

Corporate Governance

Basic Policies

In strengthening our corporate governance, our basic policies are to protect shareholder rights and ensure their equal treatment, cooperate appropriately with non-shareholder

Corporate Governance Framework

Fuji Electric's corporate governance framework consists of the Board of Directors, which performs the functions of management supervision and making important decisions, and the Audit & Supervisory Board Members and the Audit & Supervisory Board, which are in charge of the management audit function, and the framework guarantees objectivity and neutrality.

The Company actively appoints Outside Directors and Audit & Supervisory Board Members that satisfy the requirements for independence, endeavors to strengthen management supervisory and auditing functions, and has established the Nomination and Remuneration Committee comprising a majority of Outside Directors as an advisory body to the Board of Directors, and the majority of its members and its chairman

stakeholders, ensure proper information disclosure and transparency, execute the duties of the Board of Directors, and engage in dialogue with shareholders.

are Outside Directors.

In addition, in order to clarify the roles of management and execution, we have introduced an executive officer system to clarify the responsibilities for business execution. In order to continue strengthening our operating platform as a company with sustainable growth, in fiscal 2022 we appointed a Chairman of the Board and CEO and President and COO. We are endeavoring to build an effective corporate governance framework by establishing the Executive Committee, which discusses and reports on important matters related to management as an advisory body to the Chairman of the Board and CEO and President and COO, as well as other committees tasked with planning and promoting key business strategy issues and key external issues, such as legal compliance.

Nomination and Remuneration Committee

Fuji Electric has established the Nomination and Remuneration Committee as the advisory body for the Board of Directors in order to enhance the Company's corporate governance by reinforcing the fairness, transparency, and objectivity of procedures concerning the nomination of and remuneration for Directors and Audit & Supervisory Board Members.

The Nomination and Remuneration Committee met a total of four times in fiscal 2023 to discuss and report to the Board of Directors on executive remuneration, the introduction of a

share-based remuneration plan, and executive personnel matters.

Matters for Consultation

(1) Policy on the composition of the Board of Directors

(2) Policies and criteria regarding the appointment or dismissal of Directors, the President and Chairman of the Board of Directors, and Audit & Supervisory Board Members

(3) Appointment or dismissal of Directors, the President and Chairman of the Board of Directors, and Audit & Supervisory Board Members

(4) Matters regarding the formulation and implementation of a succession plan for the President and Chairman of the Board of Directors

(5) Policies and criteria regarding the remuneration of Directors and Audit & Supervisory Board Members

(6) Details of remuneration for Directors and Audit & Supervisory Board Members

Initiatives to Improve the Board of Directors’ Effectiveness

In fiscal 2023, the Board of Directors met 13 times to receive regular reports on management conditions and to supervise the execution of business operations as well as to engage in

lively discussions on important matters with an appropriate number of agenda items and time to deliberate.

Main Agenda	Main Reports and Discussions
Management Strategy, Sustainability, and Governance	Management plans and business strategies, SDG issues, statuses of compliance and risk management initiatives, etc.
Financial Results and Financial Affairs	Monthly, quarterly, and annual results and forecasts; risk of loss; and external disclosures, etc.
Dividends from Surplus	Dividend policy, dividend payout ratio policy, and policy on explanations to stakeholders, etc.
Cross-Shareholdings	Policy for holding and selling cross-shareholdings and rationale for holding such shares, etc.
Organizational Changes and Personnel Reassignments	Purpose and details of organizational changes, division of executive roles and skills matrix, etc.

Training for Directors and Audit & Supervisory Board Members

Before taking office, Standing Directors and Audit & Supervisory Board Members undergo compliance training, which also encompasses legal and taxation matters. They are also provided opportunities after taking office to acquire necessary knowledge on an ongoing basis.

Before taking office, Outside Directors and Audit & Supervisory Board Members are briefed on the state of the Company and the roles they are expected to perform.

After taking office, they have the chance to deepen their understanding of the Company through presentations on the strategies for business, R&D, and other operations, inspections of business bases, and other ways.



Outside Directors and Audit & Supervisory Board Members touring the Suzuka Factory

Evaluation of Effectiveness of the Board of Directors

We conduct the evaluation of the effectiveness of the Board of Directors with the use of a third-party survey once a year in order to verify whether the Board of Directors is properly fulfilling its expected roles and functions and to facilitate further improvements thereof. Furthermore, in order to deeply examine the survey results, individual interviews of the Directors and Audit & Supervisory Board Members are

regularly implemented by the internal Board of Directors secretariat. Through all of these processes, we earned mostly positive assessments, thereby assuring the overall effectiveness of the Board of Directors.

The results of the surveys and interviews are discussed and reported in the Board of Directors, and issues that require improvement are shared with everyone.

Method of Evaluation of Effectiveness of the Board of Directors

Implementation of an anonymous survey by a third party
(A survey of all the Directors and Audit & Supervisory Board Members)

Implementation of individual interviews by the internal Board of Directors secretariat
(A survey of all the Directors and Audit & Supervisory Board Members)

Identification of issues based on third party survey result reports and advice and individual interview results

Board of Directors analyzes, discusses, and assesses the findings

Main question categories

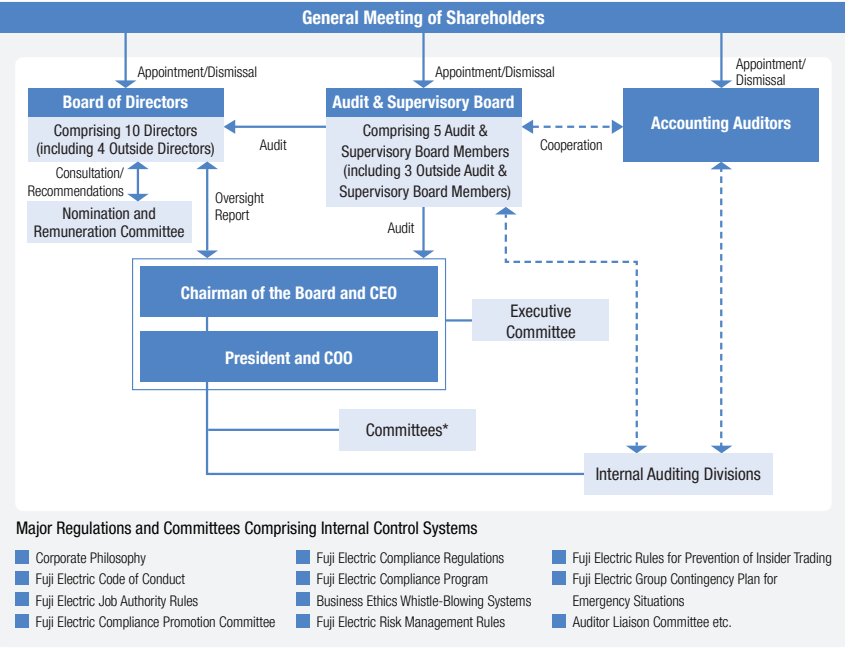
(1) Board of Directors make-up, administration, discussions, and monitoring functions

(2) Support structure and training for Directors and Audit & Supervisory Board Members

(3) Dialogue with shareholders

(4) Initiatives implemented by Directors and Audit & Supervisory Board Members themselves

Corporate Governance Framework (As of June 25, 2024)



