Fiscal 2015 Report—Research and Development

Combining its core technologies in power semiconductors and power electronics with instrumentation and control systems, Fuji Electric is focusing R&D activities on the creation of optimization solutions for the energy and environment fields.

R&D Policies

- **Expand and strengthen core technologies of power semiconductors and power electronics**
- **Accelerate new solutions and product development though technology synergies between thermal, machinery, and instrumentation and control systems**
- **Promote open innovation**

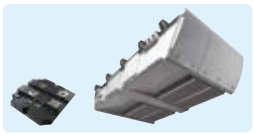
Major Initiatives in Fiscal 2015

Expand and Strengthen Core Technologies of Power Semiconductors and Power Electronics

In fiscal 2015, Fuji Electric pushed forward with the development of highly reliable, high-performance next-generation SiC power semiconductor modules while also creating power electronics products that take advantage of the ability to reduce losses and function under high temperatures that is characteristic of such devices.

3,300V Wistand Voltage Hybrid Modules

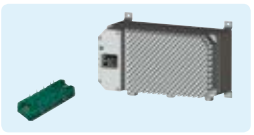
The Company succeeded in developing a 3,300V wistand voltage hybrid modules that utilized SiC-SBD and sixth-generation V-Series IGBT modules. In addition, we developed a drive system converter-inverter equipped with this hybrid module for the Central Japan Railway Company. Running tests with this module installed on N700 Series Shinkansen trains are currently under way, representing the world's first practical case of a drive system for a rapid-transit railway using SiC power semiconductor modules.



Hybrid module and converter-inverter

SiC Module-Equipped Waterproof and Dustproof Inverter

Fuji Electric has developed an inverter featuring a completely closed, self-cooling structure by exploiting the low-loss characteristics of SiC modules to reduce heat production and eliminate the need for a cooling fan. This inverter can be used in environments with high levels of water, steam, or dust, where installing an inverter would have previously been difficult. For this reason, we anticipate that this inverter will be used in food processing, machining, and other equipment.



SiC module and inverter

Accelerate New Solutions and Product Development through Technology Synergies between Thermal, Machinery, and Instrumentation and Control Systems

The Company accelerated the development of new products by leveraging synergies created by combining the thermal, machinery, and instrumentation and control system technologies it has developed to date.

Crane Control Solutions

By combining state-of-the-art sensor and inverter technologies with a programmable logic controller software package, Fuji Electric has developed crane control solutions that realize industry-leading levels of conveyance accuracy through the cooperative control of crane positioning, anti-sway, and anti-skew. These solutions contribute to better automated control for cranes and thereby help realize labor savings.

Nine crane control solution sets delivered to Asyaport Liman A.Ş., of Turkey

Fuel-Saving Solutions for Boilers Ultra Low Excess Air Ratio Combustion Control

Fuji Electric's fuel-saving boiler combustion solutions combine laser type carbon monoxide (CO) gas analyzers capable of high-speed measurement of boiler exhaust gas CO process values with ultra low excess air ratio combustion control systems based on CO process values. Boiler combustion control solutions to realize maximum efficiency can contribute to reductions in fuel consumption of approximately 1%.

Products comprising fuel-saving boiler combustion solutions (monitoring display and controller)

Revolutionary Solutions Employing IoT Technologies

The Company has created cloud-based supply and demand management solutions to meet the needs of electricity retailers arising from electricity system reforms. We are also working to develop big data analysis technologies to utilize various types of factory data that have been collected for supporting factory operation and diagnosing and predicting abnormalities.

Promote Open Innovation

Fuji Electric has been engaged in open innovation activities through collaboration with Zhejiang University to facilitate the development of new products for the Chinese market. In fiscal 2015, we stepped up this collaboration through the establishment of the Zhejiang University-Fuji Electric Innovation Center, a move conducted to aid in efforts for creating new businesses.

Fiscal 2015 Report—Intellectual Property

Positioning intellectual property (IP) rights as one of the most important management resources, Fuji Electric is working to implement IP strategies that are aligned with its business and R&D strategies and will continue to strengthen and expand its business globally.

IP Policies

- **Strengthen IP activities that extend back into the stages of business planning and R&D**
- **Investigate and respond to overseas IP systems and current status and reinforce IP activities at overseas bases**
- **Promote international standardization activities**

Major Initiatives in Fiscal 2015

IP Activities Extending Back into Business Planning and R&D

IP activities were focused on filing patent applications, primarily in businesses related to energy and power electronics. In addition, we endeavored to formulate IP strategies from the theme planning stage, prior to commencing research and development, after confirming business and R&D directives. These strategies were based on patent analysis and surveys. We also took steps to develop patent portfolios that ensure a strong advantage in business activities.

In its continuous efforts to strengthen coordination with business and development divisions, Fuji Electric is going to make more active use of its IP portfolios.

Main Fields for Patent Applications

- Patents relating to increasing the efficiency and energy savings of power electronics products
- Patents relating to semiconductors, such as those for SiC-related technologies
- Patents relating to vending machines

IP Activities Responding to Globalization

Fuji Electric is strengthening its global IP activities and continuing to investigate overseas IP rights and implement measures against counterfeit products to minimize business risks related to IP.

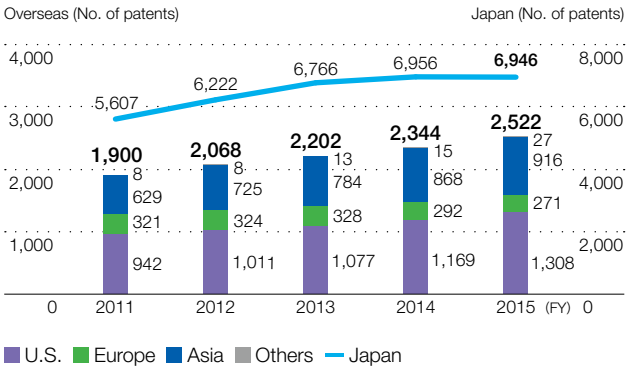
In fiscal 2015, our local IP division in China led efforts to uncover new inventions and implement countermeasures against counterfeit products. We also instituted countermeasures to prevent technology leakage and other precautions based on conditions in specific Asian countries, such as Malaysia.

Furthermore, Fuji Electric is actively contributing to international standardization movements. For example, Company employees serve as officers of the International Special Committee on Radio Interference of the International Electrotechnical Commission (IEC), and we have been in the position of holding an international meeting.

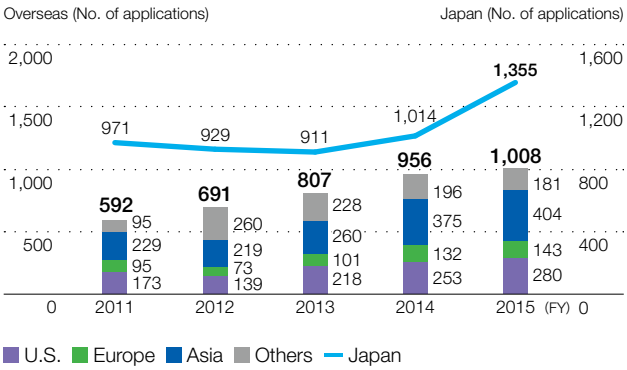
Looking ahead, as we step up our IP activities overseas, we will undertake strategic international standardization initiatives.

Patent meeting at Fuji Electric (China) Co., Ltd.

Number of Patents Held in Japan and Overseas



Number of Patent Applications in Japan and Overseas



Fiscal 2015 Report—Manufacturing

Based on localization policies (local design, local production, and local consumption), Fuji Electric employs a framework in which production bases in Japan act as mother factories for global manufacturing operations and coordinate with overseas bases in China and other Asian countries. Through this framework, we are able to respond to a diverse range of domestic and overseas market needs. In fiscal 2015, we expanded overseas production through the establishment of new factories in the Americas and India. We also strove to transmit to overseas bases the manufacturing DNA that we have continued to pass down since Fuji Electric's inception while tackling new manufacturing challenges utilizing IoT, specifically improving productivity to create products and services of the highest caliber.

Manufacturing Policy

- **Advance global production base strategy**
- **Strengthen on-site capabilities, production technology capabilities, and human resource development**
- **Promote global supply chain reforms**
- **Improve product quality**

Junior employee training for the WorldSkills Competition

Major Initiatives in Fiscal 2015

Strengthening of Production Technology Capabilities

We are strengthening our technology capabilities in order to ensure highly competitive manufacturing. Equipment technology engineers have been gathered at the Facility Technology Center, in Saitama Prefecture, to take part in the development of equipment technologies and core fundamental technologies. Through the efforts of these engineers and collaboration among different factories, in fiscal 2015, we were able to improve the actual manufacturing equipment and processes used in production as well as develop automated production lines.

In addition, a mass production line was installed at the Azumino Factory of GE Fuji Meter Co., Ltd. The result of exhaustive in-house design and production efforts, this line realized the mass production of smart meters in a short time and at low cost. (Ratio of automated lines to total lines: 69% in fiscal 2014→89% in fiscal 2015)

Automated line at the Azumino Factory

Improvement of Product Quality

As quality is an essential element in production technologies, we have established the Quality Assurance Working Group within the Companywide Production Technology Committee. This working group carries out initiatives for achieving stable, uniform product quality. In fiscal 2015, we focused on heightening product quality by implementing quality improvement activities at domestic and overseas bases, expanding the number of employees that pass QC inspection courses, holding training seminars based on failure case examples, and reinforcing risk response capabilities.

Enhancement of Human Resource Development

To strengthen our manufacturing capabilities, which are fundamental to manufacturers, mother factories in Japan are working to accumulate technologies and expertise. Moreover, by encouraging our employees to participate in the WorldSkills Competition, we are eager to nurture ambitious employees with superior abilities in production engineering and technology that can take on high-level challenges. At the same time, we are actively transmitting the manufacturing DNA cultivated in Japan to overseas operating bases in order to ensure that we can provide the same levels of quality and service anywhere in the world.

