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

The global deployment of Fujitsu's business is affected by various risks. Examples of such risks follow. The Fujitsu Group is aware of these risks, and we are making efforts to prevent them from arising, avoid potential risks altogether, and immediately confront risks should they occur.

Examples of Business and Other Risks
- Risks from financial and economic market trends (economic trends in key markets, high-tech market volatility, exchange-rate fluctuations, interest-rate fluctuations, stock-market trends, etc).
- Risks of changes in customers' IT investment trends and of being unable to maintain lasting ties with customers.
- Risks in trends of competitors/industry (price competition, competition from other companies, and competition in technology development, etc).
- Risks from procurement, collaborations, alliances and technology licensing.
- Risks from public regulations, public policy and tax matters.
- Risks of deficiencies or flaws in products and services, information security, project management, investment decisions, intellectual property rights, human resources, environmental pollution, credit ratings and other credit-related risks.
- Risks of 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 and other 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. By establishing rules and guidelines for risk management, we have set practical action standards focused on both preventing potential risks from arising and responding to any incidents that do materialize, so as to advance global risk management.

To manage potential risks, the Risk Management Committee maintains close coordination with risk management executives of 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.

To prepare for the case that an incident occurs or is seen to be threatening to occur despite these preventive measures, rules have been established for reporting risk-related information and these are enforced at all locations throughout the group, including overseas. When the incidents occurring or seen to be threatening concern deficiencies or flaws in products and services, or information security, etc., all related divisions must report them immediately to the Risk Management Committee and to the management in each related business group. With regard to major risks, these are immediately reported to senior management, including the Management Council and Board of Directors as necessary. Then, in collaboration with the risk management executives of the frontline management, the affected divisions and each related business group, an ad hoc response headquarters is set up to resolve the problem quickly and minimize its effects, to determine the cause, and to make and implement proposals to prevent its recurrence.

Risk Management Structure and Risk Management Cycle

(as of 22 June, 2009)

Board of Directors

Report → Direction

Management Council

Report → Direction

Risk Management Committee

Issue Management
- Identify, evaluate and analyze potential risks.
- Investigate preventive measures and check their implementation.
- Consider and implement the transfer or retention of risks.

Crisis Management
- Resolve rapidly, minimize effects and identify causes.
- Propose and implement measure to prevent reoccurrence.

Each Business Group and Group Company

Business Continuity Planning

The risks of unforeseen events that threaten economic and social continuity, such as natural disasters like earthquakes and large-scale flooding, disruptive incidents, accidents, and epidemics like the new strain of influenza, have increased greatly in recent years. We are currently working to assure stable supply of the high-performance high-quality products and services our customers require in the event of such incidents by creating business continuity plans and firmly establishing business continuity management.

In April 2008, we were the first company in Japan to receive certification under BS25999*, the de facto international Business Continuity Management System standard, for our maintenance service business.

Our suppliers have been cooperating to improve continuity throughout the supply chain, and we have conducted a survey on each supplier's approach to ensuring the continuity of its business. Based upon our own experience, we have been holding seminars for our suppliers on how to plan for business continuity.

* BS25999
The British Standards Institution (BSI) has published guidelines to clarify the ability of enterprises to minimize the threat to the continuity of their business operations caused by the effects of disasters and epidemics, etc., on their organizations. Part 1, consisting of action guidelines, was published in November 2006 and Part 2, the standards for certification, was published in November 2007.

Group-wide Disaster Prevention Network

We are organizing a Group-wide disaster prevention network to ensure that the Fujitsu Group can both quickly grasp the situation in the event of a major disaster and recover from it. To minimize harm to persons and property we perform frequent disaster prevention inspections and simulation exercises at all our business locations and since 1995 have carried out annual nation-wide disaster prevention drills in conjunction with Japan's Disaster Prevention Day. In 2008, we implemented a business recovery plan that assumes an earthquake with its epicenter in the metropolitan area, and conducted training not only for the resumption of our operations but also for the restoration of customer IT systems.

Risk Management Education

To prevent incidents from occurring, and to minimize the extent and spread of damange if incidents to 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. We offer code-of-conduct training specific to job title, including risk management education for all the managers of Fujitsu and Group companies in Japan. We also carry out educational programs in information security, the environment and natural disasters as necessary.

Risk Management Education

In FY 2008 all officers and employees of Fujitsu and Group companies in Japan took an e-learning course on the new strain of influenza.

Information Security Training

The Fujitsu Group promotes information security training as part of its measures to prevent the loss or leakage of information. Employees of Fujitsu and Group companies in Japan are given face-to-face education in this field when they join the company and when they are promoted, and all employees including officers take e-learning courses every year.

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
  - Finance & Accounting Group
  - Facilities Group
  - IT Infrastructure Group
  - Procurement Group
  - **Customer Recovery Countermeasures HQ** (field support , system engineering, sales) — On-site Recovery HQ
  - **Product Business Countermeasures HQ** — On-site Recovery HQ
  - **Electronic Devices Business Countermeasures HQ** — On-site Recovery HQ
  - **Laboratories Countermeasures HQ** — On-site Recovery HQ