

Environmental Management

We at Fuji Electric are united in tackling environmental issues based on our policy of contributing to society by developing our energy-related business globally.

Message from the Environmental Officer

Looking at Our Business Activities from a Global Perspective and Promoting Environmental Management to Reduce our Environmental Impact

The main pillars of Fuji Electric's Environmental Vision 2020 are to stop global warming, create a recycling-oriented society, and meet our corporate social responsibilities. To achieve these aims, we will promote environmental management, and contribute to the protection of the global environment by providing energy-conserving and energy-creating products and technologies. We will also undertake proactive measures to reduce environmental impact through our own production activities.

Fiscal 2011 provided us with an opportunity to review how we look at energy supply and demand. We reduced energy consumption substantially by accelerating our development of products and technologies that contribute to energy conservation, performing energy-saving diagnostics in Japan and overseas bases, and stepping up our rollout of energy conservation measures across the organization.

In response to Japanese government requests to conserve electricity in the Tokyo Electric Power Co. service area, we strove to cut peak power consumption by transferring production to other locations in Japan and overseas, shifting to nighttime production, and installing high-efficiency devices. At the same time, we introduced a power monitoring system to verify our legal compliance. As a result of our activities, we succeeded in reducing peak power consumption by 41%.

As energy-related values and needs are growing increasingly diverse, in the future we believe that existing structures will need to be reformed. Fuji Electric is taking the lead in this area. In response to global environmental trends and stakeholder input, we are introducing improvements and reforms and developing energy-related business globally, based on our power electronics technologies. Through these efforts, we will contribute to the realization of a sustainable society.



Michio Abe
Corporate General Manager of
Production and Procurement Group
Director and Senior Managing
Executive Officer
Fuji Electric Co., Ltd.

Environmental Vision 2020

As a Company that has positioned energy and the environment at the heart of its business activities, Fuji Electric recognizes that reducing any burden imposed on the global environment is both an important social responsibility and key priority.

Accordingly, we formulated the Fuji Electric Environmental Vision 2020 in April 2009 to serve as a signpost and to provide direction for our medium- to long-term environmental activities. In addition to reducing the environmental load of our production activities, we aim to be lead the energy and environment field by helping to lessen the environmental impact on society as a whole through our products.



Environmental Policies

Fuji Electric's basic policies on environmental protection were established in 1992, declaring within and outside the Company its efforts to address diverse global environmental issues. We also began working to reduce the environmental impact of our business activities.

We revise our policies when necessary in light of societal changes. To coincide with the launch of the "New Fuji Electric" in April 2011, we added contributions to the environment through energy-related businesses as well as global-scale undertakings.

**Fuji Electric**
Innovating Energy Technology

Fuji Electric Basic Environmental Protection Policy

Established in 1992 Revised in 2003

Fuji Electric is keenly aware of our social responsibilities as a good cooperate citizen of global society, and we regard efforts to protect the global environment as one of our most important management tasks. We strive to realize a sustainable society through global actions in accordance with the following basic principles.

- 1. Offering products and technologies that contribute to the global environmental protection**
We will contribute actively to the protection of the global environment by offering products at which we excel, including energy-saving equipment, new energy equipment, environment monitoring equipment, environmental protection equipment, and technologies related to such equipment.
- 2. Reduction of environmental burden throughout product life cycles**
We will strive to reduce the burden on the global environment throughout the entire product life cycle, from the procurement of materials to their disposal when offering Fuji Electric products to the market.
- 3. Reduction of environmental burden in business activities**
We will promote environmental conservation activities, including energy conservation, waste reduction and reduction of hazardous chemical substances, so as to reduce the environmental burden caused by business operations from the procurement of materials and parts to production and distribution.
- 4. Compliance with laws, regulations and standards**
We will abide by environmental regulations of not only countries or regions where Fuji Electric performs business operations, but also of countries or regions where equipment provided by Fuji Electric is used. In addition, we will establish our own standards if necessary in our efforts to protect the environment.
- 5. Establishment of environment management systems and continuous improvements of the systems**
We will promote environmental protection activities through measures such as improving the environment protection promotion systems of Fuji Electric and setting environmental targets. Moreover, we will strive to make continuous improvement through internal audits, etc.
- 6. Improvement of employees' environmental awareness and social contribution**
We will strive to raise the awareness of our employees through our day-to-day business operations, while each employee makes an active effort to contribute to society by engaging in environmental conservation activities.
- 7. Promotion of communication**
We will disclose the efforts of Fuji Electric toward environmental protection both inside and outside of the company. We will also promote broad communication with society and concerned parties, as well as incorporate their opinions, so as to continuously improve our environmental conservation activities.



