

Date of Latest Update: December 21, 2023

Fuji Electric Co., Ltd.

Chairman of the Board and Chief Executive Officer: Michihiro Kitazawa

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The status of corporate governance at Fuji Electric Co., Ltd., is as follows.

## **I. Basic Policy on Corporate Governance, Capital Structure, Company Profile, and Other Basic Information**

### **1. Basic Policy on Corporate Governance**

[Basic Policy]

Fuji Electric\* defines its corporate mission as follows.

We, Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners.

Our mission is to:

- Contribute to prosperity
- Encourage creativity
- Seek harmony with the environment

Aiming to fulfill this mission, Fuji Electric has developed a corporate governance framework that consists of a Board of Directors, which performs the functions of management supervision and important decision making, Audit & Supervisory Board Members and the Audit & Supervisory Board, which are in charge of the management audit function, and a Nomination and Remuneration Committee as an optional advisory organ for the Board of Directors, which ensure the fairness, transparency, and objectivity of the procedures related to the nomination and remuneration of Directors and Audit & Supervisory Board Members.

To reinforce management supervision and audit functions, Fuji Electric actively calls on outside officers to fulfill the role of providing management supervision and management audits from an objective perspective. At the same time, outside officers offer useful advice and suggestions from various perspectives about all areas of Fuji Electric's management, helping to ensure the appropriateness of management judgments.

In addition, to ensure that outside officers are able to properly perform their functions and fulfill their roles, Fuji Electric endeavors to appoint officers that are sufficiently independent by carefully evaluating any potential personal, capital, or transactional relationships between Fuji Electric and outside officer candidates or the company in which they are employed.

Furthermore, to strengthen our management and business execution functions, Fuji Electric has a Chief Executive Officer and Chairman (the "Chairman and CEO"), who oversees the formulation of our medium- to long-term business strategies and management plans, Chief Operating Officer and President (the "President and COO"), who oversees business execution based on business strategies and management plans, and executive officers.

\* In this corporate governance report, “Fuji Electric” refers to the conglomerate comprising the Company, its subsidiaries, and its affiliates.

[Basic Policies]

- (1) Protecting shareholder rights and ensuring their equal treatment
- (2) Conducting appropriate collaboration with non-shareholder stakeholders
- (3) Guaranteeing proper information disclosure and ensuring transparency
- (4) Executing the duties of the Board of Directors
- (5) Engaging in dialogue with shareholders

[Reasons for not adopting the principles of Japan’s Corporate Governance Code]

The Company adopts the principles of Japan’s Corporate Governance Code.

[Disclosure based on the principles of Japan’s Corporate Governance Code] **Updated**

Principle 1.4: Cross-Shareholdings

The Company holds listed shares on a policy basis to maintain and strengthen relationships with investee companies. As a basic policy, we will reduce our cross-shareholdings; even if certain rationality is recognized, we will reduce them while paying attention to the impact on management and business. Under the basic policy, we reduced our holdings of listed stocks from 102 at the end of March 2019 to 17 by the end of March 2023.

The Board of Directors will periodically evaluate the rationality of shareholding from the following perspectives and disclose the evaluation details.

- Necessity of maintaining and strengthening relationships with the investee companies
- Comparison of capital cost and return

Voting rights attached to cross-shareholdings are exercised based on a comprehensive evaluation of whether each proposal will contribute to the establishment of appropriate corporate governance frameworks and improvements in medium- to long-term corporate value at the issuing company as well as of the impacts on Fuji Electric. The content of proposals will be discussed with the issuing company as necessary.

Principle 1.7: Related Party Transactions

In accordance with the Rules of the Board of Directors, the Company requires approval to be received from the Board of Directors with regard to major transactions with Directors, with the companies that Directors control, and with major shareholders of the Company (shareholders possessing 10% or more of the Company’s voting rights).

Supplementary Principle 2.4.1: Ensuring Diversity in the Company, Including Promotion of Active Participation of Women

• The Corporate Code of Conduct states, “Fuji Electric and its employees respect human rights in their relationships within all corporate activities. In addition, we will promote the activities of diverse human resources, and strive to create a workplace that takes health and safety into consideration, with each employee having a rewarding job.” As one of the Management Policies, we are also committed to “maximizing our strengths as a team, respecting employees’ diverse ambition.”

• Our human resource development policies and work environment policies and goals to ensure workplace diversity are described on our website:

[https://www.fujielectric.com/company/csr/with\\_employee/diversity2.html](https://www.fujielectric.com/company/csr/with_employee/diversity2.html)

Principle 2.6: Roles of Corporate Pension Funds as Asset Owners

Fuji Electric takes the following steps to ensure that the corporate pension fund is able to exercise its role as an asset owner.

- Fund managers that possess the financial, accounting, and other insight necessary for managing reserve funds are appointed and training is provided to foster specialized capabilities.
- Policies for managing reserve funds is Fund management policies are set by an asset management committee in which external consultants participate as observers.
- The status of operation of the corporate pension fund is monitored on a regular basis.
- Independence in the operation of the corporate pension fund, including the selection of its managers, is ensured.

#### Principle 3.1: Full disclosure

##### (1) Corporate Philosophy, Management Policies, and Medium-Term Management Plan

###### 1) Corporate Philosophy and Management Policies

Fuji Electric's corporate philosophy and management policies can be viewed on the following website:

<https://www.fujielectric.com/company/philosophy.html>

###### 2) Medium-Term Management Plan

Information on Fuji Electric's FY2023 Medium-Term Management Plan can be found on the following website:

<https://www.fujielectric.com/ir/management/plan.html>

##### (2) Basic policies related to Corporate Governance

Fuji Electric's basic policy on corporate governance can be found in section I-1. (Basic Policy on Corporate Governance) of this report.

##### (3) Policies and procedures for use by the Board of Directors in deciding remuneration of senior management members and Directors

The Board of Directors will decide remuneration of Directors based on the disclosed Policy for Deciding Remuneration of Directors and Audit & Supervisory Board Members, remuneration standards and reports from the Nomination and Remuneration Committee, an organization to advise the Board of Directors.

##### (4) Policies and procedures for appointment and dismissal of senior management members and nomination of Director and Audit & Supervisory Board Member candidates by the Board of Directors

With consideration of the overall balance of insight, experience, and other qualities and the diversity of the Board of Directors, the following policies have been adopted for the nomination of Director and Audit & Supervisory Board Member candidates.

Standing Director candidates should be selected based on whether or not they possess the insight, experience, and other qualities necessary for implementing the Company's management policies.

Outside Director candidates are to be selected based on a comprehensive evaluation of the candidate's insight and experience, including management experience in other companies and expertise and international experience in the energy and environmental fields related to the Company's business, to determine their ability to conduct multifaceted management decisions, as well as of their understanding with regard to Fuji Electric's management and their independence from the Company. This approach is adopted to facilitate the reinforcement of Fuji Electric's management supervisory functions and ensure the validity and appropriateness of important management decisions.

For Standing Audit & Supervisory Board Members, candidates are selected based on consideration of how versed they are on all aspects of Fuji Electric's business operations and of the specialized insight and experience they possess.

Outside Audit & Supervisory Board Member candidates are to be selected based on a comprehensive

evaluation of the candidate's insight and experience, to determine their ability to make multifaceted management decisions, as well as of their understanding with regard to Fuji Electric's management and their independence from the Company, and selected individuals should possess specialized knowledge. This approach is adopted to facilitate the reinforcement of Fuji Electric's management audit functions and ensure that Outside Audit & Supervisory Board Members can provide advice and instructions that are viable to management decisions.

The Board of Directors nominates Director and Audit & Supervisory Board Member candidates in accordance with the Rules of the Board of Directors. Audit & Supervisory Board Member candidates are nominated after receiving consent from the Audit & Supervisory Board.

In selecting the Chairman and CEO and the President and COO, Fuji Electric nominates individuals with the insight, experience, and other qualities necessary for enacting management policies as well as a capacity for multifaceted management decisions.

The Board of Directors will examine the possibility of dismissing a Director, the Chairman and CEO, the President and COO, or an Audit & Supervisory Board Member in any of the following cases.

1. The individual has committed a violation of laws, regulations, or the articles of incorporation.
2. The individual has engaged in activities that may significantly diminish Fuji Electric's corporate value.
3. The individual is applicable under the provisions for dismissal from a Director position described in the Companies Act of Japan.
4. The individual is judged incapable of fulfilling the role anticipated at the time of their appointment.

The Board of Directors will make decisions on the nomination of Director and Audit & Supervisory Board Member candidates and the appointment and dismissal of the Chairman and CEO and the President and COO based on reports from the Nomination and Remuneration Committee, an advisory organization.

(5) Explanations of reasons for nominations of individual Director and Audit & Supervisory Board Member candidates by the Board of Directors

The reasons for nominations of individual Director and Audit & Supervisory Board Member candidates by the Board of Directors are the same as those contained in the Reference Materials for the Ordinary General Meeting of Shareholders attached to convocation notices for the Ordinary General Meeting of Shareholders. The Reference Materials for the Ordinary General Meeting of Shareholders can be accessed through the following website.

