

Risk Management

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

Basic Policy on 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.

In preparing risk management structures and implementing risk countermeasures, the Corporate Division is

responsible for common risks that affect the entire Company, and the business divisions and affiliate companies are responsible for risks associated with business activities, such as delays in new product development and reduced cost competitiveness. When business plans are formulated for each fiscal year, the business risks are analyzed and factored in to the plans.

Crisis Management in Preparation for Large-Scale Disasters

(1) Fire Safety and Disaster Preparedness Initiatives

Learning lessons from the Great East Japan Earthquake, 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. We have also 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 affiliates.

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

(2) Business Continuity Initiatives

Fuji Electric aims to ensure that it can continue its operations even if an unexpected event such as a natural disaster or accident occurs. To this end, we are continuously working to improve our ability to respond to various risks and recover our operations, aiming to be able to continue providing a stable supply of high performance, high quality products and services required by our customers. In fiscal 2012 we formulated a business continuity plan (BCP).

We will continuously refine this BCP going forward, and increase the lines of products covered.

Business Continuity Plan Sheet

Enhancing Information Security

(1) Development of Information Security Policy and Regulations

To protect personal and confidential information, Fuji Electric has formulated a policy and regulations, instituted training programs for employees, and implemented other measures.

Overseas, based on our information security policy and regulations, each company has also drafted security regulations for overseas bases, taking into account individual countries' laws and regulations. We stepped up our initiatives to educate employees about information security, distributing an information security handbook to all employees and ensuring that all employees are aware of the issues. We conducted overseas information security audits at 34 companies in fiscal 2012. Going forward, we will make ongoing improvements throughout Fuji Electric, including overseas bases.

(2) Third-party Certification Related to Information Security

Companies that handle customers confidential and personal information, and who require a high level of information security management, acquire outside certification. As of April 1, 2013, six of our operations (at four companies) had acquired ISMS certification. Also, two companies—Fuji Electric Co., Ltd., and Fuji Electric IT Center Co., Ltd.—have acquired PrivacyMark certification.

Intellectual Property Activities

As part of our intellectual property activities, we employ a system to monitor patents on a daily basis to ensure against the inadvertent infringement of third-party patents. To prevent infringement, we also conduct compliance program training.

With respect to our own patents, we actively acquire patent rights to protect our business. We also take measures against counterfeit products and other steps to reduce risks related to intellectual property.

* Please see page 28 for further information about Fuji Electric's activities in intellectual property.