

Risk Management

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

Basic Policy on Risk Management

Based on the Fuji Electric Risk Management Regulations, which were formulated in May 2006, the Company manages risk in a coordinated, systematic manner.

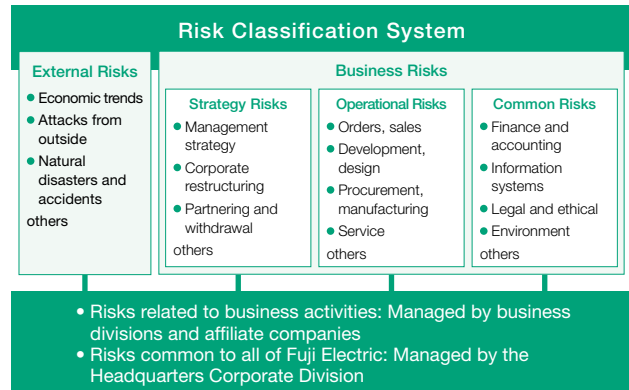
We will practice appropriate management and counter various risks that could affect the Company's management

Types of Risk and Risk Management System

Fuji Electric has divided risks into "External risks" and "Business risks," with Business risks classified into "Strategy risks," "Operational risks", and "Common risks," and conducts risk management optimized for each category.

Countermeasures for risks that are common to the whole of Fuji Electric are implemented by the Headquarters Corporate Division while countermeasures for business risks are spearheaded by the relevant business divisions and affiliate companies. Business risks are analyzed each year and factored into business plans.

in order to prevent risks from materializing (crisis situations). At the same time, we will strive to minimize the impact on management in the event that risks materialize.



Strengthening of Business Continuity Capabilities

Fuji Electric aims to continue core operations even if unexpected events such as natural disasters and accidents occur, continuing to uphold social responsibilities as a company and 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 our *Disaster Prevention and Procedural Manual*, we have created a disaster-preparedness headquarters system. Meanwhile, at operating sites and affiliates, we 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.

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. We seek to strengthen information security by instituting annual training programs for employees and endeavor to prevent information leaks. In addition, we have developed a countermeasure system, established a computer security incident response team (CSIRT) and a security operation center (SOC) to handle ever more diversified cyber security risks, and implement monitoring and defense measures to ensure preparedness for attacks.

Prevention of Infringement of Intellectual Property Rights

As part of our intellectual property activities, we employ a system to monitor other companies' patents on a daily basis to prevent any inadvertent infringement of patents held by third parties.

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 manages the supply chain, and for IT sections, which manages the information systems.

In fiscal 2017, we once again expanded the range of products covered under the BCP. In addition, we conducted simulation drills based on earthquake and explosion scenarios targeting business supervisors and base managers. Furthermore, domestic factory managers underwent public relations drills while all employees took part in safety confirmation drills. Through these efforts, we sought to improve our ability to respond to natural disasters.



Simulation drill

External Certification Related to Information Security

Companies that handle customers' confidential and personal information and require a high-level information security management have acquired external certification.

As of April 1, 2018, three departments at Fuji Electric Co., Ltd. and two subsidiaries have acquired information security management system (ISMS) certification. In addition, Fuji Electric Co., Ltd. and three subsidiaries have acquired Privacy Mark certification.

To prevent infringement, we also conduct compliance training for employees.

Note: Please refer to page 26 for more information on intellectual property initiatives.