

Material Management Initiatives

Material Issues to Reinforcing Operating Foundations

Fuji Electric has identified key issues pertaining to the implementation of its Code of Conduct. We are proactively addressing these issues to improve long-term corporate value (the Fuji Electric Code of Conduct is available in its entirety on the following page).

Code of Conduct Area	Key Issues	Major Initiatives	Relevant SDGs	Relevant Pages
Respect and value all people	Human rights	<ul style="list-style-type: none"> Implement human rights due diligence 		People (Employees) P29–P30
	Safe and healthy workplaces	<ul style="list-style-type: none"> Improve occupational health and safety awareness among employees Bolster initiatives for ensuring occupational health and safety and protecting employee health 		
	Diversity	<ul style="list-style-type: none"> Expand areas in which female employees make contributions Utilize employees over 60 Broaden scope of duties performed by differently abled employees 		
	Work-life balance	<ul style="list-style-type: none"> Promote flexible workstyles Offer work-life balance support and foster conducive workplace environments 		
	Human resources development	<ul style="list-style-type: none"> Enhance development of future management candidates 		
Respect and value our customers	Improvement of customer satisfaction	<ul style="list-style-type: none"> Improve product and service quality Enhance customer support and service systems 		Customers P31
Respect and value our business partners	Value chains for supporting sustainable societies	<ul style="list-style-type: none"> Practice fair and impartial procurement Fulfill social responsibilities together with business partners 		Business Partners P31–P32
Respect and value our shareholders and investors	Constructive shareholder and investor engagement	<ul style="list-style-type: none"> Conduct timely, fair, and impartial information disclosure Enhance shareholder and investor engagement activities 		Shareholders / Investors P32
Respect and value the global environment	Realization of a low-carbon society	<ul style="list-style-type: none"> Reduce society's CO₂ emissions through provision of energy-saving products Reduce CO₂ emissions during production 		Environment P33–P36
	Creation of a recycling-oriented society	<ul style="list-style-type: none"> Promote 3Rs (reduce, reuse, recycle) in relation to products and production activities 		
Respect and value interaction with society	Community outreach	<ul style="list-style-type: none"> Contribute to communities through activities for protecting the natural environment and promoting youth development Engage in community outreach at major sites of overseas operations 		Social Outreach (Local Communities) P46
Make global compliance a top priority	Effective compliance program implementation	<ul style="list-style-type: none"> Establish and revise internal rules and conduct oversight, monitoring, and education based on the Fuji Electric Compliance Program Cultivate mindset of strict compliance among employees 		Compliance P42–P43
	Risk Management	<ul style="list-style-type: none"> Reinforce business continuity capacities Strengthen information security 		Risk Management P44–P45
Top management will thoroughly practice this Code of Conduct	Improvement of management transparency and oversight function	<ul style="list-style-type: none"> Reinforce corporate governance framework 		Corporate Governance P37–P41

Initiatives for Accomplishing the SDGs

Material Management Initiatives

Fuji Electric Code of Conduct

The Fuji Electric Code of Conduct is a guideline for the behavior of all employees and simultaneously a declaration of our commitment to resolving social and environmental issues across the supply chain and contributing to the accomplishment of the SDGs through our corporate activities.

Forward

Fuji Electric and our employees, in our corporate philosophy, state that we “pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners, and fulfill our mission in good faith,” and through all corporate activities we will “contribute to prosperity,” “encourage creativity,” and “seek harmony with the environment,” while also contributing to the achievement of the United Nations Sustainable Development Goals (SDGs).

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, Fuji Electric and its employees have defined this code as a foundation for decision-making and behavior.

1. Respect and value all people

Fuji Electric and its employees will 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 decent work.

- We will conduct human rights due diligence to recognize, prevent, and deal with adverse human rights harm based on international human rights standards such as the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.
- We will build human resources and handling systems that enable employment and performance of diverse human resources, and strengthen human resource training to achieve development for each employee and the full potential of teams.
- We will put top priority on employee health and safety, and strive to create an efficient and comfortable work environment.

2. Respect and value our customers

Fuji Electric and its employees will strive to improve customer satisfaction by expanding business globally and providing safe, secure, and reliable products and services that make full use of energy and environmental technologies.

- We will promote technology development and manufacturing that meet the needs of our customers, and provide safe, reliable, high-quality products and services with all our strength.
- We will respond to our customers in good faith and reflect their feedback in improvements to products and services.

3. Respect and value our business partners

Fuji Electric and its employees, along with business partners, will promote procurement activities aimed at establishing fair and equitable transactions and a supply chain that supports a sustainable society.

- Through fair and equitable transactions, we will build better partnerships, deepen mutual understanding, and strive to maintain and improve cooperative relationships.
- We will seek suppliers globally that are highly competitive in terms of quality, price, turnaround, and service, and that consider sustainability in terms of the environment, society, and governance.

4. Respect and value our shareholders and investors

Fuji Electric and its employees will deepen mutual understanding and trust by promoting honest and active information disclosure and constructive dialogue with shareholders and investors.

- Financial information will be provided that is useful to shareholders and investors, and non-financial information such as environmental, societal and governance matters, in a timely and fair manner, and in accordance with relevant laws, regulations, and the Company's fair disclosure policy.
- Constructive dialogue with shareholders and investors will be conducted through financial results briefings and small meetings, and information obtained from such dialogue will be shared as feedback with executives and relevant departments.

5. Respect and value the global environment

Fuji Electric and its employees will, according to the Fuji Electric Basic Environmental Protection Policy, proactively and actively tackle global environmental issues in all corporate activities and contribute to the realization of a low-carbon, recycling-oriented society that is in harmony with nature.

- With the aim of achieving a low-carbon society, we will strive to reduce greenhouse gas emissions from our own production activities and, by providing products and services to customers that help prevent global warming, we will contribute to the reduction of CO₂ in society.
- With the aim of achieving a recycling-oriented society, we will strive to reduce our environmental impact throughout our supply chain, and promote waste reduction during production with efficient use of water and the 3Rs (reduce, reuse, recycle).
- With the aim of achieving a society in harmony with nature, we will promote activities that contribute to conservation of biodiversity through our corporate activities.

6. Respect and value interaction with society

Fuji Electric and its employees will, as good corporate citizens, actively participate in communities, communicate with local stakeholders, and contribute to their development through collaboration.

- We will strive to understand social circumstances in each country and region, and gain mutual trust with our stakeholders through communication.
- We will work with local communities, governments, NGOs, and other stakeholders in communities in an effort to contribute to those communities by resolving social issues.