- Committees

Key issues for Fuji Electric from an SDGs perspective

SDGs Promotion Committee

Legal compliance and other key external issues

Fuji Electric Compliance Promotion Committee

Health & Safety Promotion Committee

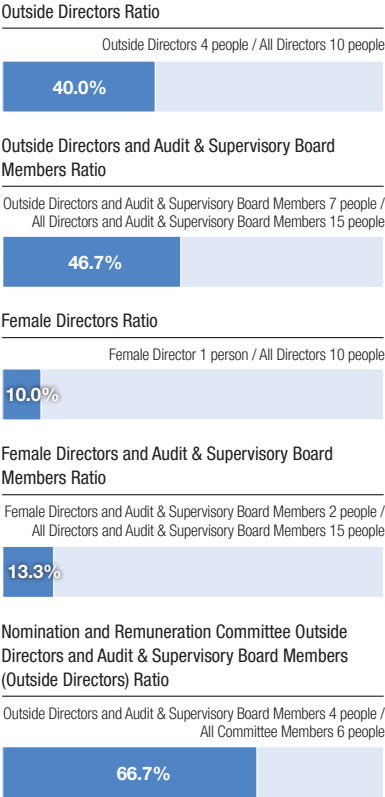
Key business strategy issues

Skills Development Committee

Production Technology Committee

Technology Development Committee

International Standardization Committee



Progress of reforms for improving the effectiveness of corporate governance

	2003	2011	2012	2019	2021	2022
Reform of the corporate governance framework	• Pure holding company system	• Transition to a business company system Speeding up the management decision-making (Number of Executive Officers 53 people → 18 people)		• Establishment of the Nomination and Remuneration Committee		
Reforms to improve the Board of Directors' effectiveness	• Introduction of Outside Directors and Audit & Supervisory Board Members		• Appointment of a female Outside Audit & Supervisory Board Member	• Commencement of a Board of Directors effectiveness evaluation survey • Continued reduction of cross-shareholdings	• Disclosure of the Directors' skill matrix	• Appointment of a female Outside Director • Commencement of Board of Directors effectiveness evaluation interviews

The following is the policy for initiatives in fiscal 2024 to address the major issues identified in the fiscal 2023 effectiveness evaluation.

Major Issues	Major Opinions of the Outside Directors and Audit & Supervisory Board Members on the Initiatives for FY2023	Policies for Major Initiatives in FY2024
Discussion of important medium- and long-term issues	• Interim reporting of the management plan to the Board of Directors and formulation of the management plan in consideration of the opinions of the Board of Directors • More proactive clarification and in-depth discussion of issues to be discussed by the Board of Directors from the executive side	• Enhancement of opportunities for reporting and discussing medium- and long-term issues that contribute to the enhancement of corporate value, such as the medium-term management plan, the establishment of human resources strategy including human resources development and the promotion of active participation by diverse human resources
Enhancement of the reporting required for supervising important decisions and business execution	• Continuous periodic reporting to the Board of Directors on the status of establishment and operation of the internal control system for Fuji Electric as a whole • Strengthening of project case management	• Enhancement of opportunities for reporting and discussing the status of business execution (e.g., the plan for and progress of semiconductor investment, and the status of the business transformation project, etc.)

List of Officers (As of July 1, 2024)

The Directors and Audit & Supervisory Board Members are selected based on a balance of qualifications, experience, and diversity of the Board of Directors as a whole. The term of office of directors is set to one year in order to clarify



Directors

Persons with the qualifications, experience, and other attributes required to execute the Company's management policies are appointed as Standing Directors. Outside Directors are appointed from among persons equipped with the insight and experience required to make multilateral business decisions who also have an understanding of Fuji Electric's management, including managers at listed corporations and experts in academic fields deeply related to our business. In addition, regarding the insight and experience required

management responsibilities for the fiscal year and to create a management structure that can respond quickly to changes in the business environment.

for the Board of Directors of Fuji Electric, in light of the Management Policies of Fuji Electric, including “contribute to the creation of a sustainable society through our energy and environment businesses,” and our business characteristics, we have defined the seven fields of “business management,” “finance and accounting,” “global business,” “environment and society,” “R&D, technology, manufacturing, and DX,” “corporate governance, legal matters, and risks” and “marketing and industry.”






Directors	Areas Expected to Director by the Company						
	Business Management	Finance and Accounting	Global Business	Environment and Society	R&D, Technology, Manufacturing, and DX	Corporate Governance, Legal Matters, and Risks	Marketing and Industry
 Michihiro Kitazawa Representative Director Chairman of the Board and CEO (Chief Executive Officer) Nomination and Remuneration Committee member	●	●	●	●	●	●	●
 Shiro Kondo Representative Director President and COO (Chief Operating Officer) President Nomination and Remuneration Committee member	●		●	●	●		●
 Toshihito Tamba Outside Director Nomination and Remuneration Committee chairman Executive Adviser, Tokyo Century Corporation	●	●	●			●	
 Yukari Tominaga Outside Director Nomination and Remuneration Committee member External Director, MORINAGA MILK INDUSTRY CO., LTD. Outside Director, SB Technology Corp.	●				●	●	
 Yukihiro Tachifuji Outside Director Nomination and Remuneration Committee member	●		●	●	●	●	
 Tomonari Yashiro Outside Director Nomination and Remuneration Committee member President, Tokyo City University			●	●		●	
 Junichi Arai Director Senior Managing Executive Officer Corporate General Manager, Corporate Management Planning Headquarters General Manager, Export Administration Office In charge of compliance management		●	●	●		●	
 Toru Hosen Director Senior Managing Executive Officer Corporate General Manager, Semiconductors Business Group				●	●		●

Directors	Areas Expected to Director by the Company						
	Business Management	Finance and Accounting	Global Business	Environment and Society	R&D, Technology, Manufacturing, and DX	Corporate Governance, Legal Matters, and Risks	Marketing and Industry
 Hiroshi Tetsutani Director Managing Executive Officer Corporate General Manager, Industry Business Group				●	●		●
 Masashi Kawano Director Managing Executive Officer Corporate General Manager, Energy Business Group				●	●		●

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Members are appointed by persons who are familiar with the Company's operations in general and possess expert knowledge and experience. Outside Audit & Supervisory Board Members are appointed by

persons equipped with the expert knowledge and experience required to undertake audits, including corporate managers, persons with experience as an auditor of a listed company, legal experts, and accounting experts.

Audit & Supervisory Board Members	
 Junichi Matsumoto Standing Audit & Supervisory Board Member Chairman of the Audit & Supervisory Board	 Jun Ohashi Standing Audit & Supervisory Board Member
 Hirohiko Takaoka Outside Audit & Supervisory Board Member	 Yuko Katsuta Outside Audit & Supervisory Board Member Partner, ITN Partners
 Noriyuki Uematsu Outside Audit & Supervisory Board Member Managing Director, Uematsu Certified Public Accountants Office Representative Director, SU Consultant Co. Ltd. Outside Audit & Supervisory Board Member, Cybozu, Inc.	