This mark symbolizes the commitment of the Fuji Electric to environmental protection.

April 1, 2011
President and Representative Director,
Fuji Electric Co., Ltd.



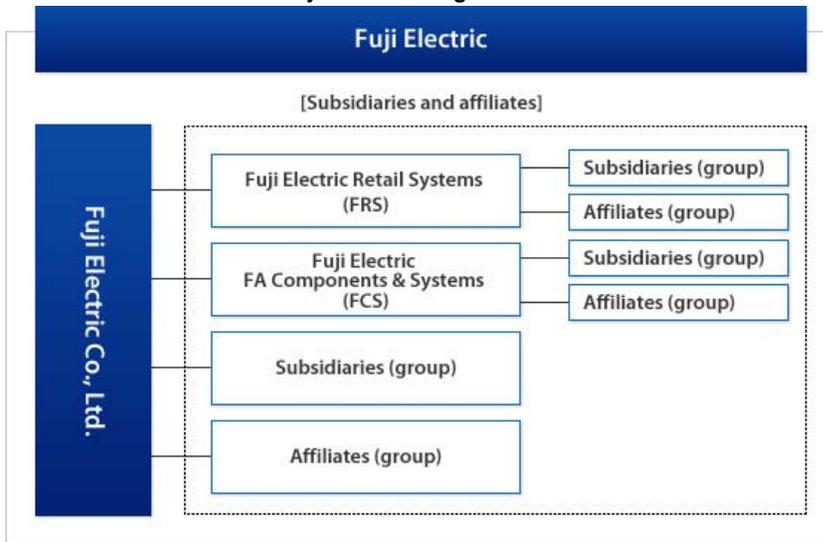
Environmental Management

Environmental Management Organizational Framework

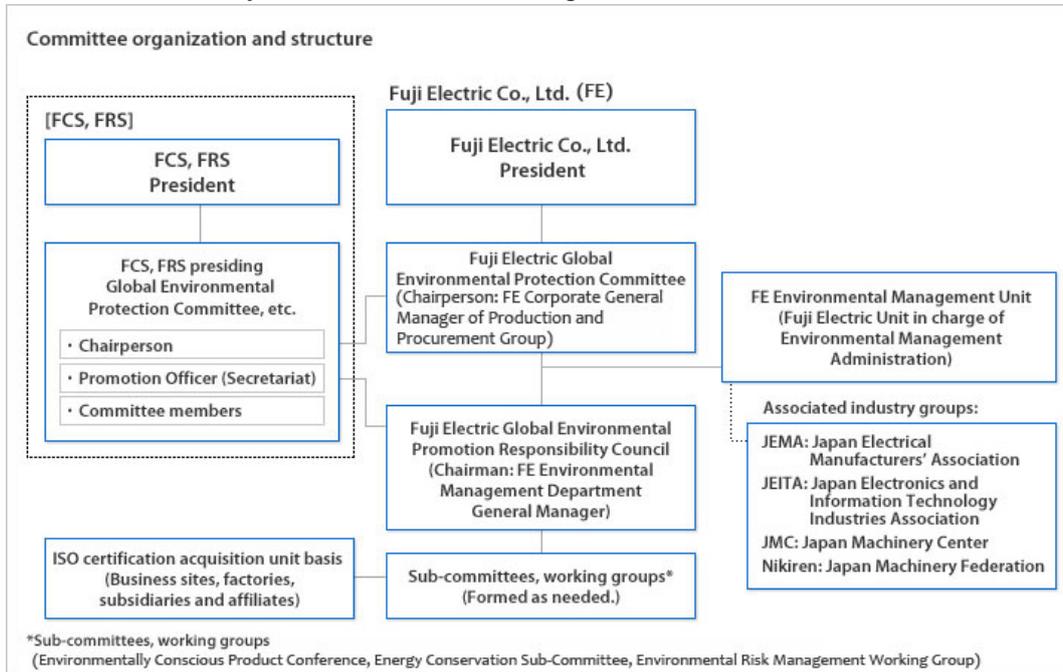
Fuji Electric has positioned efforts aimed at protecting the environment as an important component of its CSR activities. At the same time, the Company adopts a global approach toward environmental management and addressing the needs of an ever-changing society.