[https://www.fujielectric.com/ir/stock\\_bond/shareholders\\_meeting.html](https://www.fujielectric.com/ir/stock_bond/shareholders_meeting.html)

#### Supplementary Principle 3.1.3: Sustainability Initiatives

• As the Company's sustainability initiatives, we disclose our efforts related to material business and ESG (environmental, social, and governance) challenges on our website and in our integrated reports. ESG: <https://www.fujielectric.com/company/csr/index.html>

Integrated reports (Fuji Electric Reports): <https://www.fujielectric.com/ir/box/doc/pdf/rep2023/all.pdf>

• For human capital, the Corporate Code of Conduct states, "Fuji Electric and its employees respect human rights in their relationships within all corporate activities. In addition, we will promote the activities of diverse human resources, and strive to create a workplace that takes health and safety into consideration, with each employee having a rewarding job." As one of the Management Policies, we are also committed to "maximizing our strengths as a team, respecting employees' diverse ambition." While placing respect for human rights and our employees' safety and health at the foundation of everything we do, we are actively working to make it easier for our employees to demonstrate their abilities and develop human resources toward mid- to long-term business development.

• Intellectual property is our important management resources as the Corporate Code of Conduct states, "we strictly manage our intellectual property, personal information, customer and confidential information, and fully respect the property and information of others." We are promoting our global intellectual property strategies, including strengthening our intellectual property efforts deeply incorporated in business planning and R&D and promoting international standardization.

• In the field of climate change, we announced our support for the Recommendations of Task Force on Climate-related Financial Disclosures (TCFD) in June 2020. We are promoting initiatives and information disclosure in accordance with the TCFD Recommendations, including analyzing climate change risks and opportunities for the entire supply chain using several scenarios.

#### Supplementary Principle 4.1.1: Scope of delegation of authority to management from the Board of Directors

The Rules of the Board of Directors stipulate that matters legally required to be decided by the Board of Directors as well as matters that effectively fall into the same category should be decided by the Board of Directors due to their importance and the nature of these decisions. Accordingly, authority for these decisions is assigned to the Board of Directors.

Authority for decisions pertaining to operational execution are delegated to management. These decisions are to be made based on the directives of the business strategies and management plans decided through discussion by the Board of Directors.

Executive officers are appointed to assume responsibility related to operational execution, and decisions on operational execution for which authority is delegated from the Board of Directors are made by the Executive Committee, which is membered by Executive Directors and executive officers. The results of decisions made by the Executive Committee are reported to the Board of Directors to form a framework for quickly detecting and addressing specific issues and challenges faced in frontline operations. This framework ensures the effectiveness of the operational execution oversight functions of the Board of Directors.

#### Principle 4.9: Independence Standards and Qualification for Independent Directors

The applicable information can be found in section II-1. (Independent Officers) below.

#### Supplementary Principle 4.10.1: Use of Optional Advisory Bodies

The Company has a Nomination and Remuneration Committee, the majority of whose members are Independent Outside Directors and which are chaired by an Independent Outside Director.

The Nomination and Remuneration Committee discusses and reports the following matters to the Board of Directors:

- (1) Policy on the composition of the Board of Directors
- (2) Policies and criteria regarding the appointment or dismissal of Directors, the President, and Audit & Supervisory Board Members
- (3) Appointment or dismissal of Directors, the President, and Audit & Supervisory Board Members
- (4) Matters regarding the formulation and implementation of a succession plan for the President
- (5) Policies and criteria regarding the remuneration for Directors and Audit & Supervisory Board Members
- (6) Details of the remuneration for Directors and Audit & Supervisory Board Members

Shown below are the members of the Nomination and Remuneration Committee as of the date of latest update and their meetings held in FY2022.

(Committee members)

Chairman: Independent Outside Director Toshihito Tamba

Committee members: Independent Outside Directors Yukari Tominaga, Yukihiro Tachifuji, and Tomonari Yashiro

Representative Directors Michihiro Kitazawa and Shiro Kondo

(Meetings held)

May 19, 2022: Meeting on executive compensation

November 24, 2022: Meeting on plans and policies for the period until May 2023

February 22, 2023: Meeting on the appointment of officers

#### Supplementary Principle 4.11.1: Composition of the Board of Directors

The Company has determined insight, experience, and other qualities necessary for the Board of Directors in light of the business strategies, listed such qualities expected of each Director, and disclosed the list at the URL below:

[https://www.fujielectric.com/company/csr/management/corporate\\_governance.html](https://www.fujielectric.com/company/csr/management/corporate_governance.html)

The policies and procedures related to the appointment of Directors can be found in section (4) under “Principle 3.1 Full Disclosure.”

#### Supplementary Principle 4.11.2: Concurrent positions held by Directors and Audit & Supervisory Board Members

Information on major concurrent positions held by Directors and Audit & Supervisory Board Members can be found in the annual business reports provided in the notice of convocation of the Ordinary General Meeting of Shareholders.

The notice of convocation of the Ordinary General Meeting of Shareholders can be accessed through the following website.

[https://www.fujielectric.com/ir/stock\\_bond/shareholders\\_meeting.html](https://www.fujielectric.com/ir/stock_bond/shareholders_meeting.html)

#### Supplementary Principle 4.11.3: Evaluations of effectiveness of the Board of Directors

- 1) In accordance with a defined schedule, the Board of Directors meets 13 times a year and conducts effective discussions and makes appropriate decisions based on important agenda items.
- 2) Relevant materials are provided to Directors prior to meetings, and meeting agendas are formulated to contain an appropriate number of items and allow for sufficient time, resulting in active discussions.
- 3) The Board of Directors periodically receives reports on management conditions and uses these reports to supervise business execution.
- 4) The ideal means of operating the Board of Directors has been self-assessed and analyzed as follows with advice sought from an external agency.

#### Method

In January 2023, a questionnaire survey was conducted for all Directors and Audit & Supervisory Board Members constituting the Board of Directors.

The method of response was to respond directly to the external agency, which was intended to ensure anonymity. From February to April 2023, all Directors and Audit & Supervisory Board Members were interviewed using the report on the collected results from the external agency. Subsequently, discussion and evaluation based on the interview results were carried out at the regular meeting of the Board of Directors in April 2023.

#### Summary of Results

Overall, the responses to the questionnaire survey and the interview results have shown generally positive evaluation of the operation and discussion of the Board of Directors and the effectiveness of the overall Board of Directors has been recognized as ensured.

In the previous evaluation, we shared the necessity of further discussing our medium- to long-term important issues. Since then, we have made necessary improvements, including providing opportunities to report and discuss our R&D strategies. While we believe our efforts have made substantial achievements, some Directors and Audit & Supervisory Board Members emphasized the need for further efforts to enhance the functions of the Board of Directors and foster more dynamic discussions at its meetings.

In the future, the Company's Board of Directors will give careful consideration to the aforementioned issues identified by this effectiveness evaluation and deal with the respective issues one by one with a clear schedule defined individually to continuously engage in activities for enhancing the functions of the Board of Directors.

#### Supplementary Principle 4.14.2: Policies for training Directors and Audit & Supervisory Board Members

Standing officers undergo compliance training concerning such matters as legal affairs and taxation



prior to assuming their positions and are also provided with opportunities to acquire necessary knowledge on an ongoing basis after appointment. Outside officers receive explanations regarding the Company and their expected roles prior to assuming their positions. After appointment, they also receive explanations regarding our business and R&D strategies and participate in business site inspections.

**Principle 5.1: Policy for constructive dialogue with shareholders**

(1) Dialogues with shareholders are managed by the Director responsible for finance or the General Manager of the President's Office. With the attendance of the executive officer responsible for business segments and others, we have active dialogues with shareholders through various opportunities, such as financial results presentations.

(2) Internal organizations for supporting dialogue have been established and proactive coordination is pursued while performing tasks such as the preparation and examination of disclosure materials and the sharing of necessary information in order to realize constructive dialogue.

(3) Financial results presentations and factory tours for investors are held as venues for dialogue in addition to individual meetings.

(4) Input gathered from shareholders through dialogue activities is reported to the Board of Directors every year and also relayed through reports as necessary to the management and relevant divisions so that this information can be shared and utilized.

(5) The Fuji Electric Rules for Prevention of Insider Trading have been established to install rigorous protections against leaks of insider information. In addition, a quiet period is held beginning from the settlement date of each quarter until the announcement of the Company's financial results during which the Company refrains from responding to inquiries regarding financial information.

[Action to Implement Management That is Conscious of Cost of Capital and Stock Price]

Please refer to the following resources for more information.

