

RISK MANAGEMENT

We are redoubling our management of a broad range of risks, including disaster preparedness measures, information security, and protection of intellectual property.

Thorough Risk Management

● Organizational and Systematic Risk Management

Based on the Fuji Electric Risk Management Regulations, which were formulated in May 2006, the various risks that could affect the Company (strategic, financial, operational, and hazard risks) are recognized and evaluated in a coordinated, systematic manner and are appropriately managed and processed.

The Company formulates business plans each fiscal year. After evaluating the risks related to each operational site, the Company incorporates them into its plans.

● Crisis Management in Preparation for Large-Scale Disasters

Learning lessons from the Great East Japan Earthquake, which struck in March 2011, we have revised our disaster response rules and regulations and produced a Disaster Prevention and Procedural Manual.

Based on this manual, we have created a disaster preparedness headquarters system that appoints the vice president as the officer in charge of crisis management and assigns overall responsibility to the president. We have also revised our fire safety and disaster preparedness systems, put in place thorough measures to ensure that structures and facilities are earthquake resistant and renewed our cache of emergency stores at operational sites and subsidiaries.

At least once each year, we conduct training on preparedness for large-scale disasters at each operational site, including overseas bases.

Enhancing Information Security

● Third-Party Certification Related to Information Security

To protect personal and confidential information, Fuji Electric has formulated internal rules, instituted training programs for employees and implemented various other measures.

These measures include acquiring outside certification for companies demanding a high level of information security. As of April 1, 2012, six of our operations (at four companies) had acquired ISMS certification.

Also, currently two companies—Fuji Electric Co., Ltd., and Fuji Electric IT Center Co., Ltd.—have acquired Privacy Mark certification.

● Extending Information Security Overseas

As part of our aggressive rollout of information security initiatives overseas, we have translated our information security policy and regulations into English and Chinese. Based on it, each overseas company has also drafted security regulations for overseas bases, taking into account individual countries' laws and regulations.

In 2011, we also translated the information security handbook distributed in Japan into English and Chinese. In November 2011, this handbook was distributed to all employees at each subsidiary except Japan.

We conducted overseas information security audits at 29 companies in fiscal 2011. Going forward, we will work to entrench related activities throughout Fuji Electric, including overseas bases, and strive for ongoing improvement.

Promoting the Protection of Intellectual Property

● Promotion of Activities to Prevent Patent Infringement

As part of our intellectual property activities, we employ a system to monitor other companies' patents on a daily basis to ensure against the inadvertent infringement of third-party (other companies') patents.

In addition to patents, we conduct prior surveys to prevent infringements pertaining to such intellectual property as utility models, designs, and trademarks.

To prevent infringement, we also conduct compliance program training concerning other intellectual property rights, such as industrial property rights. To protect our own intellectual property, we take proactive measures to acquire and protect rights. In fiscal 2011, the Company formulated guidelines against brand imitation and on the protection of expertise, creating a framework for such protection.