7. Make global compliance a top priority

7-1 Thorough compliance

Fuji Electric and its employees will, as members of a highly public group that declares its contributions to solutions to global problems such as the environment and energy, recognize the importance of compliance, fully understand domestic and foreign laws, customs, and all other social norms and their spirit, comply with them, and always act with the highest ethical standards.

- Acting in accordance with laws, regulations and ethical standards
- Complying with contracts
- Prevention of bribery and corruption
- Compliance with competition laws
- Fair selection of business partners
- Insulation from antisocial forces
- Distinction between public and private, and prohibition of insider trading
- Build sound relationships with political bodies and government agencies

7-2 Thorough risk management

Fuji Electric and its employees will implement thorough risk management for the sustainable growth of Fuji Electric.

- We will strictly manage our intellectual property, personal information, customer and confidential information, and fully respect the property and information of others.
- In addition to natural disasters, we will build and strengthen our organizational crisis management system to protect employee safety and business continuity from malicious threats such as cyber attacks and terrorism.

8. Top management will thoroughly practice this Code of Conduct

To put this Code of Conduct into practice, Fuji Electric management will build and promote a governance system that ensures the soundness, efficiency, transparency, and effectiveness of corporate management, and a compliance system that ensures thorough compliance with laws and social norms. This Code of Conduct will be shared with all employees and communicated to partners, etc., as well as supply chains.

In the event of a violation of the law or any other situation that violates this Code of Conduct, while working to resolve issues and fulfilling accountability to society, top management will strive to investigate causes, recover damages, prevent recurrence, and deal strict punishment.

People (Employees)

From the perspective of guaranteeing the ongoing development of its business, Fuji Electric is seeking to secure talented human resources by promoting diversity, through means such as promoting inclusion of senior citizens and women in the workforce; fostering a comfortable workplace; enabling flexible workstyles; and bolstering our competitiveness in recruitment. The foundation for these activities is formed by the principles of respect for human rights, occupational health and safety, and protection of employee health. In addition, our human resource strategies prioritize selection and development from a results-oriented perspective and the development of human resources for expanding global operations in order to bolster our business constitution and competitiveness.

Respect for Human Rights

Enhancement of Human Rights Due Diligence Activities

The Fuji Electric Code of Conduct states that we should “respect and value all people,” and we are promoting respect for human rights accordingly.

The Company respects the human rights of all of its employees and practices human rights due diligence to ensure that the rights of everyone connected to its business activities are respected.

Based on international human rights standards, such as the Universal Declaration of Human Rights, as well as on the UN Guiding Principles on Business and Human Rights, the 2019 revision of the Fuji Electric Code of Conduct clearly states our commitment to ensure that the Company is never involved in or complicit in human rights violations.

Occupational Health and Safety

Acceleration of Occupational Health and Safety Initiatives

Fuji Electric believes that the “health and safety of workers takes precedence over everything else” and has positioned occupational health and safety as a top priority for the Company. In line with this philosophy, we actively communicate the principles of our Health and Safety Basic Policy both inside and outside of the Company and are advancing occupational health and safety initiatives based on this policy.

Health and safety education programs based on hands-on curricula are planned and implemented on an ongoing basis throughout the duration of each year. These programs include legally mandated health and safety education, training for new employees, and education and training programs planned by operating sites or construction work sites. In addition, we provide training for supervisors and health and safety representatives to educate the frontline leaders at associate companies. A focus in recent years has been traffic seminars and mental health education aimed at eliminating accidents involving commercial vehicles.

In recognition of these efforts, Fuji Electric was included in the 2019 Certified Health & Productivity Management Organization Recognition Program (White 500) in fiscal 2018, recognizing it as a company exhibiting excellence in health and productivity management.

Frequency Ratio of Occupational Accidents (in Japan)

(FY)	2014	2015	2016	2017	2018
Fuji Electric	0.12	0.08	0.08	0.19	0.08
Number of occupational accidents	33	30	24	23	23
All industries	1.66	1.61	1.63	1.66	1.83
Electrical equipment manufacturers	0.41	0.54	0.51	0.45	0.58

Scope: Fuji Electric Co., Ltd.; Fuji Electric FA Components & Systems Co., Ltd.



Diversity

Support for Contributions by Diverse Human Resources

One of Fuji Electric’s management policies states that we will “maximize our strengths as a team, respecting employees’ diverse ambition.” Diversity has been identified as an important priority of human resource strategies accordingly.

The aging population in Japan is expected to lead to a significant expansion in the number of employees aged over 60 a decade from now, making the transmission of manufacturing skills an important task. For this reason, we are examining the possibility of introducing new employee treatment systems to promote the contributions of all employees over 60, not just those with high-level technical skills.

Meanwhile, Fuji Electric is working to empower its female employees through the continued implementation of work-life support systems and promotion of diverse workstyles. In addition, we are enhancing the mentor system for female employees and seeking to expand the female population at Fuji Electric by aggressively recruiting female university students from science and engineering backgrounds. Steps are also being taken to increase the number of female employees in supervisory positions by bolstering career development support for female employees and offering them a wider range of opportunities to tackle new challenges.

Female Employees and Managers

(FY)	2017	2018	2019	2023 Target
Ratio of female employees among newly hired employees*1	14%	20%	21%	20%
Ratio of female employees in management positions*2	1.9%	1.9%	2.3%	3.0%
Number of female employees in supervisory positions*3	215	225	249	400

Data collected from Fuji Electric, Fuji Electric FA Components & Systems, Fuji Office & Life Service, Fuji Electric IT Center, Fuji Electric Finance and Accounting Support, Fuji Architects and Engineering, and Fuji Electric Frontier Companies hiring new female employees are Fuji Electric and Fuji Electric FA Components & Systems

*1 Number of newly hired female employees refers to graduates from universities or technical colleges

*2 Number of female employees in management positions refers to employees of manager rank or above

*3 Number of female employees in supervisory positions refers to employees of assistant manager class or above



Fuji Electric promotes the employment of differently abled individuals with a goal of enabling as many such individuals as possible to continue working until retirement age. Accordingly, we aim to grow rates of employment of differently abled individuals while remaining above the legally mandated rate. Efforts to this end include the expansion of the scope of duties performed by differently abled individuals, support for ongoing employment, and other measures for promoting the employment of differently abled individuals.

Ratio of Differently Abled Employees to Total Employees

(FY)	2017	2018	2019
Number of differently abled employees	370	378	397
Employment rate	2.51%	2.57%	2.73%

Legally Mandated Ratio: 2.0% until 2017, 2.2% from 2018

Work-Life Balance

Workstyle Reforms and Work-Life Balance Support

We are strengthening initiatives to help employees achieve work-life balance by creating workplace environments that are more conducive to the efforts of diverse employees and that enable people to fulfill their potential.

