

Risk Management

Fuji Electric is strengthening its risk management to maximize corporate value and minimize the potential impact of risks.

Basic Policies

Based on the Fuji Electric Risk Management Rules, the Company manages risk in a coordinated, systematic manner. We will practice appropriate management and counter various risks that could affect the Company's management in order to

prevent risks from materializing (crisis situations), thereby minimizing the impact on management in the event that risks materialize.

Types of Risk and Risk Management System

Risk Classification System

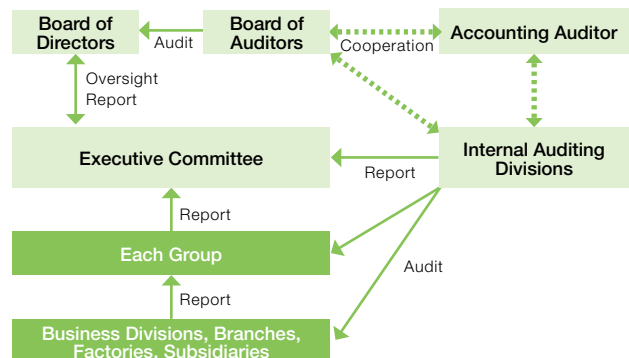
Fuji Electric divides risks into categories and conducts risk management optimized for each category.

External Risks	Business Risks		
Risks related to the external environment <ul style="list-style-type: none"> Economic trends Attacks from outside Natural disasters and accidents others	Risks related to business activities		
	Strategic Risks Risks related to policies and strategies <ul style="list-style-type: none"> Management strategy Business environment Corporate governance Partnering and withdrawal others	Operational Risks Risks related to business processes Quality, cost, and deadlines for all aspects of business such as orders, production, shipment and services others	Common Risks Risks related to business activities <ul style="list-style-type: none"> Human rights and labor practices Compliance Information systems Environmental pollution others

Risk Management System

Fuji Electric's business divisions and affiliate companies are responsible for the management of risk related to their business activities as part of their business responsibilities, developing appropriate risk management systems and implementing risk countermeasures.

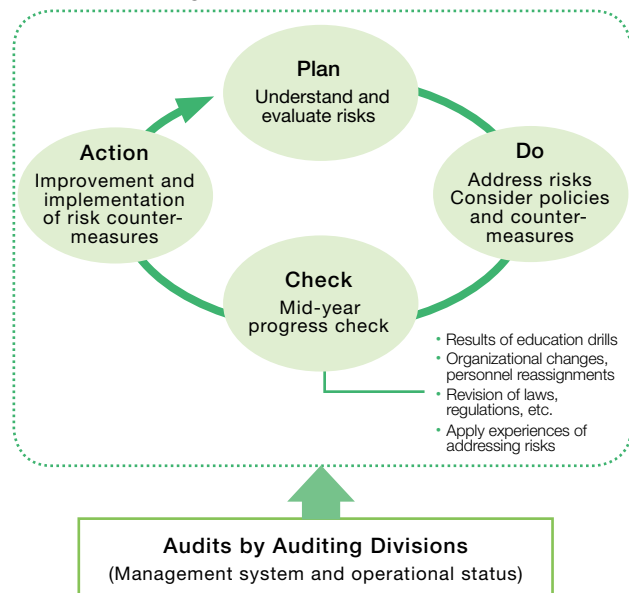
Additionally, significant risks, such as business plans and large-scale investments, are reported at the Executive Committee as appropriate, thereby facilitating the sharing of information.



Risk Management Process

Fuji Electric implements an annual risk management process and revises it continuously. When annual budgets are formulated, business divisions and affiliate companies understand and evaluate risks related to their business activities. Policies and countermeasures in response to risks (aversion, mitigation, relocation, retention and so forth) are considered based on their impact on management and frequency of occurrence, a person responsible for executing the policies and countermeasures is designated, and the policies and countermeasures are implemented. Mid-year progress checks are conducted at the end of the second quarter of the fiscal year, and risk countermeasures are improved and implemented.

Annual Risk Management Process



Material Management Initiatives

Strengthening of Business Continuity Capabilities

In order to uphold its social responsibilities as a company, Fuji Electric aims to continue core operations even if unexpected events such as natural disasters and accidents occur by providing a stable supply of high performance, high-quality products and services required by our customers.



Fuji Electric received Resilience certification under the program established by the Cabinet Secretariat's National Resilience Promotion Office in recognition of active efforts to ensure business continuity.

Fire Safety and Disaster-Preparedness Initiatives

Based on the Disaster Prevention and Procedural Manual, all of Fuji Electric's bases have developed disaster-response systems and have put in place thorough measures to ensure that

structures and facilities are earthquake resistant, stockpile emergency goods, and conduct regular drills, among other measures.

Business Continuity Initiatives

In addition to fire safety and disaster-preparedness initiatives, Fuji Electric has formulated a business continuity plan (BCP) at the head office, which acts as a command center during disasters, and at factories that house a large number of key management resources. We have also established Companywide BCPs for procurement sections, which manage the supply chain, and for IT sections, which manage the information systems.

In fiscal 2018, we once again expanded the range of products covered under the BCP. In addition, we conducted simulation drills based on large-scale earthquake and explosion scenarios targeting business supervisors and base managers, while all employees took part in safety confirmation drills. Going forward, we will continue to expand the range of products covered under the BCP while striving to raise awareness of and make ongoing improvements to it, thereby strengthening business continuity capabilities.



Simulation drills in response to a large-scale earthquake

Response to Natural Disasters in Fiscal 2018

In fiscal 2018, Japan was struck by frequent natural disasters, including heavy rains in west Japan, an earthquake in the Kansai region, and the 2018 Hokkaido Eastern Iwate earthquake. Fuji Electric extends its condolences to those impacted by these disasters.

No damages occurred to employees or physical assets at Fuji Electric affiliates or bases and no significant impacts to production were seen. We responded to these disasters through coordination between the head office crisis response division, procurement management divisions, customer-related divisions, and business divisions based on predetermined disaster response systems and procedures.

In response to the widespread power outages that followed the Hokkaido earthquake, we were able to avoid any significant confusion as a result of our efforts to swiftly confirm the safety of employees and the impact on customers. Taking the lessons learned through these disasters to heart, we installed emergency power generators at various operational sites.

Information Security

Implementation of Security Measures

To protect confidential and personal information properly, Fuji Electric has formulated and implemented a policy and regulations related to information security with consideration for the laws of relevant countries. In addition, information management systems are put in place at Group companies and systems have been instituted to manage access to operational sites and to information, among other information security measures. Meanwhile, we endeavor to prevent information leaks while strengthening information security by instituting annual training programs for employees and conducting inspections and implementing improvements through effective

management and audits of workplaces.

Fuji Electric has developed a countermeasure system and established a computer security incident response team (CSIRT) and a security operation center (SOC) to handle ever more diversified cyber security risks, through which we monitor for attacks and quickly gain control in the event of attacks. We also take ongoing steps to improve our ability to respond to the constant emergence of new threats through the reinforcement of our defense and detection systems and through cyber training.

External Certification Related to Information Security

Companies that handle customers' confidential and personal information and require high-level information security management have acquired external certification. As of April 1, 2019, a total of five departments at three Group companies have

acquired information security management system (ISMS) certification. In addition, Fuji Electric Co., Ltd. and four subsidiaries have acquired Privacy Mark certification.