the timing of project implementation, and hampering business talks. On the other hand, there have been accelerated moves to promote DX to solve problems. This has been stimulating demand for services that support the realization of workstyle reforms such as remote working, utilizing automation solutions in remote environments, and migrating IT systems to cloud environments. For these reasons, while paying close attention to risks that affect short-term business performance and taking prompt action, we are determined to move forward to build growth areas from a medium-term perspective, regardless of the current situation.

Capital Allocation Policy

In July, we presented our capital allocation policy against the backdrop of progress with business model transformation and increased stability of the business foundation.

In regard to cash flow, which forms the source of capital, we expect to be able to generate more than ¥1 trillion in free cash flow (FCF) over the next five years through business growth and optimal allocation of assets held. We are earmarking this FCF to growth investments and shareholder returns.

Strategic investments for growth are a high priority. We expect such investments to amount to ¥500–¥600 billion over the next five years. Value-creation investments will focus on

customer services and offerings—specifically the development of technologies and solutions that support DX. We will also move rapidly to expand the ecosystem that underpins DX through such means as M&As, alliances, and venture investments.

We also regard the promotion of in-house DX as a very important theme underpinning our own evolution. We have already begun recruiting highly skilled talent, reskilling existing human resources, and building in-house systems for data-driven management, aiming for predictive model management on a global basis based on objective data. When making investments, we will thoroughly monitor return on investment and promote disciplined implementation.

Our shareholder return policy is to provide stable shareholder returns over the medium and long term commensurate with the stage of growth in business and profits. With dividends, we aim for stable dividends in line with profit growth. In addition, while paying close attention to the balance between fund supply and demand, we are taking an agile approach to share repurchases funded from long-term retained earnings.

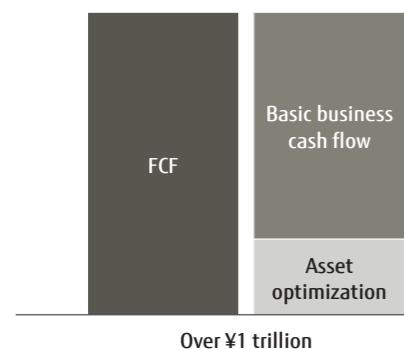
Aiming for Sustainable Improvement in Corporate Value

We are strengthening our ability to generate cash flow and, through its optimal allocation, achieve business growth, and increased profitability and capital efficiency. We are focusing on the financial KPIs of revenue and operating profit margin to measure business growth and profitability, while focusing on earnings per share (EPS) to measure capital efficiency. We are targeting sustainable growth in EPS over the medium and long term.

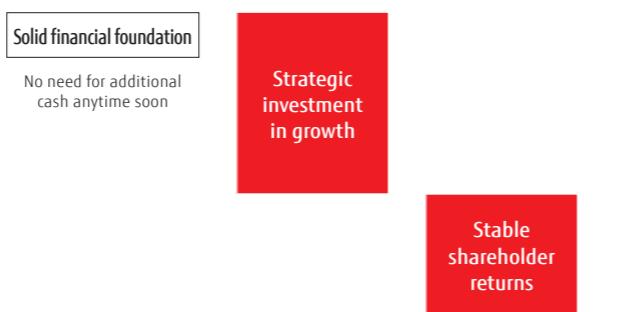
In the "new normal" era, our own sustainable growth is essential for us to make long-term, stable contributions to our customers and greater society. Based on this policy, the Group is promoting sustainable improvement in corporate value from a medium- to long-term perspective.

Capital Allocation Policy

(1) Generating stable cash flow



(2) Concept of allocation

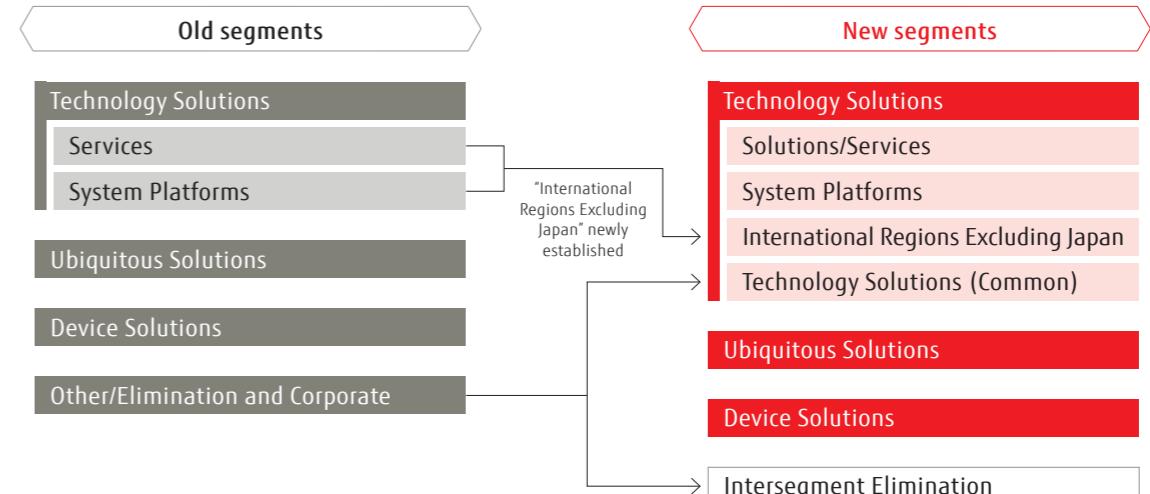


About Partial Segment Changes

In July 2020, Fujitsu decided to make certain segment changes in order to more clearly demonstrate its progress toward the achievement of its medium-term goals and its transformation

into a DX company dedicated to the achievement of its Purpose. At the same time, we sought to more closely reflect the management's approach in information disclosure by aligning the segments to the current organizational structure.

Comparison of Old and New Segments



For "Other/Elimination and Corporate," Groupwide common expenses have been allocated to the "Technology Solutions (Common)" subsegment; and elimination of intersegment sales has been moved to the new "Intersegment Elimination" segment. The international businesses included in "Services" and "System Platforms" under "Technology Solutions" have been integrated into the newly established "International Regions Excluding Japan" subsegment. At the same time, the "Services" subsegment has been changed to "Solutions/Services."

Reflecting organizational changes and changes in the management system of subsidiaries, we have made the following changes to segmentation: (1) we have moved various software (middleware) from System Platforms to Solutions/Services; (2) we have moved front-end technologies (ATM, POS systems, etc.) from Solutions/Services to System Platforms; and (3) we have changed the segment for automotive control units and in-vehicle information systems from Ubiquitous Solutions to System Platforms.

Major Subsidiaries in Each Segment

Technology Solutions

- Fujitsu Frontech
- Fujitsu IT Products
- Fujitsu Telecom Networks
- Fujitsu Advanced Engineering
- Fujitsu Kyushu Systems
- Fujitsu Research Institute
- Ridgelinez
- Fujitsu Social Science Laboratory
- Fujitsu Broad Solution & Consulting
- Fujitsu Japan
- Fujitsu FSAS
- Fujitsu Network Solutions
- PFU
- Transtron
- Fujitsu Isotec
- Fujitsu Network Communications
- Fujitsu Services
- Fujitsu America
- Fujitsu Australia
- Fujitsu Technology Solutions
- Fujitsu Asia etc.

Ubiquitous Solutions

- Fujitsu Personal System*
- Fujitsu Technology Solutions etc.

* The shares of the new company that will succeed the mobile phone retail store business of FUJITSU PERSONAL SYSTEM LIMITED are due to be transferred to T-Gaia Corporation on November 2, 2020.

Device Solutions

- Shinko Electric Industries
- FDK etc.

Sustainability Management

Fujitsu's Purpose includes a pledge to "make the world more sustainable." To realize this goal, the Fujitsu Group is advancing initiatives under the Global Responsible Business framework.

Based on the framework, we will practice sustainability-focused management on a global scale. Moreover, each of the key issues comprising the framework aligns with the Sustainable Development Goals (SDGs) that the United Nations has established.

Through the aforementioned framework, the Fujitsu Group will not only help achieve the SDGs but also set its sights beyond them as it tackles initiatives.



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.

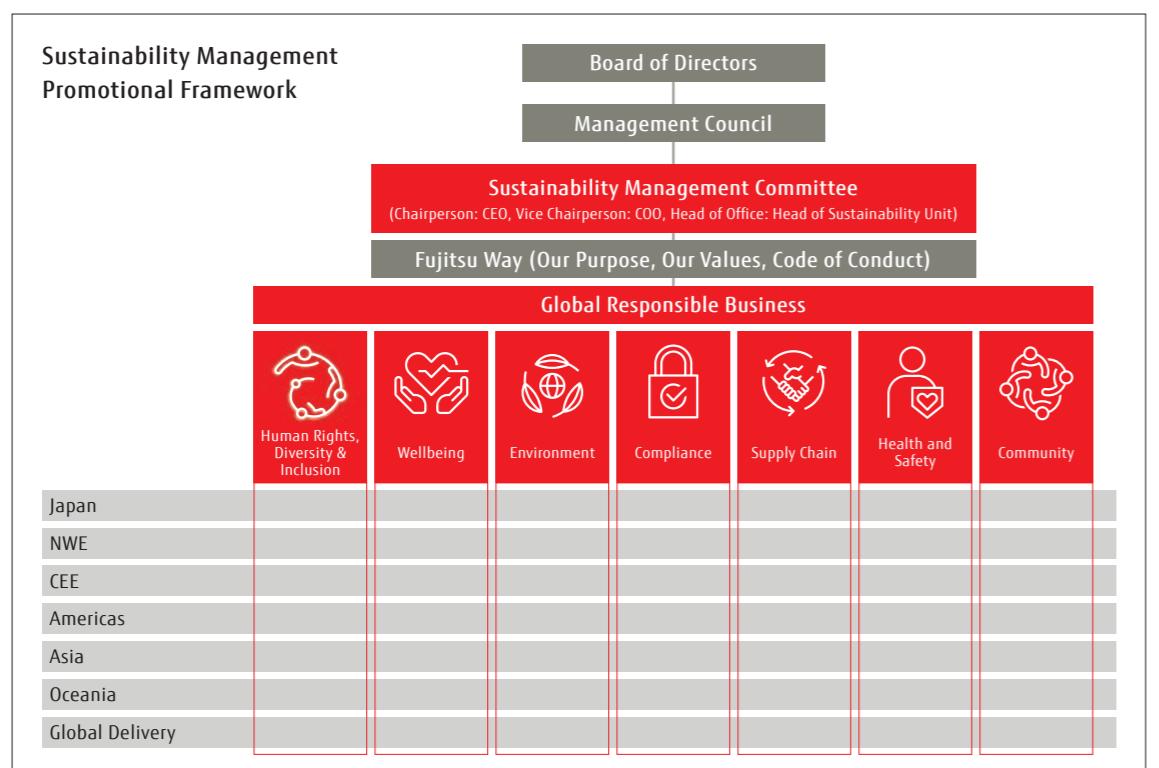
The Fujitsu Group's Sustainability Management

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 have revised our management targets by incorporating new non-financial indicators alongside existing financial indicators. 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 2020, the committee had 13 members, including the chairperson.

With being a Global Responsible Business (GRB) as an overriding non-financial platform, we have identified seven priority issues. Setting our sights on key performance indicators for each of these issues, we are advancing initiatives globally. The leaders of units and Group companies are responsible for promoting the Fujitsu Way in-house. 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.

As the chart below illustrates, all Fujitsu Group operating bases will move sustainability initiatives forward through a matrix in which vertical priority issue categories intersect with horizontal organizational categories.

Global Responsible Business (GRB)

Seven Priority Issues

Human Rights, Diversity & Inclusion	Pursue human rights goals and global diversity in the AI era
Wellbeing	Provide opportunities for employees to grow as individuals and fully develop their capabilities
Environment	Work to achieve zero emissions from our operations by fiscal 2050, and contribute to climate change adaptation and a decarbonized society
Compliance	Maintain a high level of awareness of corporate ethics and act fairly in all business activities
Supply Chain	Accomplish responsible procurement in the supply chain
Health and Safety	Provide safe and healthy working environments
Community	Engage in activities that contribute to society and build prosperous, optimistic communities

By driving sustainability initiatives, the GRB platform gives concrete form to the Fujitsu Way. To put it another way, in pursuit of this platform we are conducting global management that is focused on seven priority issues, including human rights and diversity & inclusion; wellbeing; and the environment. Ever mindful that their corporate group is a member of society, all Group employees will not just seek profits but also reduce the negative impact of business activities on sustainability while maximizing their positive benefits.

Tackling the seven priority issues will strengthen our relationships with a host of different stakeholders by garnering and maintaining trust from society that underpins global business activities. Moreover, taking on these efforts will transform employees' mindset and culture. We particularly want to earn the further trust of customers and employees—the most critical stakeholders for business activities. With this in mind, in the non-financial sector we have made the customer Net Promoter Score (NPS) and employee engagement

management indicators for our customers and employees, respectively. At present, we are preparing to embed these indicators in our operations.

Having established key performance indicators for each priority issue and set March 31, 2023, or the end of fiscal 2022, as the time limit for their achievement, we will build effective management systems to ensure we reach indicator-based targets. Also, we will examine specific actions for target achievement that enable us to lift the overall level of initiatives while allowing for the differences in the laws and labor markets of countries and or regions.

Ultimately, our initiatives in the non-financial sector will, in the long term, benefit our business and financial performance. Accordingly, the Sustainability Management Committee will regularly check progress toward achievement of the Global Responsible Business platform, and the committee's conclusions will be released through reviews of the Group's Management Direction and various media.

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 view the SDGs as essentially calling for systemic transformation by 2030 so that in 2050 a population of more than 9 billion is able to live well without exhausting the earth's finite resources. In contributing to the achievement of the SDGs, we must both make our business management more sustainable as well as help resolve societal issues through our businesses. With respect to the former, we need to strengthen business management by pursuing the Global Responsible Business platform, while the latter will require us to transform businesses by viewing them as a system composed of complexly linked arrays of elements.