Fuji Electric is promoting flexible workstyles through the introduction of Location Flexible working systems that enable employees to work in satellite or home offices. At the same time, we seek to reduce excessive work hours and encourage employees to acquire consecutive days of paid leave in order to facilitate workstyles that achieve a better balance between work and private life.

Furthermore, the Company is bolstering its range of work-life balance support systems and fostering conducive workplace environments to help employees raising children or caring for family members strike a better balance between their work and their private life while still exercising their full talents at work.

Paid Vacation Days Acquired Annually and Average Overtime Work Hours in Japan

(FY)	2016	2017	2018
Paid vacation days acquired annually	14.3	14.1	14.5
Average overtime work hours	22.07	23.34	24.04

Location Flexible Working System Use

(FY)	2017	2018
Home office (registered users / number of uses)	559 / 610	744 / 1,940
Satellite office (registered users / number of uses)	284 / 444	387 / 457

Human Resource Development

Enhancement of Management Skills and Future Management Candidate Development

Developing the skills of employees is a top priority for management. We are focused on cultivating professionals that can contribute to increased global competitiveness as we implement proactive employee training and education programs.

Employee awareness surveys have indicated a need to enhance mid-level line management (manager rank) capabilities. We are addressing this need through systematic rotation programs for enabling managers to gain more experience as well as through other initiatives to augment management skills. The Company has also instituted measures for cultivating future management candidates. Opportunities for enhancing the development of the management candidates that will shape the future of Fuji Electric include careful selection of candidates from among junior employees, effective on-the-job training through position rotations, and participation in selective training.

Individuals will be registered as management candidates on a single-year basis, and the registered candidates will be replaced based on annual evaluations to promote ongoing development.

Fuji Electric also implements a variety of other training programs on an ongoing basis. These programs include level-specific training, which is conducted in conjunction with promotions, special assignments, or other such timings to foster management capabilities, human skills, and logical thinking capacities. We also offer specialized-field training, for enabling employees to improve their capabilities or acquire specialized knowledge or skills; manufacturing training, for learning techniques and technologies; and global employee training. In addition, employees are positioned strategically based on their individual experience and skills.

Customers

Fuji Electric promotes technology development and manufacturing that meet the needs of our customers, and provides safe, reliable, high-quality products and services with all our strength. In addition, we respond to our customers in good faith and reflect their feedback in improvements to products and services.

Improvement of Customer Satisfaction

Enhancement of Customer Support and Service Systems

Fuji Electric's Quality Assurance Policy stipulates that we are to assure the industry's highest standard for quality in all of our products and services. We are therefore advancing quality improvement initiatives through a Companywide organizational structure. In addition, we formulate a High Reliability Activities Policy each year, based on which we dedicate our efforts to improving quality at every stage of our business, from product planning to sales and service.

Each business segment caters to different customers. Accordingly, service divisions have been established in all segments. We are also developing global service systems to ensure that we are equipped to satisfy our customers.

Furthermore, our power electronics systems business and Food and Beverage Distribution segment have call centers that respond to customer inquiries 24 hours a day, 365 days a year. We also pursue higher levels of customer satisfaction through customer satisfaction activities in which we endeavor to broaden our business scope beyond after-sales services to deliver solution services that utilize Fuji Electric products and technologies to resolve customer issues.

Major Initiatives in Fiscal 2018

Power Electronics Systems	<ul style="list-style-type: none"> Reinforcement of support systems by expanding scope of models (gas analyzers) that can receive maintenance at the Company's Thailand base
Electronic Devices	<ul style="list-style-type: none"> Bolstering of support system by broadening the range of models for which inquiries can be addressed through call centers (Shenzhen, China)
Food and Beverage Distribution	<ul style="list-style-type: none"> Improvement of service quality by developing cloud-based service platform (China)
Power and New Energy	<ul style="list-style-type: none"> Enhancement of upgrade services by bolstering sales and technical service systems at bases in Vietnam and other parts of Asia

Business Partners

Fuji Electric aspires to build strong relationships with its business partners through fair and equitable transactions, and we are working together with our partners to promote procurement activities that contribute to the development supply chains capable of supporting a sustainable society. We are committed to fair and equitable procurement that is compliant with relevant laws and regulations in Japan and overseas, and our procurement activities are tailored for sustainability from both social and environmental perspectives.

Supply Chains for Supporting a Sustainable Society

Fair and Equitable Procurement

Fuji Electric strictly adheres to principles of fair and equitable procurement in compliance with procurement-related laws.

The divisions responsible for procurement at the head office and other domestic operating sites take steps to ensure legal compliance through regular audits of procurement activities and compliance training. Meanwhile, procurement divisions at overseas affiliate companies are implementing procurement-related rules and standards based on the regulations of their respective countries.

We also operate a Partner Hotline System on Fuji Electric's corporate website through which business partners can make reports regarding misconduct in the Company's procurement activities in order to prevent and quickly detect unlawful or unethical behavior. By earnestly addressing feedback from business partners, we seek to build trusting relationships.

CSR Exercised Together with Business Partners

Fuji Electric believes that it is important to aim to be a company with high social value by working with its business partners to fulfill its corporate social responsibility (CSR). To this end, we are promoting initiatives to prevent compliance violations and human rights infringements across the supply chain while addressing conflict minerals. Proactive green procurement initiatives are implemented from the perspective of environmental preservation.

In addition, CSR surveys are administered as one facet of our CSR procurement efforts. In 2018, these surveys indicated that there were no business partners in need of immediate

corrective measures. Revisions will be made to surveys and feedback methods going forward in order to facilitate better understanding of the circumstances at business partners through future surveys.

Major Initiatives in Fiscal 2018

- CSR surveys (administered to top 500 business partners accounting for 80% of domestic transaction amounts)
- Procurement policy briefings for business partners (at individual factories and operating sites)
- Procurement-related compliance training (held at 32 bases on rotational basis, 1,045 participants)

Shareholders / Investors

Fuji Electric is committed to building upon trusting relationships with shareholders and other investors. To this end, we practice timely, fair, and equitable disclosure of information required by law and the regulations of the stock exchanges on which the Company is listed as well as of other information deemed to be of value to shareholders and investors. In addition, members of top management take part in activities for engaging with shareholders and other investors.