Executive Officers		
Position	Name	Division
President Executive Officer	Shiro Kondo	Chief Operating Officer
Senior Managing Executive Officer	Masatsugu Tomotaka	In charge of Power Electronics Sales, Energy Business, Industry Business,
Senior Managing Executive Officer	Junichi Arai	Corporate General Manager, Corporate Management Planning Headquarters; General Manager, Export Administration Office; In charge of compliance management
Senior Managing Executive Officer	Toru Hosen	Corporate General Manager, Semiconductors Business Group
Managing Executive Officer	Takeshi Kadoshima	General Manager, Human Resources and General Affairs Office; In charge of crisis management
Managing Executive Officer	Masashi Kawano	Corporate General Manager, Energy Business Group
Managing Executive Officer	Hiroshi Tetsutani	Corporate General Manager, Industry Business Group
Managing Executive Officer	Yoshitada Miyoshi	General Manager, President's Office; In charge of SDGs Promotion, and Public Relations and IR
Managing Executive Officer	Takashi Obinata	Corporate General Manager, Production & Procurement Group
Executive Officer	Masahiro Morimoto	President and Representative Director, Fuji Electric FA Components & Systems Co., Ltd.
Executive Officer	Tadao Horie	Deputy Corporate General Manager, Power Electronics Sales Group
Executive Officer	Masato Miyake	Deputy Corporate General Manager, Corporate Management Planning Headquarters
Executive Officer	Keiichi Asano	Corporate General Manager, Food & Beverage Distribution Business Group
Executive Officer	Hiroshi Ishii	Corporate General Manager, Power Electronics Sales Group, General Manager, Channel Partner Management Office
Executive Officer	Kazuya Nakayama	Corporate General Manager, Corporate R&D Headquarters

Independence Criteria for Outside Directors and Audit & Supervisory Board Members

Fuji Electric judges applicable candidates to be fully independent from the Company when they have no conflicts under the independence criteria established by the Company,

in addition to the criteria for independence stipulated by domestic financial exchanges, including the Tokyo Stock Exchange.

For our independence criteria, please refer to “Independence Criteria for Outside Directors and Audit & Supervisory Board Members” in the Corporate Governance Report.
https://www.fujielectric.com/ir/library/detail/governance_report.html



Activities of Outside Directors and Audit & Supervisory Board Members

To strengthen our management supervisory and auditing functions, and to ensure the validity and appropriateness of our important decisions, the Directors and Audit & Supervisory Board Members play the proper roles as stated below.

Outside Directors		
Name	Status of Attendance at Board of Directors Meetings (Meetings Attended/Meetings Held) Status of Attendance at Nomination and Remuneration Committee (Meetings Attended/Meetings Held)	Main Activities
Toshihito Tamba	13/13 4/4	[Board of Directors] Mr. Tamba offered opinions as necessary on all areas of Fuji Electric's management, including on the following matters, based on his professional standpoint and considerable insight as an experienced manager at listed companies. <ul style="list-style-type: none">• Formulation of a business plan taking into account changes in the market environment• Appropriate ways to carry out IR activities [Nomination and Remuneration Committee] As the committee chairman, Mr. Tamba led the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members of the Company and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Yukari Tominaga	13/13 3/3	[Board of Directors] Ms. Tominaga offered opinions as necessary on all areas of Fuji Electric's management, including on the following matters, based on her abundant experience and considerable insight pertaining to corporate management. <ul style="list-style-type: none">• How to promote the active participation of diverse human resources• Initiatives for expansion of the IT solutions business [Nomination and Remuneration Committee] Ms. Tominaga carried out the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Yukihiro Tachifuji	10/10 3/3	[Board of Directors] Mr. Tachifuji offered opinions as necessary on all areas of Fuji Electric's management, including on the following matters, based on his professional standpoint and considerable insight as a manager of listed companies. <ul style="list-style-type: none">• Inventory optimization initiatives• Enhancement of risk management in plant projects [Nomination and Remuneration Committee] Mr. Tachifuji carried out the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Tomonari Yashiro	10/10 3/3	[Board of Directors] Mr. Yashiro offered opinions on the following matters and other general management matters of Fuji Electric based on his expertise in and high-level insight into sustainable construction and innovation management. <ul style="list-style-type: none">• Initiatives to achieve a decarbonized society• Enhancement of risk management in plant projects [Nomination and Remuneration Committee] Mr. Yashiro carried out the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.

* The status of attendance of Ms. Yukari Tominaga, Mr. Yukihiro Tachifuji, and Mr. Tomonari Yashiro at the above Board of Directors and Nomination and Remuneration Committee meetings covers the Board of Directors and Nomination and Remuneration Committee meetings held after their respective appointments.

Outside Audit & Supervisory Board Members		
Name	Status of Attendance at Board of Directors Meetings (Meetings Attended/Meetings Held) Status of Attendance at Audit & Supervisory Board Meetings (Meetings Attended/Meetings Held)	Main Activities
Tetsuo Hiramatsu	12/13 8/9	[Board of Directors] Mr. Hiramatsu confirmed and offered opinions as necessary concerning agenda items and the status of Fuji Electric's business activities based on his extensive experience and considerable insight as a manager at financial institutions. [Audit & Supervisory Board] Mr. Hiramatsu confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Hirohiko Takaoka	13/13 9/9	[Board of Directors] Mr. Takaoka confirmed and offered opinions as necessary concerning agenda items and the status of Fuji Electric's business activities based on his extensive experience and considerable insight as an experienced Full-time Audit & Supervisory Board Member and any other type of executive of listed companies. [Audit & Supervisory Board] Mr. Takaoka confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Yuko Katsuta	12/13 8/9	[Board of Directors] Ms. Katsuta confirmed and offered opinions as necessary concerning agenda items and the status of Fuji Electric's business activities based on her expert knowledge as an attorney. [Audit & Supervisory Board] Ms. Katsuta confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.

Remuneration for Directors and Audit & Supervisory Board Members

Process of determining remuneration

The Nomination and Remuneration Committee discusses the validity of the policies, criteria, and levels of remuneration in light of changes in the operating environment, objective external data, and other matters and then reports to the Directors, and then the Board of Directors resolves on the policy for the final decisions respecting the details of the

committee's report.
The actual decision on remuneration amounts for individual Directors is left to the discretion of Michihiro Kitazawa, Representative Director, Chairman of the Board and CEO, but within the limit resolved at the General Meeting of Shareholders and with reference to the details of the committee's report.

Policy regarding decisions on remuneration

We have established a remuneration system and remuneration levels that are deemed appropriate for their respective duties and in accordance with shareholder mandates, giving due consideration to the aims of securing and maintaining competent personnel and providing incentives for the

improvement of business performance.
We routinely verify that the system and levels are appropriate or whether they need reviewing in light of changes in the operating environment or objective external data.

Classification-Based Remuneration System (Fiscal 2023)

Classification	Remuneration System
Standing Directors	The amount of performance-linked remuneration for Standing Directors is based on the consolidated ratio of operating profit to net sales for the previous fiscal year, which is set as an important target value in the medium-term management plan. The consolidated performance (e.g., net sales, operating profit, profit, and dividends) is taken into account to make the final decision. The consolidated operating profit ratio for fiscal 2023 was 9.6%, and performance-linked remuneration accounted for about 56.5% of the remuneration. Base Remuneration Base remuneration is a predetermined amount that is paid monthly at a certain time according to their position. A portion of the base remuneration is contributed to the director shareholding association to share the economic interests of shareholders and as an incentive to make management aware of share value. Performance-Linked Remuneration Performance-linked remuneration is paid annually at a certain time only in instances in which dividends are paid to all shareholders from retained earnings. The total amount of performance-linked remuneration shall be within 1.0% of consolidated profit for the fiscal year prior to the date of payment in order to make the link with consolidated results for each fiscal year more clearly.
Standing Audit & Supervisory Board Members Outside Directors and Audit & Supervisory Board Members	A predetermined amount is paid monthly at a certain time according to their position as base remuneration. Stocks in the Company may be acquired at their own discretion.