Fuji Electric established the Global Environmental Protection Committee reporting directly to the president. This committee is charged with deliberating and determining the basic, comprehensive environmental management measures for the Company. Comprised of the officers responsible for environmental management at Fuji Electric's principal factories and affiliated companies, we also hold sessions of the Fuji Electric Global Environmental Promotion Responsibility Council when necessary to look into the development of major policies and solutions with respect to new issues and as forum through which to exchange information. Moreover, we have set up sub-committees and working groups (WGs) to resolve specific issues by theme.

Fuji Electric's Organization



Fuji Electric Environmental Management Promotion Structure



Environmental Management in accordance with ISO 14001

Fuji Electric has put in place environmental management systems at all of its production operations and sales bases in Japan as well as all of its overseas production operations and is pursuing third-party certification.

The Status of ISO 14001 Certification (As of March 31, 2012)

Consolidated businesses and operational sites	Japan	Overseas
Number of sites	31	11
Acquired	30	9
Not acquired	1	2

Implementing Internal Environmental Audits

Since fiscal 2003, Fuji Electric has continued to conduct annual environmental site inspections of ISO 14001-certified sites.

In fiscal 2011, inspections were conducted at 24 of 30 sites in Japan, and six of nine sites overseas. As for previous inspections, steps were taken to ascertain the level of compliance with applicable environmental laws and regulations and to assess environmental risks.

In addition, efforts were made to promote the Environmental Management 3-Year Rolling Plan, formulated in fiscal 2011, at each base with the ultimate aim of achieving Fuji Electric's Environmental Vision 2020. While sharing the goals established under the Plan and Vision, explanations were provided regarding revisions to applicable legislation including Japan's water Quality Pollution Control Act as well as steps taken to tighten regulations. Internal environmental audits also provide a means through

which to gather the opinions and requests of management staff while promoting mutual communication. Looking ahead, the comments collected will be used to improve ongoing activities.

I Bolstering Environmental Activities (Operating Green Factories and Green Office Evaluation Systems)

Activities based on an environmental management system (EMS) are the focus of Fuji Electric's environmental efforts at each of its operating locations.

In fiscal 2011, we introduced a Green Factory / Green Office Evaluation System to bolster the effectiveness of our EMS activities. This system defines evaluation items for environmental activities at each business site, which are directly linked with the medium- to long-term targets in our Environmental Vision 2020. The system specifies certain business activities (such as the percentage of sales derived from environmental businesses, the number of environmental products developed, the contribution to a reduction in society's CO₂ emissions resulting from our products), and certifies as a Green Factory / Green Office each business site that achieves the top "gold" level for three years in succession.

Through these activities, we are augmenting efforts at each business site toward the achievement of our Environmental Vision 2020 objectives.

In the current fiscal year, we used this system to evaluate 28 EMS business sites in Japan. A total of 25 sites received a "gold" rating for having made improvements in all categories year on year, and no site earned a lower evaluation than in the preceding fiscal year. Going forward, we will endeavor to ensure that all business sites earn a "gold" evaluation.



On-site inspection of Green Factory / Green Office evaluation at Kawasaki factory in Japan

Green Factory/Green Office Evaluation Factors

- Environmentally friendly products and services
- CO₂ reduction
- Reduced waste and efficient use of resources
- Chemical substance management and reduction of toxic atmospheric emissions
- Reduction of environmental risk and compliance
- Communication with local communities

I Reinforcing Environmental Risk Management (Drawing Up Environmental Risk Maps)

To promote environmental management, we believe that in addition to the environmental contribution of our products, we must reinforce risk management at each of the business sites that make these products and maintain stable production systems. To this end, we have created an "environmental risk map" for all our production sites in Japan.