Constructive Dialogue with Shareholders and Investors

Timely, Fair, and Equitable Information Disclosure

Fuji Electric discloses information that may have a material impact on the investment decisions of shareholders and other investors in an effort to earn trust and foster proper understanding with regard to the Company. In these disclosure activities, we release information as required by law and by the disclosure regulations of the stock exchanges on which the Company lists its stock as well as in accordance with the Fair Disclosure Rule of the Financial Services Agency.

Furthermore, we actively disclose information deemed relevant to shareholders and other investors, such as answers to questions frequently asked by such stakeholders, whether this information is management related, financial information, or non-financial information pertaining to social or environmental matters.

Such information is promptly disclosed through the Company's corporate website.

Meaningful Dialogue with Shareholders and Investors

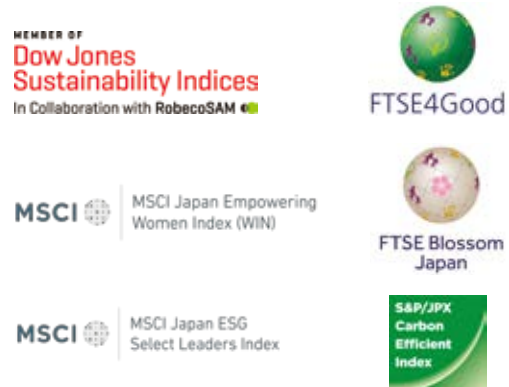
The Company emphasizes dialogue with shareholders and other investors in its investor relations activities, and we are dedicated to enhancing reciprocal communication in these activities. We also strive to make effective use of the input gained through these activities by relaying it to the Board of Directors, management, and relevant divisions through reports to committees or paper reports as deemed necessary.

Major Initiatives in Fiscal 2018

Analysts and institutional investors	<ul style="list-style-type: none"> ■ Financial results briefings: 4 ■ Management plan briefing: 1 ■ Business strategy briefing: 1 ■ Factory tours: 2
Private shareholders and investors	<ul style="list-style-type: none"> ■ Factory tours for shareholders: 4 factories (Suzuka, Tokyo, Kobe, and Chiba) ■ Fuji Electric system solutions exhibits (498 participants in factory tours and system solutions exhibits)

External Recognition

Fuji Electric has been included in the following socially responsible investment indexes, indicating that it has been recognized as a socially responsible company.





Executive Officer
Corporate General Manager,
Production & Procurement Group
Fuji Electric Co., Ltd.

Masashi Kawano

Message from the Environmental Officer

Establishment of Environmental Vision 2050

Preventing climate change, effectively utilizing natural resources, preserving biodiversity, and addressing other environmental issues are garnering rising attention. At the same time, the global community is increasingly taking action toward realizing a sustainable environment. This push to global action can be seen in the adoption of the SDGs by the United Nations in 2015 and in the implementation of a climate change response framework in the form of the Paris Agreement in 2016.

Recognizing this social push, Fuji Electric established its Environmental Vision 2050 to guide action for contributing to environmental preservation based on even loftier targets.

The vision sets the goal of our environmental initiatives to be realizing a low-carbon society, a recycling-oriented society, and a society in harmony with nature. Fuji Electric is approaching this goal through a supply chain-wide effort to reduce greenhouse gas emissions, promote the 3Rs (reduce, reuse, recycle), and minimize impacts on ecosystems. We are thus working to accomplish this goal through the efforts of employees as well as those of our associates.

Fuji Electric is dedicated to contributing to the realization of sustainable societies with innovative technologies and products going forward.

Fuji Electric positions the preservation of the environment as among its top management priorities, and it has established its Basic Environmental Protection Policy to guide activities for addressing environmental issues. We have since been consistent in our approach to reducing the environmental impacts of our business activities, and today we have in place an environmental management system that facilitates contributions to environmental preservation through our business.

In regard to global warming countermeasures in fiscal 2018, contributions to CO₂ emission reductions from products totaled 30,160,000 tons as a result of the high number of contributing products shipped. Meanwhile, greenhouse emissions from production activities increased by 15,000 tons because of higher production levels, but emissions per unit of production decreased by 1 ton per ¥100 million worth of production.

The ratio of waste sent to landfills, a target for our efforts to contribute to the realization of a recycling-oriented society, was 1.6% on a Companywide basis, a reduction of 0.7 percentage point year on year.

Meanwhile, we helped protect biodiversity through ocean and river preservation initiatives conducted as part of our social contribution activities.

From fiscal 2019 forward, we will be adhering to the newly established Environmental Vision 2050 as we seek to contribute to the realization of a low-carbon society, a recycling-oriented society, and a society in harmony with nature.

Basic Environmental Protection Policy

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

Fuji Electric's Environmental Vision 2050

We aim to achieve a "Low-Carbon Society," "Recycling-Oriented Society," and "Society in Harmony with Nature" by expanding use of Fuji Electric's innovative clean energy technology and energy-saving products.

Realize a Low-Carbon Society

Target a reduction of 80% or more in greenhouse gas emissions across the supply chain

Realize a Recycling-Oriented Society

Promote green supply chains and 3R* activities to reduce environmental impact to zero

Realize a Society in Harmony with Nature

Aim for zero influence on the ecosystem by corporate activities contributing to biodiversity

Fiscal 2030 Target

Reducing Environmental Burden

- Reduce greenhouse gas emissions during production by 31% (Greenhouse gas emissions' base year: Fiscal 2013)

Creating Environmental Value

- Reduce 50 million tons of CO₂ emissions through products annually

* Reduce, reuse, recycle

Realization of a Low-Carbon Society— Reduction of Society's CO₂ Emissions through Products

Reductions in CO₂ Emissions through Products in Fiscal 2018
30,160,000 tons

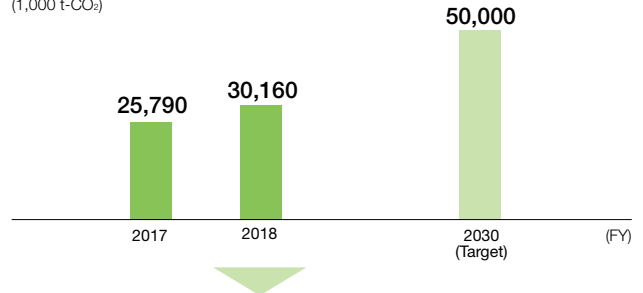
By encouraging customers to use our clean energy facilities and energy-saving products, we are able to reduce CO₂ emissions from the use of our products. Fuji Electric calculates the contributions to CO₂ emissions reductions made over a full year of operation by all of the products it has shipped since fiscal 2009 (excluding those that have reached the end of their average life spans).