TOPICS

Staff of Manufacturing Section of Dalian Fuji Bingshan Vending Machine Co., Ltd.

Improvement of Productivity at Chinese Vending Machine Factory

In fiscal 2015, we sought to improve productivity, shorten production lead times, and reduce stock of work in process. To these ends, we analyzed work processes to identify issues. Based on the findings, process revisions and assembly line layout changes were instituted to boost part-supply efficiency and enable continuous flow production. These efforts created substantial successes in terms of reducing work time and conveyance time.

The Chinese vending machine market is expected to grow substantially going forward, and we anticipate that our vending machine sales volumes will rise in conjunction with this growth. In fiscal 2016, we will utilize the enhancements to our vending machine factory in China, including increased production equipment and a new automated welding line, to further improve productivity through Supply Chain Management (SCM)* activities. We thereby aim to achieve production volumes of 40,000 units in fiscal 2016, up from 29,000 units in fiscal 2015.

* SCM: Strategic management approach of pursuing optimization across entire processes that spreads across the boundaries between companies and organizations to eliminate inefficiencies and thereby create substantial corporate earnings

Fiscal 2015 Report—Procurement

To increase profitability and reduce risks, Fuji Electric has built a global-scale procurement system and strives to keep down all costs of materials used in products as well as indirect materials. Also, we are promoting CSR-oriented procurement activities by emphasizing social responsibility in building partnerships with our suppliers.

Procurement Policy

- **Enhance global procurement capabilities and cultivate purchasing staff members**
- **Strengthen cost reduction measures for direct materials with Design for Procurement (DFP)**
- **Strengthen cost reduction measures for indirect materials through Groupwide activities**
- **Promote CSR in procurement**

Procurement training at a production base in Thailand

Major Initiatives in Fiscal 2015

Enhancement of Global Procurement Capabilities

We aim to build a global procurement system to develop relationships with optimal suppliers around the world.
In fiscal 2015, we took steps to thoroughly enhance global procurement capabilities, including the establishment of an international procurement office in Asia and the implementation of compliance, procurement risk management, and negotiation technique training sessions at production bases in Thailand.

Looking ahead, we will expand global procurement by constructing a procurement information database that can be used by every base in the world.

Strengthening of Cost Reduction Measures for Direct and Indirect Materials

We are working to strengthen cost reduction measures for both direct and indirect materials on a global scale.

In fiscal 2015, we strengthened DFP initiatives, which entail procurement departments becoming involved from the development and design phases, and expanded local procurement at production bases in Thailand as we worked to reduce direct costs. Moreover, we endeavored to achieve the maximum reduction effect with regard to indirect materials by sharing our extensive cost reduction expertise for them which was accumulated through consumable parts, office equipment, and communication cost reduction initiatives conducted to be shared with overseas production bases.

Looking ahead, we will target further cost reductions by strengthening our DFP initiatives for direct materials in the plant and system equipment fields while promoting centralized pool purchasing of indirect materials on a Groupwide basis.

Promote CSR in Procurement

We are working with our suppliers to prevent compliance violations and human rights infringements throughout the entire supply chain, and actively promoting green procurement, where we procure materials with small environmental footprints.

Activities in fiscal 2015 were as follows.

For suppliers	• Conducted CSR Questionnaire to grasp CSR activities status (300 suppliers) • Conducted seminars on CSR for suppliers (18 suppliers)
For Fuji Electric's employees	Conducted training on compliance in procurement Japan: a total of 973 participants attended 31 sessions Overseas: a total of 49 participants attended sessions at two companies in Thailand

Conflict Minerals

Fuji Electric has established a policy of not supporting acts that violate human rights through its suppliers. Based on this policy, we have worked to ban the use of minerals associated with the funding of armed insurgents, human trafficking, forced labor, child labor, abuse, war crimes, and other human rights violations. These minerals include tin, tantalum, tungsten, gold and its derivatives produced in the Democratic Republic of the Congo or areas of conflict in surrounding countries.

Fuji Electric is a member of the Japan Electronics and Information Technology Industries Association (JEITA). In fiscal 2015, we participated in JEITA's Responsible Minerals Trade Working Group by gathering information. We held training about human rights violations and conflict minerals for the procurement divisions at our main bases in Japan (a total of 47 people attended the two training sessions).

Going forward, we will continue to take steps with our suppliers to fulfill our social responsibility by appropriately addressing the conflict minerals issue.

Fiscal 2015 Report—Human Resources

Fuji Electric focuses on creating work environments suited for globalization, where people respect human rights and prioritize health and safety. At the same time, we recognize that human resources are the prime driver of our competitive edge, and we actively cultivate each of our people to fully harness their potential.

We have made diversity a top priority in our personnel strategy, aiming to incorporate an array of values and perspectives so we can strengthen our competitiveness and expand business globally.

Career development support training

Major Initiatives in Fiscal 2015

Respect for Human Rights

We strive to guarantee that human rights are respected in our corporate decisions and business activities. To ensure this type of respect, it is crucial to foster and maintain a corporate culture in which all employees act while remaining constantly aware of human rights and neither commit nor be complicit in human rights abuses. For this reason, Fuji Electric is enhancing its systems for advocating respect for human rights.

Human Rights Awareness Promotion System

All domestic and overseas business sites and subsidiaries performed self-inspections based on the Policy for Human Rights of the Employees established and deployed in fiscal 2014 as well as Human Rights Check Sheets. The results of these inspections were used to hold hearings, which were primarily conducted with overseas manufacturing subsidiaries. When necessary, improvement measures were formulated based on hearings, and the hearings themselves were used as opportunities to exchange opinions regarding issues faced when advancing human rights-related initiatives.

Training and Education

In Japan, as part of its level-specific training, Fuji Electric conducts training focused on deepening its employees' understanding of international human rights standards and the obligation of companies to respect human rights. At the management level, in particular, group discussions based on a variety of case studies were conducted with the intent to enhance sensitivity to human rights risks, not only within the Company but along the supply chain as well.

Furthermore recognizing workplaces that respect human rights and are free of discrimination and harassment as the basis for all business activities, we implemented e-learning programs on harassment, which all domestic employees were required to take.

Health and Safety

Fuji Electric's basic philosophy is that of "health and safety of workers takes precedence over everything else." In line with this, all employees work together to ensure effective health and safety activities.

Fuji Electric Health and Safety Conference

This year's Fuji Electric Health and Safety Conference was held on February 12, 2016. The conference is widely attended, with participants including health and safety managers from every domestic business site, along with representatives from labor unions and partner companies. At the conference, attendees review the previous year's activities and confirm initiatives for the coming fiscal year. This year, we examined the causes of accidents that had occurred on Fuji Electric's premises during the fiscal year, checking and sharing information on the circumstances surrounding the accidents among all attendees. All attendees pledged to ensure that the findings of these activities are communicated throughout each division to prevent reoccurrence of the same accidents.

Ongoing Health and Safety Education

Preventing workplace accidents requires that all employees strive to quickly identify unsafe situations and actions in the workplace from their own unique perspective so that these risks can be weeded out. Accordingly, all employees must possess accurate insight and awareness with regard to safety. At Fuji Electric, training is not only conducted when employees seek to acquire qualifications; rather, we periodically implement refresher training to improve employee skill levels, and we are constantly planning and instituting health and safety education programs to promote continuity.

Workplace Safety Patrols

Safety patrol

Inspections from a third-party perspective are an effective way to uncover risks lurking in familiar work processes. We therefore believe it is vital to continue conducting systematic safety patrols at business sites, including those of Group companies. Such safety patrols are performed at domestic factories and construction sites as well as overseas bases in China, Southeast Asia, and other locations, leading to great successes.

Achievement of Accident-Free Records

The Matsumoto Factory was recognized by the Ministry of Health, Labour and Welfare for achieving a Class 3 Accident-Free Record, while the Fukiage Factory was recognized for achieving a Class 1 Accident- Free Record. Going forward, we will continue making every effort to eliminate industrial accidents and create safe, comfortable workplaces.

Human Resource Development

Training at Fuji Electric is intended to achieve our corporate philosophy and management policies, and to cultivate professionals who can enjoy autonomous, continuous growth. In addition to on-the-job training in each workplace, we are proactive in offering a range of cross-company education and training.

To expand our business globally, we are engaged in human resource development aimed at building teams that can work effectively by combining the skills of employees across workplaces and nationalities.

Level-Specific Training

As employees move up to managerial or general manager positions, we provide level-specific education to help them make the organization work effectively as a whole. In fiscal 2015, 419 employees participated in a curriculum designed to improve organizational management skills, including decision-making and communication.

Selective Training

Selective training is intended to identify prospective executives at an early stage and provide them with ongoing education. In fiscal 2015, 14 managers participated in this training.

Globalization Training

In fiscal 2015, 22 members of the local management staff of 13 countries worldwide gathered together for global leadership training, at which we shared information on our borderless vision as well as on issues faced in different countries and regions, deepening coordination among participants. In addition, two sales skills enhancement training sessions were held in Thailand with the aim of giving young employees hired locally opportunities to improve their product knowledge and build networks. These training sessions were attended by a total of 31 employees from 12 countries, including the United States and Middle Eastern countries.

The Company also dispatched 12 junior employees from Japan as the latest group of overseas trainees and sent four engineers on overseas assignments for study purposes. Furthermore, those employees to be assigned abroad were given preparatory training on the importance of appreciating and cooperating with others regardless of cultural differences as well as a thorough introduction to compliance issues.

Global leadership training

Promoting Work-Life Balance

We are strengthening initiatives to help employees achieve a work-life balance by creating working environments that are more conducive to the efforts of diverse employees and that enable people to fulfill their potential. We encourage a work style of focusing on one's job while at work and resting properly outside of work, based on which we are actively entrenching a workplace culture that makes taking time off easier.