Remuneration Range by Classification (Fiscal 2023)

Classification	Remuneration Range
Standing Directors	The total amount of the fixed limit in (1) below and the performance-linked limit in (2) below (1) Up to 450 million yen per year (2) Up to 1.0% of consolidated profit for the fiscal year preceding the date of payment
Outside Director	Up to 100 million yen per year
Standing Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members	Up to 120 million yen per year

Remuneration by Classification (Fiscal 2023)

Classification	Total Remuneration (Millions of Yen)	Remuneration by Type (Millions of Yen)		Number of Recipients
		Base Remuneration	Performance-Linked Remuneration	
Standing Directors	795	333	462	6
Standing Audit & Supervisory Board Member	62	62	—	2
Outside Directors and Audit & Supervisory Board Members	79	79	—	9

Amount of Contributions to Director Shareholding Association and Shares of the Company Acquired (Fiscal 2023)

Classification	Amount of Contributions to the Director Shareholding Association (Millions of Yen)	Shares of the Company Acquired (Hundreds of Shares)
Directors	31	48
Audit & Supervisory Board Members	6	9

Introduction of a performance-related Share-based Remuneration Plan for Directors (Fiscal 2024)

To clarify the link to stock value and to raise awareness of the need to contribute to medium- and long-term performance improvement and increased corporate value from a shareholder's perspective, the 148th Ordinary General Meeting of Shareholders held on June 25, 2024, resolved to establish a new share-based remuneration, separate from the existing annual bonus, with respect to performance-linked remuneration.

Based on the Nomination and Remuneration Committee's report that introducing such a plan is appropriate, the plan was determined by comprehensively considering the current level of remuneration paid to directors, the trend in the number of directors, and the future prospects for these factors.

Overview of the Plan

Within the scope of the resolution passed at the General Meeting of Shareholders, the Company grants points (each point is converted into one share of common stock of the Company, with a maximum of 42,000 points per fiscal year) to directors, the amount of which is determined based on performance and other factors, and the number of Company shares corresponding to the number of points is distributed at

a specific time each year through a trust (The trust established under the Plan is hereinafter referred to as the "Trust."). During their terms of office, directors are prohibited from transferring the shares granted to them.

The shares to be granted are acquired by the Trust through the stock market or by subscribing to the Company's disposal of treasury stock.

Persons eligible for the Plan

Directors (excluding Outside Directors). As for Executive Officers, a performance-related share-based remuneration plan using the same framework as the Plan is introduced.



For details, please refer to "Proposal 3: Introduction of a Performance-related Share-based Remuneration Plan for Directors" in the Notice of convocation of the 148th Ordinary General Meeting of Shareholders.

https://www.fujielectric.co.jp/common-resource/ir/gl_data/20240603.pdf



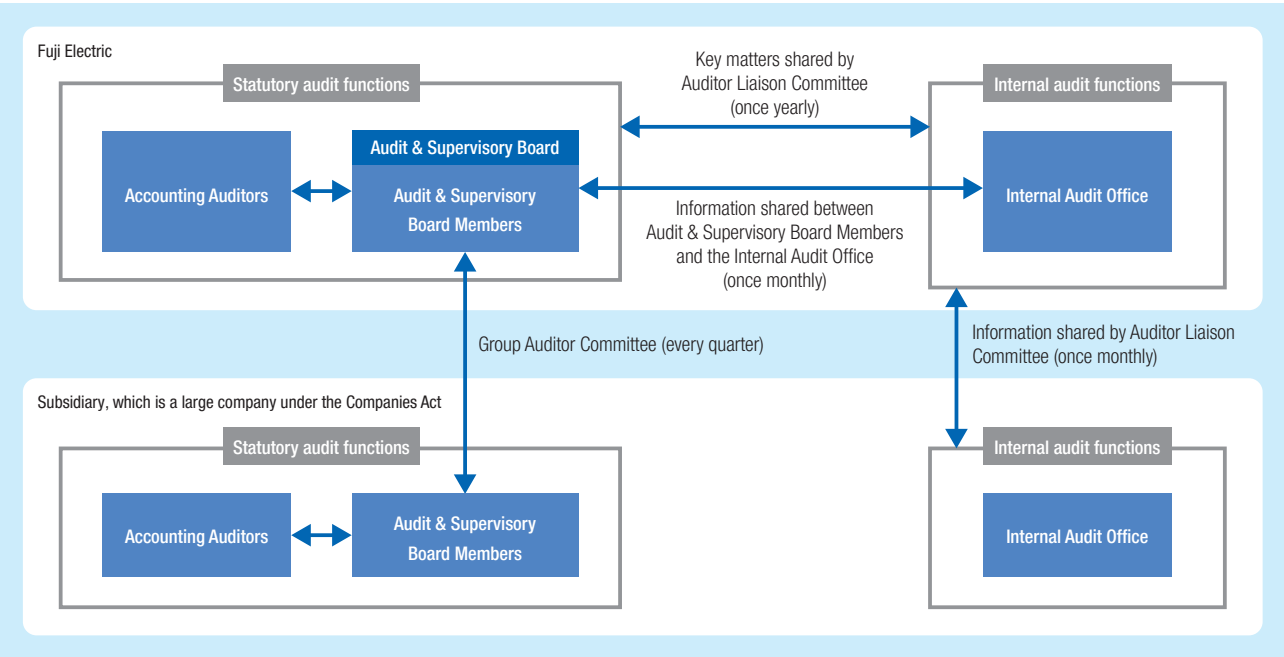
Audit & Supervisory Board Members and Internal Audits

Overall picture of strengthening collaboration between audit functions

In our auditing function, we ensure the effectiveness of audits by strengthening cooperation between the statutory auditing function (Audit & Supervisory Board Members and Accounting Auditors) and the internal auditing function (the Internal Audit Office). We have and will continue to

strengthen our focus on the compliance activities of overseas subsidiaries, strict compliance with quality control and safety control rules, and the development and operation statuses of disclosure systems.

Framework for strengthening collaboration between audit functions



Audits by the Audit & Supervisory Board Members

Audit & Supervisory Board Members conduct audits in accordance with the audit policies and duties assigned and in compliance with the standards for audits established by the Audit & Supervisory Board. They report the details and results of their audits to the Audit & Supervisory Board.

During the meetings, the Audit & Supervisory Board mainly reviewed audit policies and plans, the appropriateness of auditing methods and results of the Accounting Auditors, and undertook an assessment of the Accounting Auditors. It also reported on and reviewed important matters that the Standing Audit & Supervisory Board Members communicated to the Outside Audit & Supervisory Board Members.