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

HUMAN RIGHTS

We believe that respect for human rights is indispensable to a global company's fulfillment of corporate social responsibility. Accordingly, in accordance with international norms, we have established various guidelines that form the basis of our initiatives focused on promoting respect for the human rights of all stakeholders in our value chain.

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

Goals

What Fujitsu Aspires to Be

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."

Goals for Fiscal 2022

Embedding "respect for human rights" within the Fujitsu Group



Completion rate for global human rights training: 80%

Our Approach

With the aim of realizing Our Purpose as stated in the Fujitsu Way, which was revamped in July 2020, we have set out acting ethically, transparently, and with integrity and listening to all people as values that every employee should embody. These values stem from our commitment to respecting human rights in every aspect of our diverse business activities. Moreover, the first item in the Fujitsu Group's Code of Conduct states that "We respect human rights." Based on the Fujitsu Group Human Rights Statement, which expresses our commitment to human rights in a more concrete form, we are advancing human rights due diligence to identify the effects of our business activities on human rights and to prevent or mitigate negative effects throughout our global value chain.

Human Rights Initiatives

Advancement of Human Rights Due Diligence

In the key area of employees, we conducted a basic survey based on a human rights impact assessment implemented with external experts of major Group companies outside Japan, examining the human rights of employees with respect to matters including the management of long working hours. In light of the findings of this survey, we will consider how to establish measures that are even more effective.

Further, the Group has issued a worldwide message to address growing international concern over racial discrimination. Relevant in-house departments have additionally collaborated in the preparation of educational materials for employees aimed at preventing all types of discrimination.

Promotion Framework

Through interviews with the personnel of in-house divisions and discussions with domestic and international experts, the Fujitsu Group has identified three key areas where its business activities have a particularly significant effect on human rights, namely, the supply chain, employees, and customers and end-users. In these key areas, we are currently engaged in activities to address human rights issues. To facilitate these activities, we have established managers for each key area in respective regions so that we can formulate and implement global initiatives.

DIVERSITY & INCLUSION

Diversity has become a topic discussed in a variety of contexts, including workstyles, communication, and multiculturalism. Mindful of this, we are moving forward with initiatives aimed at fostering an inclusive culture that benefits from the contributions of diverse individuals. Also, to realize its Be Completely You target profile, the Fujitsu Group has set out a vision, strategic goals, and focus areas.

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

Goals

What Fujitsu Aspires to Be

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.

Goals for Fiscal 2022

Cultivation of an inclusive corporate culture



- Favorable answers to Diversity and Inclusion question of Engagement Survey:
At least consolidated 69% from 66% (fiscal 2019) / Non-consolidated 63% from 59% (fiscal 2019)
- Female leadership:
At least consolidated 10% from 8% (fiscal 2019) / Non-consolidated 9% from 6% (fiscal 2019)

Our Approach

We established the "Global D&I Vision & Inclusion Wheel," which acts as a guideline, helping further advance our efforts toward inclusion and diversity within our employees. This wheel expresses the Fujitsu Group's overall efforts as they relate to D&I. We have also defined the vision, strategic goals, and focus areas required to realize our aspirations.



Diversity and Inclusion Initiatives

We are developing initiatives in a variety of areas related to diversity and inclusion.

- Establishing and conducting training programs aimed at increasing the percentage of female employees in leadership positions
- Holding forums to raise disability awareness in the workplace and society and introducing communication tools for hearing-impaired employees

- Participating in Pride events worldwide and sponsoring the external consortium Pride House Tokyo through an employee community comprising LGBT+ individuals and LGBT allies
- Facilitating networking and conducting a mentoring program for multinational employees
- Providing e-learning that deepens understanding and awareness of the unconscious bias that everyone has



WELLBEING

We encourage the personal growth of each employee by creating environments where all employees can stay in good physical and mental health and work with vitality, as well as providing individual employees with opportunities to take maximum advantage of their talents.

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/>

Goals

What Fujitsu Aspires to Be

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.

Goals for Fiscal 2022

Human Resources Development and Career Design
Enabling success in personal development and growth

KPI At least 70% in favorable answers to "Growth" question of Engagement Survey

Performance Evaluation and Compensation / Work Environment / Health Management
Providing a positive work environment for our people

KPI At least 71% in favorable answers to "Work Life Balance" and "Care" question of Engagement Survey

Initiatives for Human Resources Development and Career Design and Initiatives for Performance Evaluation, Compensation, and Work Environment

Support for the Growth of Diverse Individuals
In April 2020, we launched a platform for employees of Fujitsu and domestic Group companies that enables employees at any time or in any location to grow by studying fields that match their career aspirations or talents. In this way, we are providing learning opportunities to all employees, irrespective of the organization to which they belong. Moreover, we regularly update the platform's courses and information, including "Edge Talk" interviews focused on the practical knowledge garnered by employees who have attained high levels of expertise in particular fields.

Development of Human Resources for Digital Transformation

We are supporting all employees of Fujitsu and domestic Group companies in the acquisition of knowledge and skills related to digital transformation and the latest digital technologies. Having established systems for the development of human resources for digital transformation and clarified the necessary

Our Approach

In April 2020, we abolished uniform mandatory training and began a system whereby employees choose skills training that suits their personality and goals. Further, we are supporting employee growth through the development of human resource foundations that bring all employees three benefits, namely, opportunities to take on appealing work; opportunities to study and grow continuously; and opportunities to participate in collaborations transcending national and organizational boundaries.

Promotion Framework

The Human Resources Development Unit establishes and implements priority measures for human resources development and career design in light of employee feedback and the policies of the Group-Wide Talent Strategy Committee, which mainly consists of members of the senior management team.

Health management is led by the chief health officer in coordination with the Human Resources Unit, the Health Promotion Department, and the Fujitsu Health Insurance Society. Together, the team works to enforce, enhance, and expand health promotion measures at offices and Group companies.

approach entails establishing a globally unified ranking for each type of position, referred to as the position's "Fujitsu Level." A ranking reflects a multifaceted evaluation of a position's significance. After clarifying the roles, responsibilities, and authority of

a position as well as the skills and experience it requires, we assign an appropriate person to the position. Furthermore, as employees move up to positions with higher rankings, their bonuses become increasingly performance-based.

OCCUPATIONAL HEALTH AND SAFETY

Our Health and Safety Policy gives priority to protecting the physical and mental health of employees and ensuring their safety in all manner of business activities. In accordance with this policy and taking into account the situations of respective countries and regions, we will establish and provide workplace environments where everyone can work comfortably and safely.

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/>

Goals

What Fujitsu Aspires to Be

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.

- 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 positively 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.

Goals for Fiscal 2022

The Fujitsu Group will maintain a safe and comfortable working environment, and promote employees' mental and physical health in every workplace.

- KPIs**
- Zero occurrences of serious accidents
 - Implementing health and safety-related management reviews at the global level, conducted once a year

Promotion Framework

The Central Health and Safety Committee, consisting of the executives in charge of the Human Resources Unit and Health Promotion Unit, and representatives and others from the labor union, meets once per year to share information and report to management and those in charge at each location about the confirmed status of disasters that have occurred at business

sites, and to formulate Groupwide health and safety-related policies. Convened monthly, the health and safety committees of individual business sites and Group companies establish their own policies and take a range of different measures to create safe, healthy environments at operating bases.

Response to the COVID-19 Pandemic

In response to the COVID-19 pandemic and with the safety and health of employees as our first priority, we adopted remote working; held meetings online; prohibited non-essential long-distance business trips; and rigorously established environments where employees can work with peace of mind. Meanwhile, taking into consideration the physical and mental burden accompanying the increase in remote working, we have introduced 10-day fully paid special leave for all employees as well as family-support leave during which 80% of salaries are received by employees who have children 12 years of age and younger and other family members requiring care.

Also, we are implementing various other measures to protect the physical and mental health of employees and their families. For example, we are operating a help desk for inquiries regarding infection prevention; providing medical consultations at the Fujitsu Clinic in Kawasaki, Kanagawa Prefecture, for employees who are concerned about infection; disseminating a range of information through our intranet site; and enhancing care in relation to mental health.

For details on the Fujitsu Group's principal responses to the COVID-19 pandemic, please see pages 8–9.

ENVIRONMENT

Climate change is a global issue that affects society's sustainability, and is also closely linked to the circulation of water and other resources. Efforts to preserve the environment are indispensable to achieving Our Purpose. With this in mind, we will contribute to the realization of a sustainable society by reducing the environmental burden of our activities and minimizing risk throughout our value chain and by partnering with customers to tackle environmental issues.

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

Goals

What Fujitsu Aspires to Be

The Fujitsu Group will fulfill its social responsibilities as a global corporate environmental leader. We aim to contribute to achieving the 1.5°C climate change goal under the Paris Agreement and also to resolving environmental challenges through measures including the development of innovative solutions that make effective use of resources.

Goals for Fiscal 2022

Fulfill our social responsibilities and help to resolve environmental challenges

KPIs

- Reduce greenhouse gas emissions from Fujitsu facilities by using science-based targets equivalent to limiting global warming to 1.5°C
- 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

Initiatives for Achieving Target

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

The Fujitsu Group sets out environmental action plans to realize its medium- to long-term environmental vision*1 and to advance countermeasures for the pressing environmental issues that have emerged in the past several years. In fiscal 2019, we launched measures 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*2 for fiscal 2019.

*1 <https://www.fujitsu.com/global/about/environment/climate-energy-vision/>
 *2 <https://www.fujitsu.com/global/about/environment/action-plan/>

Stage IX Environmental Action Plan Targets for Fiscal 2020

Climate change	1. Reduce GHG emissions from business sites by more than 14% (compared to fiscal 2013); reduce GHG emissions by 2.1% year on year through voluntary efforts
	2. Improve power usage effectiveness of our datacenters by 2% or more compared to fiscal 2017
	3. Increase renewable energy usage by more than 20% compared to fiscal 2017
Resource circulation	4. Promote eco design for resource saving and circulation and increase resource efficiency of newly developed products by 25% or more (compared to fiscal 2014)
	5. Reduce amounts of waste generated by an average of more than 5% compared to fiscal 2012-fiscal 2014
	6. Maintain over 90% resource reuse rate of business ICT equipment
	7. Reduce total water usage by 1% compared to fiscal 2017
	8. Limit the release of chemical pollutants (PRTR) to less than the average of fiscal 2012-fiscal 2014
Supply chain	9. Reduce CO ₂ emissions due to power consumption during product usage by more than 14% (compared to fiscal 2013)
SDGs	10. Drive activities to reduce CO ₂ emissions and conserve water resources in the upstream supply chain
	11. Contribute to the achievement of the SDGs through ICT services



The fuel cell power generation system of Kumagaya Service Solution Center

SUPPLY CHAIN

In the Fujitsu Group, "corporate social responsibility (CSR) procurement" refers to responsible procurement that minimizes risks related to CSR. Throughout our supply chains, we aim to realize CSR procurement. To this end, we regularly check the progress of our procurement activities, support business partners in implementing or improving CSR procurement, and undertake the long-term entrenchment and ongoing enhancement of CSR procurement.

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

Goals

What Fujitsu Aspires to Be

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.

Goals for Fiscal 2022

The Fujitsu Group will achieve responsible procurement in its supply chain.

KPIs

- 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%)
- 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)

Our Approach

The Fujitsu Group's Procurement Policy calls for "working with our suppliers, fair and proper evaluation and selection of suppliers, and promotion of CSR-conscious procurement activities." Based on this policy, in 2017 we joined an international CSR-focused alliance, the Responsible Business Alliance (RBA). In the following year, the Group adopted the alliance's code of conduct as the Fujitsu Group CSR Procurement Guideline. We not only follow the guideline but also request that suppliers understand and comply with it.

Promotion Framework

Working with relevant divisions, the Global Supply Chain Unit promotes CSR procurement. As part of CSR procurement activities, we survey principal suppliers, conduct CSR audits if they do not meet standards, and support improvement efforts based on the findings of the audits.

Initiatives for Responsible Procurement

Reinforcement of Business Continuity Management

Based on our experience of the COVID-19 pandemic and frequent natural disasters, we have made advance preparations, such as compiling information on the manufacturing bases of all our suppliers, storing a certain amount of components, diversifying procurement sources of manufacturing components, and having multiple supplier bases manufacture products. In the event of an emergency, we determine all of the affected manufacturing bases of suppliers and products, review the effect on the manufacturing of our products and revise processes accordingly, determine the effect on delivery to customers and make adjustments as required, and minimize the impact on customers.

Responsible Procurement of Minerals

We have a policy of excluding from our products, components, and supply chains any minerals that may be associated with the furtherance of conflicts, which are known as "conflict minerals," as well as any minerals that have a high risk of association with forced labor or human rights violations. Also, the Fujitsu Group conducts fact-finding surveys pursuant to *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*. Through a system that is under the management of the Sustainability Management Committee and which includes the relevant in-house divisions, we conduct the aforementioned surveys, ensure the transparency of supply chains, and promote the responsible procurement of minerals. At the time of reporting we have information that requires further examination, and we are determined to ensure the transparency of supply chains.

COMPLIANCE

In the Fujitsu Group, the Risk Management & Compliance Committee, which is under the direct control of the Board of Directors and headed by the CEO, is responsible for overseeing Groupwide compliance at the global level based on the Policy on the Internal Control System.*¹ Together with the Chief Risk Management & Compliance Officer (CRCO), who is tasked with carrying out the committee's compliance-related policies and decisions, the committee established the Global Compliance Program (GCP).

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

*¹ "Policy on the Internal Control System"
<https://www.fujitsu.com/global/images/notice120b.pdf> (P2-7)

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

Goals

What Fujitsu Aspires to Be

The Fujitsu Group, from the perspective of maintaining and improving corporate value, recognizes that the installation and operation of an internal control structure, which includes compliance, is one of the most important aspects of management. The Fujitsu Group will disseminate the Fujitsu Way throughout the entire organization. Furthermore, the Fujitsu Group will be aware of a higher level of corporate ethics, which includes social norms in that scope, and will act with integrity in all of its business activities.