In fiscal 2018, the contribution to CO₂ emissions reductions from products was 30,160,000 tons. This contribution was largely a result of sales of clean energy facilities in the power and new energy business and of energy-saving equipment such as inverters in the power electronics systems business and IGBT modules in the electronic devices business. This amount of reduction was equivalent to 2% of Japan's total greenhouse gas emissions in fiscal 2016 (approximately 1.3 billion tons).

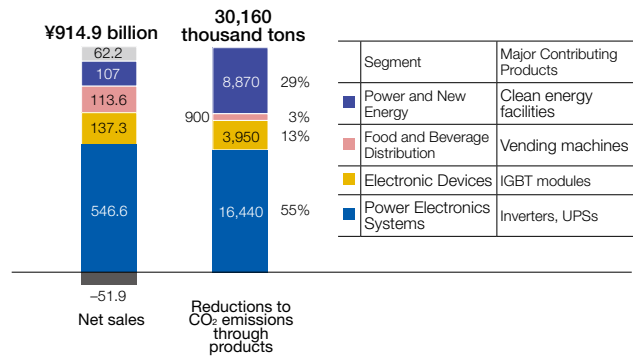
Beginning with fiscal 2019, Fuji Electric will work toward accomplishing the target for reductions to society's CO₂ emissions through products set in the Environmental Vision 2050 (50 million tons in fiscal 2030).

Reductions in CO₂ Emissions through Products

(1,000 t-CO₂)



Net Sales and Reductions in CO₂ Emissions through Products by Segment in Fiscal 2018



Note: The contributions to CO₂ emission reductions refers to CO₂ emission reductions from products shipped in and after fiscal 2009 that were in operation for a year. Calculated based on the Ministry of Economy, Trade and Industry's Guideline for Quantifying Greenhouse Gas Emission Reduction Contribution

Products Contributing to Reductions to Society's CO₂ Emissions

Case Example: Geothermal Power Generation Contribution to reductions of 4 million tons of CO₂ a year

Geothermal power is a form of renewable energy that is generated using steam and hot water underground. Binary geothermal power generation employs new technologies that make it possible to generate geothermal power using low-temperature heat sources. These technologies are put to use in the Takigami Binary Geothermal Power Plant, which is located at the foot of Mount Kuju in Oita Prefecture. Fuji Electric was contracted for procurement, production, and construction activities pertaining to this power plant, which went onstream in March 2017 boasting a generation capacity of 5,050 kW, among the largest in Japan. The geothermal power generation plants Fuji Electric has delivered since 2009 have a combined total generation capacity of 846 MW. The combined total CO₂ emissions from these plants is 4 million tons less per year than would be emitted by standard thermal power generation plants with the same generation capacity.



Takigami Binary Geothermal Power Station

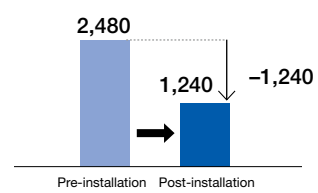
Case Example: General-Purpose Inverters Contribution to reductions of 1.2 million tons of CO₂ a year through energy savings

Inverters are used to control motor rotations in pumps, fans, and conveyance systems. With inverter control, the amount of electricity consumption decreases in proportion to the cube of the motor rotations. Electric equipment using inverter control can therefore save 50% more energy compared with equipment not using inverters (damper control), assuming operation at 80% wind output. In fiscal 2018, we shipped roughly 15,000 mega-type general-purpose inverters (with a combined capacity of 100 kW), contributing to reductions of 1.2 million tons of CO₂ a year.



FRENIC-MEGA general-purpose inverter

Annual Reductions to CO₂ Emissions (1,000 t-CO₂)
Based on fiscal 2018 shipments of mega-type general-purpose inverters



Note: Calculated under standard operating conditions
50% decrease in electricity consumption when operating with 20% reduction in wind output
CO₂ coefficients
Japan: 0.496 kg-CO₂
Overseas: 0.506 kg-CO₂

Realization of a Low-Carbon Society— Reduction of Greenhouse Gas Emissions During Production

Total Greenhouse Gas Emissions from Production Activities

499,000 tons* (down 7% from fiscal 2013)

As part of its efforts to contribute to the realization of a low-carbon society, Fuji Electric is working to reduce the greenhouse gases emitted during production activities. When converted to a CO₂ basis, total greenhouse gas emissions in fiscal 2018 amounted to 499,000 tons, an increase of 15,000 tons and a reduction of 1 ton per ¥100 million worth of production in terms of emissions per unit of production compared with the previous year.

Of this, CO₂ emissions came to 357,000 tons, an increase of 1,000 tons year on year. This outcome is largely a result of higher orders, and consequently production of, power semiconductors and other offerings in the electronic devices business and products such as energy-saving equipment and systems in the power electronics systems business.

Energy conservation activities aimed at reducing CO₂ emissions had the benefit of lowering emissions by 8,000 tons on a Companywide basis. Renewable energy usage is being promoted as one facet of these activities. On this front, we installed a new solar power generation system at Wuxi Fuji Electric FA Co., Ltd., of China. This system is supplying clean energy that accounts for approximately 20% of the electricity used to power the factory's production activities.

Emissions of greenhouse gases other than CO₂ totaled 142,000 tons, up 14,000 tons year on year. This increase was primarily due to the bolstering of equipment to accommodate higher production levels in the electronic devices business.

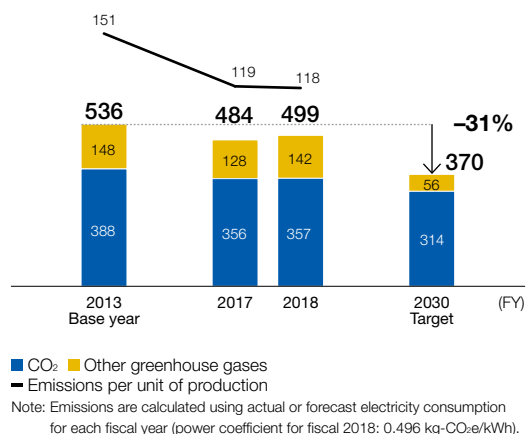
In fiscal 2019 and beyond, we will be accelerating initiatives for achieving the greenhouse gas emissions reduction target set for fiscal 2030. CO₂ emission reduction initiatives will include tracking energy usage and installing LED lighting and high-efficiency air conditioners. As for greenhouse gases other than CO₂, we will target emission reductions by installing abatement apparatus and switching to alternative gases.

Note: The power coefficient used for conversions is 0.496 kg-CO₂e/kWh.