Integrated reports (Fuji Electric Reports)

<https://www.fujielectric.com/ir/box/doc/pdf/rep2023/all.pdf>

## 2. Capital Structure

Ratio of shares held by foreign institutions and individuals	More than 30%
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### [Major Shareholders]

Name	Number of shares	Investment ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,591,300	18.62
Custody Bank of Japan, Ltd. (Trust Account)	18,958,400	13.27
Asahi Mutual Life Insurance Company	3,955,183	2.77
National Mutual Insurance Federation of Agricultural Cooperatives	3,059,000	2.14
FANUC CORPORATION	2,684,200	1.88
STATE STREET BANK AND TRUST COMPANY 505025	2,221,025	1.55
FURUKAWA CO., LTD.	2,205,146	1.54
STATE STREET BANK AND TRUST COMPANY 505001	2,164,886	1.52
STATE STREET BANK WEST CLIENT – TREATY 505234	2,158,794	1.51
FUJITSU LIMITED	1,826,612	1.28

Has controlling shareholders (excluding parent company)	—
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Has parent company	No
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#### Supplementary Information

The information on our major shareholders is as of March 31, 2023.

The investment ratios represent the proportion of their shares to the total number of outstanding shares minus our treasury stock (6,462,999 shares).

### 3. Company Details

Stock exchange, section	Tokyo Stock Exchange, Prime; Nagoya Stock Exchange, Premier; Fukuoka Stock Exchange
Fiscal year-end	March 31
Industry	Electric Appliances
Number of employees at end of previous fiscal year (consolidated)	More than 1,000
Net sales in previous fiscal year (consolidated)	More than ¥1 trillion
Number of consolidated subsidiaries at end of previous fiscal year	More than 50, less than 100

### 4. Guidelines for Measures to Protect Minority Shareholders in the Event of Transactions with Controlling Shareholders

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### 5. Other Conditions That May Materially Affect Corporate Governance

Basic policies on group management

Fuji Electric's corporate philosophy is to "Contribute to prosperity," "Encourage creativity" and "Seek harmony with the environment," and the Company intends to contribute to the creation of responsible and sustainable societies through its energy and environment businesses as stated in its management policies.

Significance of owning a listed subsidiary

Of the Company's consolidated subsidiaries, Fuji Furukawa Engineering & Construction Co. Ltd. falls under a listed subsidiary. Fuji Furukawa Engineering & Construction plays an important role as a general equipment company in Fuji Electric's plant business and is working on the expansion of sales channels outside Fuji Electric with its high expertise, which makes us believe that the company's ensured independence as a listed company in Fuji Electric will contribute to the maximization of the corporate value of the entire Fuji Electric.

Measures to ensure the effectiveness of the listed subsidiary governance framework

In order to ensure the effectiveness of the listed subsidiary governance, Fuji Electric supports the building of a listed subsidiary governance framework and takes measures including avoidance of taking concurrent positions with the listed subsidiary. The Company imposes no operational restrictions on the listed subsidiary and strives to ensure the independence and autonomy of the listed subsidiary to encourage its own business judgment.

The listed subsidiary appoints a certain number of independent outside directors to make decisions based on their own business judgments in the Board of Directors for ensuring the effectiveness of the governance framework.



## II. Business Management Organization for Management Decision Making, Operational Execution, and Auditing and Other Corporate Governance Systems

### 1. Organizational Structures and Operation

Organizational structure	Company with Company Auditors
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#### [Board of Directors]

Number of directors pursuant to articles of incorporation	15
Term of Directors pursuant to articles of incorporation	1 year
Chairman of Board of Directors	Chairman (unless the Chairman concurrently serves as President)
Number of Directors	10
Has Outside Directors	Yes
Number of Outside Directors	4
Number of Outside Directors that are also independent directors	4

Relationship between Outside Directors and the Company (1)
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Name	Association	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Toshihito Tamba	Comes from other company								△			
Yukari Tominaga	Comes from other company								△			
Yukihiro Tachifuji	Comes from other company											
Tomonari Yashiro	Academic								△			

\* Multiple choice items regarding relationship with the Company

\* ○ indicates that the individual is now or was recently applicable under the item.

△ indicates that the individual was applicable under the item in the past.

\* ● indicates that a close relative of the individual is now or was recently applicable under the item.

▲ indicates that a close relative of the individual was applicable under the item in the past.

a. A person involved in operation of the Company or its subsidiaries

b. A person involved in operation or a non-executive director of the parent company of the Company

c. A person involved in operation of a subsidiary of the parent company of the Company

d. An entity or a person involved in operation of an entity of which the Company is a major supplier

e. An entity or a person involved in operation of an entity that is a major supplier of the Company

f. A consultant, an accounting specialist, or a legal specialist receiving large amounts of monetary payments or other financial assets from the Company that are separate from executive remuneration

- g. A major shareholder of the Company (or a person involved in operation of an entity that is a major shareholder of the Company)
- h. A person involved in operation of an entity with which the Company has a significant business relationship that does not qualify under d., e., or f. above (only applies to individual in question)
- i. A person involved in operation of an entity at which a person involved in operation of the Company serves as an outside officer (only applies to individual in question)
- j. A person involved in operation of an entity that receives large amounts of donations from the Company (only applies to individual in question)
- k. Other

Relationship between Outside Directors and the Company (2)			
Name	Independent officer	Supplementary information regarding status of independence	Reason for appointment
Toshihito Tamba	○	Mr. Tamba is an Executive Adviser to Tokyo Century Corporation. The Company conducts transactions with the aforementioned company. In the fiscal year ended March 31, 2023, transactions with Tokyo Century Corporation amounted to approximately ¥1 billion.	<p>Mr. Tamba possesses a wealth of experience and considerable insight as a manager of listed companies. By providing advice and instructions from an objective, multifaceted perspective, he is fulfilling his role in reinforcing management supervision functions and ensuring the validity and appropriateness of management decisions related to business execution.</p> <p>In relation to Mr. Tamba, there are no concerns regarding independence, such as being a person involved in operation of a major business partner of the Company, that are applicable under the standards of relevant financial instruments exchanges; therefore, the Company has determined that he is unlikely to have conflicts of interest with our general shareholders and has designated him as an independent officer.</p> <p>Fuji Electric has business relationships with Tokyo Century Corporation. However, the amounts of transactions between the Company and the company described to the left accounted for less than 1% of the total net sales of the company and of the Company in the fiscal year ended March 31, 2023.</p>
Yukari Tominaga	○	Ms. Tominaga previously served as Chief Diversity Officer at Hitachi Solutions, Ltd. The Company conducts transactions with the aforementioned	Ms. Tominaga possesses broad insight and experience in corporate management as she has held important positions at a manufacturer in various business fields deeply related to the

		company. In the fiscal year ended March 31, 2023, transactions with Hitachi Solutions, Ltd. amounted to approximately ¥14 million.	<p>Company's business activities and served as outside directors for listed companies. By providing advice and instructions from an objective, multifaceted perspective, she fulfills her role in reinforcing management supervision functions and ensuring the validity and appropriateness of management decisions related to business execution.</p> <p>In relation to Ms. Tominaga, there are no concerns regarding independence, such as being a person involved in operation of a major business partner of the Company, that are applicable under the standards of relevant financial instruments exchanges; therefore, the Company has determined that she is unlikely to have conflicts of interest with our general shareholders and has designated her as an independent officer.</p> <p>Fuji Electric has a business relationship with Hitachi Solutions, Ltd. However, the amount of transactions between the Company and Hitachi Solutions, Ltd. described to the left accounted for less than 1% of the total net sales of the company and of the Company in the fiscal year ended March 31, 2023.</p>
Yukihiro Tachifuji	○	—	<p>Mr. Tachifuji possesses a wealth of experience and considerable insight as a manager of a listed company. By providing advice and instructions from an objective, multifaceted perspective, he can fulfill his role in reinforcing management supervision functions and ensuring the validity and appropriateness of management decisions related to business execution.</p> <p>In relation to Mr. Tachifuji, there are no concerns regarding independence, such as being a person involved in operation of a major business partner of the Company, that are applicable under the standards of relevant financial instruments exchanges; therefore, the Company has determined that he is unlikely to have conflicts of interest with our general shareholders and has designated him as an independent officer.</p>
Tomonari	○	Mr. Yashiro previously served as	Mr. Yashiro possesses a wealth of

Yashiro		Executive Vice President of the University of Tokyo. The Company conducts transactions with National University Corporation, the University of Tokyo, which operates the university. In the fiscal year ended March 31, 2023, transactions with the national university corporation amounted to approximately ¥36 million.	<p>experience and considerable insight as an expert in sustainable architecture and innovation management. By providing advice and instructions from an objective, multifaceted perspective, he can fulfill his role in reinforcing management supervision functions and ensuring the validity and appropriateness of management decisions related to business execution.</p> <p>In relation to Mr. Yashiro, there are no concerns regarding independence, such as being a person involved in operation of a major business partner of the Company, that are applicable under the standards of relevant financial instruments exchanges; therefore, the Company has determined that he is unlikely to have conflicts of interest with our general shareholders and has designated him as an independent officer.</p> <p>Fuji Electric has a business relationship with National University Corporation, the University of Tokyo, which operates the University of Tokyo. However, the amount of transactions between the Company and the national university corporation accounted for less than 1% of the total net sales of the Company or the total revenue of the national university corporation in the fiscal year ended March 31, 2023.</p>
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Has committees equivalent to nominating committee or compensation committee	Yes
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Establishment of a Committee, Its Member Composition and Chairman Details
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	Name of Committee	Total Number of Members	Number of Full-Time Members	Number of Inside Directors	Number of Outside Directors	Number of Outside Experts	Number of Others	Chairman
Committee equivalent to nominating committee	Nomination and Remuneration Committee	6	0	2	4	0	0	Outside Directors
Committees equivalent to compensation committee	Nomination and Remuneration Committee	6	0	2	4	0	0	Outside Directors

Supplementary Information
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As provided in Supplementary Principle 4.10.1 of section I-1.