Goals for Fiscal 2022

To further disseminate compliance-related aspects of the Fujitsu Way Code of Conduct throughout the entire organization, the GCP is rolled out for the entire Fujitsu Group, thereby instilling a high level of compliance awareness in the organization, and management is to take the lead in fostering a corporate culture where each employee does not tolerate any wrongdoing (Zero Tolerance).



Deliver messages from the CEO or the Heads of each Business Group/Region on the importance of Compliance (at least once a year)

Fujitsu Way*² Code of Conduct

The Fujitsu Way contains a Code of Conduct, the fundamental principles that all Fujitsu Group employees should abide by, shown in the following figure. Fujitsu has also refined the Fujitsu Way Code of Conduct, developed Global Business Standards (GBS) in 20 different languages to serve as a guide

on legally compliant behavior for all Fujitsu Group-affiliated employees around the world, and applies GBS uniformly across the Fujitsu Group.

*² See the inside cover and page 1 of this report for details on the Fujitsu Way.



Global Business Standards

The Global Compliance Program

Fujitsu has formulated the GCP in order to implement and disseminate the Fujitsu Way Code of Conduct and GBS, and is working to maintain and improve the global legal compliance structure across the Fujitsu Group.

The GCP systematically organizes our various compliance-related activities into five pillars. While clarifying what items Fujitsu needs to address on a continual basis, the GCP also

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

The Global Compliance Program



Compliance Activities

1. Policies & Procedures	<ul style="list-style-type: none"> Each company in the Fujitsu Group has established internal rules and procedures necessary to ensuring compliance and promoting sustainable improvement in our corporate value. In particular, we issued guidelines that define the minimum requirements that the Fujitsu Group must meet in areas with significant impact on businesses, such as competition law, anticorruption, and security export control. Internal procedures such as third-party due diligence have been implemented that respond to risks, and continuous improvements are being made such as by standardizing the process within the Fujitsu Group or transferring to online systems.
2. Top Commitment & Resources	<ul style="list-style-type: none"> Fujitsu promoted top management's commitment to compliance through messages to employees and other communications. In this way, we are working to disseminate and implement the Code of Conduct and GBS throughout the Fujitsu Group. We have also assigned compliance representatives to each region and have formed a global network with each risk and compliance representative, in order to secure a structure to execute the GCP. In order to implement the GCP effectively throughout the Fujitsu Group, the compliance representatives at Fujitsu and Fujitsu Group companies hold meetings to share and discuss the execution of the GCP.
3. Training & Communication	<ul style="list-style-type: none"> Once a year, we provide e-learning courses regarding compliance for all executives and employees in the Fujitsu Group. We also provide e-learning and group training sessions for new employees, or for employees in different levels and departments. During Fujitsu Compliance Week, which is held every December, top managers send out messages to all Group employees to ensure further edification of the GCP.
4. Incident Reporting & Response	<ul style="list-style-type: none"> The Fujitsu Group operates the Compliance Line/Fujitsu Alert for both internal and external reports. The Compliance Line/Fujitsu Alert handles reports and provides consultations for all employees in the Fujitsu Group (including seconded, contracted, part-time or other short-term employees, temporary staff as well as retired employees). In addition, Group companies have their own internal reporting systems individually. Reports to Fujitsu Alert are accepted in 20 languages 24 hours a day, 365 days a year. We accept reports from suppliers of Fujitsu and Fujitsu Group companies in Japan from which products, services, software, and other goods are directly procured. The status of reports and consultations, as well as our responses to key compliance issues, is reported regularly to the Risk Management & Compliance Committee, the Board of Directors, and Audit & Supervisory Board members.
5. Monitoring & Review	<ul style="list-style-type: none"> The efficacy of the GCP is periodically checked and work is being done to continually improve it through risk assessments and audits as well as reviews by law firms and other external specialists. Fujitsu's headquarters compliance team conducts risk assessments by visiting Group companies outside of Japan with a high risk of corruption. Through interviews with executives and employees, as well as checks on internal policies and processes, the compliance team analyzes the potential compliance risks in local businesses and provides proposals and support to mitigate these risks.

COMMUNITY

Partnering with a variety of organizations and groups, the Fujitsu Group promotes initiatives that contribute to the development of local communities. By pursuing innovation with an emphasis on synergy with business activities, we will earn the trust of people worldwide and offer them sustained value. At the same time, our contributions to society will encourage employees to further develop their skills and take even greater pride in working for the Fujitsu Group.

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

Goals

What Fujitsu Aspires to Be

- 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.
- We will evaluate, analyze, and communicate the impact that our employees have made and offer greater value to society.

Goals for Fiscal 2022

Contributing to the transformation of both our corporate culture and mindset of employees



Rate of increase in the number of employees participating in social contribution activities related to social issues:
 10% increase compared to fiscal 2019 under the new normal

Our Approach

In regions worldwide, the Fujitsu Group has developed distinctive initiatives by working in cooperation with the residents of local communities, who are important stakeholders. Aiming to realize Our Purpose—which is at the core of the renewed Fujitsu Way—we will advance activities in each region in a more integrated manner and build trust with local communities on a more global scale. Further, concentrating on fields where it can take maximum advantage of the strengths of its corporate activities, the Fujitsu Group will enlarge value creation to address social issues.

Initiatives in Japan

Contributions to Local Communities through Sports

As part of its activities to benefit local communities, the Fujitsu Group hosts a wide variety of events for local residents, employees, and their families. For example, Fujitsu-affiliated athletes conduct sports experience events aimed at promoting health and enhancing children's athletic ability. In recent years, Fujitsu-affiliated Olympians have participated in meet-and-greet events designed to build momentum in the run-up to the Tokyo 2020 Olympic and Paralympic Games. With a view to promoting understanding of disabilities as well as increasing the popularity, broadening the base, and furthering appreciation of para-sports, we have also invited para-athletes who compete in various regions to facilitate para-sports experience events.



A wheelchair basketball workshop

Promotion Framework

Serving as a secretariat, the Sustainability Unit works with managers responsible for respective overseas regions to consider and finalize the overall framework and goals of the Fujitsu Group's community activities. As social conditions and in-house situations differ in each region, we develop specific activities on a regional basis, and the progress of these activities is shared periodically at meetings. Furthermore, we have built a system that compiles data on activities in each region so that managers in all regions can view the data, thereby enabling the sharing of issues and best practices.

Initiatives Overseas

Support for Neurodiversity

In the United Kingdom, we are working with the nongovernmental organization Autistica and the Alan Turing Institute on a pro bono project aimed at helping those with autism and their families live long, healthy, and happy lives. Tasked with collecting more information and overcoming the barriers that those with autism can face in private and public settings, the project will construct a platform whose participants will include civilian scientists.

The Wabi Sabi Project

Fujitsu's Global Delivery Center in Poland forms volunteer teams that conduct a variety of activities for the local community. Mainly comprising employees' children, these teams hold classes on the structure of computers, internet safety, and abacuses; consider solutions to social issues; and organize "hackathons."

Preservation of Indigenous Peoples' Knowledge and Culture

In Australia, we have provided our ScanSnap technology and a cloud hosting service to the Bawurra Foundation, which preserves Aboriginal and Torres Strait Islander knowledge and culture for future generations through the digital archiving of cultural treasures. In this way, the Fujitsu Group will support the passing on of indigenous peoples' cultural values, customs, and philosophy.



Scanning process for the digital archive

Collaboration with External Parties

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

The World Business Council for Sustainable Development

Since 2013, the Fujitsu Group has been advancing initiatives in accordance with the goals of the World Business Council for Sustainable Development (WBCSD).^{*1} From 2018, a Fujitsu representative has been appointed to the positions of WBCSD Executive Committee member and vice chair. In 2019, we participated in the People, Cities & Mobility, and Vision 2050 programs and discussed solutions to a broad range of social issues with other participating companies from a variety of

industries. Further, as an initiative for WBCSD-affiliated Japanese member companies, in November 2019 we hosted a CEO round-table to coincide with WBCSD CEO Peter Bakker's visit to Japan.

The World Economic Forum

Since the 2010s, we have participated in the World Economic Forum (WEF)^{*2} as an industry partner. Fujitsu's CEO and other senior executives attend the WEF's annual meetings and other assemblies and play active roles in a range of breakout sessions. The CEO and COO attended the WEF Annual Meeting in January 2020, participating in industry-specific meetings. Moreover, Fujitsu's CEO became a WEF board member.

^{*1} Established with the aim of realizing a sustainable society through business, the WBCSD has approximately 200 corporate affiliates worldwide.

^{*2} The WEF is an international body focused on improving conditions globally through private sector collaborations. Approximately 1,200 companies from around the world are affiliated with the body.

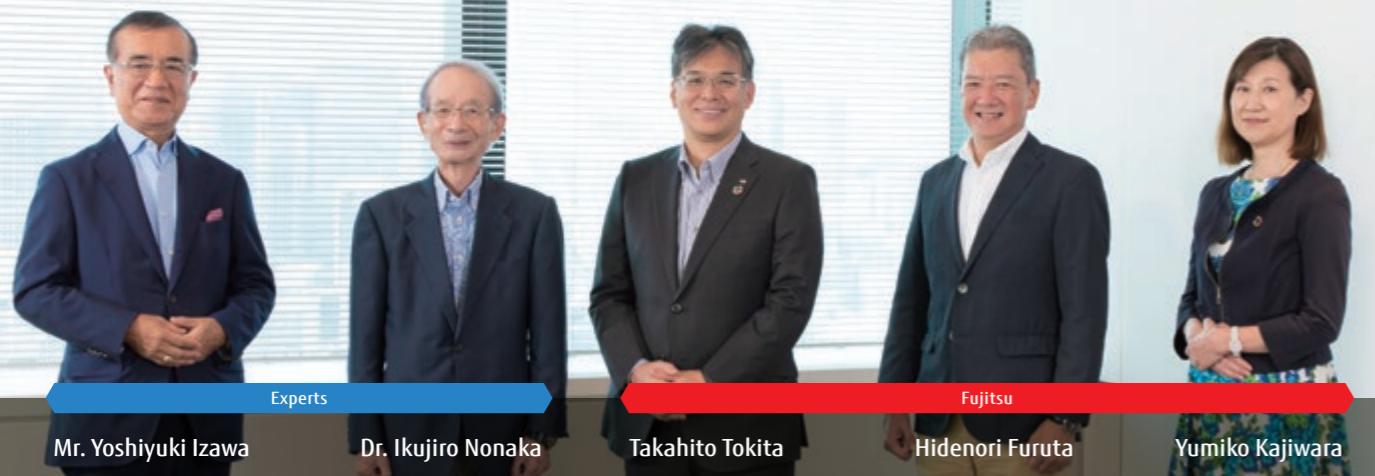
Response to the COVID-19 Pandemic

In response to the COVID-19 pandemic, since May the Fujitsu Group has been soliciting proposals from all employees on COVID-19 countermeasures and other initiatives that Fujitsu could implement to help stabilize society, as well as suggestions on initiatives that employees would like to tackle. As of September, we have received more than 100 proposals and examples of actual solutions for many different issues from regions around the world, including measures to prevent the spread of infection, measures to expand medical services, and

social and economic measures. These proposals consist of those that we have already utilized in providing solutions and those that we will realize and deliver to society going forward. By continuing the aforementioned efforts, the Fujitsu Group will heighten employees' awareness of medium- to long-term social issues.

For details on the Fujitsu Group's principal responses to the COVID-19 pandemic, please see pages 8–9.

STAKEHOLDER DIALOGUE



Experts



Dr. Ikujiro Nonaka
Professor Emeritus
Hitotsubashi University

Practice Narrative Strategy with an Empathetic Mind to Realize the Purpose

In an era of volatility and uncertainty, we should not be excessively mathematizing our daily lives. We all create meanings and value from direct experience. To create organizational knowledge demands the exercise of our subjectivity and corporeality. We aim at realizing a purpose based on the common good and begin to practice a certain "way of life" based on empathy arising from the interaction among us, things, and the environment.

The SECI* theory describes how organizational knowledge is created. This requires intellectual sparring based on the mutual and empathetic relationships with others with different qualities. Through truly earnest, meticulous discussion, organizational members pursue the concept of what is essential and put such concepts into practice. If something doesn't work, they reflect and try once again. This strategy is not about chasing certain key performance indicators and other numbers or figures based on typical, logical analysis, but rather about a "narrative" that dynamically gives context to a life story. A narrative strategy consists of a set of plots for creating the future and behavioral scripts for telling what to do. Unless the plot feels exciting and the script makes sense viscerally, the strategy will not inspire empathy and action in the organizational members. The current Fujitsu Way has these attributes.

To realize organizational innovation, I would like the Fujitsu Group to see analog and digital as a dynamic duality, rather than as a binary opposition, and pursue an overall harmony in a flexible way. The dynamic balance can be found through holistic and diligent thinking, rigorous intellectual dialogues, and relentless cycles of trial and error. There should be no negative second-guessing one another's intention, but the group ought to maximize the organizational agility in taking on challenges. Despite that we are living in the era of a "new normal," I would like Fujitsu to remain the vital force to energize Japan, passing on intellectual assets from the generations before and amplifying Fujitsu's knowledge spiral base to realizing its new purpose.

* SECI stands for Socialization, Externalization, Combination, and Internalization, which are the four recurring phases of knowledge conversion between tacit knowledge and explicit knowledge in the theory of organizational knowledge creation.



Mr. Yoshiyuki Izawa
Chairman & CEO
Representative Director
BlackRock Japan Co., Ltd.