Main tasks

- Attending and offering opinions at meetings of the Board of Directors, the Executive Committee, the Compliance Promotion Committee, and other important committees
- Reviewing documents pertaining to important resolutions
- Receiving explanations on the status of operational execution from Directors and internal auditing divisions
- Investigating the status of operations and assets at Fuji Electric itself, its consolidated subsidiaries in Japan and overseas, and companies undertaking M&As (done remotely as necessary)

Internal audits

As a general rule, every second year the internal auditing divisions as bodies directly under the President and COO perform the following audits on Fuji Electric's business divisions and subsidiaries so as to comprehensively cover the entire organization in accordance with the Internal Auditing Rules. Regarding issues pointed out, we confirm the state of progress

every quarter and implement follow-up audits as required. In fiscal 2023, utilizing remote auditing, we conducted audits at 45 bases, or about 40% of the audit bases. No risks or inadequacies with the potential to seriously affect management were discovered.

Type of Audit	Main Tasks
Organizational management	Evaluating the appropriateness of management and administration (development of regulations, approval procedures, performance management, etc.)
Risk management	Evaluating the effectiveness of risk management systems and risk response
Compliance	Checking for compliance with laws and regulations based on the Fuji Electric Compliance Program and confirming legal compliance
Business execution	Evaluating the appropriateness, efficiency, and effectiveness of business execution (booking of sales and purchases, investments, cash flow, etc.)
Accounting	Evaluating the appropriateness of cost accounting and the soundness of assets and liabilities

Policy on Cross-Shareholding

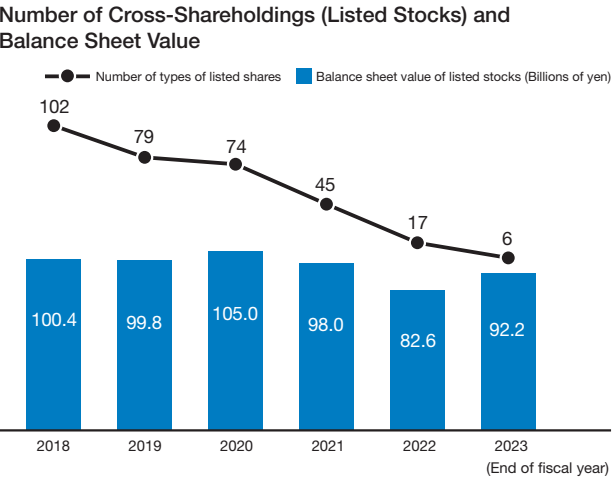
Fuji Electric holds listed shares as a matter of policy in order to maintain and strengthen relations with its investee companies. Our basic policy is to reduce cross-shareholdings. Even in cases where we recognize a certain rationality in holding these cross-shareholdings, we will reduce them while paying attention to the impact on management and business.

Based on the above policy, we have reduced the number of different listed stocks we held from 102 as of the end of fiscal 2018 to 6 as of the end of fiscal 2023.

The Board of Directors periodically evaluates the rationality of shareholding in light of whether it is necessary to maintain and strengthen relations with the investee companies and of the comparison of capital cost and return. The details of the review are disclosed.

The voting rights that come with cross-shareholding are exercised after considering all relevant factors, including whether the proposed action will help the issuing company to establish an appropriate corporate governance framework and to increase its medium- to long-term corporate value, and what impact the action will have on Fuji Electric. We also have

dialogue regarding the details of the proposal, among others, with the issuing company as necessary.



* In addition to the above, there are unlisted shares and shares deemed to be held by the Company, and the total amount of cross-stockholdings (including such unlisted shares and shares deemed to be held by the Company) at the end of fiscal 2023 will be 97 billion yen (14.7% of consolidated net assets).

Dialogue with Shareholders and Investors

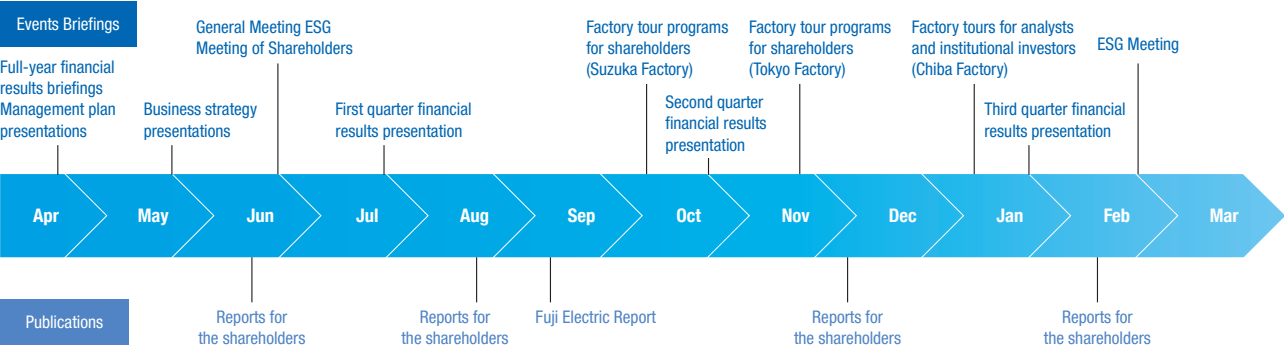
Basic policies

We disclose information in accordance with various laws and regulations. Even if we are not required to do so by law, we also strive to disclose corporate information thought to have a significant impact on investment decisions in a timely, fair, and equitable manner, so that we might earn the trust of our shareholders and investors and ensure they have a proper understanding of the Company.

Major initiatives in fiscal 2023

We handled more media coverage on conference calls or online, provided more elaborate information than ever to disclose at the IR briefings, and published more detailed IR information on our website in order to ensure that our shareholders and investors have a clearer understanding of our business environment, business strategy, and ESG initiatives.

Overview of the Main Initiatives in Fiscal 2023



Dialogue with analysts and institutional investors

We actively engage in dialogue with analysts and institutional investors, and we share their main opinions and requests with the Board of Directors and the Executive Committee for discussion as management issues.

Dialogue results for fiscal 2023

- Small meetings: 2 times (President and COO: Nov. and Feb.)
- Overseas roadshows: 1 time (Director in charge of PR and IR: Feb.)
- Dialogue through individual interviews: 620 (77 with analysts, 267 with Japanese institutional investors, 270 with overseas institutional investors, 6 with ESG investors)

Major comments from analysts and institutional investors in fiscal 2023

Opinions on management and business

- Clarify the goals, strategies and measures of the next Medium-Term Management Plan
- Clarify long-term growth strategy and direction
- Further expansion of the business for data centers and semiconductor factories and the power semiconductor business for electrified vehicles, where market growth is expected,
- Determine the timing of demand recovery and promote measures to improve performance in the cyclical sectors of ED&C components, power electronics FA, and industrial semiconductors
- Promote measures to improve low-profit businesses
- Policy for holding and reducing cross-shareholdings

Opinions on topics for information disclosure

- Cash flow allocation, including capital and shareholder return policies
- Business portfolio strategy to improve ROIC
- Business opportunities given the current trends of the widening spread of generative AI and expanding demand for electric power
- Take specific measures for further expansion strategies for the power electronics business and profitability improvement for the automation business
- Expected benefits from the restructuring of the power generation business and specific measures to generate those benefits
- Specific medium- and long-term business strategies for semiconductors
- Synergies with other segments of food and beverage distribution, and specific measures to create these synergies

TOPICS

Initiatives for exchanging views with Directors

We are committed to further enhancing our investor relations activities by reflecting the opinions of our directors.