Total Greenhouse Gas Emissions from Production Activities and Target

Emissions (1,000 t-CO₂)

Emissions per unit of production (tons/¥100 million)



Case Example

Prevention of Global Warming through Energy Savings in Production Activities Suzuka Factory

The Suzuka Factory is our principal production base for power electronics system products, and this factory is aggressively pursuing energy savings through three initiatives to help prevent global warming.

The first initiative was the introduction of an energy usage monitoring system that can monitor electricity usage conditions by piece of equipment, which has made it possible to implement real-time energy conservation efforts. The second initiative was to improve energy efficiency. Measures with this regard included the replacement of aged equipment with Fuji Electric inverters and high-efficiency air conditioners, which are effective in reducing the energy consumption of production equipment. The third initiative was to entrench energy conservation awareness among all employees. All employees at the Suzuka Factory are taking part in energy conservation activities, such as regularly turning off lights. These initiatives resulted in a 1% year-on-year reduction in total electricity consumption in fiscal 2018, despite the overall increase of 6% in total production hours,* to 850,000 hours, that stemmed from higher production levels.

* Total production hours is the sum of all hours spent by all employees directly performing production processes.



Energy usage monitoring system

Realization of a Recycling-Oriented Society

Efficient Use of Water Resources

Companywide Water Usage in Fiscal 2018

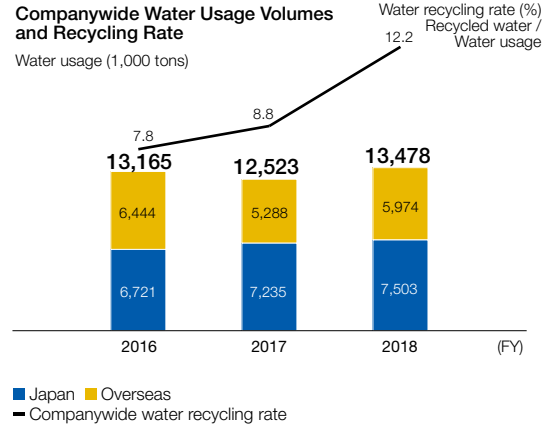
13,478,000 tons

Japan: 7,503,000 tons (Target: 7,297,000 tons)
Overseas: 5,974,000 tons (Target: 5,901,000 tons)

As part of its efforts to efficiently use water resources, Fuji Electric is increasing its water recycling rates with the goal of reducing total water usage.

In fiscal 2018, we failed to meet our water usage targets both in Japan and overseas due to higher production levels. However, the water recycling rate rose by 3.4 percentage points year on year due to the recycling of an additional 600,000 tons of water at the Malaysia Factory.

Going forward, we will endeavor to further reduce Companywide water usage by raising water recycling rates at factories.



Waste Reduction

Ratio of Waste Sent to Landfills (Companywide)

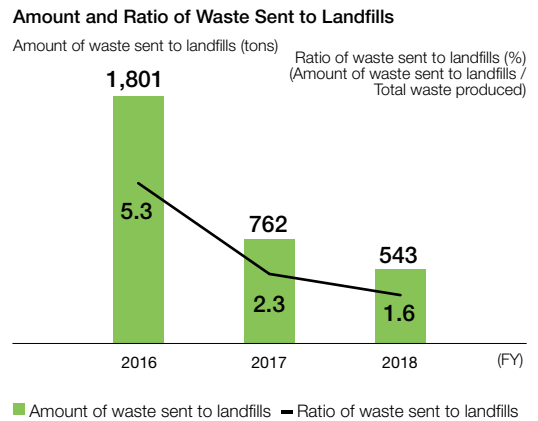
1.6%

Japan: 0.6% (Target: Less than 0.5%)
Overseas: 3.7% (Target: Less than 7.0%)

Fuji Electric's initiatives to reduce waste production volumes and the ratio of waste sent to landfills includes making lighter and more compact products and reducing defective products at the manufacturing stage.

On a Companywide basis, the ratio of waste sent to landfills in fiscal 2018 decreased 0.7 percentage point, to 1.6%. Overseas, this ratio was 3.7%, 3.3 percentage points lower than the target of 7.0%, due to a change in the sludge treatment method at the Malaysia Factory.

Looking ahead, Fuji Electric will continue striving to reduce the Companywide ratio of waste sent to landfills below 1.0% by fiscal 2030.



Realization of a Society in Harmony with Nature

Guided by the Fuji Electric Biodiversity Action Guidelines, the Company is advancing biodiversity preservation activities through its social contribution activities and through its business of supplying products that reduce air pollution and other environmental impacts.

For example, the SOx scrubbers released in fiscal 2018 (see page 18) help prevent air pollution by cleaning ship exhaust gas to remove more than 98% of the pollutant sodium oxide (SOx) contained therein.

Fuji Electric Biodiversity Action Guidelines

1. Reduce environmental impact through our energy and environment technologies, and contribute to biodiversity
2. Minimize the impact of our business on biodiversity and promote sustainable use
3. Work with society to actively promote biodiversity action

Case Example

Reduction of Amount of Waste Sent to Landfills Malaysia Factory

The waste water produced during the manufacture of electronic devices is discharged into rivers after extracting the metal-containing sludge through treatment procedures. As recent as fiscal 2016, the Malaysia Factory was burying this sludge, which was thus accounted for directly in the amount of waste sent to landfills. As the Malaysia Factory was searching for methods of putting this sludge to better use, AKBK Sustainable Resource Management Centre, a new waste recycling plant operated by a Japanese company, was established. We were thus prompted to look into the possibility of recycling this sludge as cement, a waste treatment method that had not been used in Malaysia previously. We were able to adopt this treatment method, and recycling commenced when the AKBK Sustainable Resource Management Centre started operation in fiscal 2017. As a result, the amount of waste sent to landfills at the Malaysia Factory in fiscal 2018 was approximately 70% lower than in fiscal 2016.