Understand Capitalism's Qualitative Change and Enhance Sustainable Growth and Corporate Value Based on the Group's Purpose

Since 2018, the CEO of BlackRock, Inc., Laurence D. Fink, has been emphasizing the importance of business management with a purpose at its core. BlackRock's purpose is to help more and more people experience financial wellbeing, and on this foundation the company has established a mission and principles. Within the group, the CEO communicates a message based on the "One BlackRock" concept and cultivates a groupwide focus on realizing the purpose.

Companies are expected to sustain growth from a long-term perspective and enhance corporate value to the satisfaction of shareholders, employees, customers, local communities, and other stakeholders. As well as investment in equipment, facilities, and R&D, sustained growth requires investment in personnel, including the development of environments that enable employees to improve their capabilities and lead fulfilling day-to-day lives. As a result of the COVID-19 crisis, it is becoming more difficult than ever for the shares of companies that are less adept at implementing environmental, social, and governance (ESG) measures to receive favorable evaluations from investors. I feel that the establishment of a purpose by Fujitsu will steer it in a favorable direction with respect to long-term growth.

While monitoring developments in international society, it is important to anticipate the era during and after the COVID-19 pandemic based on an awareness of the accelerated rate at which capitalism is undergoing qualitative change. With respect to environmental issues, Japanese companies must take appropriate measures in response to climate change and must make their voices heard on the global stage. With societal factors growing in importance, society is seeking help with the digital transformation of education and medicine. Also, Japan-specific corporate governance that reflects the country's unique history and corporate culture is required.

The COVID-19 pandemic is significantly changing people's values. My hope is that the Fujitsu Group remains abreast of the dramatic changes in society and tackles ambitious new initiatives without deviating from a purpose-focused management approach.

Advancing Business Management through Dialogue with Outside Experts

Sustainability Management for the Realization of Our Purpose

In the Fujitsu Group, we host dialogues comprising external experts and members of our senior management team with the aim of utilizing diverse stakeholders' opinions to enhance business management. In May 2020, we announced that Our Purpose is "to make the world more sustainable by building trust in society through innovation." Two months later, we revised the Fujitsu Way, which establishes the values and code of conduct that serve as a compass for all of our employees worldwide. In our most recent dialogue with external experts, we received valuable suggestions concerning the indispensability of empathy for the realization of Our Purpose, the importance of taking into consideration all types of stakeholders, and how best to contribute to digital transformation in the context of the "new normal."

Fujitsu



Takahito Tokita
Representative Director
CEO, CXO

Create a Reference Model, Listen to Feedback from Customers and Society, and Make Society More Sustainable

With the COVID-19 crisis prompting the Fujitsu Group to make numerous changes to its businesses, all senior management team members and employees are united in their commitment to realizing Our Purpose by forming the Group itself into a reference model for society. One of our initiatives to fundamentally change business management will entail transforming into a company that seeks feedback from customers and society and takes action based on the facts. Fujitsu has grown as a business that has competence in particular industries. In realizing digital transformation, however, conducting business in a cross-industry fashion is essential.

Two experts have provided many valuable suggestions regarding what we must do. With these insights in mind, we will share our target profile Groupwide and launch a concerted effort to make society more sustainable.



Hidenori Furuta
Representative Director
COO, CTO
Head of Global Solutions Business
Head of International Regions

Consider Our Business Portfolio in Light of Our Purpose and Implement Digital Transformation Globally

Digital transformation on a scale assumed to take years to achieve has taken place in just the past few months. For instance, Fujitsu made remote working a reality for its employees only after getting the consent of customers and then devising mechanisms for involving partners.

Our Purpose includes the word "trust." The customers of Fujitsu will not follow it unless the Company itself sets an example. Putting our concepts into practice in our own operations will place us in a position to provide leadership to both customers and partners. Guided by the same purpose worldwide, as One Fujitsu, we will establish product commercialization processes that take into account core competence as well as our business strategies and business portfolio.



Yumiko Kajiwara
Corporate Executive Officer
Head of Diversity Promotion Office
Head of Sustainability Unit

Proceed through Cycles of Action Based on Our Values to Realize Our Purpose

We have set out aspiration, trust, and empathy as important values for all employees as they pursue initiatives to realize Our Purpose. In regard to the Fujitsu Way, Dr. Nonaka expressed the importance of revisiting the past in order to create new paradigms. Retrospective examination reveals that these three values are at the core of our DNA. In a new era, invoking this set of values as a guide for cycles of our action, we will be accepted by society and this will lead us to the realization of Our Purpose.

As remote working has become the mainstay workstyle due to COVID-19, striking a balance between the values of the real world, including trust between people built upon the five senses, and of the digital world is important. I believe that digital transformation should be carried out in conjunction with the acceleration of a sustainable society such as decarbonization.

Our recent dialogue with external experts furnished us with numerous thought-provoking suggestions concerning the importance of creating empathy through consideration for the priorities of diverse stakeholders. In the world of the "new normal," Fujitsu will revolutionize business

management by becoming a leading reference model for transformation and by welcoming feedback from customers and society. In light of the expert opinions we have received, we will boldly take on the challenge of realizing Our Purpose globally as One Fujitsu.

MANAGEMENT

(As of October 1, 2020)

EXECUTIVE DIRECTORS


Takahito Tokita

Representative Director
CEO, CDO
Number of years as director: 1
Number of Fujitsu shares held: 1,000*¹

Born: September 2, 1962
Apr. 1988 Joined the Company
Jun. 2014 Head of Financial Systems Unit
Apr. 2015 Corporate Executive Officer
Jan. 2019 EVP, Head of Global Delivery Group
Mar. 2019 SEVP
Jun. 2019 Representative Director and CEO*²
Chairman of the Risk Management & Compliance Committee*²
Oct. 2019 Chief Digital Transformation Officer (CDXO)*²


Hidenori Furuta

Representative Director
COO, CTO
Number of years as director: 1
Number of Fujitsu shares held: 1,453*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, EVP, Head of Digital Services Business
Jan. 2019 SEVP, Head of Technology Solutions Business*²
Chief Technology Officer (CTO)*²
Jun. 2019 Representative Director and Chief Operating Officer (COO)*²
Apr. 2020 SEVP, Head of Global Solutions Business*²


Takeshi Isobe

Director
CFO
Number of years as director: Newly appointed
Number of Fujitsu shares held: 60*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*²
Jun. 2019 Chief Financial Officer (CFO)*²
Apr. 2020 Corporate Executive Officer, SEVP
Jun. 2020 Director and Corporate Executive Officer, SEVP*²


Atsushi Abe

Director
Managing Partner, Senior Advisor, Sangyo Sosei Advisory Inc.
Number of years as director: 5
Number of Fujitsu shares held: 2,405*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


Yoshiko Kojo

Director
Professor, Department of International Politics, Aoyama Gakuin University School of International Politics, Economics and Communication
Number of years as director: 2
Number of Fujitsu shares held: 509*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
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

NON-EXECUTIVE DIRECTORS


Masami Yamamoto

Director
Senior Advisor
Number of years as director: 10
Number of Fujitsu shares held: 17,341*¹

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


Jun Yokota

Director
Outside Director, KANEKA CORPORATION
Number of years as director: 6
Number of Fujitsu shares held: 815*¹

Born: June 26, 1947
Apr. 1971 Joined the Ministry of Foreign Affairs
Jan. 1998 Deputy Director-General, Economic Affairs Bureau
Jun. 2002 Consul-General of Japan in Hong Kong
Apr. 2004 Ambassador Extraordinary and Plenipotentiary to the State of Israel
May 2009 Ambassador Extraordinary and Plenipotentiary to the Kingdom of Belgium
Oct. 2012 Ambassador Extraordinary and Plenipotentiary in charge of Economic Diplomacy and of Reconstruction Assistance to Iraq (until January 2014)
Jun. 2014 Special Advisor to the Chairman of Keidanren (until May 2018)
Jun. 2014 Director*²
Jul. 2014 Member of the Executive Nomination Committee (until June 2019)
Member of the Compensation Committee*²
Jul. 2019 Chairman of the Executive Nomination Committee*²
Jun. 2020 Outside Director, KANEKA CORPORATION*²


Chiaki Mukai

Director
Specially Appointed Vice President of Tokyo University of Science
Number of years as director: 5
Number of Fujitsu shares held: 2,798*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)
Apr. 2000 Visiting Professor of the Department of Surgery, Keio University School of Medicine*²
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
Member of the Compensation Committee (until June 2018)
Jan. 2017 Chair of the Scientific and Technical Subcommittee, UN Committee on the Peaceful Uses of Outer Space (COPUOS) (until January 2018)
Apr. 2018 Special Counselor of the JAXA*²
Jul. 2018 Chairperson of the Compensation Committee*²
Mar. 2019 Outside Director, Kao Corporation*²


Scott Callon

Director
Chief Executive Officer, Ichigo Asset Management, Ltd.
Number of years as director: Newly appointed
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 2015)
May 2015 External Director, Chiyoda Co., Ltd. (until May 2020)
Mar. 2020 Chairman and Representative Director, Japan Display Inc.*²
Jun. 2020 Director*²

*¹ Number of shares held as of March 31, 2020
*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.

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 and CEO, CDO

Takahito Tokita

Representative Director and COO, CTO

Hidenori Furuta

Director and CFO

Takeshi Isobe

Corporate Executive Officers

Naoyoshi Takatsuna

Hideki Kiwaki

Masaki Kubota

Ryuji Kushida

Katsumi Nakano

Junichi Saito

Hirohisa Yamaguchi

Kazuo Yuasa

Megumi Shimazu

Takayuki Sunada

Isamu Yamamori

Tsuneo Hayashi

Izumi Nagahori

Shunsuke Onishi

Hiroki Hiramatsu

Yuzuru Fukuda

Takeshi Horie

Kyoko Mizuguchi

Shingo Mizuno

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.

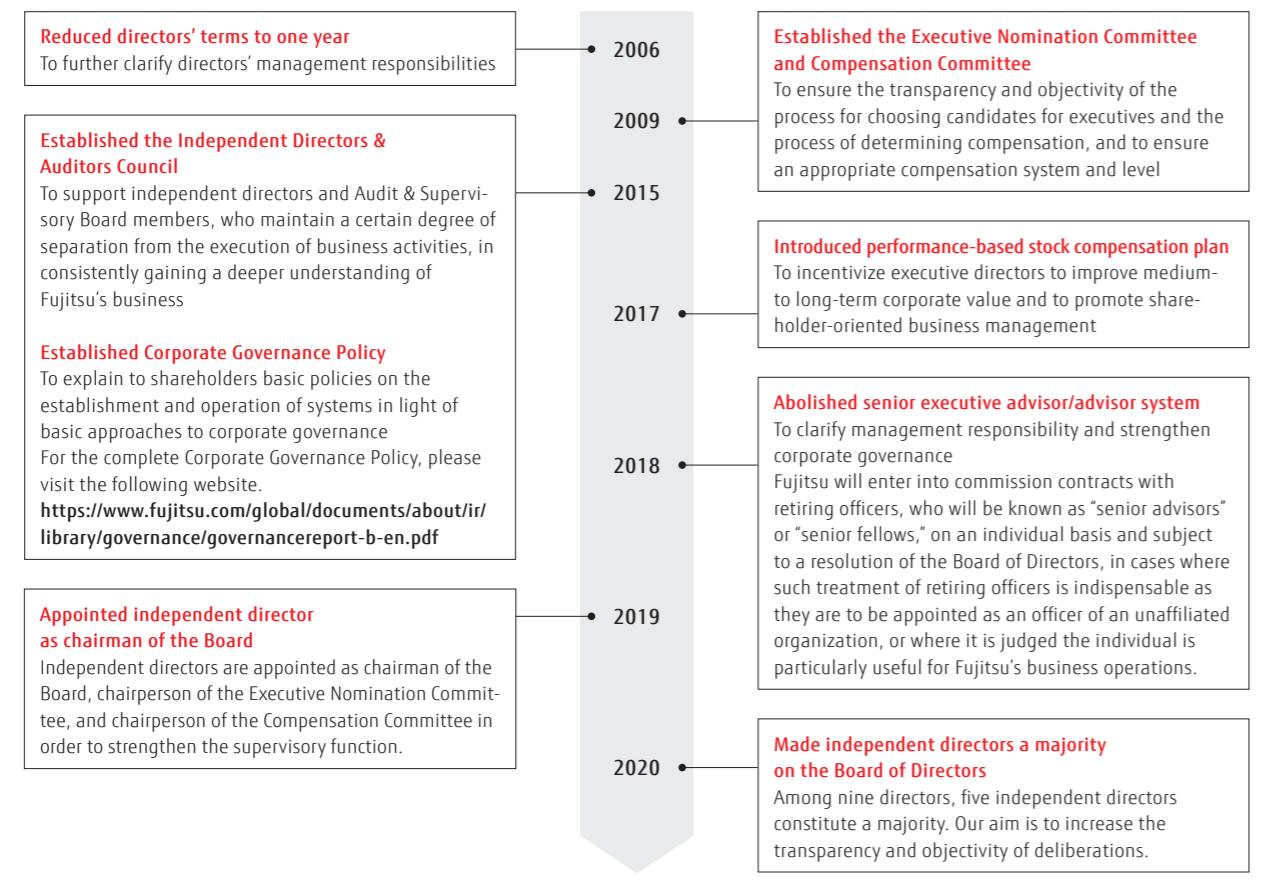
Structural Framework

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/documents/about/ir/library/governancereport-b-en.pdf>