**[Audit & Supervisory Board Members]**

Has Audit & Supervisory Board	Yes
Number of Auditor & Supervisory Board Members pursuant to articles of incorporation	5
Number of Audit & Supervisory Board Members	5

Coordination between Audit & Supervisory Board Members, Accounting Auditor, and Internal Auditing Divisions

The effectiveness of audits is ensured throughout Fuji Electric by strengthening coordination between various auditing functions via committee systems consisting of Audit & Supervisory Board Members, internal auditing divisions, and the Accounting Auditor.

Has Outside Audit & Supervisory Board Members	Yes
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members that are also independent officers	3

Relationship between Outside Audit & Supervisory Board Members and the Company (1)

Name	Association	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tetsuo Hiramatsu	Comes from other company										△			
Hirohiko Takaoka	Comes from other company										△			
Yuko Katsuta	Attorney										△			

\* Multiple choice items regarding relationship with the Company

\* ○ indicates that the individual is now or was recently applicable under the item.

△ indicates that the individual was applicable under the item in the past.

\* ● indicates that a close relative of the individual is now or was recently applicable under the item.

▲ indicates that a close relative of the individual was applicable under the item in the past.

a. A person involved in operation of the Company or its subsidiaries

b. A non-executive director or an accounting advisor of the Company or its subsidiaries

c. A person involved in operation or a non-executive director of the parent company of the Company

d. An Audit & Supervisory Board Member of the parent company of the Company

e. A person involved in operation of a subsidiary of the parent company of the Company

f. An entity or a person involved in operation of an entity of which the Company is a major supplier

g. An entity or a person involved in operation of an entity that is a major supplier of the Company

h. A consultant, an accounting specialist, or a legal specialist receiving large amounts of monetary

payments or other financial assets from the Company that are separate from executive remuneration

- i. A major shareholder of the Company or a person involved in operation of an entity that is a major shareholder of the Company
- j. A person involved in operation of an entity with which the Company has a significant business relationship that does not qualify under f., g., or h. above (only applies to individual in question)
- k. A person involved in operation of an entity at which a person involved in operation of the Company serves as an outside officer
- l. A person involved in operation of an entity that receives large amounts of donations from the Company (only applies to individual in question)
- m. Other

Relationship between Outside Audit & Supervisory Board Members and the Company (2)
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Name	Independent officer	Supplementary information regarding status of independence	Reason for appointment
Tetsuo Hiramatsu	○	Mr. Hiramatsu was previously a Deputy President of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) and the Chairperson & Representative Director of Chuo-Nittochi Co., Ltd., with which the Company has a business relationship. As of March 31, 2023, the balance of borrowings associated with Mizuho Bank, Ltd. was approximately ¥24.7 billion. In the fiscal year ended March 31, 2023, transactions with Chuo-Nittochi Co., Ltd. amounted to approximately ¥67 million.	<p>Mr. Hiramatsu possesses a wealth of experience and considerable insight as a corporate manager, based on which he provides viable advice and instructions pertaining to all areas of the Company's management at meetings of the Board of Directors and Audit &amp; Supervisory Board from an objective, specialized perspective. He is thereby helping reinforce management audit functions and ensure the validity and appropriateness of decisions.</p> <p>In relation to Mr. Hiramatsu, there are no concerns regarding independence, such as being a person involved in operation of a major business partner of the Company, that are applicable under the standards of relevant financial instruments exchanges; therefore, the Company has determined that he is unlikely to have conflicts of interest with our general shareholders and has designated him as an independent officer.</p> <p>Fuji Electric has a business relationship with Chuo-Nittochi Co., Ltd. However, the amount of transactions between the Company</p>

			and Chuo-Nittochi Co., Ltd. accounted for less than 1% of the total net sales of the company and of the Company in the fiscal year ended March 31, 2023.
Hirohiko Takaoka	○	Mr. Takaoka was previously a Standing Auditor of the Yokohama Rubber Co., Ltd., with which the Company has a business relationship. In the fiscal year ended March 31, 2023, transactions with the Yokohama Rubber Co., Ltd. amounted to approximately ¥500 million.	<p>Mr. Takaoka possesses a wealth of experience and considerable insight as a corporate manager as well as expertise from his service as a standing auditor of a listed company, which he can use to provide viable advice and instructions pertaining to all areas of the Company's management at meetings of the Board of Directors and Audit &amp; Supervisory Board from an objective, specialized perspective. He is thereby helping reinforce management audit functions and ensure the validity and appropriateness of decisions.</p> <p>In relation to Mr. Takaoka, there are no concerns regarding independence, such as being a person involved in operation of a major business partner of the Company, that are applicable under the standards of relevant financial instruments exchanges; therefore, the Company has determined that he is unlikely to have conflicts of interest with our general shareholders and has designated him as an independent officer.</p> <p>Fuji Electric has a business relationship with the Yokohama Rubber Co., Ltd. However, the amount of transactions between the Company and the Yokohama Rubber Co., Ltd. described to the left accounted for less than 1% of the total net sales of the company and of the Company in the fiscal year ended March 31, 2023.</p>
Yuko Katsuta	○	Ms. Yuko Katsuta was previously the Chief Privacy Officer of IBM Japan, Ltd., with which the Company has a business relationship. In the fiscal year ended March 31, 2023, transactions with IBM Japan, Ltd. amounted to approximately ¥4 million.	Ms. Katsuta possesses a wealth of experience as an attorney taking part in numerous corporate law cases, based on which she can provide viable advice and instructions pertaining to all areas of the Company's management at meetings of the Board of Directors and Audit & Supervisory Board from an objective, specialized



			<p>perspective. She is thereby helping reinforce management audit functions and ensure the validity and appropriateness of decisions.</p> <p>In relation to Ms. Katsuta, there are no concerns regarding independence, such as being a person involved in operation of a major business partner of the Company, that are applicable under the standards of relevant financial instruments exchanges; therefore, the Company has determined that she is unlikely to have conflicts of interest with our general shareholders and has designated her as an independent officer.</p> <p>Fuji Electric has a business relationship with IBM Japan, Ltd. However, the amount of transactions between the Company and IBM Japan, Ltd. described to the left accounted for less than 1% of the total net sales of the company and of the Company in the fiscal year ended March 31, 2023.</p>
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#### [Independent Officers]

Number of independent officers	7
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Other Matters regarding Independent Officers
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All Outside Directors and Outside Audit & Supervisory Board Members that fulfill the requirements for designation as independent directors or auditors are designated as such.

The Company judges the applicable candidate to be fully independent from the Company when he/she does not fall under any of the conditions listed below in addition to criteria of independence stipulated by domestic financial exchanges including the Tokyo Stock Exchange.

(1) Major shareholder

A major shareholder of the Company (who owns 10% or more of the voting rights) or its executor of business.

(2) Major business partner

A business partner (consultants such as lawyers, certified public accountants, and tax accountants, as well as consulting firms such as law firms, audit firms, and tax firms) or a person executing its business whose transactions with the Company exceed 2% of the annual consolidated net sales of the Company or the other entity in the past three fiscal years.

(3) Major lender, etc.

A financial institution, other major creditor, or a person executing the business of these institutions that is indispensable for the Company's funding and on which the Company depends to the extent that it is irreplaceable.

(4) Accounting auditor

A certified public accountant who belongs to an auditing firm that serves as the accounting auditor of the Company or employee, etc. of such auditing firm.

(5) Donee

A person executing the business of an organization which receives a donation exceeding 10 million year per year that is greater than 2% of its annual income from the Company for the past three fiscal years.

**[Incentive Systems]**

Incentives provided to directors	Performance-linked remuneration, etc.
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Supplementary Information

Standing Directors receive performance-linked remuneration based on annual performance, which is evaluated comprehensively to decide remuneration amounts. In addition, Standing Directors acquire shares of the Company's stock through an officer stock holding system.

Individuals able to receive stock options	
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Supplementary Information

**[Director Compensation]**

Disclosure of compensation of individual directors	Certain details regarding the compensation of individual directors disclosed
Supplementary Information	

The Company's annual securities reports (Japanese only) disclose information on the total sums of compensation paid to Directors, Audit & Supervisory Board Members, and outside officers by compensation type. Compensation figures are disclosed on an individual basis in annual securities reports for Directors that receive total compensation of more than ¥100 million.

Has policies for deciding compensation amounts and calculation methods	Yes
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Disclosed Policies for Deciding Compensation Amounts and Calculation Methods

Fuji Electric has established a remuneration system and remuneration levels for Directors and Audit & Supervisory Board Members that are deemed appropriate for their respective duties and in accordance with shareholder mandates, giving due consideration to the aims of securing and maintaining competent personnel and providing incentives for the improvement of business performance.