AKBK Sustainable Resource Management Centre (Malaysia)

Corporate Governance

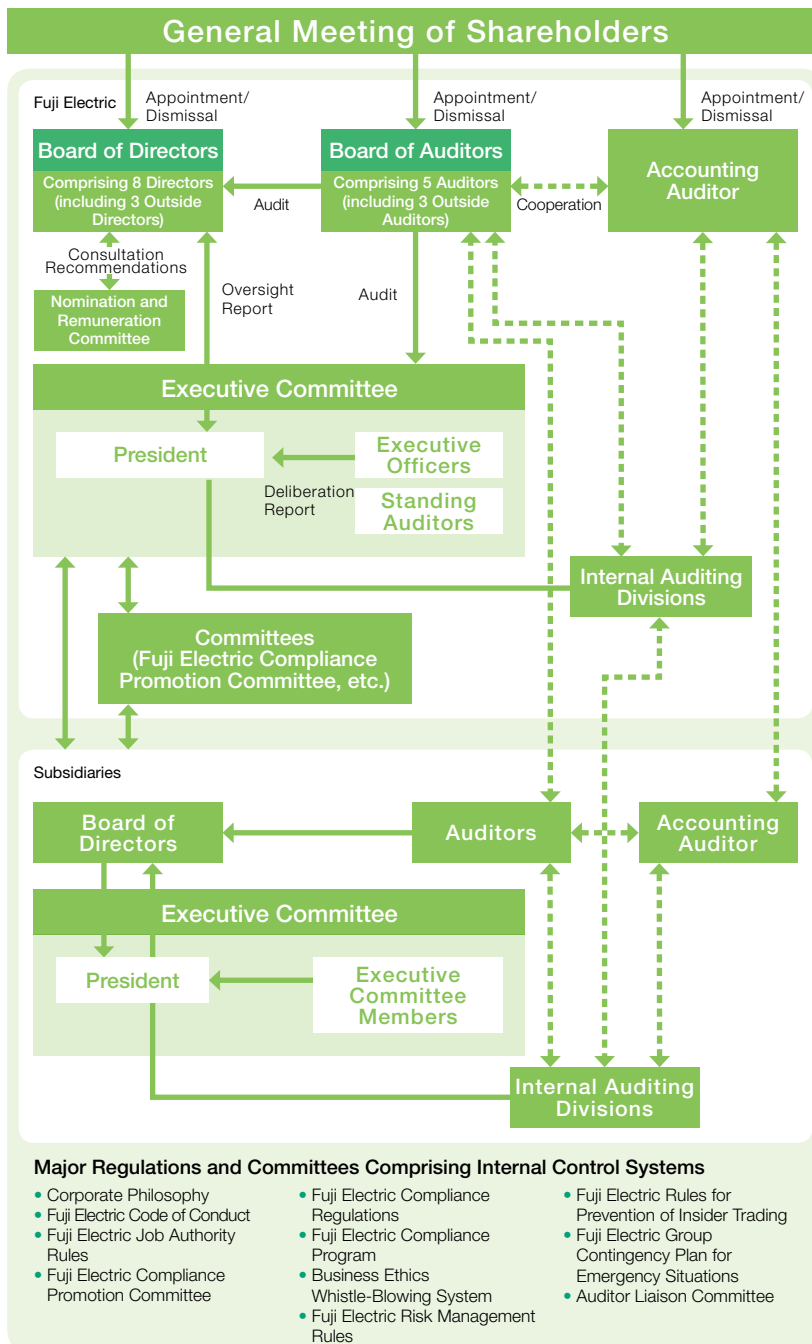
Fuji Electric is reinforcing its corporate governance toward the improvement of its management transparency and its oversight function.

Basic Policies

To help realize our corporate philosophy, in which we pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers, and partners, Fuji Electric is enhancing management transparency and oversight functions, and reinforcing corporate governance while pursuing the following 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

Corporate Governance Framework



Directors and Board of Directors

The Board of Directors conducts decision making and oversight of the management of Fuji Electric and the execution of important business activities. The terms of Directors have been set as one year in order to clarify the management responsibilities of Directors for each fiscal year and create a framework that is conducive to flexible responses to operating environment changes.

Auditors and Board of Auditors

The Board of Auditors inspects Fuji Electric's management and business execution.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ensures the transparency and objectivity of the process for the nomination and remuneration of Directors and Auditors. The committee is composed of Standing and Outside Directors with a majority of Outside Directors, and the committee Chairman is an Outside Director. The committee began its activities in July 2019.

Executive Committee

The Executive Committee deliberates important matters and makes reports to enable monitoring of the status of management as a consulting body for the president. The Executive Committee is composed of Executive Officers and is always attended by Standing Auditors.

Executive Officers

Executive Officers conduct business execution functions and their terms have been set as one year. The duties of each Executive Officer are decided by a resolution of the Board of Directors, thereby clarifying responsibilities and improving the efficiency of business execution.

Outside Officers

Fuji Electric proactively appoints Outside Officers with a view to strengthening the management supervisory function from an objective perspective and maintaining the validity and appropriateness of business decisions. Based on the following independence criteria, Fuji Electric ensures that Outside Officers remain independent of the Company, and notification has been submitted that these Outside Officers are Independent Directors / Auditors as required by domestic financial exchanges, including the Tokyo Stock Exchange.

After their appointment, Outside Officers participate in internal technology presentations and business site inspections

to deepen their understanding of Fuji Electric's management. In fiscal 2018, a business site inspection took place at Chiba Factory. Outside Officers were given explanations of the factory after which they toured the actual production floors and engaged in discussions with factory managers.



Tour of Chiba Factory

Outside Directors

Name	Status of Attendance at Board of Directors Meetings (Meetings Attended/ Meetings Held)	Main Activities (Fiscal 2018)
Toshihito Tamba	13/13	Mr. Tamba offered opinions as necessary on all areas of Fuji Electric's management at the Board of Directors meetings, including on the following matters, based on his professional standpoint and considerable insight as a manager of listed companies. <ul style="list-style-type: none"> ■ Formulation of a business plan taking into account changes in the market environment ■ Appropriate ways to conduct investor relations (IR) activities
Naoomi Tachikawa	13/13	Mr. Tachikawa offered opinions as necessary on all areas of Fuji Electric's management at the Board of Directors meetings, including on the following matters, based on his professional standpoint and considerable insight as a manager of listed companies. <ul style="list-style-type: none"> ■ Management of progress for large-scale projects ■ Necessity of paying attention to material procurement and human resources
Yoshitsugu Hayashi	10/13	Mr. Hayashi offered opinions as necessary on all areas of Fuji Electric's management at the Board of Directors meetings, including on the following matters, based on his professional standpoint and considerable insight as an environmental engineer. <ul style="list-style-type: none"> ■ Appropriate ways to carry out research and development ■ Initiatives aimed at reducing Fuji Electric's environmental footprint

Outside Auditors

Name	Status of Attendance at Board of Directors Meetings Status of Attendance at Board of Auditors Meetings (Meetings Attended/ Meetings Held)	Main Activities (Fiscal 2018)
Yoshiki Sato	13/13 7/8	Mr. Sato confirmed and offered opinions as necessary at meetings of the Board of Directors concerning agenda items and the status of Fuji Electric's business activities based on his extensive experience and considerable insight as a manager at financial institutions. At meetings of the Board of Auditors, he confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Akiko Kimura	13/13 8/8	Ms. Kimura confirmed and offered opinions as necessary at meetings of the Board of Directors concerning agenda items and the status of Fuji Electric's business activities based on her expert knowledge as an attorney. At meetings of the Board of Auditors, she confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Tetsuo Hiramatsu	13/13 8/8	Mr. Hiramatsu confirmed and offered opinions as necessary at meetings of the Board of Directors concerning agenda items and the status of Fuji Electric's business activities based on his extensive experience and considerable insight as a manager at financial institutions. At meetings of the Board of Auditors, he confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.