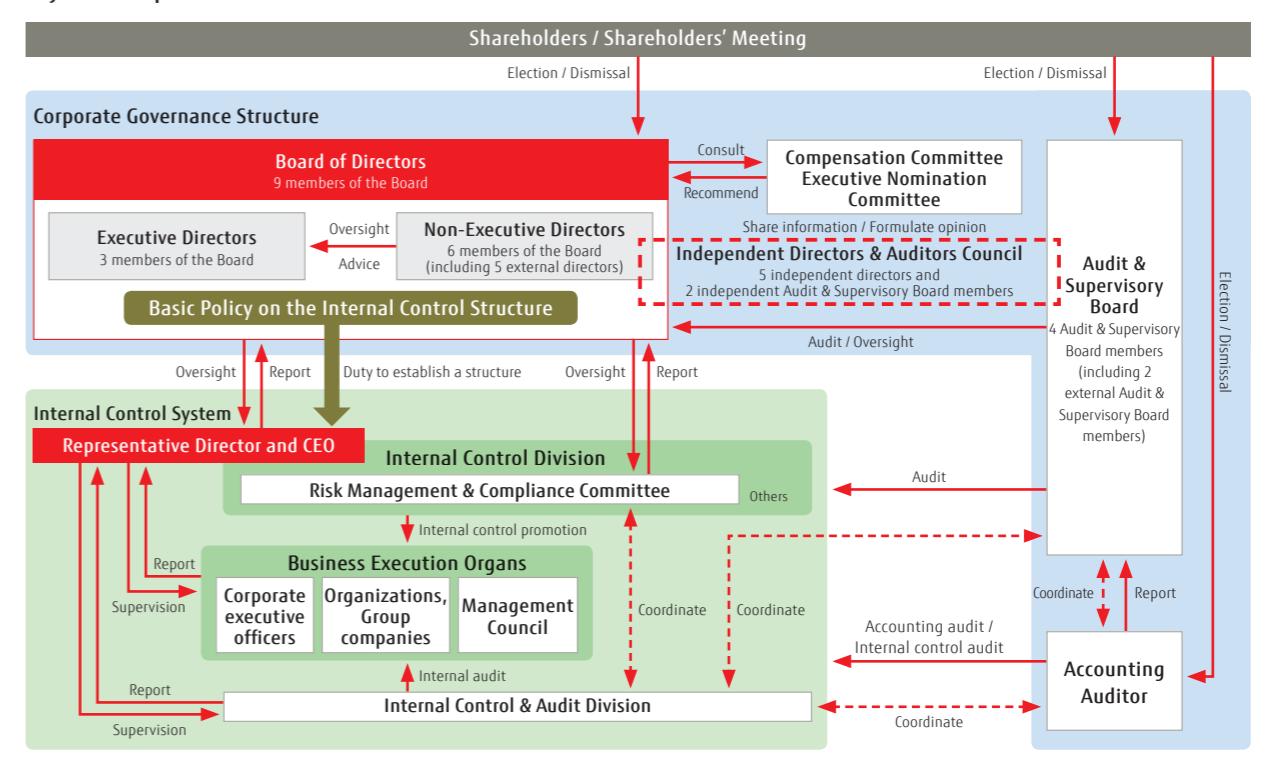
In addition, for details on corporate governance, please visit the Fujitsu website (About Fujitsu > Sustainability > Corporate Governance):
<https://www.fujitsu.com/global/about/csr/governance/>

Initiatives Taken to Strengthen Corporate Governance



1. Overview of Corporate Governance Structure

Fujitsu's Corporate Governance Structure



Roles and Composition of Key Boards, Committees, and Councils

Board of Directors	<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 22, 2020, the Board of Directors is composed of nine members, of whom three are executive and six are non-executive directors (including five external directors). The Board of Directors is chaired by an independent director.
Audit & Supervisory Board	<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 22, 2020, 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.
Executive Nomination Committee and Compensation Committee	<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 30, 2020, both committees are composed of three independent directors. (For details on committee members, please see "Members of the Board of Directors and Audit & Supervisory Board" on page 58.) As of July 30, 2020, both committees are chaired by independent directors.
Independent Directors & Auditors Council	<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 Is composed of all of the 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 one of Fujitsu Group companies^{*1};
- (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^{*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 of Fujitsu.

b A person who does not have a close relative^{*7} will be independent, wherein a close relative meets one of the following, at present or at any time within the preceding three years:

- (1) Executive director, non-executive director,^{*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 companies" means Fujitsu Limited and its subsidiaries.

*2 This excludes the independent directors and the independent Audit & Supervisory Board members of said major shareholders, lenders to the Company, and business partners of the Company.

*3 "Major shareholder" indicates a shareholder 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.

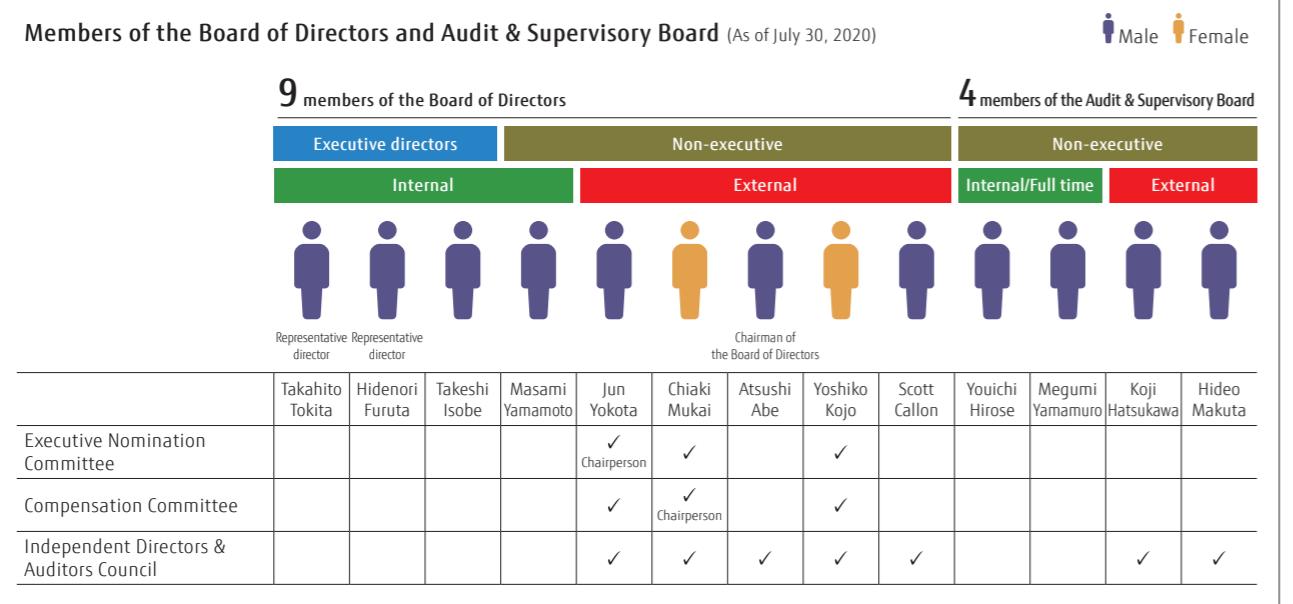
*5 "Significant amount of monetary benefits" means the sum of annual compensation for expert services and a donation equal to or more than ¥10 million.

*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 30, 2020)



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 appointed statuses of external directors and external Audit & Supervisory Board members are as follows:

External Directors

	Jun Yokota Mr. Jun Yokota is an expert in international economic negotiations and brings a global perspective to political and economic discussion, having served as Japan's ambassador to Israel and Belgium, and as Special Representative of the Government of Japan in charge of the Japan-EU Economic Partnership Agreement negotiations. Since becoming the chairman of the Executive Nomination Committee in 2019, he has been leading discussions on the qualifications required for candidates for director with the aim of optimizing the composition of the Company's Board of Directors. The Company expects Mr. Yokota to continue to be able to provide oversight and advice as an external director from a fair and objective global perspective based on his past experiences. Mr. Yokota has never been a major shareholder, nor has he held a position involved in business execution of a major business partner of the Company. Therefore, Fujitsu considers Mr. Yokota to be independent.
	Chiaki Mukai 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 2019 amounting to approximately ¥13 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.
	Atsushi Abe 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. Since he became chairman of the Board of Directors in 2019, 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.
	Yoshiko Kojo 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.
	Scott Callon 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 and representative director, had business transactions in fiscal 2019 amounting to approximately ¥330 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.

External Audit & Supervisory Board Members

	Koji Hatsukawa 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 and broad knowledge of corporate accounting. PricewaterhouseCoopers Arata (currently, PricewaterhouseCoopers Arata LLC), where Mr. Hatsukawa served as CEO, has not performed accounting audits for Fujitsu. Fujitsu and PricewaterhouseCoopers Arata had business transactions in fiscal 2019 amounting to approximately ¥60 thousand. 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 Mr. Hatsukawa to be independent.
	Hideo Makuta 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 him to be independent.

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 (eight times in fiscal 2019), and its members share information and exchange viewpoints so that each member can formulate their own opinions. In fiscal 2019, agenda items discussed by the council included Management Direction, human resources development, and the scope of business of the Company and the Group, and independent directors and Audit & Supervisory Board members formed opinions in light of information sharing and exchanges of opinion among the council members. In particular, the Independent Directors & Auditors Council discussed Management

Direction and strategies and their principal attendant measures for growth on multiple occasions. 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.

With respect to the operation of the Board of Directors, important agenda items that have been deliberated at meetings of the Board of Directors and which have a particularly significant impact on the Company are compiled into a list of matters whose progress is to be continuously monitored, and the Board of Directors receives reports based on this list as required. Also, in June 2019 Independent Director Atsushi Abe was appointed chairman of the Board of Directors, and redoubled efforts are being made to strengthen management oversight functions and to cultivate deliberations in which transparency and objectivity are ensured.

3. Policy for Deciding Executive Compensation

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

Executive Compensation Policy

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

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

Base Compensation

Base compensation is paid to all directors and Audit & Supervisory Board members. A fixed monthly amount shall be determined for each executive in accordance with the position and responsibilities of each executive.

Bonuses

- Bonuses shall be paid to directors who carry out executive responsibilities. The 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.

(Reference) Executive Compensation Items and Payment Recipients

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

4. Policy for Strategic Shareholdings

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

and discuss the continuation of such holdings. For fiscal 2019, the Company sold 53 issues, and the Board of Directors' meeting, held on June 18, 2020, discussed strategic shareholdings held by the Company as of the end of fiscal 2019.

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

5. 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 our publicly listed subsidiaries make efforts to enhance corporate governance and provides support for these efforts. We recommend our listed subsidiaries 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 as well as the audit method of the accounting auditor and the appropriateness of the audit results 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.

The 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. The 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 59.)

Internal Audits

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

The Internal Control & Audit Division includes a significant number of employees with specialist internal auditing knowledge, including certified internal auditors (CIA), certified information systems auditors (CISA), and certified fraud examiners (CFE).

Accounting Audits

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

Internal Control System

Internal Control Division

Based on the Basic Policy on Establishing an Internal Control Structure, the Risk Management & Compliance Committee 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 2019

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 2019.

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
13 (1)	9	100% Mr. Jun Yokota: 100%; Dr. Chiaki Mukai: 100%; Mr. Atsushi Abe: 100%; Dr. Yoshiko Kojo: 100%
Attendance of external Audit & Supervisory Board members at Board of Directors' meetings	Attendance of external Audit & Supervisory Board members at Audit & Supervisory Board meetings	Mr. Megumi Yamamuro: 100%; Mr. Hiroshi Mitani: 100%; Mr. Koji Hatsukawa: 100% 96.3% Mr. Megumi Yamamuro: 100%; Mr. Hiroshi Mitani: 100%; Mr. Koji Hatsukawa: 88.9%

Details of Remuneration

Position	Number of Recipients	Remuneration Type			Total Amount of Compensation
		Base Remuneration	Bonuses	Performance-based Stock Compensation	
Directors (Internal)	7	¥314 million	¥108 million	¥55 million	¥478 million
External directors	4	¥71 million	—	—	¥71 million
Audit & Supervisory Board members (Internal)	2	¥72 million	—	—	¥72 million
External Audit & Supervisory Board members	3	¥45 million	—	—	¥45 million

Notes: 1. The above includes directors and Audit & Supervisory Board members who resigned in fiscal 2019.

2. The limit on monetary compensation to directors (including external directors) was resolved to be ¥600 million per year at the 106th Annual Shareholders' Meeting held on June 23, 2006; the limit on non-monetary compensation to directors was resolved to be ¥300 million per year; and the total number of shares of common stock of the Company to be allocated was resolved to be within 430,000 shares per year at the 117th Annual Shareholders' Meeting held on June 26, 2017. The limit on compensation to Audit & Supervisory Board members (including external Audit & Supervisory Board members) was resolved to be ¥150 million per year at the 111th Annual Shareholders' Meeting held on June 23, 2011. The Company is paying the compensation shown in the above table, which is within these limits.

3. Performance-based stock compensation shows the amount that was recorded as expenses in the fiscal year ended March 31, 2020.

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.

Action taken in fiscal 2019 based on the evaluation of fiscal 2018

Arrangements were made following fiscal 2018 to help increase report efficiency, such as monthly results reports, which would enable the Board of Directors' meetings to spend more time on the discussion of matters that should be focused on. Additionally, independent directors and auditors continued to hold meetings of the Independent Directors & Auditors Council in an effort to facilitate exchange of information and formulation of opinions between them.

Fiscal 2019 evaluation method

In the evaluation of fiscal 2019, considering that Independent Director Abe took up the post of chairman of the Board of Directors, an anonymous questionnaire to assess the position was conducted in February 2020 to hear opinions from the members of the Board. Additionally, in June 2020, an anonymous questionnaire with a five-grade evaluation was conducted as an appraisal of the effectiveness of the Board of Directors as a whole. The opinions of each questionnaire were respectively reported in regularly scheduled meetings of the Board of Directors followed by discussions on the results. When discussing the evaluation of the effectiveness of the Board of Directors as a whole in June, evaluation of the Board of Directors of the Company from proxy advisory firms was also reported.