The validity and necessity of revisions to the aforementioned compensation systems and amounts are verified regularly based on changes in the operating environment and on objective external data.

(1) 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 as follows.

1) Base Remuneration

Base remuneration is a predetermined amount that is paid on a specific day of every month 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.

## 2) Performance-Linked Remuneration

Performance-linked remuneration is paid on a specific day of every year 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 clearly.

The amount of performance-linked remuneration will be determined in consideration of the consolidated financial results (net sales, operating income, net income, dividends, etc.) of the previous fiscal year, based on the payment standard that the ratio of performance-linked remuneration shall increase in line with the increase in the ratio of consolidated operating income to net sales, which is set as an important target in the Medium-Term Management Plan. Since the ratio of consolidated operating income to net sales is 8.8% in fiscal 2021, the ratio of performance-linked remuneration to total compensation will be approximately 56%.

## (2) Standing Audit & Supervisory Board Members

Remuneration for Standing Audit & Supervisory Board Members is paid on a specific day of every month as a predetermined amount according to their position, as Standing Audit & Supervisory Board Members are charged with the duty of auditing the execution of duties across Fuji Electric. Standing Audit & Supervisory Board Members may acquire stock in the Company at their own discretion.

## (3) Outside Directors and Outside Audit & Supervisory Board Members

Remuneration for Outside Directors and Outside Audit & Supervisory Board Members is paid on a specific day of every month as a predetermined amount according to their position, as Outside Directors and Outside Audit & Supervisory Board Members are charged with the duty of supervising or auditing the execution of duties across Fuji Electric.

Outside Directors and Outside Audit & Supervisory Board Members may acquire stock in the Company at their own discretion.

The Board of Directors has resolved to delegate the decision on the remuneration amount for each director to Chairman of the Board and Chief Executive Officer, Michihiro Kitazawa. His scope of authority is to reflect the evaluation of each director's responsibilities to the nature of the resolution of the Board of Directors, which is based on the report from the Nomination and Remuneration Committee. To ensure that this authority is exercised appropriately, the Nomination and Remuneration Committee has determined that the variation in performance-linked remuneration based on individual evaluation shall be within a specified range, and the delegated authority is to be exercised within the range.

## [Support Systems for Outside Directors and Outside Audit & Supervisory Board Members]

Corporate planning divisions are responsible for providing support to Outside Directors and Outside Audit & Supervisory Board Members and provide them with necessary information.

Outside Audit & Supervisory Board Members are assigned special support staff so that they can conduct effective audits and smoothly perform audit duties.

## 2. Matters Concerning Operational Execution, Audits, Supervision, Nomination, Remuneration, and Other Functions (Overview of Current Corporate Governance Framework)

### ■Current Corporate Governance Framework

As for the Company's corporate governance framework, based on the above "I.1. Basic Policy on Corporate Governance," the Company has established and operates the following organizations with respective governance functions and roles.

#### ○ Board of Directors

Comprising ten Directors, four of whom are Outside Directors, the Board of Directors is responsible for management supervision and decision-making functions.

The Company has selected Outside Directors that have an understanding of Fuji Electric's management through their experience as corporate managers or specialists in academic fields that are highly relevant to Fuji Electric's business. The Outside Directors also possess the insight and experience necessary to conduct multifaceted management decisions and are thus able to perform their duties of contributing to the reinforcement of management supervisory functions and ensuring the appropriateness of management decisions related to business execution.

The term of Directors has been set as one year in order to clarify the management responsibilities of individual Directors with regard to each given fiscal year and construct a management system that can quickly respond to changes in the operating environment.

○ Audit & Supervisory Board Members and Audit & Supervisory Board

Comprising five Audit & Supervisory Board Members, three of whom are Outside Audit & Supervisory Board Members, the Audit & Supervisory Board is responsible for the management audit function of Fuji Electric.

The Company has selected Outside Audit & Supervisory Board Members that have an understanding of Fuji Electric's management through their experience as corporate managers, standing auditors of listed companies and legal specialists. The Outside Audit & Supervisory Board Members also possess the insight and experience necessary to conduct audits and are thus able to perform their duties of contributing to the reinforcement of management audit functions and ensuring the validity and appropriateness of management decisions related to business execution, which is performed together with the Outside Directors by providing advice and instructions about all areas of management at meetings of the Board of Directors.

○ Nomination and Remuneration Committee

The applicable information can be found in "Establishment of a Committee, Its Member Composition and Chairman Details" above.

○ Other specific measures related to enhancing business execution and supervisory functions

• Adoption of "executive officer" system

The Company has adopted an executive officer system to strengthen its business execution function. Executive officers are responsible for executing Fuji Electric's business operations and have the same management duty of care as directors being delegated by the Representative Director. The term of executive officers is one year. According to the Board of Directors' resolution, each executive officer is assigned a specific responsibility to clarify their responsibilities and improve the efficiency of business execution.

• Establishment of Executive Committee

Internal regulations have been formulated defining the duties and authorities of the Chairman and CEO, the President and COO, executive officers, and employees, and the Executive Committee has been established as an organization meant to play a central role in implementing these regulations while also functioning as a consulting system for the Chairman and CEO and the President and COO. The Executive Committee is membered by the Chairman and CEO, the President and COO, and executive officers, and Standing Audit & Supervisory Board Members of the Company frequently attended meetings of this committee.

### **3. Reason for Selecting Current Corporate Governance Framework**

The reason for selecting the current corporate governance framework is as described in the "Current Corporate Governance Framework" section above.

## **III. Initiatives Concerning Shareholders and Other Stakeholders**

### **1. Measures to Ensure Interactive Ordinary General Meetings of Shareholders and the Smooth Exercise**

## of Voting Rights

	Supplementary information
Early dispatch of convocation notices of ordinary general meetings of shareholders	The notice was sent out 21 days prior to the date of the Ordinary General Meeting of Shareholders.
Avoidance of dates with high concentrations of shareholder meetings	The 2023 Ordinary General Meeting of Shareholders was held on June 27, 2023, to avoid the high concentration of shareholder meetings anticipated on June 29.
Electronic methods of exercising voting rights	Frameworks are in place to allow for the exercise of voting rights through electronic methods via the Internet.
Participation in platforms for electronic voting rights exercise and other initiatives to enhance voting rights exercise options for institutional investors	Since 2006, the Company has allowed for the exercise of voting rights via the platform for electronic voting rights exercise for institutional investors offered by ICJ, Inc.
Provision of abbreviated English-language notices of convocation of Ordinary General Meetings of Shareholders	The Company provides English-language notices of convocation of Ordinary General Meetings of Shareholders and business reports on its corporate website.
Other measures	The Company selects the location of its Ordinary General Meetings of Shareholders to ensure high convenience (within the 23 wards of Tokyo) based on the distribution of its shareholders.

## 2. Investor Relations Activities

	Supplementary information	Explanations are provided directly from Company representative
Establishment and release of disclosure policy	<p>A disclosure policy has been established that is available for viewing on the Company's website.  <a href="https://www.fujielectric.com/ir/management/disclosurepolicy.html">https://www.fujielectric.com/ir/management/disclosurepolicy.html</a></p> <p>This disclosure policy comprises the following items.</p> <ol style="list-style-type: none"> <li>1. Basic Policy</li> <li>2. Information Disclosure Standards</li> <li>3. Information Disclosure Methods</li> <li>4. Information Disclosure System</li> <li>5. Engagement Activities</li> <li>6. Information Management               <ol style="list-style-type: none"> <li>(1) Management of insider information and other important information</li> <li>(2) Quiet period</li> </ol> </li> <li>7. Performance Forecasts and Forward-Looking Statements</li> </ol>	
Regular explanatory forums for analysts and institutional investors	<p>Targets: Total of approx. 100 security analysts, institutional investors, bank representatives, and members of the media</p> <ul style="list-style-type: none"> <li>• Management plan presentations</li> </ul> <p>Frequency: Once a year (April 27, 2022)</p> <p>Presenter: President and Chief Operating Officer, and Corporate General Manager of Corporate Management Planning Headquarters</p> <ul style="list-style-type: none"> <li>• Business strategy presentations</li> </ul>	Yes

	<p>Frequency: Once a year (May 30, 2022)  Presenters: President and Chief Operating Officer, and business group corporate general managers</p> <p>• Financial results presentations</p> <p>Frequency: Four times a year (April 27, July 28, October 27, 2022, and January 26, 2023)  Presenters: President and Chief Operating Officer, and Director and Corporate General Manager of Corporate Management Planning Headquarters</p>	
Regular explanatory forums for overseas investors	<p>Included in explanatory forums for analysts and institutional investors described above</p> <p>• Individual meetings at conferences arranged by securities companies (several times a year)  Presenters: Executive Officer and General Manager of the President's Office</p>	No
Investor relations materials provided via Company website	<p>Investor relations information:  <a href="https://www.fujielectric.com/ir/">https://www.fujielectric.com/ir/</a></p> <p>Financial information, non-financial timely disclosure documents, annual securities reports, quarterly reports, Company presentation materials, Fuji Electric Reports (integrated reports), quarterly business reports for shareholders, convocation notices for the Ordinary General Meetings of Shareholders, other information on Ordinary General Meetings of Shareholders, corporate governance information, etc.</p>	
Division (representative) responsible for investor relations	President's Office (directly overseen by president; jurisdiction over CSR, public relations, and investor relations)	