In fiscal 2015, we set quantitative targets with the aim of addressing the issue of excessive work hours. We also held periodic meetings through which both management and labor representatives followed and discussed the progress of initiatives on this front.

To promote the participation of fathers in child-rearing, Fuji Electric has enhanced its childcare-related leave systems. In addition, steps are taken to encourage usage of these systems. For example, when the Company learns of a childbirth in a male employee's family, an e-mail explaining the leave system for childbirth by a spouse will be sent to both the employee and their supervisor urging use of this system. Furthermore, we endeavored to foster a positive mind-set toward fathers' participation in child-rearing by holding the "Ikumen* Seminar" series of training sessions and level-specific training sessions, displaying Ikumen posters, and otherwise working to change employees' thinking on this subject. We also conducted seminars offering employees basic knowledge of nursing care.

*A popular term for fathers who actively participate in child-rearing

Ikumen poster

Employment of People with Disabilities

The Company encourages lifetime employment for people with disabilities. We therefore promote hiring and ongoing employment of people with disabilities.

In fiscal 2015, we continued to expand the scope of duties that can be performed by differently abled individuals at business sites across Japan. As a result, 19 new individuals with disabilities were hired (14 new graduates, five mid-career hires), bringing the percentage of employees with disabilities to 2.3% as of March 2016.

In training employees with disabilities, we strive to help them achieve independence as professionals by encouraging participation in events such as the Abilympics and work fairs for people with disabilities as well as through the utilization of action-goal systems. We also support employees' efforts to lead independent lives as members of society through programs for increasing basic learning skills and for improving stamina and otherwise managing health as well as through training excursions and other lifestyle management support programs. As a result of these efforts, employees with disabilities have acquired various qualifications and are generating a wide range of results.

Circuit board testing

Forklift operation

Empowerment of Female Employees

Fuji Electric promotes diversity on an ongoing basis as part of its management policy to "maximize our strengths as a team, respecting employees' diverse ambition." As one facet of these efforts, we are focusing on empowering female employees in the workplace. The Company deploys a wide range of initiatives to help women play an active role in the Company, such as proactively hiring women with science and engineering backgrounds and offering career development support training for new and mid-level female employees. Other initiatives include a mentorship program known as the Sister System, in which experienced employees provide guidance to newer employees as well as pair work training between employees taking childcare leave and their supervisors. Through these initiatives, we support the career development efforts of female employees and aim to cultivate appropriate attitudes among management and all other employees.

In 2013, the Ministry of Economy, Trade, and Industry (METI) selected Fuji Electric for inclusion in its Diversity Management Selection 100, which recognizes companies that have achieved results in creating innovation and improving productivity by utilizing a diverse workforce.

Furthermore, in 2016, the Company was included in the Nadeshiko Brand based on an overall evaluation of its initiatives to promote the empowerment of female employees.

Major Initiatives

Recruiting Activities	• Project for recruiting women with science and engineering backgrounds
Career Development Support	• Career development support training for female employees • Cross-industry joint training for women in management • Sister System (mentor system for women employees)
Helping Employees Return to Work after Childcare Leave	• Pair work training
Spread of Diversity Promotion	• Business site or working group initiatives • Positioning of representatives at each business site to strengthen initiatives at all sites • Level-specific training

Career Development Support Training for Female Employees

To offer further support for the contributions of female employees, we provide career development support training designed to cultivate female managers. A career awareness survey conducted in conjunction with employee evaluations showed that, while many female employees were ambitious about advancing their careers, they harbored many concerns regarding their job and their life away from work. It was for this reason that we began holding these training sessions. The goals of this training program include helping women develop concrete career plans, heightening ambition to pursue career advancement through presentations by experienced female employees that serve as role models, and bestowing the skills necessary for mid-level employees.

Sister System (Mentoring Program for Female Employees)

The Sister System entails assigning female employees a mentor of a higher rank from a different division to serve as a consultation partner, aiding their growth through consultation meetings.

Fuji Electric previously suffered from a lack of nearby role models and consultation partners for female employees. To address this issue, we introduced the Sister System in fiscal 2011 with three goals: (1) having more experienced female employees help younger employees further their careers and achieve a good work-life balance, (2) promoting networking among female employees, and (3) improving the capacity of experienced employees to cultivate new employees. This program has been in effect for five years as of fiscal 2015, and a total of 218 people have taken part over this period.

Inclusion in Nadeshiko Brand

Conducted jointly by METI and the Tokyo Stock Exchange, the Nadeshiko Brand recognizes listed companies that display excellence in empowering their female employees. Fuji Electric was chosen for inclusion out of approximately 3,500 applicable listed companies.

The Nadeshiko Brand is designed to introduce companies that will be appealing to investors concerned with medium-to-long-term improvements in corporate value. For this reason, companies are scored based on their career development and work-life balance support systems for female employees, and return on equity (ROE) and other financial indicators are also considered when selecting the one prestigious representative from each category.

Nadeshiko Brand logo

Female Employees and Managers (As of April 1)

	FY2014	FY2015	FY2016
Employees	14,418	14,260	**14,057**
Number of female employees	1,754	1,764	**1,737**
Ratio of female employees	(12.2%)	(12.4%)	**(12.4%)**
Number of females in management positions	42	46	**48**
Ratio of females in management positions	(1.6%)	(1.7%)	**(1.9%)**

* Management: Manager rank or above.
* Data collected from: Fuji Electric, Fuji Electric FA Components & Systems, Fuji Office & Life Service, Fuji Electric IT Center, Fuji Electric Finance and Accounting Support, Fuji Architect and Engineering, Fuji Electric Frontier.

Quantitative Female Employee Empowerment Targets

Number of female officers in fiscal 2020	**300**
Ratio of employees that are female university or vocational school graduates	**20%**

* Officers: Assistant manager class or above
* Applicable companies: Fuji Electric, Fuji Electric FA Components & Systems, Fuji Office & Life Service, Fuji Electric Information Technology Center

Support for Nurturing Female Employees

To help address the concerns of female employees arising from the lack of nearby consultation partners, Fuji Electric introduced the Sister System, which makes it easier for female employees to consult with their more experienced peers.

Fuji Electric's Sister System

Kaori Kudo, representative in charge of diversity

"We often heard female employees voice their concern with being the only woman at their workplace, leaving them with no one to talk to about their work or home life. It was out of our desire to address this issue that we introduced the Sister System," recalls Kaori Kudo from the Human Resources and General Affairs Office.

The Sister System is a program that provides career development and work-life balance support for female employees through consultation meetings held once every two or three months. In fiscal 2015, 36 pairs, or 72 individuals, participated in this program. In addition, three group training sessions were held in fiscal 2015 to support the development of female employees by providing them with opportunities to learn about methods for ensuring smooth communications, share information about issues they sought consultation on, and discuss possible solutions for these issues. These training sessions offer further support to nurture female employees.

For Want of Broader Horizons

Izumi Tachikawa
International Taxation Section, Taxation Department, Corporate Finance Office, Corporate Management Planning Headquarters

Izumi Tachikawa works in a taxation-related division that primarily handles transactions with overseas bases. When asked her reasoning for participating in the Sister System, she smiles and replies, "I had worked in the same place since joining the Company, and I wanted to broaden my horizons. I thus chose to join the program due partially to a recommendation from my boss but also to help advance my career. While I was a little concerned about what type of person my mentor would be, my excitement outweighed this concern."

Advice Grounded in Experience

Mikako Sato
Chief Evaluator, Human Resources and General Affairs Section, Planning Department
Fuji Electric IT Center Co., Ltd.

Tachikawa's mentor Mikako Sato, a manager from the Human Resources and General Affairs Section of Fuji Electric IT Center, offers advice based on her experience. "Ms. Tachikawa is a hard worker that values both her job and her family, but she needs to know when to take a break." Sato then smiles to extend words of encouragement, "I hope that she can learn to relax a little and become a capable woman that can meet any situation with a smile. Ms. Tachikawa can go far by herself, but I am always around if she needs any help."

Mutual Growth Based on Discoveries

"Ms. Sato told me that "handling transactions with overseas bases is itself a job that broadens your horizons." It was an eye-opening moment. Having someone evaluate my situation from a different perspective brought new discoveries and changed the way I look at things," recounts Tachikawa when explaining her experience consulting with Sato.

Consultation meeting between Tachikawa and Sato

Tachikawa also asked Sato about child-rearing. "At first I thought that it was only natural for children to require a lot of attention, but Ms. Sato told me about how important it is to let children develop a sense of independence by allowing them to do things by themselves. Coming from a mother of four kids, these words were inspiring. Should I ever have a chance to make use of my own experience in this manner, I hope to be able to pass on such wisdom to younger employees as well," Tachikawa says.

When the subject turns to networking, Sato explains, "The program provides an opportunity to interact with people you would not encounter in everyday work, making them a great opportunity to build networks."

Tachikawa adds, "The program reminded me of the importance of workplace communication. Now, I try to make sure I speak with my coworkers no matter how busy I am." The growth of both parties is palatable as the conversation proceeds.

Message for Working Women

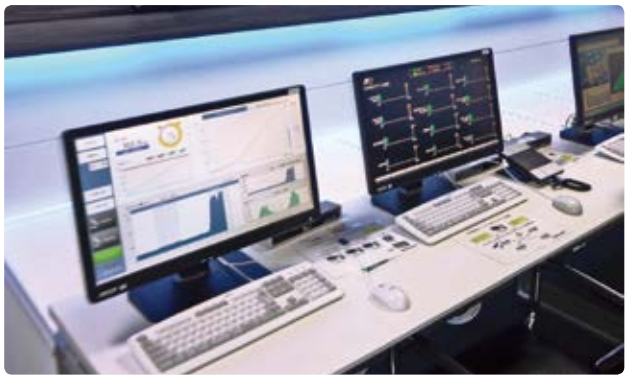
Kudo offers a message for working women. "The Sister System is now in its fifth year, and over 200 people have taken advantage of this program. Through this program, I hope we can enrich both the work and private lives of female employees and build an environment in which working women can exercise their skills to the fullest. I see these training sessions as an opportunity to move toward this goal."