This map contains historical data for each business site (such as their history of using chemical substances, history as legally specified facilities, and history of building extensions or reconstruction), thereby recording the background of each division.

We use this map when conducting environmental inspections at business sites to make local confirmation more effective and enhance risk management.

Going forward, we plan to add information about the utility of plant facilities and equipment that uses energy. Making visible the extent to which each business site uses water, electricity, gas, and other resources should contribute to energy and resource conservation efforts at each business site.

Environmental Accounting

Fuji Electric introduced environmental accounting in fiscal 2000 as a key means of assessing environmental management performance. Using the 2005 guidelines released by Japan's Ministry of the Environment, we established in-house calculation methods for environmental preservation costs and benefits. Each year, we ascertain and analyze these costs and benefits and disclose this information to the public.

I Stance toward Environmental Accounting Calculations

We calculate "direct benefits," such as revenue from sales of valuable items and energy conservation, as well as "estimated benefits," which is a conversion to monetary value of the energy-savings benefit from the use by customers of existing environmentally friendly products (such as vending machines and some inverters) and energy-creating products (such as solar cells and geothermal systems).

I Fiscal 2011 Achievements

Environmental conservation costs totaled ¥16.08 billion, with investment at ¥1.44 billion and expenses at ¥14.64 billion. The environmental conservation benefit totaled ¥19.99 billion, including revenue from sales of valuable items at ¥1.04 billion, savings from energy conservation of ¥0.12 billion, and estimated benefits of ¥18.83 billion.

Environmental investment in fiscal 2011 was largely directed toward energy conservation equipment. An amount totaling ¥259 million was spent on the renewal of air conditioning equipment and the installation of fuel cells in the Kawasaki and Fukiage areas. Moving forward, Fuji Electric will continue to engage in systematic investment while expanding energy conservation products.

■ Environmental Conservation Costs and Benefits (Fiscal 2011)

Period covered: April 1, 2011 to March 31, 2012 Scope: 13 business sites + 17 consolidated subsidiaries (nine subsidiaries in Japan and eight overseas subsidiaries)

Environmental Conservation Costs (Fiscal 2011)

(Millions of yen)

Categories corresponding to business operations	Main Content	Total (Compared to the previous term Compared to the previous term)	Breakdown	
			Amount invested	Expenses
	Costs within the business area	1,535(△798)	870	665
1	Pollution prevention costs	570(△138)	357	213
	Global environmental conservation costs	576(+98)	504	72
	Materials recycling costs	389(△41)	9	380
2	Upstream/downstream costs	21(△19)	0	21
3	Management costs	844(+238)	14	830
4	R&D costs	13,608(+1,988)	558	13,050
5	Social activity costs	10(△1)	1	9
6	Environmental damage costs	61(△64)	0	61
Total		16,079(+2,062)	1,443	14,636

Economic Benefit of Environmental Conservation Measures (Fiscal 2011)

(Millions of yen)

Categories	Main details	Total (Compared to the previous term)
Revenue	Amount received from sale of valuable items for recycling	1,049(△139)
Savings	Reduction of expenses through energy conservation, reduction of landfill waste, reduction of water bill through water conservation	117(+86)
Estimated benefit	Energy reduction through the use of environmentally friendly products by customers	18,830(△357)
Total		19,996(△410)

Note 1: The "estimated benefit" is calculated as the economic benefit of energy savings when products with improved energy efficiency are used by customers, and is converted using the following formula:
Benefit (¥) = Σ [(annual amount of electrical power consumed by former equipment - annual amount of electrical

power consumed by new equipment)× Volume shipped annually in Japan × Electrical power standard cost](electrical power standard cost: ¥10/kWh)

Note 2: The “estimated benefit” includes environmentally friendly products such as solar cells, vending machines, cash counters, gas alarm equipment and LED lighting.

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