Risk Management

Working to strengthen our Group-wide risk management structure, we are promoting activities aimed at preventing risks from materializing and minimizing the effects should an incident occur.

Business Risks

Listed below are a few examples of the business risks affecting the Fujitsu Group. We are aware of such risks and are making efforts to prevent them from arising, avoid potential risks altogether and immediately confront risk incidents should they occur.

- Economic and financial market trends (economic trends in key markets, high-tech market volatility)
- Changes in customers' IT investment trends
- Competitor/industry trends (price competition, competition in technology development)
- Procurement, collaborations, alliances, and technology licensing
- Public regulations, public policy, and tax matters
- Other operational risks (deficiencies or flaws in products and services, project management)
- Natural disasters and unforeseen incidents

* The above examples of risk factors are by no means exhaustive. More detailed risk-related information can be found in our financial results materials and other company reports to shareholders.

Risk Management Structure and Risk Management Cycle

We have established a Risk Management Committee as the body to promote risk management in accordance with the Fujitsu Way. Through the activities of this committee, we are building a risk management structure focused on preventing potential risks from arising and responding to any incidents that do materialize.

To manage potential risks, the Risk Management Committee maintains close coordination with each business group to extract, evaluate, and analyze a variety of risk-related information. At the same time, it continuously monitors the progress of risk incident prevention measures.

If an incident occurs despite these preventive measures, the Risk Management Committee receives initial reports from frontline locations. Then, in collaboration with local management, the committee takes appropriate response measures including, when necessary, setting up an ad hoc response headquarters to resolve the problem quickly. With regard to major risks, the Management Council and Board of Directors are informed as necessary, and they provide direction to each of the business groups and to the frontline management. Furthermore, with the cooperation of the lead response divisions, we work to determine the cause, deploy those results across the organization, and prevent the risk from reoccurring.

Business Continuity Planning

The risks of unforeseen events that threaten economic and social continuity, such as large-scale flooding, earthquakes, disruptive incidents, and accidents, have increased greatly in recent years. Currently, we are working to create business continuity plans and to firmly establish business continuity management so as to assure stable supply of the high-performance high-quality products and services our customers require in the event of such incidents.

Risk Management Structure and Risk Management Cycle

(As of June 23, 2008)

Board of Directors

Report | Direction

Management Council

Report | Direction

Risk Management Committee

- Identifying, evaluating and analyzing potential risks
- Investigating preventive measures and checking their implementation

- Handling risks that arise and identifying causes
- Proposing and implementing measures to prevent re-occurrence.

Natural disasters and accidents | Problems with products or services | Compliance | Information security | Environment

Each business division and Group company

From 2007 our suppliers have been cooperating in improving supply chain continuity, and we have conducted a survey on each supplier's approach. Based upon our own experience, we have been holding seminars for our suppliers on how to plan for business continuity.

Group-wide Earthquake Disaster Prevention Network

We are organizing a Group-wide earthquake disaster prevention network in Japan to prepare the Fujitsu Group in the event of a major earthquake. To minimize harm to persons and property, we perform frequent disaster prevention inspections at all our domestic business locations and since 1995 have carried out annual nation-wide disaster prevention drills in conjunction with Japan's Disaster-Prevention Day.

In 2007, on the assumption that an earthquake of intensity just under six on the Japanese scale had occurred with its epicenter in Niigata City, we carried out system recovery support exercises for information systems that support our customers' core business operations. At the same time, we performed a practice of substituting locations in the performance of certain operations following the procedures of the newly drawn up business continuity plan.

Risk Management Education

To prevent incidents from occurring, and to minimize the extent and spread of damage if incidents do occur, we have put in place a systematic training curriculum to educate employees on the importance of compliance and risk management and to provide training in specific ways of dealing with risk issues. For instance, we offer code of conduct training specific to job title, including risk management seminars primarily targeting recently appointed general managers.

We also carry out educational programs in the areas of information security, environment, and natural disasters as necessary.

Promoting Information Security Training

The Fujitsu Group promotes information security training as part of its measures to prevent the loss or leakage of information.

Fujitsu and Group companies in Japan give face-to-face education in this field to those employees when they join the company or when they are promoted. Furthermore, e-learning education is given to all employees including officers every year.

The activities of departments implementing effective information security measures within the company are also available on the intranet, and every department is encouraged to take its own security-related initiatives.

Earthquake Disaster Prevention Network

Central Headquarters for Disaster Countermeasures
Headed by: Fujitsu President
Deputy Head: Officer responsible for Corporate Affairs & Human Resources

Corporate Affairs Group
Secretarial Group
Public and Investor Relations Group
Human Resources Group
Financial & Accounting Group
Facilities Group
IT Infrastructure Group
Procurement Group

Customer Countermeasures HQ (field support staff, system engineering, sales)
On-site Countermeasures HQ — HQ Organization — Workplace Organization — Recovery Organization

Product Business Countermeasures HQ
On-site Countermeasures HQ — HQ Organization — Workplace Organization — Recovery Organization

Electronic Devices Business Countermeasures HQ
On-site Countermeasures HQ — HQ Organization — Workplace Organization — Recovery Organization

Laboratories Countermeasures HQ
On-site Countermeasures HQ — HQ Organization — Workplace Organization — Recovery Organization