Fuji Electric remains committed to supporting its female employees into the future.

Fiscal 2015 Report—Environment

Efforts to protect the global environment are a key management issue for Fuji Electric, and, following the establishment of our Basic Environmental Protection Policy, we continue to promote environmental management with the goal of contributing to global environmental protection through our business activities.

In fiscal 2012, we began the Smart Factory Initiative to optimize energy usage by coordinating electrical and thermal energy technologies with production planning. In fiscal 2015, this initiative was extended to seven new factories, adding to the four model factories (Kawasaki, Tokyo, Yamanashi, and Mie) at which it was previously introduced, and the benefits of the energy usage visualization implemented are already apparent.



Energy usage visualization implemented through energy monitoring terminal (Fukiage Factory)

Basic Environmental Protection Policy

1. Offering products and technologies that contribute to global environmental protection
2. Reduction of environmental burden throughout product life cycles
3. Reduction of environmental burden in business activities
4. Compliance with laws, regulations, and standards
5. Establishment of environment management systems and continuous improvements of the systems
6. Improvement of employees' environmental awareness and social contribution
7. Promotion of communication

Environmental Vision 2020

In 2009, Fuji Electric formulated Environmental Vision 2020 to guide its medium-to-long-term environmental activities as it promotes environmental management. The vision was established based on the perspectives of stakeholders and relevant companies through a process that entailed identifying material issues needing to be prioritized and then formulating concrete initiatives and targets in relation to these issues. We are forging ahead with these initiatives. This vision is centered on three specified material issues of stopping global warming, creating a recycling-oriented society, and meeting our corporate social responsibilities. In addition to reducing the environmental footprint of our own production activities, we seek to help achieve sustainable societies by providing products and technologies that leverage our strengths in electrical and thermal energy technologies.

Viewpoints Incorporated in Identifying Material Issues

Stakeholder Viewpoint	Corporate Viewpoint
Global issues	Contribution to corporate management Connection to management philosophies and policies Core technologies Increased demand for products and services that contribute to global environmental protection
International consensus, laws and regulations, industry agreements	
Impact of Fuji Electric's activities	Management risks

Environmental Vision 2020

Our main initiatives under the issue of stopping global warming are to reduce CO_2 emissions during production by 20% in fiscal 2020 compared with the fiscal 2006 level of 381,000 tons, while reducing society's CO_2 emissions by 17 million tons by expanding sales of energy-saving and energy-creating products.

Under the issue of creating a recycling-oriented society, our key measures with respect to production resources are to lower ratio of waste sent to landfills by reducing waste and recycling resources. For water resources, we are endeavoring to cut the use of water resource inputs per unit of production. We are particularly stepping up efforts to increase water reusage rates at production facilities that consume a lot of water and at overseas facilities where there are significant water supply risks.

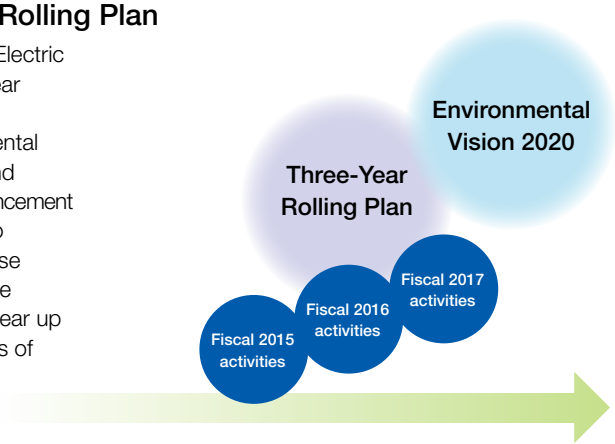
In this report, we present our main initiatives to stop global warming and to create a recycling-oriented society.*

* Unless otherwise specified, environmental activity targets and results in this report encompass domestic consolidated subsidiaries and overseas consolidated production subsidiaries.

Environmental Management Three-Year Rolling Plan

To achieve the goals of Environmental Vision 2020, Fuji Electric has formulated an Environmental Management Three-Year Rolling Plan, designed to promote ongoing efforts.

In this initiative, we verify each year that the environmental management strategy is addressing societal changes and establish detailed targets in various areas, such as the enhancement of environmental management governance, measures to prevent global warming, and measures to address the use of chemical substances. Fuji Electric will continually make revisions to the targets and action plans for each fiscal year up to three years in advance, and it aim to achieve the goals of Environmental Vision 2020 with certainty.



Reduction of CO_2 Emitted during Production

In Japan, we have been moving ahead with activities to reduce CO_2 emissions since fiscal 2012 to conserve energy and curb costs.

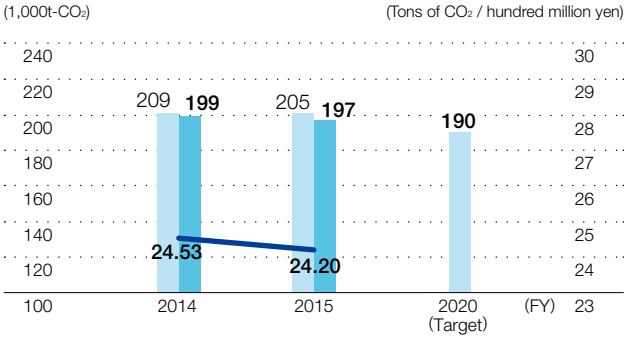
We continued to advance the Smart Factory Initiative in fiscal 2015, enhancing the efficiency of clean room air-conditioning systems and factory compressed air systems to reduce electricity consumption. We also stepped up activities for boosting employee awareness by creating and distributing posters and booklets promoting energy conservation. In fiscal 2015, these and other energy-saving activities resulted in economic benefits equaling 6.1% of fiscal 2014 energy costs as well as CO_2 emission reductions totaling 11,014 tons.

Fiscal 2015 CO_2 emissions from production were 197,000 tons (a 34.2% reduction from fiscal 2006), which surpassed the target of 205,000 tons (a 31.6% reduction from fiscal 2006).

Overseas, we switched over to air-conditioning equipment using inverters, revised standard temperature settings at bases, and took other energy-saving steps. As a result, CO_2 emissions decreased 927 tons in fiscal 2015, amounting to 126,000 tons (down 3.8% from fiscal 2010), which did not meet the target of 120,000 tons (down 7.9% from fiscal 2010).

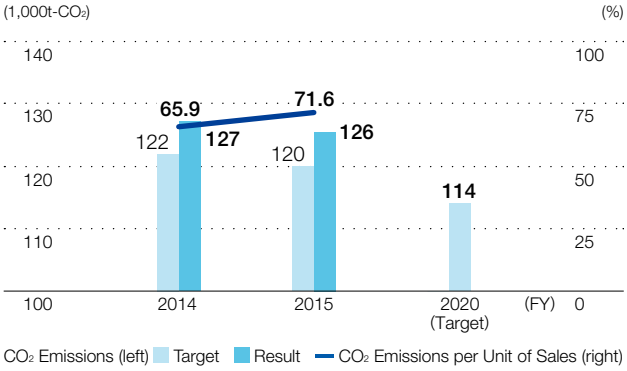
While the total CO_2 emissions reduction target for overseas was not met, we achieved the worldwide target (worldwide Environmental Vision 2020 target: 20% reduction from fiscal 2006 levels by fiscal 2020) of emissions of 325,000 tons, or a 14.7% reduction from fiscal 2006, with emissions totaling 322,000 tons, for a 15.3% reduction.

CO_2 Emissions and CO_2 Emissions per Unit of Sales in Japan*1



*1 Emissions per unit of sales is calculated by dividing the CO_2 emissions amount by consolidated net sales.

Overseas CO_2 Emissions and CO_2 Emissions*2 per Unit of Sales in Japan



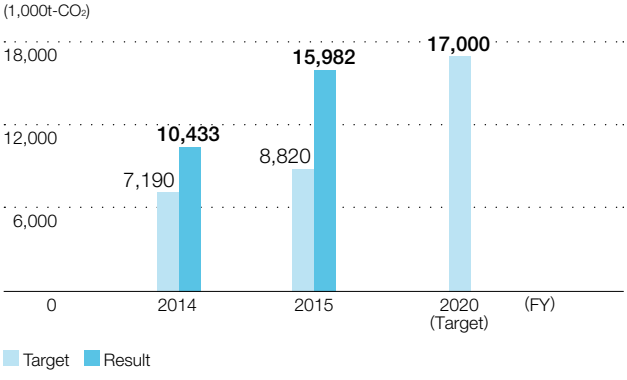
*2 The amount of CO_2 emitted by production volume (presented taking the value for FY2006 to be 100).

Reduction of Society's CO_2 Emissions through Products

In fiscal 2015, the contribution to CO_2 emission reductions from products was up 5,548,000 tons from fiscal 2014, to 15,982,000 tons, clearing our target of 8,820,000 tons. This reflected, among other factors, increased sales of inverters and electronic devices and deliveries of hydro power and biomass power generation facilities.

The products supplied during fiscal 2015 are anticipated to contribute to CO_2 emission reductions totaling 75,014,000 tons, if used for their average lifespans.

Reduced CO_2 Emissions through Products*3



*3 Amount of CO_2 reduction based on one year of operation of products shipped for each fiscal year after fiscal 2009.
(Calculated making reference to the quantification method of GHG emission reductions stipulated in the Electrical and Electronics Industries' "Action Plan for Commitment to a Low-Carbon Society.")