### 3. Activities Concerning Respect for Stakeholders' Positions

	Supplementary information
Internal regulations requiring respect for stakeholders' positions	<p>Respect for stakeholders' positions is stressed in Fuji Electric's corporate philosophy, the Fuji Electric Code of Conduct, and websites describing these principles.</p> <p>Fuji Electric and its employees have defined the Fuji Electric Code of Conduct as a foundation for decision making and behavior, in order to practice our corporate philosophy to fulfill social responsibility and act with high ethical standards while understanding and complying with relevant laws, regulations, international rules, and the spirit of such regulations and rules, both domestically and abroad.</p>
Environmental preservation, CSR, and other activities	Fuji Electric sees CSR activities as the act of practicing its corporate philosophy and enacting its management policies. Through these activities, the Company is contributing to the realization of a sustainable society via its energy and environment businesses and also contributing to

	<p>achievement of SDGs.</p> <p>The Fuji Electric Code of Conduct has been established as a guideline to foster a shared sense of value among the Company and all employees and to promote concerted action in CSR activities. The Code of Conduct reflects the Ten Principles in four areas of the United Nations Global Compact and defines tasks to be carried out based on an environmental, social, and governance (ESG) perspective.</p> <p>Environmental preservation activities for protecting the global environment have been positioned among the most important (material) management tasks. Accordingly, the Fuji Electric Basic Environmental Protection Policy has been established to guide Fuji Electric in practicing contribution to environmental preservation through its business.</p> <p>In addition to setting environmental targets in the “Environmental Vision 2050” and aiming to become carbon neutral throughout its supply chain, the Company has expressed its support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and disclosed on its website and elsewhere the identification of “risks” (and the countermeasures) and “opportunities” of climate change from a long-term perspective.</p> <p>Our sustainability initiatives are described in Supplementary Principle 3.1.3 of section I-1.</p> <p>Please refer to the following resources for more information.  ESG (Environmental, Social and Governance)  <a href="https://www.fujielectric.com/company/csr/">https://www.fujielectric.com/company/csr/</a>  Integrated reports (Fuji Electric Reports)  <a href="https://www.fujielectric.com/ir/box/doc/pdf/rep2023/all.pdf">https://www.fujielectric.com/ir/box/doc/pdf/rep2023/all.pdf</a></p>
Policies for disclosing information to stakeholders	<p>Fuji Electric has released a disclosure policy that delineates its policies for disclosing information to shareholders, investors, and other stakeholders.</p>

## IV. Internal Control Systems

### 1. Basic Policy and Operation of the Internal Control Systems

(1) System for ensuring that Directors and employees carry out their duties in accordance with laws, regulations, and the Articles of Incorporation

1) The Company will repeatedly give explanations to employees of the Company and its subsidiaries on management principles applicable to the Company, and on the spirit behind the Criteria of Corporate Behavior, which serves as a code of behavior for all executives and employees, and ensure such principles and criteria are rigorously followed.



2) The Company will establish and promote a compliance system as follows, based on internal regulations, to ensure the transparency and soundness of business execution.

- The Compliance Promotion Committee is chaired by the Representative Director of the Company. It will ensure full compliance with laws, regulations, and social norms pertaining to the Company and its subsidiaries.

- The Company will establish a compliance program that systematizes roles and responsibilities in terms of internal rules, daily monitoring, auditing, education, and other areas for each law and regulation, and carry out the program in accordance with the annual plan.

- Compliance training is conducted for all full-time executives of the Company and its subsidiaries.

- The Company will establish an internal reporting system that facilitates communication from employees of the Company and its subsidiaries to the President and COO of the Company and external attorneys, using a route that is independent of normal lines of communication. This is intended to prevent actions that violate laws, regulations, Articles of Incorporation, or internal rules before they occur, and aid the early discovery of such actions.

- The establishment and promotion of the above systems will also enable the Company to provide an organized response aimed at rejecting antisocial forces and groups that threaten public order and the safety of private citizens.

3) Internal auditing divisions of the Company under the jurisdiction of the President and COO conduct audits of the Company and subsidiaries. In addition, to ensure effective internal auditing, information on various activities is shared within the committee, which consists of members of internal auditing divisions of the Company and subsidiaries.

(2) System for retaining and managing information pertaining to the performance of Directors

Internal regulations will be formulated to ensure accurate retention and management of records of important business and to ensure that Directors and Audit & Supervisory Board Members acquire knowledge of records. The regulations establish procedures for Directors, Audit & Supervisory Board Members, and managers involved in saving and storing records regarding access to information. Audit & Supervisory Board Members are also consulted in advance with regard to formulating, amending, or eliminating regulations.

(3) Regulations for managing loss-related risk and other systems

1) The internal regulations will be formulated to systematically manage operational risks faced by the Company and its subsidiaries. Based on these regulations, the Company and its subsidiaries will establish appropriate risk management systems, and a system for managing specific group-wide risks will be established. The system involves the designation of departments to manage each category of risk.

2) The Company will establish an emergency response manual to minimize damage incurred at the time of a crisis, such as a major disaster. The manual will prescribe the directors in charge of crisis management and establishment of a conference system and response headquarters to be activated when an emergency occurs.

3) The internal auditing division audits the progress of risk management at the Company and its subsidiaries and reports the results to the President and COO.

(4) System for ensuring effective execution of business by Directors

1) The Company will adopt the executive officer structure to separate management and execution, and accelerate decision-making procedures. The division of duties of each executive officer will be clarified by a resolution of the Board of Directors.

In addition, the internal regulations that prescribe the duties and authority of the Chairman and CEO, the President and COO, executive officers, and employees will be formulated to clarify decision-making authority and locus of responsibilities with regard to business execution.

2) A management meeting will be established as a permanent corporate body to advise the Company's

Chairman and CEO and President and COO. It will comprise the Company's Chairman and CEO, President and COO, executive officers, and other individuals, and will deliberate and formulate reports on important matters pertaining to the management. The Company's Representative Director will communicate the deliberations and reports of the management meeting to the Company's Board of Directors as necessary.

3) To formulate annual and medium-term management plans for the Company and its subsidiaries and to share information, the management meeting and the Company's Board of Directors will confirm, evaluate, and review progress for each business division on a monthly basis.

(5) System to ensure reliable financial reporting

The Company will formulate internal regulations to ensure the appropriateness of documents and other information related to financial settlements as stipulated by the Financial Instruments and Exchange Act. Based on these regulations, the Company will build internal controls for financial reporting, appropriately conduct evaluations and reporting, and report the results of evaluations to the Board of Directors.

(6) System for ensuring the appropriate administration of the company group comprising the Company and its subsidiaries

1) The Company will formulate internal regulations that prescribe authority and responsibilities pertaining to business execution of the Company and its subsidiaries. Based on these regulations, the Company will ensure systematic and efficient management.

In addition, the Company will request subsidiaries to comply with these regulations and report to the Company or obtain approval from the Company regarding important matters pertaining to business execution of subsidiaries.

2) The Company will enhance systems to ensure appropriate administration for the items discussed above, to maximize the corporate value of the entire company group comprising the Company and its subsidiaries.

In addition, the Company will request the formulation of a basic policy on the establishment of a system that ensures subsidiaries conduct appropriate business activities as stipulated by the Companies Act, and will ensure the effectiveness of such systems.

(7) Matters pertaining to employees assisting Audit & Supervisory Board Members, their independence from Directors, and ensuring the effectiveness of instructions to these employees

1) The Company shall designate dedicated employees to assist in the duties of Audit & Supervisory Board Members and shall respect the opinions of the Auditors and require their consent with respect to the handling of the personnel affairs of such employees.

2) Audit & Supervisory Board Members may request employees other than those in charge of 1) above to assist them in their duties as necessary. Such employees shall be independent of the direction and orders of directors in such assistance and shall prioritize such assistance tasks over other tasks.

(8) System for reporting to Audit & Supervisory Board Members by Directors and employees, system for reporting to Audit & Supervisory Board Members by subsidiaries' Directors, Audit & Supervisory Board Members, and employees or those who have received report from these persons, and other matters pertaining to reporting to Audit & Supervisory Board Members

Internal regulations will be established to ensure Audit & Supervisory Board Members acquire sufficient information for them to fulfill their duties. The regulations establish specific methods for ensuring Audit & Supervisory Board Members have opportunities to attend important meetings where decisions are made on business execution of the company group comprising the Company and its subsidiaries, for distributing regular reports and important documents from executives and employees of the Company and its subsidiaries to Audit & Supervisory Board Members, and for making it possible for Audit & Supervisory Board Members to otherwise collect information on the performance of duties by executives and employees of the Company and its subsidiaries.