Fiscal 2019 evaluation

- Although some improvements in materials for Board of Directors' meetings were observed, there is room for improvement in the method of information provided and the volume of the materials.
- It is important to further enhance opportunities to obtain information and to communicate outside of the Board of Directors' meetings, including the Independent Directors & Auditors Council. As a new initiative, following meetings of the Board of Directors and meetings of the Independent Directors & Auditors Council, private sessions primarily attended by independent directors and auditors should be held as required so that discussions, exchanges of opinion, and liaisons that were not fully accomplished at the meetings can be conducted, thereby enhancing communication among independent directors and auditors.
- With respect to those issues that, among the Group's important issues, should be deliberated in greater depth, it is important to continue and to strengthen initiatives that enable meetings of the Board of Directors to proceed in an effective, efficient manner that is premised on the prior utilization of the aforementioned opportunities.

DISCLOSURE PURSUANT TO THE RECOMMENDATIONS OF THE TCFD*

* Established by the Financial Stability Board at the request of the G20, the Task Force on Climate-related Financial Disclosures (TCFD) works to reduce the risk of climate change-related instability in financial markets.

Protection of the environment represents one of the Fujitsu Group's most important management tasks. Climate change is especially posed to significantly affect society's sustainability. As a provider of ICT products and services that consume power, the Fujitsu Group views climate change as both a risk and as an opportunity to provide services that support mitigation and adaptation. For these reasons, we consider climate change countermeasures to be a major component of sustainability management.

Governance

Items	Details	Related Information
The Board's oversight of climate-related risks and opportunities	Under Fujitsu's system for promoting sustainability management, the Sustainability Management Committee, chaired by the representative director and CEO, analyzes medium- and long-term issues, establishes policies, shares the risks and opportunities arising from climate change, determines countermeasures, and manages their progress. Further, the committee reports its findings to the Board of Directors via meetings of the Management Council.	Corporate Governance P56-63 Risk Management P66-67
Management's role in assessing and managing climate-related risks and opportunities	In addition, as part of Groupwide risk management efforts, the Risk Management & Compliance Committee, also chaired by the representative director and CEO, analyzes and responds to climate change risks and other Groupwide risks under the supervision of the Board of Directors. As the Group's highest decision-making body with respect to risk management, this committee periodically provides reports on the significant risks it has identified, analyzed, and assessed to the Board of Directors. In the aforementioned committees, the representative director and CEO serves as the chair, while executives act as committee members. The Fujitsu Group has additionally built an environmental management system based on ISO 14001. Under this system, the Board of Directors receives reports from the Management Council, which makes final decisions on climate change-related strategies.	Environmental Management System (Sustainability Databook 2020 P5-3-1-2 to 3) CDP Climate Change response (C1)

Strategy

Items	Details	Related Information
Climate-related risks and opportunities the organization has identified over the short, medium, and long term	Utilizing a 2°C scenario, the Fujitsu Group conducts scenario analysis of the period through 2050. This has led to the identification of the risks and opportunities shown in the table below. ICT products and services that can contribute to climate change mitigation and adaptation measures provide opportunities to increase sales. Physical risks and legal risks could give rise to operational costs by requiring the implementation of measures in the Group's operations and supply chains. For details on measures in response to risks, please refer to the related information.	Countermeasures to Climate Risk (Sustainability Databook 2020 P5-3-1-7 to 11)
Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	With the aim of realizing the aforementioned opportunities, responding to risks, and reducing its CO ₂ emissions to zero, the Fujitsu Group has established a medium- to long-term environmental vision, which sets out measures focused on utilizing ICT for climate change mitigation and adaptation. Measures based on this vision contribute to the Group's strategic resilience.	Medium- to Long-term Environmental Vision (Sustainability Databook 2020 P5-3-2-1 to 3) CDP Climate Change response (C2, C3)
Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		

Risks and Opportunities	Details
Policy and legal risks	The risk of incurring higher costs as a result of responding to stricter laws and regulations on greenhouse gas emissions and energy use (carbon tax, etc.) and the risk of diminished corporate value in the event of a violation
Technology risks	The risk of unrecovered investments or market share decline if the Company lags behind in fierce competition to develop technologies (energy-saving performance, etc.) for a carbon-free society
Market risks	The risk of losing business opportunities if products and services do not meet energy-saving performance needs
Reputation risks	The risk of a decline in corporate value or an increase in response costs associated with stakeholders' negative assessment of the progress of climate change countermeasures (renewable energy introduction percentage, etc.)
Product and service opportunities	The opportunity to increase sales by providing low-power-consumption products (high-performance computers, etc.) or services that contribute to climate change mitigation or adaptation (mathematical optimization technologies, AI-enabled planning services for disaster prevention and disaster recovery, etc.)
Market opportunities	The acquisition of new market opportunities by applying ICT to create climate change countermeasures (utilization of AI to enhance energy efficiency, utilization of super computers for various types of simulations, utilization of blockchain technology to adjust energy supply and demand, etc.)

Risk Management

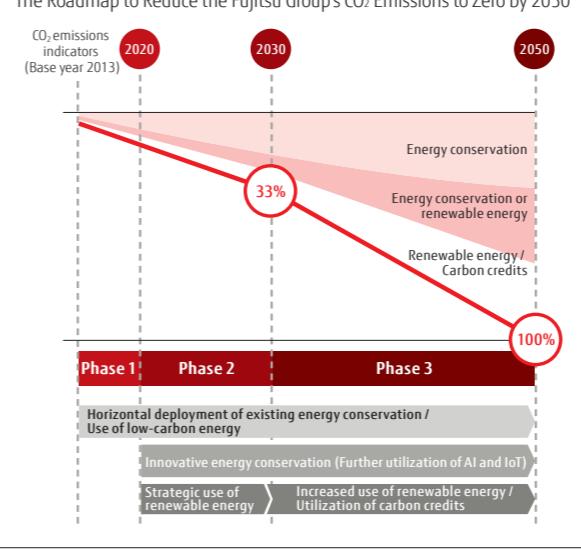
Items	Details	Related Information
Organization's processes for identifying and assessing climate-related risks	In the context of the Companywide risk management system, the Risk Management & Compliance Committee identifies, classifies, assesses, and manages Groupwide risks, including climate change risks. To facilitate the periodic implementation of standardized Companywide risk assessments, this committee prepares tools, distributes them to respective risk and compliance officers, and collects responses. Each risk department across the entire Company uses this tool to conduct risk assessment on items such as "severity" (the degree of impact), "likelihood" (the likelihood of occurrence), and the status of countermeasures, and to report on risk threats. With regard to risk assessment related to climate change, the relevant departments carry out risk assessment with reference to the expertise of respective divisions and units in such areas as policy, reputation, natural disasters, supply chains, products and services, using information collected from the entire Company. Using the results of assessments that divisions and units provide in response to its requests, the Risk Management & Compliance Committee conducts unified matrix analysis of "severity" (the degree of impact) and "likelihood" (the likelihood of occurrence) of risks, thereby identifying high-priority risks on a Companywide level. The results of the committee's analysis are reported to the Board of Directors.	Risk Management P66-67 CDP Climate Change response (C2)
Organization's processes for managing climate-related risks		
Processes for identifying, assessing, and managing climate-related risks that are integrated into the organization's overall risk management	The Sustainability Management Committee shares climate change business risks, opportunities, and countermeasures and conducts progress management. Furthermore, the Group has built an environmental management system based on ISO 14001. Under this system, compliance with laws and regulations and other risks are monitored.	

Metrics and Targets

Items	Details	Related Information
Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	The Fujitsu Group views reducing GHG emissions and introducing renewable energy as important countermeasures for mitigating climate change risks. Also, we believe that incorporating the innovative energy-saving technologies that we create will lead to the acquisition of climate-related opportunities. For these reasons, we have set out GHG emissions and the renewable energy introduction percentage as indicators. We establish medium- to long-term objectives that are in line with Science Based Targets initiative (SBTi) certification and with RE100 membership. Meanwhile, we prepare Fujitsu Group environmental action plans to set short-term targets. We monitor the indicators associated with these targets, conduct progress management in relation to strategies, and conduct risk management.	Medium- to Long-term Environmental Vision (Sustainability Databook 2020 P5-3-2-1 to 3)
Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	The tables on the lower right show the Fujitsu Group's GHG emission reduction results and targets, respectively. The chart on the lower left is an overview of the roadmap and measures that the Fujitsu Group will follow in reducing its CO ₂ emissions to zero.	Environmental Action Plans (Sustainability Databook 2020 P5-3-3-1 to 3)
Targets used by the organization to manage climate-related risks and opportunities and performance against targets		

The Fujitsu Group's CO₂ Emission Reduction Targets

The Roadmap to Reduce the Fujitsu Group's CO₂ Emissions to Zero by 2050



Items	Fiscal 2019 GHG Emission Results
Scope 1	87,000 kt-CO ₂ e
Scope 2 (Location-based / Market-based)	715,000 kt-CO ₂ e / 663,000 kt-CO ₂ e
Scope 3 (Category 1 / Category 11)	1,436,000 kt-CO ₂ e / 3,791,000 kt-CO ₂ e

Items	Targets	Fiscal 2019 Results
Reducing our own GHG emissions* ¹ (short term/medium term/long term)	Reduction of 14% by 2020* ² Reduction of 33% by 2030* ² Reduction of 80% by 2050* ^{2,3}	35.3% reduction
Reducing GHG emissions across the value chain* ¹ (medium term)	Reduction of 30% by 2030*	36.2% reduction
Renewable energy introduction percentage (medium term/long term)	Introducing 40% by 2030 Introducing 100% by 2050	8.4% introduction

*1 vs. 2013
*2 Scope 1 + Scope 2
*3 Excluding carbon credits
*4 Scope 3 Category 1 + Category 11

RISK MANAGEMENT

Our Approach to Risk Management

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

Development of Our Risk Management and Compliance Structure

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

This committee acts as the highest-level decision-making body on matters involving risk management and compliance.

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

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

Risk Management and Compliance Structure



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, product defect, system or service problem, compliance violation, information security breach, or an environmental problem, the division or Group company concerned reports immediately to the Risk Management & Compliance Committee.

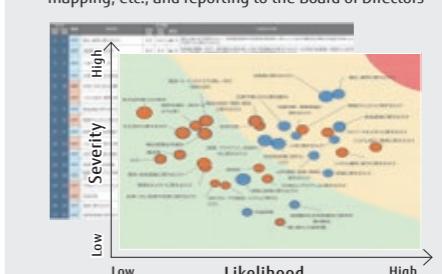
This committee then coordinates with the related divisions and work sites to quickly resolve the problem by taking appropriate steps, such as establishing a task force. At the same time, the committee works to identify the causes of the problem and proposes and implements measures to prevent any recurrence. 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.

Risk Management Process

The Risk Management & Compliance Committee identifies, analyzes, and assesses risks for all Fujitsu business divisions and Group companies in Japan and other countries, focusing on 33 major risks in the Fujitsu Group.

No.	Risk Categories	Severity	Likelihood
1	Business trends		
2	Customer trends		
3	Competitor trends		
4	Information security		
5	Compliance		
⋮			
33	Environment/Climate change		

Visualization of major risk importance through ranking, mapping, etc., and reporting to the Board of Directors



Handle materialized risks

- Rapid escalation
- Rapid response by multiple divisions to minimize impact
- Propose and implement measures to prevent recurrence

Regular checking on progress and improvement

Implement measures to avoid, mitigate, transfer, and accept risks in all Fujitsu business divisions and Group companies in Japan and other countries

Monitoring, review, and ongoing improvement

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.

Responding to the spread of COVID-19, and to maintain the safety of its customers, suppliers and employees, 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, switching internal company meetings and events to videoconference format or other web-based sessions, and putting in place a set of countermeasures in cooperation with customers and government agencies in Japan and elsewhere. Through such measures, our goal is to maintain key business operations and meet our social responsibilities even while the infection remains uncontained.

For details on the Fujitsu Group's main responses to the COVID-19 pandemic, please see pages 8–9.

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 2020*, disclosed on the following website.
<https://www.fujitsu.com/about/csr/riskmanagement/>

Main Business Risks

- Economic and financial market trends
- Deficiencies or flaws in products and services
- Customers
- Competitors and the industry
- Investment decisions and business restructuring
- Suppliers, alliances, etc.
- Public regulations, public policy, and tax matters
- Human resources
- Fujitsu Group facilities and systems
- Environment

INFORMATION SECURITY

Ensuring Information Security

Bearing in mind that ICT constitutes a fundamental part of the Fujitsu Group's business, we maintain Groupwide information security, while proactively striving to secure and improve customers' information security with our products and services. In this way, we 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 2019*: https://www.fujitsu.com/global/imagesgig5/security-2019_en.pdf

Information Security Policy

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

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

^{*1} Complete text of the Fujitsu Group Information Security Policy (Global Security Policy): https://www.fujitsu.com/global/imagesgig5/InformationSecurityPolicy_en.pdf

Information Security Management Organization (As of September 1, 2020)



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

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

The basic concept of information security measures at the Fujitsu Group incorporates "defense in depth." This refers to multilayer protection via multiple measures, instead of seeking protection through a single measure. Defense in depth has three objectives: 1) to prevent attacks by establishing a

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

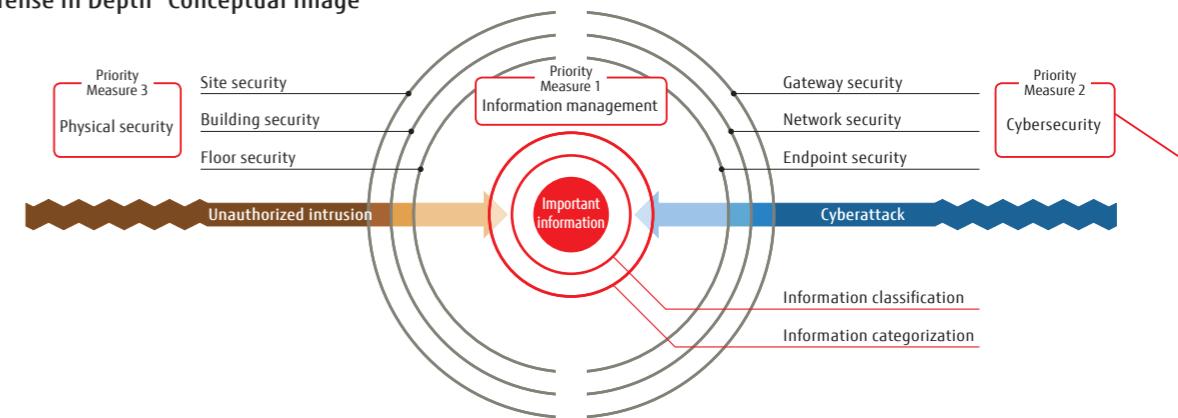
^{*2} Keidanren's Declaration of Cyber Security Management (Link to Keidanren website): <https://www.keidanren.or.jp/en/policy/2018/018.pdf>

^{*3} The Fujitsu Declaration on Cybersecurity https://www.fujitsu.com/global/documents/about/csr/security/Cybersecurity_declaration.pdf

Structure of Information Security Management

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

"Defense in Depth" Conceptual Image



Cybersecurity

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

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

Protection of Personal Information

As part of our efforts to protect personal information, Fujitsu acquired the PrivacyMark^{*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 cooperate with overseas regions and others to develop various internal rules and guidelines related to the protection of individual rights in response to the GDPR. We have also made check sheets for our design and initial setting. Furthermore, we have updated the operation process in accordance with such internal rules and guidelines and have held employee training sessions.

