

Fujitsu revises Executive Compensation System to strengthen global competitiveness and connection to shareholder value

Tokyo, March 28, 2024- Fujitsu today announced a series of moves to review and enhance its executive compensation system for fiscal 2024 and beyond at the Board of Directors meeting held today, strengthening global competitiveness further reinforcing incentives that link performance, shareholder value and compensation in alignment with its Purpose and Mid-term management direction plan.

The revisions to the Performance-based Stock Compensation Plan (Performance Share) and Restricted Stock Unit Plan are subject to the approval of the proposal for the revision of the Plan at the 124 Annual General Meeting of Shareholders to be held on June 24, 2024.

Revision of executive compensation system

1. Executive Director

- Concept of compensation level

In the past, compensation levels for each job and responsibility were benchmarked mainly against other domestic, Japanese companies in similar business areas and scale, etc. With this revision, however, Fujitsu aims to set benchmarks that are better aligned with international standards. Ultimately, this will position Fujitsu to achieve globally competitive compensation levels that contribute to improving its competitiveness for securing world-class management talent, further incentivize management's commitment to achieving challenging goals, and deepen value sharing with shareholders.

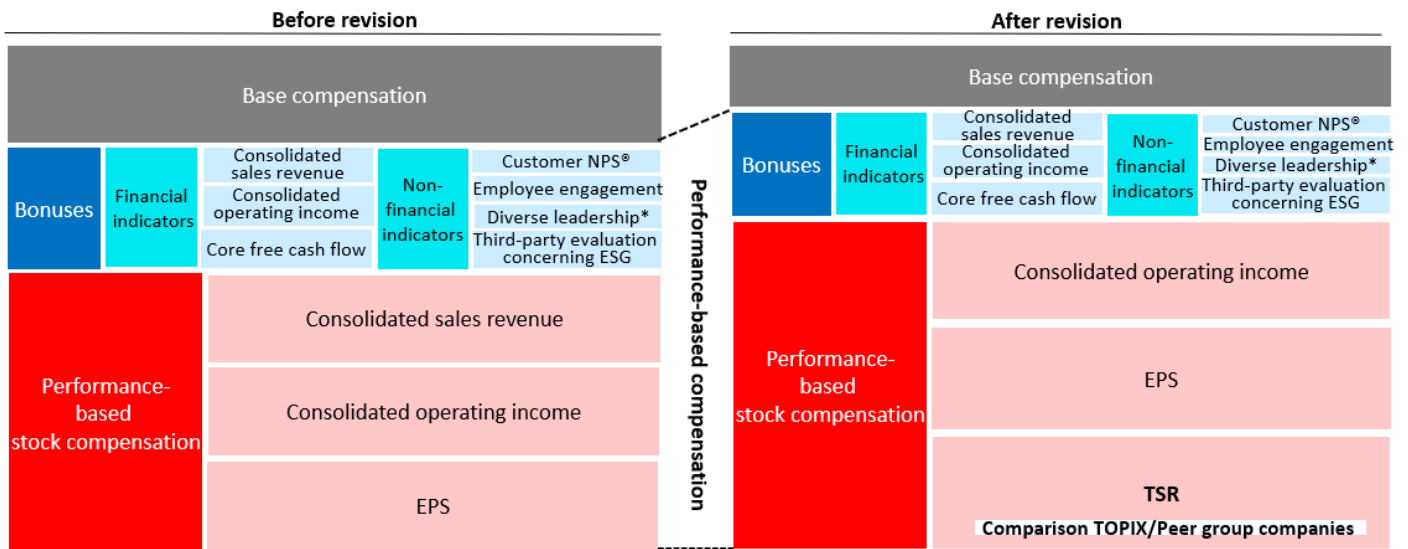
- Benchmark composition ratio for compensation

Traditionally, the ratio of basic compensation, bonuses, and performance-based stock compensation was set at 1:1:3 by the Group's Representative Director and CEO. With this revision, however, the ratio will now be set at 1:1:4. Fujitsu plans to set the ratio of performance-based stock compensation to a higher level than that of global companies in Japan and internationally, with the aim of further enhancing the Group's commitment to achieving robust business results and sharing shareholder value. With respect to other executive directors, the ratio of performance based stock compensation was previously set as the highest in the compensation structure, but this revision will further increase the ratio.

- Performance-based stock compensation system

In the past, the performance-based stock compensation system was evaluated as "Consolidated sales revenue and consolidated operating revenue and EPS (earnings per share) (Note 1)." Under the new compensation scheme, Fujitsu will place greater emphasis on profitability and value sharing with shareholders in the medium to long term, and will remove consolidated sales revenue from the evaluation index and add a new total shareholder return (TSR) (Note 2). Specific evaluation of TSR is performed by TOPIX, growth rate competitiveness as well as comparing the TSR with that of the peer group companies selected in advance from the similar type companies globally.

Compensation scheme before and after the review



* Ratio of female managers

2. Non-Executive Director

- Restricted Stock Unit System

In fiscal 2023 (Note 3), this system was introduced for independent directors. However, the system will now be revised to include all non-executive directors, including independent directors, in addition to directors from within Fujitsu who do not execute operations. Fujitsu’s purpose includes sharing value from the perspective of shareholders, taking on the role of effective management supervision and advice together with other directors.

Notes

1. **consolidated operating revenue and EPS (earnings per share)** : Operating profit and income in EPS, which are evaluation indicators for the Plan, are adjusted operating profit and income (an indicator that represents an actual profit and income from core business calculated by deducting profits and income from business restructuring, M&A, etc, and one-off profits from changes in regulations, and losses). This was set as one of the financial targets in the Medium-Term Management Plan announced on May 24, 2023.

2. **TSR (Total Shareholder Return)**: a measure of the overall return to investors (gains on stock prices + dividends).

3. Fujitsu’s fiscal year ends March 31.

Related Links

- [Notice regarding Revisions to Stock Compensation Plans and Introduction of a New Plan\(Timely Disclosure Data, March 28, 2024\)](#)
- [Notice Related to Revisions to Performance-based Stock Compensation Plan \(Performance Share\) \(Timely Disclosure Data, April 28, 2022\)](#)
- [Notice regarding revision of performance-based compensation indicators for executive directors\(Press Release,July 27, 2023\)](#)
- [Basic Approach to Corporate Governance](#)

About Fujitsu

Fujitsu's purpose is to make the world more sustainable by building trust in society through innovation. As the digital transformation partner of choice for customers in over 100 countries, our 124,000 employees work to resolve some of the greatest challenges facing humanity. Our range of services and solutions draw on five key technologies: Computing, Networks, AI, Data & Security, and Converging Technologies, which we bring together to deliver sustainability transformation. Fujitsu Limited (TSE:6702) reported consolidated revenues of 3.7 trillion yen (US\$28 billion) for the fiscal year ended March 31, 2023 and remains the top digital services company in Japan by market share. Find out more: www.fujitsu.com.

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