(9) System for ensuring that persons who report (8) above are not treated disadvantageously on the basis of making the report

The Company shall prohibit disadvantageous treatment of persons who report (8) above on the basis of making the report.

(10) Matters pertaining to procedures for advance payment or repayment of costs arising from the execution of duties by Audit & Supervisory Board Members and other matters pertaining to the policy for processing costs or liabilities arising from the execution of Audit & Supervisory Board Members' duties

When Audit & Supervisory Board Members request the Company to make advance payment of costs, etc. pertaining to the execution of their duties, the Company will promptly process the payment, etc. except when it is deemed unnecessary for the execution of duties by Audit & Supervisory Board Members.

(11) Other systems to ensure audits are conducted effectively by Audit & Supervisory Board Members  
A committee comprising Audit & Supervisory Board Members from the Company and subsidiaries, which are large companies as defined by the Companies Act, and a committee comprising Audit & Supervisory Board Members, members of internal auditing divisions, and accounting auditors work to strengthen communication among all auditing bodies and ensure the effectiveness of auditing practices for the entire company group comprising the Company and its subsidiaries.

## **2. Basic Policies for Eliminating Antisocial Forces and Implementation Status**

The Fuji Electric Code of Conduct defines our commitment to compliance with laws and social norms while also declaring our strict policy of non-association with antisocial forces and organizations.

Fuji Electric's basic policy on internal control systems stipulates that Fuji Electric Group companies should furnish organization-wide measures for eliminating antisocial forces and organizations that threaten the safety and order of people's lives by strictly adhering to the Code of Conduct while developing and implementing the following frameworks based on compliance regulations and strictly adhering to the Fuji Electric Compliance Program.

(1) Human resource and general affairs divisions shall be responsible for responding to antisocial forces, and constant coordination is to be pursued with the police and with Osaki district special violence prevention association to collect information on antisocial forces and organizations.

(2) Should inappropriate demands be made by antisocial forces and organizations, the divisions responsible for responding to antisocial forces shall promptly report to the Fuji Electric Compliance Promotion Committee. In addition, coordination will be pursued with external specialists and lawyers as organization-wide responses are prepared based on the defined manuals.

## V. Others

### 1. Takeover Defense Measures

Has instituted takeover defense measures	No
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#### Supplementary Information

#### Basic Policy on Control of the Company

##### 1. Details of the Basic Policy

In implementing the corporate mission and continuing to improve corporate value, Fuji Electric amasses unique technologies, experience, and know-how and strives to develop and maintain good relations with various stakeholders, including customers, partners, communities, and employees.

These are the Fuji Electric's precious tangible and intangible assets, the Fuji Electric's DNA, and the resources that support the creation of corporate value for Fuji Electric.

Based on the corporate philosophy, the Company strives to manage in line with changes in the environment. The Company recognizes that the most effective countermeasures against share purchases that could damage the corporate value of Fuji Electric are increasing corporate value from a medium- to long-term perspective and further raising the share of profits to shareholders and thus strives to realize those aims.

Furthermore, the Company is actively engaging in a range of investor relations activities to ensure that the Fuji Electric's stock price is properly understood. The Company will strive to further deepen understanding of Fuji Electric by issuing reports on its performance, including quarterly financial reports, and holding factory tour programs for the shareholders.

The Board of Directors recognizes that the free trade of shares by shareholders is a reality as a listed company and believes that the question of whether or not large-scale purchases of shares in the Company by specific individuals should be permitted is a matter that should ultimately be delegated to the shareholders.

However, corporate acquisitions undertaken to profit unduly from selling a company's stock at the highest price do occur. The Board of Directors does not believe that any party who engages in any such large-scale share purchases of the Company's shares or tables proposals that do not contribute to the corporate value of Fuji Electric or the mutual benefit of the shareholders are suitable parties to control the Company's finances and the determination of its business policy.

At this point in time, no specific threat related to large-scale purchases of the Company's shares has emerged. Moreover, the Company has no plans to put in place any specific preventative measures (takeover defense measures) against the emergence of a takeover threat.

However, the Board of Directors will, as a managerial duty to the shareholders, establish an internal system to install measures to defend against any large-scale purchases of the Company's shares that threaten the corporate value of Fuji Electric or the mutual benefit of the shareholders.

##### 2. Fuji Electric's measures to implement the basic policy

###### (1) Initiatives to Improve Corporate Value of Fuji Electric

As its basic strategy for sustainable growth, Fuji Electric aims to achieve growth on the global market based on the power electronics technologies it has cultivated over many years, which freely manipulate electricity, backed by energy and environment investments projected to take place in many countries. To achieve this, we will rapidly shift our managerial resources to the field of energy and the environment to contribute to maximization of our corporate value and resolution of social and environmental issues as a company that contributes to the global society through business.

To realize this, we will rapidly shift our managerial resources to the field of energy and the environment, aiming to maximize our corporate value and practice CSR management as a company that contributes to the global society through business.

(2) Measures to Prevent Control of the Company by Undesirable Parties as Described in the Basic Policy  
The Company will, based on 1. Details of the Basic Policy above, strive to establish an internal system in view of any potential or actual purchases of the Company's shares that threaten the corporate value of Fuji Electric or the mutual benefit of the shareholders.

Specifically, the Company will very carefully monitor daily trading movements and shareholder changes and at the same time has put in place a first-response manual for contingencies and established a framework for collaboration with external experts. Going forward, the Company will strive to determine and enact specific preventative measures in a timely and appropriate manner in order to enhance its internal systems.

Furthermore, the Company will continue to consider the introduction of takeover response measures, from the viewpoints of ensuring and increasing the corporate value of Fuji Electric and the mutual benefit of the shareholders, based on the opinions and judgments of the legal system and the relevant authorities, social trends, and the opinions of our stakeholders.

### 3. Decisions and Rationale of the Board of Directors Regarding the Measures Above

Because the measures referred to in 2. above are means (1) to maintain and enhance the corporate value of the Company over the medium term and (2) to establish internal systems to respond to large-scale purchases of the Company's shares that threaten the corporate value of Fuji Electric or mutual benefits of shareholders, the Board of Directors confirmed and resolved at a meeting of the Board of Directors that these measures comply with the basic policy in 1. above and that neither measure represents a threat to the mutual benefits of the shareholders nor is a means to keep the members of the current senior management team in their positions.

Further, the resolution was unanimously agreed upon at an Audit & Supervisory Board meeting, provided that the specific operations of the measures described in 2. above are conducted properly.

## 2. Other Matters regarding Corporate Governance Frameworks

Fuji Electric's internal frameworks for timely disclosure of corporate information are as follows.

### 1. Basic Policy Regarding Timely Disclosure of Corporate Information

Fuji Electric recognizes that the impartial and appropriate disclosure of highly transparent information is a top management priority in accordance with laws and the regulations of the financial instruments exchanges on which the Company is listed. Members of management are thus personally involved in information disclosure.

The Fuji Electric Code of Conduct, which defines the basic principles that officers and employees are expected to remain mindful of in their activities, sets the behavioral standard that earnest and proactive information disclosure and communication with shareholders and other investors should be practiced in order to foster mutual understanding and trust.

Internal frameworks are established in accordance with the aforementioned basic policy.

### 2. Internal Frameworks for Timely Disclosure of Corporate Information

Frameworks based on the following items have been established at the Company and at all subsidiaries and subsidiaries of subsidiaries in order to ensure the appropriate and timely disclosure of corporate information.

#### (1) Decisions and Occurrences

Internal regulations defining the duties and authority of the Chairman and CEO, the President and COO, executive officers, and employees prescribe that approval from the Chairman and CEO of the

Company is to be received with regard to timely disclosure and other major external announcements by the Company and by subsidiaries and subsidiaries of subsidiaries as stipulated in the Financial Instruments and Exchange Act.

Corporate planning divisions are responsible for disclosure, and information requiring disclosure is to be collected within these divisions. Under the guidance of heads of these divisions, to whom responsibility for handling information is assigned, the divisions will coordinate with public relations, investor relations, finance, legal affairs, and other relevant divisions to determine the necessity of timely disclosure based on the Financial Instruments and Exchange Act and the timely disclosure rules of financial instruments exchanges. Disclosure materials are then to be prepared after confirming their accuracy and legality.

Corporate planning divisions are to conduct timely disclosure regarding decisions after receiving approval from the Board of Directors and regarding occurrences after receiving approval from the Chairman and CEO.

In addition to the aforementioned lines of reporting, whistle-blowing systems have been established to facilitate the comprehensive collection of information by enabling employees of the Company and of subsidiaries and subsidiaries of subsidiaries to report directly to the president of the Company with regard to acts that may constitute legal violations.

#### (2) Revisions to Financial Information, Performance Forecasts, and Dividend Forecasts

Information requiring timely disclosure regarding revisions to the financial information, performance forecasts, and dividend forecasts of the Company and of subsidiaries and subsidiaries of subsidiaries is collected within the financial divisions of the Company.