Regular reports to Directors on IR activities

We regularly feed back items of interest and opinions or requests from analysts and institutional investors to the Board of Directors twice a year to invigorate discussions on management and business matters. We received the following opinions and requests from Outside Directors and Audit & Supervisory Board Members.

Opinions on IR activity reports

- Handling of overseas institutional investors
- Improve understanding of energy and industry (e.g., organize factory tours for analysts and institutional investors)
- Enhancement of non-financial information disclosure
- Continuous IR promotion that appropriately responds to changes in the environment

Opinion exchange meeting with Outside Directors and Audit & Supervisory Board Members regarding the integrated report

Regarding the integrated report (Fuji Electric Report), we used an opportunity separate from that of the Board of Directors to exchange opinions with Outside Directors and Audit & Supervisory Board Members. We received the following comments from Outside Directors and Audit & Supervisory Board Members.

Opinions on the integrated report

- Improve the content and clarity of the explanation of the value creation process
- Clarify the medium- to long-term goals
- Enhance the introduction of overseas business initiatives being focused on
- Describe company-wide DX initiatives
- Enhance disclosure of the global human resource strategy
- Make editorial improvements (amount of text, photos, clarity of terminology)



Exchange opinions with Outside Directors and Audit & Supervisory Board Members on the integrated report

Awards for our IR site

In recognition of the ease of use and abundance of the information on the Fuji Electric IR site, among other factors, the site has won the gold prize in the Gomez IR Site Overall Rankings 2023 (for the fourth consecutive year) and the Internet IR Commendation Award 2023 (for the fifth consecutive year).



Compliance

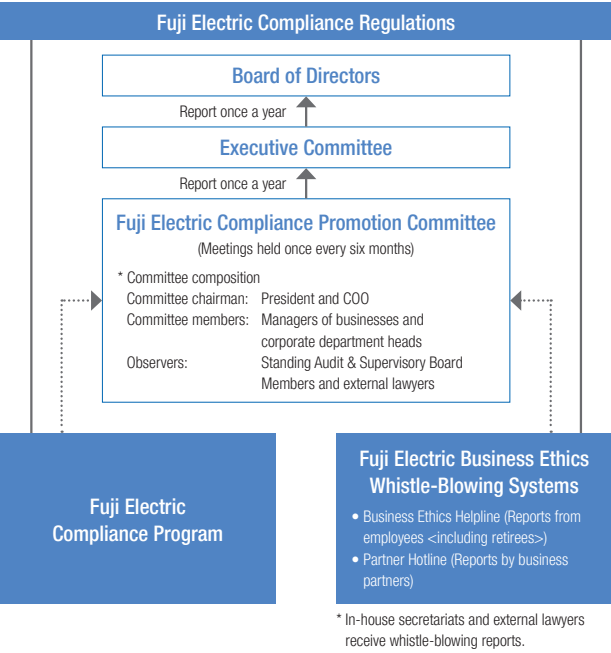
Basic Policies

The Fuji Electric Code of Conduct states that Fuji Electric must “make global compliance a top priority.” In addition, we have defined the Fuji Electric Compliance Regulations, a guideline for compliance, under the supervision of the Board

Promotion System

The Fuji Electric Compliance Promotion Committee is headed by our President and COO as its Chairman, and it consists of control chiefs (managers of businesses and corporate department heads) responsible for regulating laws and acts, with Standing Audit & Supervisory Board Members and outside experts (attorneys) as observers. The Committee meets twice per year to deliberate on the implementation status of the Fuji Electric Compliance Program and the Fuji Electric Business Ethics Whistle-Blowing Systems as well as the plan for implementing the Fuji Electric Compliance Program and then reports to the Board of Directors once per year. In the event of a compliance infraction, there is a system in place to take any necessary measures such as fact-finding investigations, corrective actions, recurrence prevention measures, internal punishments, and internal and external disclosure.

of Directors. We also globally promote compliance through the Fuji Electric Compliance Program and the Fuji Electric Business Ethics Whistle-Blowing Systems.



Status of Promotion

Fuji Electric Compliance Program

Fuji Electric has established the Fuji Electric Compliance Program to cover four aspects related to compliance with Japanese and overseas laws by both the Company and its Group companies in Japan and overseas. Through reviews and revisions made by the Fuji Electric Compliance Promotion Committee, we conduct activities while also actively acquiring external certifications and disclosing information externally in order to verify the effectiveness of our activities from an external perspective.

Fuji Electric Compliance Program

A total of 54 categories of Japanese and foreign target laws

- Anti-corruption and competition laws
- Labor and human rights
- Product safety and the environment
- Taxation and accounting
- Information security
- Export management

Establishment, revision, abolition, and dissemination of internal rules

Daily monitoring of the status of compliance with laws and internal rules

Auditing by third parties

Compliance education

Compliance education

We promote wide-ranging and systematic compliance education and awareness through level-specific and job-specific group training, online training, e-learning programs and web-delivered training, as well as by displaying posters internally and distributing pamphlets.

Fiscal 2023 Compliance Education Results (examples)

Training category	Participants		Details
Level-specific	Newly appointed Directors and Audit & Supervisory Board Members, etc. of affiliated companies	25	Obligation to build Fuji Electric Compliance Program
	Newly appointed managers	100	Compliance with major laws
	New employees	254	Introduction of our Fuji Electric Compliance Program and Business Ethics Whistle-Blowing Systems
Job-specific	Sales divisions in Japan	2,706	Compliance with Antimonopoly Act, Unfair Competition Prevention Act, etc.
	Sales companies outside Japan (from FY2022)	622	Compliance with bribery prevention and competition laws

Fuji Electric Business Ethics Whistle-Blowing Systems

For the purpose of preventing and detecting violations at an early stage, Fuji Electric has introduced and is operating the Fuji Electric Business Ethics Whistle-Blowing Systems, whereby relevant persons inside and outside the company can report violations of laws and regulations or internal rules in the course of business operations, or facts of that may lead to such violations, to the President and COO of Fuji Electric via whistle-blowing contact points (in-house contact points and external lawyers). (Anonymous reporting is also possible.)

In fiscal 2023, there were 43 reports from Japan and abroad, and 7 of these were infractions (2 cases of harassment, 3 cases related to labor, 1 case related to accounting, and 1 other case). In each case, we took necessary measures, including corrective actions and recurrence prevention.

Regarding our response to the reports, we work meticulously to protect whistle-blowers by keeping their personal information confidential and prohibiting disadvantageous treatment and retaliatory or discriminatory acts on the grounds of whistle-blowing. In addition, we take all

necessary steps to resolve issues raised by whistle-blowers, including fact-finding investigations, corrective actions, recurrence prevention measures, and disciplinary actions. We also provide the details of our response to the whistle-blowers themselves as feedback. (We also strive to indirectly provide feedback through the above measures in the case of anonymous whistle-blowing.)

Business Ethics Helpline

The Business Ethics Helpline handles reports from our executives and employees in Japan and overseas (including retirees and dispatch employees). It is thoroughly promoted among employees through publications in the Company magazine and the intranet.

Partner Hotline

The Partner Hotline handles reports from external stakeholders. It is thoroughly promoted among them through posts on the website and briefing sessions for business partners.