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

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

^{*5} The GDPR (EU regulations requiring companies, organizations, and groups to protect personal data) was enacted in May 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.

*1 Capital expenditure and depreciation do not include the effect of adopting IFRS 16 (Leases).

*2 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.

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

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

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

Fiscal years ended March 31											Billions of yen	Year-on-year change (%)
	2011	2012	2013	2014	2014 (IFRS)	2015 (IFRS)	2016 (IFRS)	2017 (IFRS)	2018 (IFRS)	2019 (IFRS)	2020 (IFRS)	2020 (IFRS)/2019 (IFRS)*5
FINANCIAL DATA												
Net sales (revenue)	¥4,528.4	¥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	-2.4
Net sales (revenue) outside Japan	1,587.3	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	-14.4
Percentage of sales outside Japan (%)	35.1	33.7	34.2	37.8	37.8	39.6	40.0	35.4	36.8	36.3	31.8	
Operating profit	132.5	105.3	88.2	142.5	147.2	178.6	120.6	117.4	182.4	130.2	211.4	62.4
Operating profit margin (%)	2.9	2.4	2.0	3.0	3.1	3.8	2.5	2.8	4.5	3.3	5.5	
Net profit (loss) (profit (loss) attributable to owners of the parent)	55.0	42.7	(79.9)	48.6	113.2	140.0	86.7	88.4	169.3	104.5	160.0	53.1
Cash flows from operating activities	¥ 255.5	¥ 240.0	¥ 71.0	¥ 175.5	¥ 176.5	¥ 280.1	¥ 253.0	¥ 250.3	¥ 200.4	¥ 99.4	¥ 347.2	249.3
Cash flows from investing activities	(142.1)	(190.8)	(161.4)	(128.8)	(128.9)	(200.5)	(164.3)	(145.4)	(22.5)	4.1	(114.2)	-
Free cash flow	113.4	49.1	(90.4)	46.6	47.5	79.6	88.7	104.8	177.8	103.5	233.0	125.0
Cash flows from financing activities	(166.9)	(138.9)	100.3	(44.7)	(46.2)	(17.3)	(67.7)	(98.8)	(112.4)	(136.6)	(193.1)	-
Inventories	¥ 341.4	¥ 334.1	¥ 323.0	¥ 330.2	¥ 330.2	¥ 313.8	¥ 298.8	¥ 293.1	¥ 241.6	¥ 226.0	¥ 238.0	5.3
Monthly inventory turnover rate (times)	1.02	1.01	1.00	1.07	1.07	1.11	1.12	1.15	1.21	1.22	1.13	
Total assets	3,024.0	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	2.7
Owners' equity (equity attributable to owners of the parent)	821.2	841.0	624.0	573.2	566.5	790.0	782.7	881.2	1,087.7	1,132.0	1,240.9	9.6
Return on equity (%)	6.8	5.1	(11.8)	8.1	23.2	20.6	11.0	10.6	17.2	9.4	13.5	
Owners' equity ratio (equity attributable to owners of the parent ratio) (%)	27.2	28.6	21.4	18.6	18.2	24.2	24.3	27.6	34.8	36.5	38.9	
Return on assets (%)	1.8	1.4	(2.7)	1.6	3.7	4.4	2.7	2.8	5.4	3.4	5.1	
Interest-bearing loans	470.8	381.1	534.9	519.6	560.2	578.4	534.9	486.7	402.2	316.2	405.5	28.3
D/E ratio (times)	0.57	0.45	0.86	0.91	0.99	0.73	0.68	0.55	0.37	0.28	0.33	
Net D/E ratio (times)	0.14	0.14	0.40	0.38	0.46	0.27	0.20	0.12	-0.05	-0.09	-0.04	
R&D expenses	236.2	238.3	231.0	221.3	222.5	202.7	179.8	170.0	158.6	134.9	123.3	-8.6
Point 3 Capital expenditure*1	130.2	140.6	121.7	122.2	122.8	140.6	156.0	120.6	94.0	83.5	96.4	15.5
Depreciation*1	141.6	131.5	116.5	115.1	115.9	121.2	119.8	108.6	107.0	96.9	84.5	-12.8
Amounts per share of common stock (yen)*2												
Net profit (loss) attributable to owners of the parent (EPS)*3	¥ 26.62	¥ 20.64	¥ (38.62)	¥ 23.49	¥ 54.71	¥ 67.68	¥ 41.94	¥ 42.83	¥ 82.53	¥ 512.50	¥ 791.20	54.4
Dividends	10	10	5	4	4	8	8	9	11	150	180	20.0
Equity attributable to owners of the parent*4	396.81	406.42	301.57	277.03	273.79	381.88	378.37	429.80	528.38	5,585.35	6,197.11	11.0
NON-FINANCIAL DATA (ESG INDICATORS)												
Environmental												
Greenhouse gas emissions (Scope 1, 2) (thousand tons)	1,185	1,098	1,014	1,324	1,324	1,263	1,234	1,199	1,104	923	802	-13.1
Social												
Number of employees	172,336	173,155	168,733	162,393	162,393	158,846	156,515	155,069	140,365	132,138	129,071	
Outside Japan	65,705	66,258	64,497	61,357	61,357	59,491	57,610	56,622	47,889	46,791	46,839	
Percentage of female managers (non-consolidated) (%)	3.5	3.7	4.0	4.3	4.3	4.6	4.8	5.2	5.7	6.1	6.6	
Governance												
Point 4 Percentage of independent directors (non-consolidated) (%)	30.0	36.4	33.3	27.3	27.3	36.4	40.0	40.0	40.0	40.0	55.6	

Point 1 Percentage of sales outside Japan

The percentage of sales outside Japan declined 4.5 percentage points, to 31.8%, due to the yen's strength against the euro and pound and the closure of bases with low profitability, which was part of business model transformation that was implemented in Europe.

Point 2 ROE

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 13.5%. As a result of higher profit attributable to owners of the parent, ROE was up 4.1 percentage points year on year.

Point 3 Capital expenditure

With respect to the Technology Solutions segment, the Company invested ¥50.7 billion, mainly for datacenters and facilities related to cloud services in Japan and overseas. As for the Device Solutions segment, investment amounted to ¥42.5 billion, attributable to such factors as higher investment in subsidiary Shinko Electric Industries Co., Ltd., related to equipment and facilities for the manufacture of electronic components. Further, capital expenditure and depreciation do not include the effect of adopting IFRS 16 (Leases).

Point 4 Percentage of independent directors (non-consolidated)

On March 31, 2020, four of the Company's 10 directors were independent directors. As of the Annual Shareholders' Meeting convened in June 2020, independent directors constitute a majority at meetings of the Board of Directors, accounting for five of the Company's nine directors. The Company is strengthening oversight and advisory capabilities by actively appointing independent directors who have high degrees of independence and diverse perspectives.

HIGHLIGHTS BY SEGMENT

Fujitsu Limited and Consolidated Subsidiaries
Information presented under old segments through to the fiscal year ended March 31, 2020

	Technology Solutions		Ubiquitous Solutions	Device Solutions																																																																																															
	Services	System Platforms																																																																																																	
Fiscal 2019 Highlights	<p>Revenue For the second consecutive fiscal year, solutions and system integration business posted record revenue thanks to favorable performances not only in the manufacturing and distribution industries but also in the public sector, centered on national government agencies, local governments, and healthcare services. Infrastructure services business recorded a decline in revenue as firm revenue from outsourcing and other monthly fee services in Japan was unable to fully offset negative factors. These factors included the absence of the previous fiscal year's major business agreements on infrastructure construction, yen appreciation, lackluster sales in North America, and withdrawal from European countries where businesses were underperforming. Overall revenue from the services business was largely unchanged year on year. If the effect of foreign exchange rates is excluded, however, the revenue of the business grew 1.5%.</p> <p>Operating Profit Operating profit increased significantly year on year because recognition of North American business restructuring expenses as business model transformation expenses was more than compensated for by the actual business in Japan realizing increased revenue from solutions and system integration and by improved profitability in infrastructure services, which was attributable to lower-cost maintenance components and standardization of management support operations.</p>	<p>Revenue Sales rose thanks to an increase in mainframe-related business agreements in the system products business and the commencement of shipments of next-generation supercomputer Fugaku. In the network products business, sales grew, reflecting the beginning of delivery of 5G base stations and an increase in business agreements on the reinforcement of optical fiber networks in preparation for the expansion of 5G.</p> <p>Operating Profit Although expenses for the consolidation of factories in Japan were recognized as business model transformation expenses, the product mix improved as a consequence of a rise in mainframe-related business agreements in the system products business, while cost reductions stemmed from lower-priced key devices. Other contributions to profits included higher revenue from the network products business and progress in increasing efficiency in relation to operating expenses.</p>	<p>Revenue In Japan, revenue rose steeply on demand driven by workstyle reform, demand associated with a consumption tax hike, and continued replacement demand arising from the end of the Windows 7 support period. Overseas, revenue declined due to further appreciation of the yen against the euro.</p> <p>Operating Profit Operating profit grew because of higher revenue; improved profitability resulting from lower-priced key devices, such as memory; and the absence of the previous fiscal year's business model transformation expenses.</p>	<p>Revenue Revenue declined primarily due to exclusions from the scope of consolidation of a semiconductor sales company and an electronic component manufacturing company in the previous fiscal year and the semiconductor plant in Mie Prefecture in the fiscal year ended March 31, 2020, which was in accordance with the plant's restructuring. Excluding the impact of business restructuring, revenue grew because of higher demand for electronic components.</p> <p>Operating Profit (Loss) An operating loss was recorded due to restructuring expenses arising from the electronic component business and the removal of the semiconductor plant in Mie Prefecture from the scope of consolidation. Excluding the impact of the restructuring, operating profit was almost unchanged year on year.</p>																																																																																															
Revenue (Years ended March 31)	<table border="1"> <caption>Revenue by Segment (Billions of yen)</caption> <thead> <tr> <th>Year</th> <th>Services</th> <th>System Platforms</th> <th>Infrastructure Services</th> <th>Network Products</th> <th>System Products</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>3,283.3</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>3,283.3</td> </tr> <tr> <td>2017</td> <td>2,765.1</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>2,765.1</td> </tr> <tr> <td>2018</td> <td>3,126.6</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>3,126.6</td> </tr> <tr> <td>2019</td> <td>3,052.7</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>3,052.7</td> </tr> <tr> <td>2020</td> <td>3,123.7</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>3,163.2</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>	Year	Services	System Platforms	Infrastructure Services	Network Products	System Products	Total	2016	3,283.3	0	0	0	0	3,283.3	2017	2,765.1	0	0	0	0	2,765.1	2018	3,126.6	0	0	0	0	3,126.6	2019	3,052.7	0	0	0	0	3,052.7	2020	3,123.7	0	0	0	0	3,163.2	<table border="1"> <caption>Revenue by Segment (Billions of yen)</caption> <thead> <tr> <th>Year</th> <th>PCs/Mobile Phones</th> <th>Mobilewear</th> <th>Ubiquitous Solutions</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>1,040.9</td> <td>0</td> <td>0</td> <td>1,040.9</td> </tr> <tr> <td>2017</td> <td>651.3</td> <td>0</td> <td>0</td> <td>651.3</td> </tr> <tr> <td>2018</td> <td>645.5</td> <td>0</td> <td>0</td> <td>645.5</td> </tr> <tr> <td>2019</td> <td>663.9</td> <td>0</td> <td>0</td> <td>663.9</td> </tr> <tr> <td>2020</td> <td>509.9</td> <td>0</td> <td>547.8</td> <td>547.8</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>	Year	PCs/Mobile Phones	Mobilewear	Ubiquitous Solutions	Total	2016	1,040.9	0	0	1,040.9	2017	651.3	0	0	651.3	2018	645.5	0	0	645.5	2019	663.9	0	0	663.9	2020	509.9	0	547.8	547.8	<table border="1"> <caption>Revenue by Segment (Billions of yen)</caption> <thead> <tr> <th>Year</th> <th>LSI Devices</th> <th>Electronic Components</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>603.9</td> <td>0</td> <td>603.9</td> </tr> <tr> <td>2017</td> <td>544.3</td> <td>0</td> <td>544.3</td> </tr> <tr> <td>2018</td> <td>560.0</td> <td>0</td> <td>560.0</td> </tr> <tr> <td>2019</td> <td>487.0</td> <td>0</td> <td>487.0</td> </tr> <tr> <td>2020</td> <td>210.0</td> <td>317.0</td> <td>317.0</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>	Year	LSI Devices	Electronic Components	Total	2016	603.9	0	603.9	2017	544.3	0	544.3	2018	560.0	0	560.0	2019	487.0	0	487.0	2020	210.0	317.0	317.0
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Note: On November 1, 2017, Fujitsu transferred a portion of the Company's shareholding in Fujitsu TEN Limited to DENSO CORPORATION. As a result, Fujitsu TEN became classified as a discontinued business. It has therefore been excluded from the revenue and operating profit of the Ubiquitous Solutions business in the fiscal years ended March 31, 2017 and March 31, 2018.