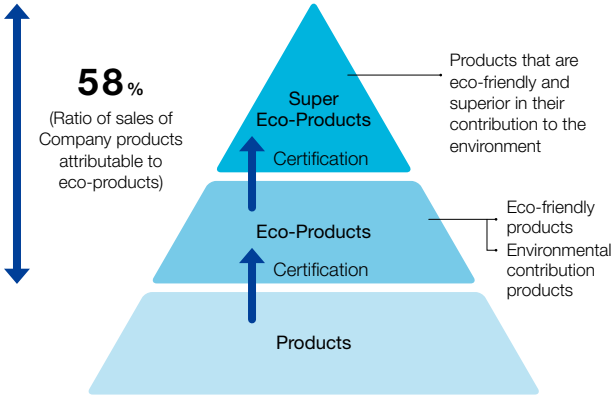
Eco-Product Certification System

Fuji Electric is developing eco-friendly products, which enhance energy efficiency and reduce the use of chemical substances, and environmental contribution products, which help reduce society's overall impact on the environment. We continue to promote the spread of these products.

In this initiative, Fuji Electric has established the common Fuji Electric Eco-Product Certification System. We evaluate the degree of product eco-friendliness on a Companywide platform. Products meeting fixed criteria are certified as "eco-products," while those that are at the top of the industry for environmental benefits and contributions and that have received external awards recognized on the national level for environmental superiority are labeled "super eco-products."

In fiscal 2015, we investigated the connection between factory production volume and sales for each product segment to establish a better understanding of the amount of sales of Company products, which provides the denominator for calculating the ratio of sales attributable to eco-products. The fiscal 2015 ratio of sales attributable to eco-products (ratio of sales of Company products attributable to eco-products) was 58%, exceeding our target of 48%. In fiscal 2016, we will target a ratio of 70% by identifying products that qualify as eco-products and proceeding with their certification.

Furthermore, an additional three products were designated as super eco-products in fiscal 2015, making for a total of 27.



Eco-Friendly Products: Products that have a reduced environmental impact over the entire product lifecycle. These products are superior to traditional products in at least four of six standard areas, including energy conservation, resource conservation, and recyclability.

Environmental Contribution Products: Products that contribute to environmental preservation during use. Products that contribute to the environment by utilizing natural energy or information and communication technology.

Fiscal 2015 Super Eco-Products

Aerosol Analyzers

Awarded 2015 (58th) 10 Greatest Innovations Prize by NIKKAN KOGYO SHIMBUN, LTD.

Fuji Electric's aerosol analyzers decipher the content of airborne PM2.5 particles, contributing to air pollution prevention by elucidating previously unseen truths.

- Employing a combination of several cutting-edge measurement methods, these analyzers continually and simultaneously record the size and number of aerosols as well as their chemical content (nitrate, sulfate, and black carbon) with high accuracy.
- Previously, sampling and analyzing aerosol chemical content was a process that had to be conducted by hand and could take more than eight hours. Our analyzers, however, have greatly cut the time required for such analyses by measuring content automatically in 15-minute cycles and almost in real time.
- The analyzers are primarily controlled via a touch panel on their front, which also displays measurement data, operational status information, and alerts.

Case Example **New Air-Conditioning Control System at the Tokyo Factory**

Air-Conditioning Control System Reduces Energy Consumption by up to 23% and Increases Comfort and Energy Savings

Fuji Electric has developed air-conditioning control technologies based on discomfort indexes and introduced these technologies into its building management system (BAS). As a result, we were able to reduce energy consumption for air-conditioning inside buildings at the Tokyo Factory by as much as 23% per day during summer 2015, with average daily reductions of 7%. Even on days when temperatures exceeded 35°C, we were still able to achieve energy savings of 9%. The previous air-conditioning control system sought to decrease temperatures by measuring inside temperatures alone, resulting in significant energy lost to dehumidification. The new system, however, achieves optimal control based on discomfort indexes that account for both temperature and humidity levels, effectively reducing unnecessary dehumidification to maintain a comfortable environment while saving energy.

We aim to utilize this technology in the future to contribute to the 40% reduction target for building greenhouse gas emissions the government of Japan set to be achieved by fiscal 2030.


Humidity sensor


Operating configuration display

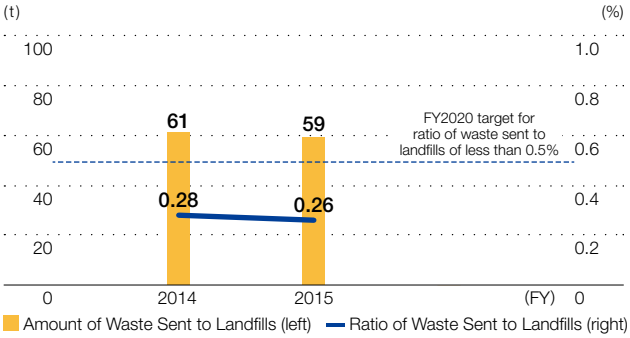
Waste Reduction

In addition to efforts to curb waste, Fuji Electric works to promote resource recycling and has established a goal of zero waste emissions—a ratio of waste sent to landfills to total waste of no more than 1%.

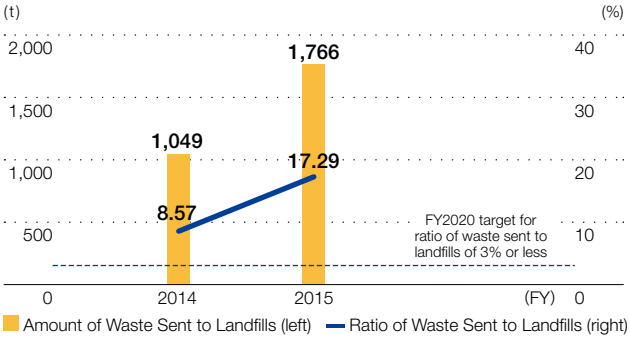
In Japan, efficient use of resources (reduce, reuse, recycle) has enabled Fuji Electric to achieve its goal of zero waste emissions every year since fiscal 2004. In fiscal 2015, we once again achieved our goal of reducing the ratio of waste sent to landfills to below 0.5%.

Moreover, we are working reduce and recycle waste overseas. In fiscal 2015, we were able to cut total waste production 2,000 tons. However, we also instituted a change to the treatment process for wastewater at a factory in Malaysia aimed at decreasing the environmentally hazardous materials contained in this wastewater (reducing the release of metallic components). Due to this change, we are no longer able to recycle the sludge created during wastewater treatment processes. Accordingly, the amount of waste sent to landfills increased approximately 700 tons, resulting in a ratio of waste sent to landfills of 17.29%.

Amount and Ratio of Waste Sent to Landfills in Japan



Amount and Ratio of Waste Sent to Landfills Overseas



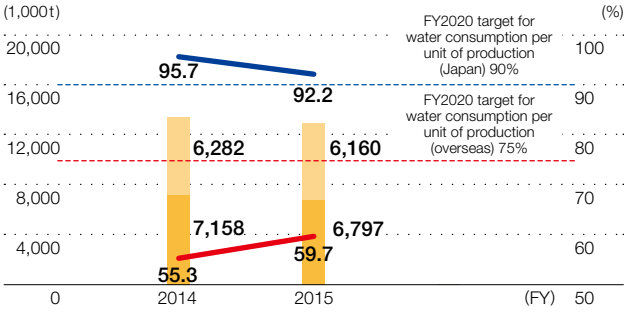
Efficient Use of Water Resources

In view of the problem of global water resource depletion, in addition to its efforts to comply with wastewater quality requirements and reduce wastewater, Fuji Electric launched an initiative aimed at more efficient use of water resources.

Using fiscal 2010 levels as a standard, this initiative aims to reduce both total water intake and water consumption per unit of production at our domestic manufacturing sites by 1% each, with the goal of reducing those levels by 10% in fiscal 2020.

Using fiscal 2011 levels as a standard, since fiscal 2013 we have established a goal for our overseas production sites of reducing water consumption per unit of production by 25% in fiscal 2020, and are conducting activities to reach that target. Beginning in fiscal 2016, we will pursue a reduction in water consumption of 25% to be achieved by fiscal 2020.

Water Consumption and Water Consumption per Unit of Production*4



*4 Water consumption per unit of production (For Japan, presenting FY2010 level as 100; for overseas, presenting FY2011 level as 100).

Case Example **Effective Utilization of Water Resources at Matsumoto Factory**

Drive to Preserve Water Resources

The Matsumoto Factory uses large amounts of pure water in semiconductor manufacturing processes and also consumes massive quantities of water for cooling production equipment and other applications. For this reason, efforts to reduce use of water resources and utilize these resources more effectively are being advanced at the factory.

As one facet of these efforts, we separate out exhaust water from production processes that is still of relatively high quality to be recycled into pure water. For use in manufacturing pure water with ion exchange resins, the Matsumoto Factory introduced an electric pure water manufacturing device. With this device, the factory is now able to continually create pure water without needing to use chemicals to regenerate ion exchange resins. Accordingly, the factory is no longer required to treat chemical-containing wastewater, an accomplishment that helped reduce usage volumes of electricity, water resources, and chemicals. For final treatment of wastewater from factories, the Matsumoto Factory installed wastewater recovery systems to conduct recycling processes (filtration via coagulation sedimentation) for wastewater to enable this water to be reused in factory cooling towers, toilets, and other facilities. Approximately 1,000 tons of water are reused in this manner each day.

Integrated Water Management (IWM)

Mapping the Interplay between Business Activities and Environmental Impact

Fuji Electric is constantly working toward more efficient use of resources and energy and the reduction of waste throughout all of its business activities. We are also proactive in our efforts to be more environmentally conscious across the entire product and service life cycle.

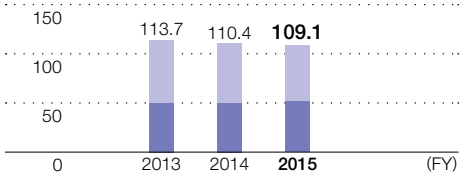
The following graphs contain environmental impact data from the fiscal years 2013 to 2015.