Partner Hotline

<https://www.fujielectric.com/company/procurement/partnerhotline.html>



Results of Promotion

As a result of implementation of the Fuji Electric Compliance Program and the Business Ethics Whistle-Blowing Systems,

in fiscal 2023 there were no compliance infractions with the potential to seriously impact the management of Fuji Electric.

Bribery prevention

With the article “Make global compliance a top priority” stated in the Fuji Electric our Corporate Code of Conduct, we have declared our commitment to bribery and corruption prevention, and we have disclosed the Fuji Electric Anti-Bribery Policy as part of the Fuji Electric Code of Conduct. This policy declares that we endeavor to prevent bribery throughout the supply chain, such as by ensuring that no Fuji Electric employee (including dispatch employees) ever engages in bribery or any act that could arouse the suspicion of bribery.

We have also established the Fuji Electric Anti-Bribery Guidelines as a set of rules for Fuji Electric employees (including dispatch employees) to help them prevent bribery during their daily business, and we endeavor to prevent bribery through the execution of the Fuji Electric Compliance Program. Any employee who is involved in bribery will be subject to strict disciplinary actions based on our work rules.

In fiscal 2023, there were no incidents of officers and employees being subject to disciplinary actions due to the violation of our anti-bribery rules, and no fines, surcharges, or

settlements related to bribery were incurred.

Prevention of competition law infractions

In an effort to prevent the violation of competition laws, we have established and appropriately revise daily business rules, including our Antimonopoly Act Compliance Manual and Foreign Competition Law Compliance Manual. We also perform daily monitoring by confirming quotations and estimates via a comprehensive bidding information management system and extensive record-keeping. In addition, our internal auditing divisions perform audits in accordance with auditing guidelines, and we conduct extensive level-specific and job-specific training. Any employee who is involved in the violation of competition laws will be subject to strict disciplinary actions based on our work rules.

In fiscal 2023, there were no incidents of executives or employees being subject to disciplinary actions due to the violation of the competition laws, and no fines, surcharges, or settlements related to competition laws were incurred.

Fuji Electric Anti-Bribery Policy

<https://www.fujielectric.com/company/box/doc/Anti-Bribery%20Policy.pdf>



Risk Management

Basic Policies

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

Risk Management System

The Company's business divisions and affiliated companies are responsible for managing risks related to their business activities as a part of their business duty, developing appropriate risk management systems, and implementing risk countermeasures.

Significant risks, such as those related to business plans and large-scale investments, are reported at the Executive Committee as appropriate to facilitate the sharing of information. We also have manuals in place to ensure that risks are steadily managed. We provide training in handling each type of risk and inform the whole Company about our efforts to manage risks through company magazines and other appropriate means.

The internal auditing divisions conduct regular audits to check whether each business division and affiliated company identifies and evaluates risks based on the Fuji Electric Risk Management Rules, defines countermeasure policies, and properly builds and operates management systems.

Emergency response

If an emergency arises due to a large-scale disaster or any other serious cause, we need to act to prevent the situation from becoming any worse and resolve the situation

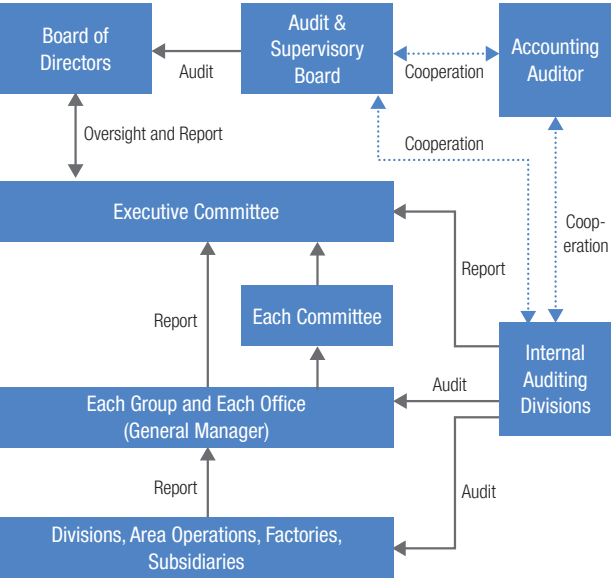
Risk Management Process

When annual budgets are formulated, the Company's business divisions and affiliated companies gain an understanding of 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, and each division appoints a person in charge of policy and countermeasure execution.

We conduct an interim follow-up at the end of the second

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



as soon as possible. Hence, we have guidelines in place on preparations for possible emergencies, an emergency contact network, and setting up an emergency task force.

quarter to implement an annual evaluation of risk measures, including the results of education and training, and to reflect them in the risk management system based on revisions to laws, regulations, and other rules as well as our experience in responding to risks. In this way, we improve the measures for the next fiscal year.

The statuses of these management systems and operations are regularly audited by the internal auditing divisions.

Major Risks

The current major risks that could impact Fuji Electric's results or financial situation are shown below.

Risk Items	Risk Details
Management Strategy Business Strategy Business Environment	<ul style="list-style-type: none">• We concentrate our management resources on business that is expected to grow and pursue capital investment and R&D investment accordingly. Regarding semiconductor capital investment in particular, we make investment decisions based on our volume and price negotiations with customers, and regarding R&D investment, we emphasize factors that include consistency with our business strategy, and we promote fundamental and advanced technology R&D to support our future based on our roadmap. Be that as it may, the semiconductor field has a short product cycle, fluctuations in the product supply-demand balance, and fierce competition, and there is still a risk of not being able to recover investments.• We consider the protection of the global environment to be an important management issue, and we continuously communicate our efforts to achieve a more sustainable society through our business, including declaring our support for the TCFD and establishing our Environmental Vision 2050. However, if our coal-fired thermal power business becomes the subject of increased criticism due to the strengthening of environmental regulations or initiative evaluations by ESG evaluation bodies, there is still a risk of this impacting Fuji Electric's reputation.
Corporate Governance	<ul style="list-style-type: none">• By constantly striving to improve our management transparency and auditing functions, we work on strengthening our corporate governance, but there are still risks, such as our management falling into disorder as a result of our corporate governance failing to function when internal control and other inadequacies occur due to unforeseen situations.
Business Reorganizations, Alliances, and Withdrawals	<ul style="list-style-type: none">• We strive to strengthen our competitiveness by collaborating with third parties, thereby building good relationships with them as we share our corporate philosophy, etc. and endeavor to achieve close communication, but there is still a risk of us not being able to achieve sufficient results due to differences in systems and cultures.
Orders, Marketing, and Sales Promotion	<ul style="list-style-type: none">• We work on avoiding opportunity loss as we strive to keep costs down and reduce our total expenses in order to minimize the impact of Japanese and overseas market trends on our results, but there is still a risk of the market environment worsening, the product supply-demand balance suddenly fluctuating, competition becoming fiercer, and the price level falling significantly as a result of the above.• For large plant projects, we strive to improve the accuracy of our quotations when we receive orders and strengthen our project management after orders are received in order to ensure the appropriate level of profit, but there is still a risk of our profitability worsening as a result of unforeseen specification changes after orders are received, process delays, natural disasters, etc.
Development and Design Engineering	<ul style="list-style-type: none">• We focus on R&D aimed at creating competitive components and systems as well as R&D that provides higher value solutions to customers by combining underlying technologies, but there is still a risk of us failing to market our products at the right time due to us losing our superiority to other companies as a result of rapid technological progress or failing to achieve development as planned.
Procurement	<ul style="list-style-type: none">• We deploy various means, including product swaps, to deal with the risk of the prices of raw materials soaring, but there is still a risk of the prices of raw materials, etc. significantly rising due to yen depreciation, demand increases, and similar factors.
Production & Manufacturing Shipping & Distribution Installation & Delivery Services	<ul style="list-style-type: none">• We constantly strive to understand the latest volume trends while building production management systems that are optimal for responding to volume fluctuations, but there is still a risk of excessive or deficient inventory if there are delays in responding to changes in volume trends due to unforeseen situations.• We strive to promote community-based manufacturing, global procurement, but there is still a risk of delivery delays and similar problems due to the distribution network being disrupted by limitations on the movement of goods and people.