HIGHLIGHTS BY REGION

Fujitsu Limited and Consolidated Subsidiaries

	Japan	Asia	Europe	Americas	Oceania																																																												
Market Environment	<p>In 2019, Japan's IT services market grew 3.2% year on year. In addition to the contributions from increased demand for existing system renewal and update, and the full-fledged incorporation of cloud computing services, growth was supported by special procurements, which included PC replacement resulting from the end of the Windows 7 support period, the beginning of the Reiwa Era in Japan, and system measures accompanying a change in the consumption tax rate. On the other hand, in 2020 Japan's IT services market is expected to contract 3.0% year on year due to the COVID-19 pandemic. Although increased IT expenditure is likely to result from the introduction of online meeting systems, the introduction of virtual private network (VPN) lines, and the establishment of remote working environments, projects for the renewal and update of existing systems and projects for digital transformation and other new development—which have supported market growth until now—are expected to be postponed, see budgets cut, or become protracted if already underway. In addition, the operation and maintenance market is projected to shrink as customers request price discounts upon the renewal of agreements.</p> <p>Between 2019 and 2023, Japan's IT services market is expected to grow, albeit at a compound annual growth rate (CAGR) of just 0.7%, as domestic economic activities gradually return to normal from the second half of 2020. The market is forecast to transition toward positive growth from the fiscal year ending March 31, 2022. After the containment of COVID-19, we anticipate modest growth in Japan's IT services market over the medium to long term based on stepped-up IT expenditure for the building of remote working environments, accelerated investment in digital transformation by certain progressive companies, and concentrated government investment in ICT as an economic stimulus measure.</p>	<p>In 2019, although the growth rate of Asia's IT market slowed year on year to 3.3%, the market maintained modest growth. In 2020, however, the growth rate is expected to soften to 0.9% year on year due to the COVID-19 pandemic. With the market's return to a solid growth trajectory in 2021 as a premise, a CAGR of 5.5% is forecast between 2019 and 2022, which is roughly in line with pre-pandemic projections. The hardware market for PCs, servers, storage, and other equipment; the IT services market; and the software market are likely to experience high levels of growth.</p>	<p>In 2019, Europe's IT market continued the previous year's firm growth by expanding 5.7% year on year. Breaking down this growth by region, Central and Eastern Europe grew 7.3%, while Western Europe grew 5.5%. In 2020, however, respective markets are expected to shrink, with year-on-year decreases of 2.4% in Europe as a whole, 5.9% in Central and Eastern Europe, and 1.9% in Western Europe. In 2021, although Europe's IT market is projected to begin growing again, it is unlikely to reach the scale of 2019's market. Between 2019 and 2022, the forecast is for a low CAGR—1.5% in Europe as a whole, 0.3% in Central and Eastern Europe, and 1.7% in Western Europe.</p>	<p>In 2019, while experiencing a slight loss of momentum, the IT market in the Americas continued growing solidly, posting 5.8% growth year on year. Although likely to temporarily contract 2.2% year on year in 2020 due to the COVID-19 pandemic, this market is forecast to return to a growth trajectory from 2021. Between 2019 and 2023, the market is projected to grow gradually at a CAGR of 2.0%.</p> <p>In 2019, the North America optical transmission market saw rapid expansion of 10.3%* year on year, driven by increased investment by major telecommunications carriers in backbone networks for the provision of 5G services and growth in the Data Center Interconnect (DCI) market accompanying the construction of large-scale datacenters. From 2020 onward, we expect the market to continue to gradually grow in response to the projected increase in traffic spurred by the spread of 5G services; between 2019 and 2023, we estimate a CAGR of 0.7%.*</p> <p>* Source: Omdia ON Forecast 2020-25</p>	<p>In 2019, Oceania's IT market maintained strong growth, expanding 5.8% year on year. In 2020, while other regions flag amid the COVID-19 pandemic, this market is expected to grow, albeit at the low rate of 1.2% year on year. Between 2019 and 2022, the market is forecast to grow steadily at a CAGR of 2.2%.</p>																																																												
Priority Tasks	<p>In Japan's market, we will continue to bolster our leading position, by growing the DX business, and improving the profitability of existing IT services business.</p> <p>With the aim of growing the DX business, we launched Ridgeline Limited in April 2020. By forming alliances with a wide range of companies inside and outside the Group, the new company will realize digital transformation by offering consulting services that resolve customers' business management or operational issues. With regard to improving profitability, we will continue to incorporate AI-based efficiency-enhancement tools into frontline operations, and further strengthen project management that is aimed at curbing the incidence of projects with low profitability.</p> <p>Further, we have launched the Japan Global Gateway with a view to making greater use of offshore resources through greater utilization of the Global Delivery Centers (GDCs). This initiative will enable us to provide better-quality services even more rapidly by linking frontline operations with the GDCs and by advancing the remote provision and standardization of services.</p> <p>Aiming to strengthen its position in Japan even further, the Company established Fujitsu Japan Ltd. in October 2020. With local governments, medical institutions, and educational institutions nationwide as well as second-tier and small and medium-sized companies in the private sector as its target customers, the new company will help address customers' ICT issues as well as the social issues of local communities.</p>	<p>In Asia, where the implementation of advanced technology trials and the adoption of new business models are proceeding at a rapid pace, the Company will utilize its latest technologies together with the insights of customers into their industries to enable digital transformation that addresses a wide variety of corporate and social issues.</p> <p>In response to the spread of COVID-19, which began at the outset of 2020 in Asia, we have been rapidly implementing our business continuity plans in accordance with the situation in each country and offering solutions, such as digital workplace creation, that help customers sustain their operations. By providing ongoing support to the business infrastructure of customers in Asia, strengthening consulting capabilities, and enhancing service delivery, we will contribute to the new workstyles and value creation that customers are introducing in anticipation of the "new normal."</p>	<p>We will concentrate management resources on the services business and enhance profitability. To that end, we will complete, by the first half of the fiscal year ending March 31, 2021, the restructuring measures we have been advancing in Europe, which have entailed closure of product manufacturing bases, withdrawal from countries where businesses were underperforming or unprofitable, and reduction of back-office fixed costs. We will also achieve efficient operations in our product business through the ending of the self-manufacturing of products and a changeover to electronics manufacturing services.</p> <p>In our Northern & Western Europe (NWE) region, we face a challenging business environment due to the contraction of traditional businesses that have been pillars of revenue until now and the effect of the COVID-19 pandemic on business. Nonetheless, we will continue strengthening businesses in growth areas and establishing specialized solutions businesses for specific industries, invest in service delivery and the reinforcement of sales capabilities, and take steps to expand the services business and improve profitability.</p> <p>As for our Central & Eastern Europe (CEE) region, we will intensively strengthen and expand our lineup of service offerings for each country's existing customer base in such sectors as public, manufacturing, and finance. In addition to rolling out COLMINA, which we provide to the manufacturing sector in Japan, and strengthening the foundations for the provision of proprietary services, we will proactively develop our alliances with such partners as SAP and Microsoft and grow the digital technologies field.</p>	<p>In the Americas, the Fujitsu Group is reforming its business portfolio by withdrawing from the product business, with the exception of the network products business and by reorganizing retail businesses within the Group. Going forward, we will heighten the profitability of the services business through such measures as the strengthening of solutions for specific industries.</p> <p>The network products business will maintain and increase business with existing customers in the optical transmission field while continuing to open up new growth fields, such as the Data Center Interconnect (DCI) market. Engaged in active promotion of open innovation in the 5G field, Fujitsu will aggressively grow the base station business.</p>	<p>In Oceania, April 2019 saw a change in our operation model. We are promoting digital transformation by building a system with the aim of resolving issues faced by customers through such measures as deployment close to customers of engineers who are able to propose solutions to customers' issues. We will focus on specific sectors, including government, distribution, healthcare, and finance. Opened in Australia's capital city Canberra in the summer of 2019, the Cyber Resilience Center will form the core of our efforts to target the government sector and enhance our lineup of service offerings related to security—set to become an increasingly important field. Also, the southern hemisphere's first DX center, which we opened in Sydney in the fall of 2019, will partner with Macquarie University and a wide range of experts to support customers' digital transformation.</p>																																																												
Revenue (Years ended March 31)	<table border="1"> <thead> <tr> <th>Year</th> <th>Revenue (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>3,005.7</td> </tr> <tr> <td>2019</td> <td>2,972.7</td> </tr> <tr> <td>2020</td> <td>3,013.9</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2018	3,005.7	2019	2,972.7	2020	3,013.9	<table border="1"> <thead> <tr> <th>Year</th> <th>Revenue (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>277.1</td> </tr> <tr> <td>2019</td> <td>270.4</td> </tr> <tr> <td>2020</td> <td>180.0</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2018	277.1	2019	270.4	2020	180.0	<table border="1"> <thead> <tr> <th>Year</th> <th>Revenue (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>810.1</td> </tr> <tr> <td>2019</td> <td>792.9</td> </tr> <tr> <td>2020</td> <td>701.7</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2018	810.1	2019	792.9	2020	701.7	<table border="1"> <thead> <tr> <th>Year</th> <th>Revenue (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>280.7</td> </tr> <tr> <td>2019</td> <td>247.9</td> </tr> <tr> <td>2020</td> <td>201.1</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2018	280.7	2019	247.9	2020	201.1	<table border="1"> <thead> <tr> <th>Year</th> <th>Revenue (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>100.5</td> </tr> <tr> <td>2019</td> <td>87.0</td> </tr> <tr> <td>2020</td> <td>75.2</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2018	100.5	2019	87.0	2020	75.2																				
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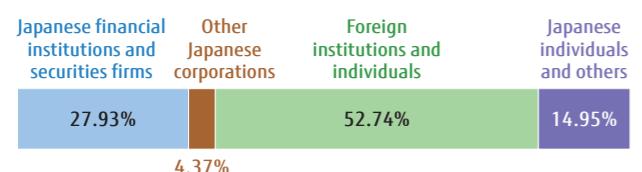
Note: IDC Japan is a source of IT market information.

SHAREHOLDER DATA

(As of March 31, 2020)

Capital:	¥324,625 million
Authorized Common Stock:	500,000,000 shares
Issued Common Stock:	207,001,821 shares
Number of Shareholders:	118,494

Equity Shareholdings by Type of Shareholder:



Status of Principal Shareholders:

Principal Shareholders	Number of Shares Held (Thousands)	Percentage of Shares Held (%)
Ichigo Trust Pte. Ltd.	14,899	7.44
The Master Trust Bank of Japan, Ltd. (for trust)	14,783	7.38
Japan Trustee Services Bank, Ltd. (for trust)	10,717	5.35
Fuji Electric Co., Ltd.	5,949	2.97
SSBTC CLIENT OMNIBUS ACCOUNT	5,519	2.76
Fujitsu Employee Shareholding Association	4,806	2.40
Japan Trustee Services Bank, Ltd. (for trust 5)	3,926	1.96
Japan Trustee Services Bank, Ltd. (for trust 7)	3,793	1.89
Asahi Mutual Life Insurance Company	3,518	1.76
STATE STREET BANK AND TRUST COMPANY 505103	3,505	1.75

Notes:

1. The investment ratio is calculated after exclusion of treasury stock holdings (6,754 thousand shares).
2. The shares held by The Master Trust Bank of Japan, Ltd. (for trust), Japan Trustee Services Bank, Ltd. (for trust), Japan Trustee Services Bank, Ltd. (for trust 5), and Japan Trustee Services Bank, Ltd. (for trust 7) pertain to the trust business by the institution.

Corporate Headquarters: Shiodome City Center,
1-5-2 Higashi-Shimbashi,
Minato-ku, Tokyo 105-7123, Japan
Telephone: +81-3-6252-2220

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

Stock Exchange Listings: Tokyo, Nagoya

Accounting Auditors: Ernst & Young ShinNihon LLC

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

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

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

On the Publication of Fujitsu Group Integrated Report 2020 (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 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.

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

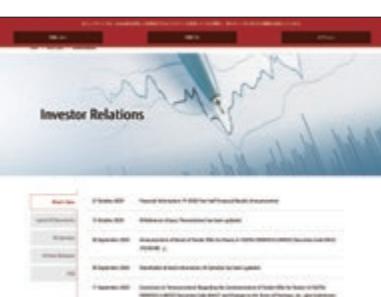
FUJITSU GROUP'S INFORMATION DISCLOSURE



Corporate Website

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

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



Investor Relations Website

Our investor relations website presents information on financial results, materials and videos from various briefings, and corporate governance information.

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



Sustainability Website

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

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

Inclusion in Major ESG Indices and External Evaluation

MEMBER OF
Dow Jones Sustainability Indices
In collaboration with

Dow Jones Sustainability Indices (World, Asia Pacific)
The Dow Jones Sustainability index series is highly regarded as a global index for socially responsible investment (SRI). Fujitsu has been included in the index for eight consecutive years.



CDP's "Climate Change" and "Water Security"
In the most recent survey by CDP, an international non-profit organization, the Fujitsu Group earned the highest A List rating in CDP's evaluation of corporate activities in response to climate change for the third consecutive year and received an A List rating for "water security" for the first time in two years.



FTSE4Good Index Series
Fujitsu has been selected for inclusion in the FTSE4Good Index Series, one of the world's leading socially responsible investment (SRI) indicators, for 10 consecutive years.

FUJITSU LIMITED

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

Minato-ku, Tokyo 105-7123, Japan

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