Scope: Domestic production base

INPUT

Energy Consumption

(1,000 kiloliters)

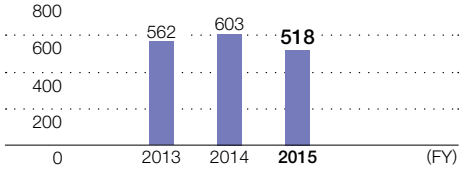


Energy Consumption Crude-Oil Equivalent (electricity)

Energy Consumption Crude-Oil Equivalent (fuel)

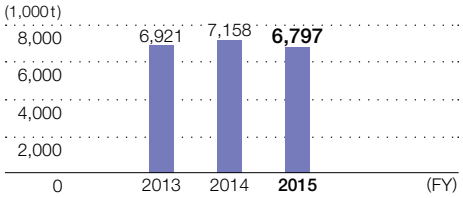
PRTR*5-Designated Substances Handled

(t)



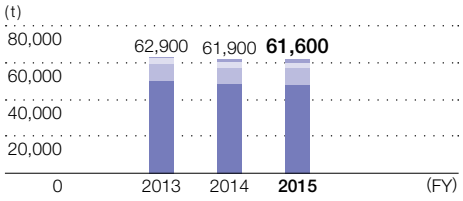
Water Consumption

(1,000t)



Main Materials

(t)



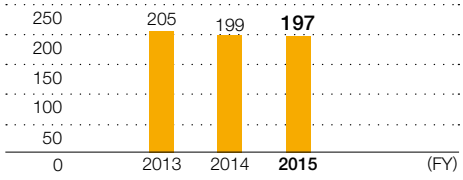
Ferrous Non-Ferrous Plastic Rubber, Other

Business Activities

OUTPUT

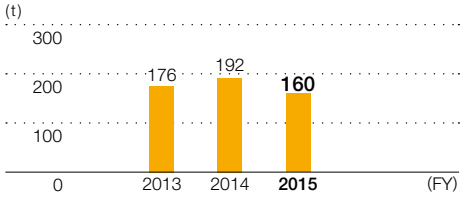
CO_2 Emissions

(1,000t-CO_2)



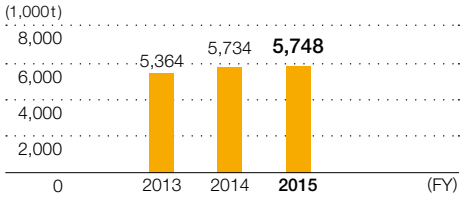
Emissions of PRTR-Designated Substances

(t)



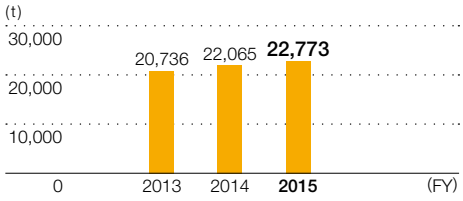
Wastewater Emissions*6

(1,000t)



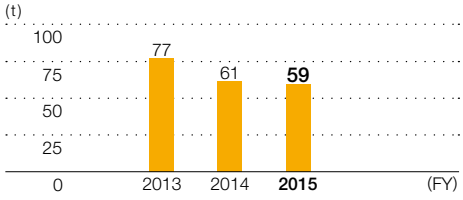
Amount of Industrial Waste

(t)



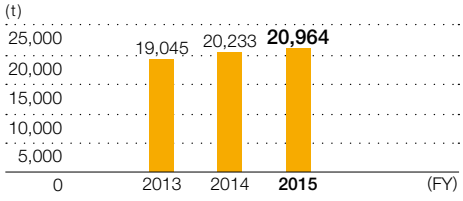
Industrial Waste Sent to Landfills*7

(t)



Waste Recycled*7

(t)



*5 Pollutant Release and Transfer Register Law

*6 Wastewater emissions refer to volume of water discharged into rivers and other natural environments.

*7 The amount of waste sent to landfills and the amount of waste recycled are internal figures from the amount of waste generated.

Fiscal 2015 Report—Social Contributions

Using the human resources and technology it has nurtured through its business activities, Fuji Electric works to ensure that as many of its employees as possible are active in communities around the world, with a basic policy of contributing to solutions to the issues those communities face.

Clean-up activities (Shikoku Area Operation)

Key Themes and Main Initiatives in Fiscal 2015

- **Promoting Youth Development**
  - Hosting science classes for elementary and junior high school students
  - Corporate training and training in practical science skills for teachers
- **Protecting the Natural Environment**
  - Forest conservation and marine conservation activities
  - Clean-up activities
- **Helping with Reconstruction after the Great East Japan Earthquake**
  - Support for Fukushima Prefecture (purchase of local produce, provision of play areas for children)

Case Example **Coral Planting Activities to Preserve the Natural Environment**

Aquatic Environment Protection

In Thailand, global warming has resulted in a phenomenon known as “coral bleaching,” which stems from higher ocean temperatures and is diminishing coral reefs. Seeking to raise awareness of the importance of coral reefs and protecting habits for aqua organisms, Fuji Electric Manufacturing (Thailand) Co., Ltd., held a coral planting event at Toei Ngam Beach in the Sattahip District of Chonburi Province. A total of 60 employees participated in this event.

This event was conducted with the cooperation of the Royal Thai Navy, which possesses coral planting specialists. Prior to planting the coral, employees were given a lecture on aquatic organisms and received planting advice.

This new experience sparked the interest of participants, who went about the planting with enthusiasm and learned about the importance of protecting aquatic environments.

Going forward, we plan to continue such coral preservation activities.

Employees planting coral

Royal Thai Navy diver transplanting coral into the sea

Case Example **Support for Children’s Play Areas Helping Reconstruction after the Great East Japan Earthquake**

Quest to Bring Joy to Children in Fukushima

As part of its efforts to help reconstruction in the Tohoku region after the Great East Japan Earthquake, Fuji Electric offered its support to PEP Network of Child Care in Koriyama, an NPO that has been tasked with operating the PEP Kids Koriyama indoor play area in Koriyama City, Fukushima Prefecture.

This NPO has continued to provide a play area that can be used year-round since the earthquake. It thereby aims to alleviate the trend toward children lacking sufficient exercise, having lower stamina, and becoming obese, which is a result of the impacts of the incident at the Fukushima Daiichi Nuclear Power Station. In supporting this NPO, Fuji Electric helped renovate the facilities of PEP Kids Koriyama to enhance the quality of this play area, which has been open for more than four years. After the renovation, PEP Network of Child Care in Koriyama stated that the new and improved play area allowed children to enjoy a wider range of activities, fostering deeper ties among children, and that the opinions of visitors had been stellar.

We hope to continue our quest to bring joy to children in quake-stricken regions on into the future.

Inside PEP Kids Koriyama

Play structures in part of renovated area

On-site Report　Science Classes by Hokkaido Fuji Electric for Promoting Youth Development

Company Supporting Youth Development Deemed Necessary by the Community

Hokkaido Fuji Electric Co., Ltd., was established in 1968 as a directly operated sales company for the Company's industrial electric equipment products. This company conducts community-rooted sales activities in Hokkaido Prefecture and seeks to contribute to the community. One area in which it contributes is youth development, with initiatives to this respect including the dispatch of employees to nearby elementary schools to conduct science classes on such topics as electricity and energy.

An employee helping a student

Start of Science Classes

"Prior to the science classes, we had been engaged in outreach activities such as donating educational materials on Japanese to schools overseas. However, at this time, we were also searching for a means of contributing to the community that better matched our business and scale," recounts General Affairs Division Manager Manda.

After hearing about science classes conducted by Fuji Electric in which children assembled motors by hand, we thought that Hokkaido Fuji Electric could conduct similar classes, sensing that such activities would be incredibly meaningful for a company that handles electric components.

Handmade paper clip motor

As several employees had children attending the nearby Sapporo Chuo Elementary School, we communicated the dispatch class proposal to the school through these employees. The principal was incredibly passionate about science education, and our commitment struck a chord. The first class was held in 2011 for fifth graders. "I was one of the people that conducted that class," says Director Nakanishi, slightly embarrassed. During its first year, the science class program was implemented by a total of 10 employees, primarily comprising junior and mid-level employees from the sales division. However, the number of junior employees requesting to participate grew with each iteration, and the program has come to be recognized as an important social contribution activity by all employees.

Employee participants in the science class program

With similar feelings, Sapporo Chuo Elementary School asked us to hold classes each year.

Science Class at Sapporo Chuo Elementary School

On December 22, 2015, 10 Hokkaido Fuji Electric employees held a science class at Sapporo Chuo Elementary School in which 85 fifth graders made motors by hand. An employee participant was stationed at each table to offer advice and ensure that students were able to complete the task. Despite initially experiencing difficulty, students remained focused, and, after a bit of trial and error, it was not long before the sound of spinning paper clip motors was accompanied by a chorus of "We did it!" and "It moved!" The children's excitement transformed the nervous faces of employees into smiles.

Science classes conducted at an elementary school

"Seeing the enthusiasm of the children, their smiling faces when their motors moved, and their words of appreciation written on post-class surveys gave me a sense of fulfillment and accomplishment not felt in my everyday work," states Takahashi of the System Sales Division. The principal of Sapporo Chuo Elementary School also expressed his impression of the classes, saying that, "They perfectly line up with Sapporo City's policy of emphasizing classes that offer fun together with learning and tangible accomplishments, while addressing a major issue with contemporary science education: the lack of opportunities for hands-on experiences. Truly, these classes are a spectacular opportunity."

Future of the Program

In fiscal 2015, Hokkaido Fuji Electric conducted science classes at Hiragishi Elementary School, which is located a little further away from the company. "Not only have these activities helped raise our recognition in the local community, but they have also helped foster a new type of confidence in-house, as our involvement with elementary school education has given us a sense of pride as a company that contributes to society," says Manda proudly.

Hokkaido Fuji Electric plans to continue holding science classes to continue being a company that supports youth development and is deemed necessary by the community.