Risk Items	Risk Details
Quality Assurance	<ul style="list-style-type: none">• We have developed a quality control system, we strive to ensure a high level of quality, and we have the necessary insurance, but there is still a risk of quality problems due to unforeseen situations impacting our results.
Human Resources and Labor	<ul style="list-style-type: none">• We actively educate and train our employees and are expanding our mid-career hiring to ensure that we have outstanding personnel, but there is still a risk of us not being able to secure or train the necessary personnel.
Finance and Accounting	<ul style="list-style-type: none">• We constantly verify the optimal mix of corporate bonds, commercial paper, and short-term and long-term borrowings, thereby striving to ensure that flexible, stable funding is possible, but there is still a risk of our interest rate burden with respect to interest-bearing debt increasing due to interest rates rising more than expected.• We strive to enhance our collection of trade receivables by trying to strengthen our credit management, but there is still a risk of not being able to recover debt due to the cash flows of our business partners worsening as a result of economic stagnation and similar factors.
Legal Affairs and Ethics	<ul style="list-style-type: none">• We strive to ensure compliance with laws through our Fuji Electric Compliance Promotion Committee and have developed compliance systems that include our compliance program and internal whistle-blowing systems, but there is still a risk of society's trust in us or our results being impacted if violations of laws and regulations occur.• We are building systems to quickly handle necessary processes in preparation for lawsuits and other legal disputes (including fact-finding investigations, corrective actions, recurrence prevention measures, internal disciplinary actions, and disclosure), but there is still a risk of us being ordered to pay an unforeseen, large amount of compensation.• We strive to effectively protect intellectual property rights and develop products and technologies that respect the rights of other companies, but there is still a risk of disputes that could impact our results.
Political and Socioeconomic Trends	<ul style="list-style-type: none">• We implement currency exchange contracts according to certain standards, but there is still a risk of exchange rates to the yen fluctuating.• To prepare for unexpected risks, we are trying to decentralize our production and sales bases, but there is still a risk of our results being impacted by changes in overseas laws and regulations, political factors, social disorder, and similar issues.
Trends of Shareholders and Other Investors	<ul style="list-style-type: none">• We strive to deepen everyone's understanding of the Company's management by emphasizing active disclosure and communication with our shareholders and institutional investors while also disclosing honest, accurate information, but there is still a risk of votes against executive-appointment agenda items, etc. due to differences between the intentions of investors and shareholders on the one hand and the Company's management on the other.
Natural Disasters and Accidents	<ul style="list-style-type: none">• We strive to "strengthen our business continuity capabilities," by setting up a specialized crisis management division involved in spearheading fire safety and disaster-preparedness activities and formulating the business continuity plans (BCPs), but there is still a risk of damage to production facilities, operations being suspended, product shipping delays, or similar problems due to large-scale disasters and accidents.
External Attacks	<ul style="list-style-type: none">• To respond to cyber-security threats, we implement attack monitoring and control, enhance our defense and detection systems, and continuously strengthen our ability to respond through cyber drills and similar measures, but there is still a risk of us losing the trust of society in cases where our systems fail to function due to attacks from outside (cyberterrorism, etc.) and lead to problems such as information leakage.

Responding to natural disasters and accidents (BCP efforts)

In order to resume and continue the important businesses within the required time even when unforeseen situations such as large-scale natural disasters and accidents occur, we have formulated business continuity plans (BCPs), and are making efforts companywide for continuous improvement, based on the Fuji Electric Business Continuity Management (BCM) Rules.

In addition to formulating BCPs at the head office, factories, and area operations, which serve as contact points with customers, we have formulated BCPs for functions that are essential for business continuity, such as measures for early recovery and minimizing damage to IT systems, response to natural disaster risks in the procurement field, and multi-sourcing. Furthermore, we implement education and training based on the formulated BCPs and we are working to strengthen our business continuity capabilities by regularly evaluating the effectiveness of the BCPs and their management system in order to make improvements.

In fiscal 2023, we packaged and deployed a training program at each of our bases, which encompassed advance preparations, progress on the day of the training, and support through to the end of the training. This enables each base to improve its BCP based on the insights obtained through voluntary BCP training, which ensures the PDCA cycle and enhances our ability to implement business continuity.

Fuji Electric has also been positively evaluated for its active business continuity efforts, and we have therefore acquired Resilience certification.



Initiatives to strengthen project management

Fuji Electric is committed to reducing the risks of incurring losses by strengthening project management in order to further enhance our corporate value through profit-oriented management.

To facilitate early identification of loss risks and predictive maintenance, we analyze the causes of major losses that have occurred and share them with relevant divisions within the company. We also implement measures to prevent recurrence and monitor such implementation.

In fiscal 2023, we worked to develop rules for pre-order screening of projects with high credit risk and to thoroughly manage project progress, including the costs of projects already awarded. The implementation statuses of these measures were managed in cooperation with related

business and corporate divisions and were regularly reported to and discussed by management at executive officer meetings and other meetings. In addition, to strengthen the management levels of overseas bases, we have established a system that enables self-checking of the risks of incurring losses by formulating practical guidelines and detailed operational rules for loss prevention and deploying them to overseas bases as well.

We will work to further strengthen project management and to further reduce the risks of losses by enhancing training for local and overseas employees.

Efforts to maintain and strengthen information security

To properly manage as confidential information all asset value such as management, commercial and technical information and personal information held by Fuji Electric, the Company has redeveloped and rolled out policies and regulations related to information security based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework.

Furthermore, we have also established management systems at Fuji Electric as well as Group companies in Japan and overseas, and we provide regular training to all of our employees, manage access to operating sites and offices, implement Internet device and computer security measures, and conduct annual inspections regarding the status of efforts taken by each workplace.

In addition, to respond to increasingly diversified and sophisticated cyber-security threats, we endeavor to strengthen our computer security incident response team and security operation center (CSIRT/SOC), our monitoring of signs and information related to new cyber attacks, and our information-system defense and attack monitoring functions.

At our bases as well, we strive to improve our information security countermeasures based on the requirements of our business partners, related industry organization guidelines, market trends, and other factors, and in businesses for which public certification of information security management is required, two departments and two subsidiaries of Fuji Electric Co., Ltd. have acquired information security management system (ISMS) certification. Furthermore, concerning personal information protection, Fuji Electric Co., Ltd. and three of its subsidiaries have been granted the Privacy Mark.

In fiscal 2023, the Tokyo Factory and the Suzuka Factory, our main energy and industry factories, acquired certification under the IEC* 62443-4-1 international standard for control system security. We will continue to endeavor to acquire certifications at other factories.

* International Electrotechnical Commission