In regard to financial information, internal regulations obligate the representations of subsidiaries and of subsidiaries of subsidiaries to submit confirmation reports verifying the accuracy of financial information. As for the internal control audit systems for financial reports described in the Financial Instruments and Exchange Act, internal controls are in place and steps are taken to ensure the accuracy of reports including obligating the appropriate implementation of controls regarding assessments and reports.

Under the guidance of heads of corporate planning divisions, to whom responsibility for handling information is assigned, financial divisions pursue coordination of public relations, investor relations, corporate planning, and legal divisions to determine the necessity of timely disclosure of the information collected in accordance with the above provisions based on the Financial Instruments and Exchange Act and the timely disclosure rules of financial instruments exchanges. Disclosure materials are then to be prepared after confirming their accuracy and legality.

This information is to be disclosed by corporate planning divisions after receiving approval from the Board of Directors.

#### (3) Other Initiatives

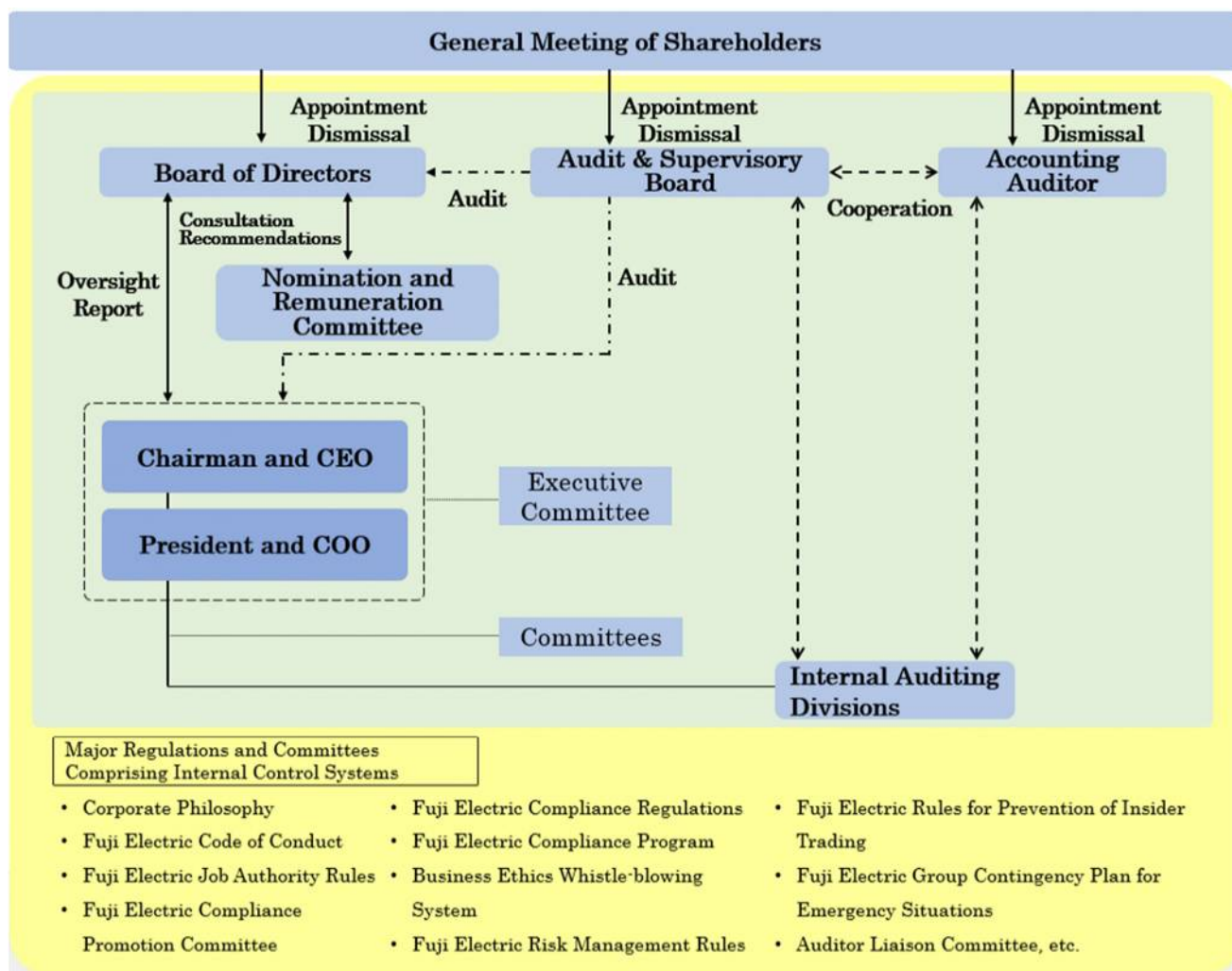
Audits are performed by Audit & Supervisory Board Members and by the internal auditing divisions under the direct control of the president in order to monitor the aforementioned timely disclosure frameworks. In addition, annual plans for guaranteeing legal compliance in timely disclosure are established and the progress of these plans is confirmed on a semiannual basis. The plans are based upon the Fuji Electric Compliance Program, which clarifies roles and responsibilities regarding internal rules, supervision, audits, and education with regard to specific laws and regulations.

## [Corporate Governance Systems]

Fuji Electric's corporate governance framework consists of the Board of Directors, which performs the functions of management supervision and important decision-making, and the Audit & Supervisory Board, which performs the functions of management audit. As a company with company auditors, the Audit & Supervisory Board appropriately audits the Company's Directors and executive officers from an objective and neutral viewpoint.

The Company actively brings in outside officers who meet the requirements for independent officers to strengthen our management supervision and audit functions, and has established the Nomination and Remuneration Committee, the majority of whose members are outside officers, as an advisory organ for the Board of Directors.

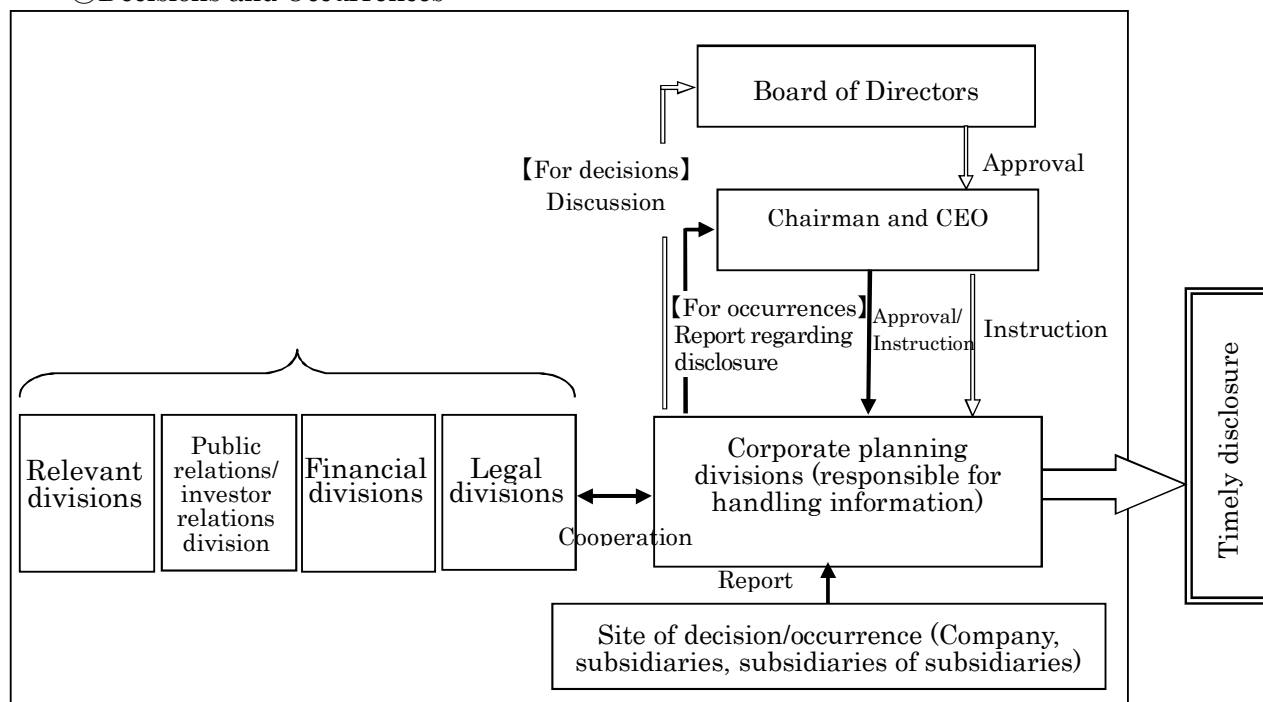
To clarify the roles of management and execution, the Company has introduced an executive officer system in an effort to clarify the responsibilities of each business and improve the efficiency of business execution. The Company is endeavoring to build an effective corporate governance framework, by putting in place the Executive Committee, which deliberates and reports important management issues as an advisory organ for the Chairman and CEO and the President and COO, as well as other committees tasked with planning and promoting key business strategy issues and key external issues, such as regulatory compliance.





## [Timely Disclosure Frameworks]

### ①Decisions and Occurrences



### ②Revisions to Financial Information, Performance Forecasts, and Dividend Forecasts