Message card received from students of Hiragishi Elementary School (displayed in entrance of Hokkaido Fuji Electric head office)

Fiscal 2015 Report—Corporate Governance

To realize its corporate mission, Fuji Electric is reinforcing its corporate governance by increasing management transparency and enhancing the oversight function. Furthermore, the Company has prepared its response measures to Japan's Corporate Governance Code, which was instituted by the Tokyo Stock Exchange in June 2015. These measures have been compiled into the Company's *Corporate Governance Report*.

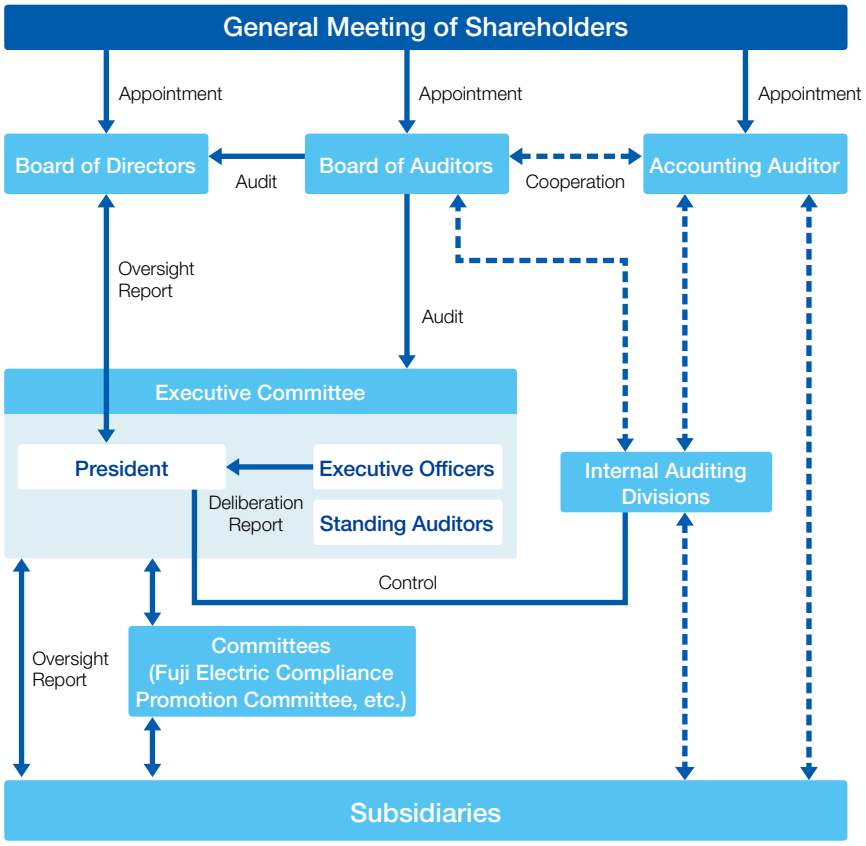
Corporate Governance Framework

Fuji Electric's corporate governance framework consists of a Board of Directors, which performs the functions of management supervision and making important decisions, and Auditors and the Board of Auditors, which are in charge of the management audit function.

Comprising nine Directors (including three Outside Directors) and five Auditors (including three Outside Auditors), the governance framework is designed to reinforce the Company's management supervision and audit functions. To this end, the system actively calls on outside officers.

Fuji Electric uses the executive officer system to strengthen business execution functions.

Corporate Governance Framework



Directors and Board of Directors

The Board of Directors conducts decision making and oversight of the management of Fuji Electric and the execution of its important business. Fuji Electric proactively appoints Outside Directors with a view to strengthening the management supervisory function from an objective perspective and maintaining the validity and propriety of business decisions.

Auditors and Board of Auditors

The Board of Auditors inspects Fuji Electric's management and business execution. In addition to our proactive appointment of Outside Auditors, auditing functions are enhanced by having Standing Auditors attend the Executive Committee.

President, Executive Officers, and Executive Committee

The president has ultimate responsibility for execution of business and makes decisions on matters of business execution other than those decided upon by the Board of Directors. The Executive Committee is composed of executive officers and Standing Auditors and functions as a consulting system for the president. It fulfills such functions as deliberation of important matters and makes reports to enable monitoring of the status of management. Executive officers control the execution of the business of which they are in charge.

Outside Officers

Outside officers fulfill the role of providing management supervision and management audits from an objective perspective. At the same time, they offer useful advice and instructions from various perspectives on all areas of Fuji Electric's management, helping to ensure the appropriateness of management decisions.

After their appointment, outside officers participate in internal technology presentations and business site inspections to deepen their understanding of Fuji Electric's management.

In fiscal 2015, the rates of attendance of outside officers at meetings of the Board of Directors (which were held 13 times) and meetings of the Board of Auditors (which were held 10 times) were 91% and 80%, respectively.

Outside Directors (Attendance at Board of Directors)*1

Motoyuki Suzuki (13/13)	Mr. Suzuki offers useful advice and opinions on all areas of Fuji Electric's management based on his professional standpoint and considerable insight in environmental engineering, a field that is closely related to the Company's management policies.
Toshihito Tamba (Appointed in June 2016)	Mr. Tamba is expected to offer useful advice and opinions on all areas of Fuji Electric's management based on his professional standpoint and considerable insight as a manager of listed companies.
Naoomi Tachikawa (Appointed in June 2016)	Mr. Tachikawa is expected to offer useful advice and opinions on all areas of Fuji Electric's management based on his professional standpoint and considerable insight as a manager of listed companies.

Outside Auditors (Attendance at Board of Directors / Board of Auditors)*1

Yoshiki Sato (12/13 / 9/10)	Mr. Sato offers useful advice and opinions concerning the business management of Fuji Electric in general, based on his extensive experience and considerable insight as a manager at financial institutions.
Akiko Kimura (12/13 / 10/10)	Ms. Kimura offers useful advice and opinions concerning the business management of Fuji Electric in general, based on her expert knowledge as an attorney.
Tetsuo Hiramatsu (Appointed in June 2016)	Mr. Hiramatsu is expected to offer useful advice and opinions on all areas of Fuji Electric's management based on his professional standpoint and considerable insight as a corporate manager.

*1 Ratios below the names represent the number of meetings of the Board of Directors and the Board of Auditors over the period from April 1, 2015, to March 31, 2016, attended by that officer.
Notification has been submitted that these outside officers are Independent Directors / Auditors as required by financial instruments exchanges.

Executive Remuneration

Fuji Electric has established a remuneration system and remuneration levels for Directors and Auditors that are deemed appropriate for their respective duties and in accordance with the shareholders' mandate, giving due consideration to the aims of securing and maintaining competent personnel and providing incentives for the improvement of business performance.

Standing Directors

As Standing Directors are charged with the responsibility of improving consolidated operating performance for each fiscal year and realizing improvements in corporate value over the medium- to long-term, their remuneration is structured and managed in two categories: base remuneration and performance-linked remuneration.

Base Remuneration

Base remuneration is a predetermined amount that is paid to executives 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 only in instances in which dividends are paid to all shareholders from retained earnings. The total amount of executive performance remuneration shall be within 1.0% of consolidated net income for the fiscal year prior to the date of payment in order to make the link with consolidated results for each fiscal year more transparent.

Outside Directors and Auditors

Remuneration for Outside Directors and Auditors is paid as a predetermined amount according to their rank, as Outside Directors and Auditors are charged with the duty of supervising or auditing the execution of duties across Fuji Electric. Outside Directors and Auditors may acquire stock in the Company at their own discretion.

Total Amount of Remuneration Paid to Directors and Auditors (Fiscal 2015)

	Number of Recipients	Amount of Payment (Millions of yen)
Directors [of which, Outside Directors]	9 [3]	263 [22]
Auditors [of which, Outside Auditors]	5 [3]	80 [22]

Notes 1. The amount paid to Directors does not include performance-linked remuneration for fiscal 2015
2. In addition to the above, ¥85 million was paid as performance-linked remuneration for fiscal 2014 to Standing Directors (six recipients).
3. In addition to the above payment, the Company paid ¥26 million to employees who concurrently assumed the office of Director (2 employees) as salary for employees.

Internal Control System

The Fuji Electric Board of Directors determines basic policies concerning the establishment of an internal control system as stipulated in the Companies Act, and the Company discloses those policies. Fuji Electric's Company-wide internal control system is designed to respond promptly and accurately to the demands placed upon the Company by society, and improvements are continuously made to it.

Interactions with Investors

The Company takes steps to interact with investors through various activities. The feedback gained through these interactions is relayed to the Board of Directors, management, or relevant divisions as necessary so that this information may be shared and utilized.

Activities for Interacting with Investors (Fiscal 2015)

Private shareholders and investors	Factory tours for shareholders: 6
Analysts and institutional investors	• Financial results briefings: 4 Management plan briefings: 1 Business strategy briefings: 1 • Small meetings*2: 1 • Factory tours: 2

*2 Meetings held with a small number of analysts and other individuals

Fiscal 2015 Report—Compliance

We employ thorough measures to ensure compliance with laws and corporate ethics and always act with a high degree of social conscience to achieve sustained corporate growth.

Basic Compliance Policy

The Fuji Electric Code of Conduct states that we shall "Respect, value and conform with all applicable laws and regulations," and has been incorporated into our basic policy. We have established and have been implementing the Fuji Electric Compliance Regulations which is the guideline for compliance, and the Fuji Electric Compliance Program, which bring together four aspects of domestic and overseas compliance (internal rules, monitoring, audit and education), based upon this policy.

Compliance Promotion Structure

The Fuji Electric Compliance Promotion Committee, which is headed by a representative director and composed of the managers responsible for regulating laws and/or acts, with outside experts (attorneys) as observers, has jurisdiction over compliance of Fuji Electric. The committee meets twice each fiscal year to deliberate compliance execution and planning with the goal of achieving full compliance with laws and social norms globally.

Global Promotion of the Fuji Electric Compliance Program

Fuji Electric is enhancing the compliance of its overseas operations.

At all overseas sites, in addition to globally common items that apply such as the prohibition of human rights violations and unfair dealings, including bribery and corruption, the Fuji Electric Compliance Program reflects the laws and regulations of each region where we conduct business. We practice compliance through the actions of all our subsidiaries in Japan and overseas on the basis of this program.

Conducting Compliance Training

Fuji Electric has created a compliance training program for officers and employees of the Company and its subsidiaries that addresses matters they comply with and/or encounter in the course of their business activities. This compliance training has two main thrusts: level-specific and job-specific courses.

Level-Specific Training

Level-specific training is tailored to executives, newly appointed managers, and new employees of consolidated subsidiaries in Japan. Training lasts a half to one full day, with sessions focusing on the Fuji Electric compliance framework and the Fuji Electric Compliance Program. In fiscal 2015, the training was attended by 28 newly appointed directors, 134 newly appointed managers, and 157 new employees.

Job-Specific Training

Job-specific training is conducted that features items for consideration in practical business situations. In fiscal 2015, classroom-based training was conducted for the sales and administrative unit personnel (829 in total) of domestic and overseas companies covering a variety of themes including antimonopoly laws. Furthermore, we conducted e-learning programs for 267 employees at overseas bases.

Sales unit training

Operation of Whistle-Blowing Systems in Japan and Overseas

To prevent infractions of laws, regulations, and internal rules and ensure early detection, Fuji Electric has introduced the Business Ethics Helpline System. Under this system, employees in Japan and overseas can report violations or suspected violations of laws, regulations or Company rules to Fuji Electric's president via the department responsible for compliance or through an external lawyer.

We also operate a Partner Hotline, which handles notifications from our suppliers about Fuji Electric's materials procurement operations. Building more highly reliable trading relationships with our suppliers is part of fulfilling our social responsibility.

Fiscal 2015 Report—Risk Management

Fuji Electric is strengthening its risk management to maximize corporate value and minimize the potential losses that could result from various 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.

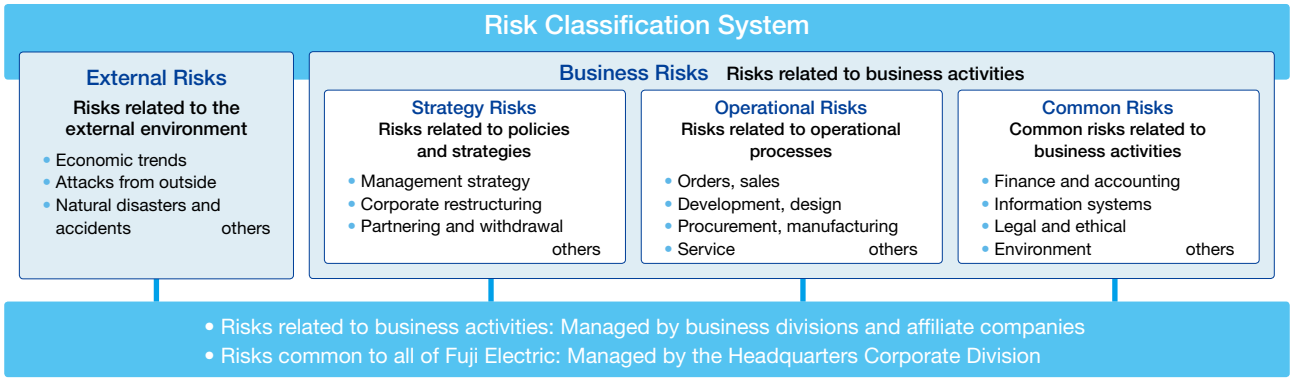
We will appropriately manage to counteract all risks that could affect the Company's management, while working to prevent risks from materializing (crisis situations) and reduce losses. In doing so, we will maximize Fuji Electric's corporate value and minimize the impact on management in the event that risks materialize.

* For details about risk, please refer to the Company's *Annual Business Report* under Business Risks

Types of Risk and Risk Management System

To strengthen risk management, Fuji Electric revised the types of risks it manages and its risk management system in fiscal 2015. The Company now focuses on the two risk categories of external risks and business risks, with business risks divided into the subcategories of strategic risks, operational risks, and shared risks, and conducts risk management optimized for each category.

For risks that are common to the whole of Fuji Electric, such as external risks and shared risks, the Headquarters Corporate Division determines the policies for countermeasures, prepares appropriate manuals, disseminates the necessary information to manage the risks, conducts education, and takes other measures. Business divisions and affiliate companies develop risk management systems as part of their business responsibilities, through which they implement risk countermeasures for strategic risks, operational risks, and other risks that cover the entirety of their business activities. When business plans are formulated for each fiscal year, business risks are analyzed and factored in to the plans.



Information Security Measures

Development of Security Policy and Regulations

To protect personal and confidential information properly, Fuji Electric has formulated and implemented a policy and regulations on information security, and institutes training programs for employees each year, and other measures to strengthen information security and prevent information leaks.

Based on our information security policy and regulations, each affiliate company has also drafted security regulations for overseas bases, taking into account individual countries' laws and regulations. We stepped up our initiatives to educate employees about information security, distributing an information security handbook to employees at overseas subsidiaries and ensuring that all employees are aware of the issues. We conducted overseas information security audits at 41 companies in fiscal 2015. Going forward, we will make ongoing improvements throughout Fuji Electric, including overseas bases.

Third-Party Certification Related to Information Security

Companies that handle customers' confidential and personal information, and who require a high level of information security management, acquire outside certification. As of April 1, 2016, five of our operations (at three companies) had acquired ISMS certification. Also, three companies—Fuji Electric Co., Ltd., Fuji Electric Information Technology Center Co., Ltd., and Fuji Electric IT Solutions Co., Ltd. —have acquired Privacy Mark certification.

Privacy Mark (JIPDEC)

Measures to Prevent 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.

To prevent infringement, we also conduct compliance program training.

With respect to our own patents, we actively acquire patent rights to protect our business. We also take measures against counterfeit products and take other steps to reduce risks related to intellectual property.

* Please see page 22 for further information about Fuji Electric's activities in intellectual property.

Measure to Strengthen Business Continuity Capabilities

Fuji Electric aims to ensure that it can continue its core operations even if an unexpected event such as a natural disaster or accident occurs, continuing to uphold its social responsibilities as a company and providing a stable supply of high performance, high-quality products and services required by our customers. To this end, we are promoting the following initiatives.

Fire Safety and Disaster-Preparedness Initiatives

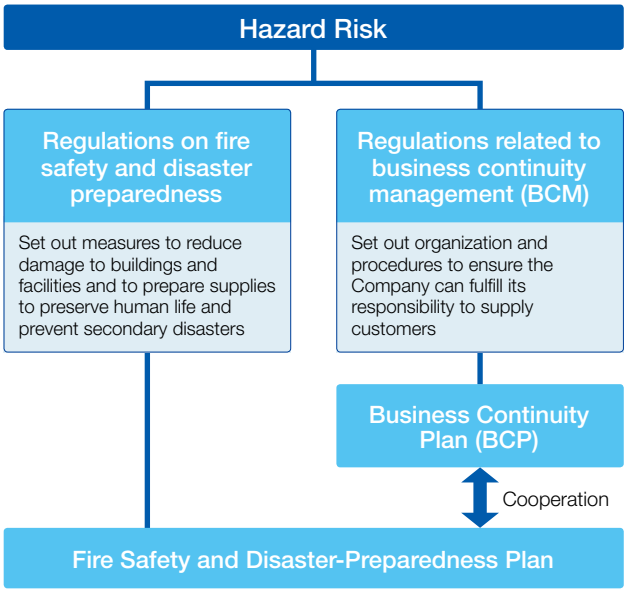
Based on our *Disaster Prevention and Procedural Manual*, we have created a disaster-preparedness headquarters system. Meanwhile, at operational sites and affiliates, we have put in place thorough measures to ensure that structures and facilities are earthquake resistant, stockpile emergency goods, and conduct regular drills, among other measures.

Business Continuity Initiatives

In addition to disaster-preparedness initiatives, Fuji Electric has formulated a business continuity plan (BCP) covering the head office, which acts as a command center during disasters, and its factories, which have a large number of key management resources that are required for supplying products, such as production facilities.

In fiscal 2015, we expanded the range of products covered under the BCP. We also asked officers and subsidiary presidents to begin participating in major disaster simulation drills based on earthquake scenarios and held other drills at both domestic and overseas bases. Through these efforts, we sought to improve our ability to respond to natural disasters.

We will continue our initiatives to further expand the number of products manufactured both in Japan and overseas that are covered under the BCP. We will also broaden the scope of bases at which drills are performed to promote wider awareness of the BCP while continuing to make improvements and thereby enhance our ability to ensure business continuity.



Major disaster simulation drill participated in by officers and subsidiary presidents

Procurement Risk Reduction

To reduce procurement risks, we have established a procurement BCP based on the following measures: 1) building a supplier damage information collection system; 2) securing multiple suppliers for key components; and 3) establishing alternate sites to carry out procurement operations.

In fiscal 2015, we continued working to secure multiple suppliers for key components while taking steps to reinforce our supplier damage information collection system, which extends to overseas bases.

Looking ahead, we will expand the scope of the procurement BCP to the procurement divisions of subsidiaries in and outside of Japan and strengthen the plan to effectively reduce procurement risks globally.

IT Risk Reduction

We have formulated an IT-BCP comprising initiatives for restarting and recovering the IT systems we need to continue operations and administration if a disaster, accident, or other event occurs, within the required time.

In fiscal 2015, Fuji Electric and its domestic affiliates stepped up measures to preserve their IT systems, such as improving disaster countermeasures.

In the future, we will promote these measures at overseas subsidiaries as well, as we continue our efforts to reduce IT risks.