Independence Criteria for Outside Officers

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. |

Executive Remuneration

Fuji Electric has established a remuneration system and remuneration levels for Directors and Auditors that are deemed appropriate for their respective duties and in accordance with

shareholder mandates, giving due consideration to the aims of securing and maintaining competent personnel and providing incentives for the improvement of business performance.

Standing Directors

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

Base Remuneration

Base remuneration is a predetermined amount that is paid to executives according to their position. A portion of the base remuneration is contributed to the director shareholding association to share the economic interests of shareholders and as an incentive to make management aware of share value.

Performance-Linked Remuneration

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

Outside Directors and Auditors

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

Remuneration Paid to Directors and Auditors (Fiscal 2018)

Classification	Total Remuneration (Millions of Yen)	Remuneration by Type (Millions of Yen)		Number of Recipients
		Base Remuneration	Performance-Linked Remuneration	
Directors (excluding Outside Directors)	365	240	125	5
Auditors (excluding Outside Auditors)	58	58	—	2
Outside Officers	50	50	—	6

Notes: The above amount is the amount of performance-linked remuneration to be paid to Directors, which was determined in June 2019.
The amount of performance-linked remuneration in fiscal 2017 was ¥115 million.

Internal Control System

With the aim of complying with laws and regulations, managing the risk of loss, and securing the efficiency of the execution of duties, the Fuji Electric Board of Directors determines basic policies concerning the establishment of an internal control system as stipulated in the Companies Act of Japan, and the Company discloses those policies. Fuji Electric discloses

information on the implementation of its internal control system, thereby taking steps to respond promptly and accurately to the demands placed upon the Company by society. Such information includes descriptions of provisions for ensuring that Directors and employees perform their duties in a manner that is compliant with laws and the articles of incorporation.

Main Systems Based on the Internal Control System

Compliance System (Please refer to page 42 for details.)

Based on systems for ensuring that Directors and employees perform their duties in a manner that is compliant with laws and the articles of incorporation, Fuji Electric has established and promotes a compliance system in order to secure the transparency and soundness of business execution.

Risk Management System (Please refer to page 44 for details.)

Based on regulations and other systems pertaining to managing the risk of loss, Fuji Electric has developed an appropriate risk management system in order to manage business risks in a coordinated, systematic manner. In regard to specific cross-sectional risks, the Company determines departments to put in charge of each risk, thereby establishing a risk management system.

Audits by the Board of Auditors and Internal Audits

Audits by the Board of Auditors

Auditors attend meetings of the Board of Directors and other important meetings based on the audit policies and duties assigned in accordance with the standards for audits put forth by the Board of Auditors. Audits are performed by receiving explanations on the status of operational execution from Directors, reviewing documents pertaining to important resolutions, investigating the status of operations and assets at major operating sites, and requesting reports on operations from subsidiaries as necessary. In addition, Auditors pursue

increased coordination with the Accounting Auditor and with internal auditing divisions. At the monthly meetings of the Auditor Liaison Committee, Auditors share information with internal auditing divisions as well as report on the results of the internal audits for the previous fiscal year and the internal audit plans for the current fiscal year. Through activities such as these, we are ensuring the effectiveness of audits across the Group.

Internal Audits

Internal auditing divisions perform internal audits based on internal audit standards and annual audit plans. These audits look at areas such as organizational management, risk management, compliance, operational execution, and accounting from the perspectives of legal compliance in business activities, reliability of financial reporting, preservation of asset portfolios, and operational effectiveness and efficiency. A total of 44 bases

were audited in fiscal 2018. No risks or inadequacies with the potential to seriously impact management were discovered.

Information on auditing activities is shared between the internal auditing divisions of the Company and its subsidiaries in order to ensure the effectiveness of internal audits across the Group.

Approach to Cross-Shareholdings

Fuji Electric holds shares in listed companies only when it determines that doing so is necessary from the standpoint of maintaining and strengthening business alliances and transactions for business activities. The Company regularly conducts com-

prehensive evaluations at meetings of the Board of Directors on the risks and returns that result from holding such shares and sells off cross-shareholdings in cases when it determines that there is no rationality for holding such shares.

List of Officers (As of July 1, 2019)

Directors



President and Chairman of the Board of Directors
Michihiro Kitazawa



Elected Corporate Director
Kenzo Sugai



Outside Director
Toshihito Tamba
Chairman & Co-CEO,
Representative Director,
Tokyo Century Corporation



Outside Director
Naomi Tachikawa



Outside Director
Yoshitsugu Hayashi
Professor, Institute of
Science and Technology
Research, Chubu University



Director
Michio Abe



Director
Masatsugu Tomotaka



Director
Junichi Arai

Auditors



Standing Auditor
Yoshio Okuno



Standing Auditor
Junichi Matsumoto



Outside Auditor
Yoshiki Sato
Chairman of the Board,
Asahi Mutual Life Insurance
Company
External Auditor, ADEKA
Corporation
Outside Director, FUJI
KYUKO CO., LTD.
President, National
Federation of UNESCO
Associations in JAPAN



Outside Auditor
Akiko Kimura
Of Counsel, Anderson Mori
& Tomotsune



Outside Auditor
Tetsuo Hiramatsu
President, NIPPON TOCHI-
TATEMONO Co., Ltd.

Executive Officers

President	Michihiro Kitazawa	General Management
Executive Vice President	Kenzo Sugai	Assistant to the President, Sales Management
Senior Managing Executive Officers	Michio Abe	In charge of Production & Procurement and Power Generation Business
	Masatsugu Tomotaka	In charge of Power Electronics Systems Energy Business and Power Electronics Systems Industry Business
Managing Executive Officers	Junichi Arai	Corporate General Manager, Corporate Management Planning Headquarters, General Manager, Export Administration Office, In charge of compliance management and crisis management
	Toru Housen	Corporate General Manager, Electronic Devices Business Group
Executive Officers	Takeshi Kadoshima	General Manager, Human Resources and General Affairs Office
	Kenji Goto	Deputy Corporate General Manager, Power Electronics Systems Energy Business Group
	Yasuhiro Takahashi	Corporate General Manager, Food and Beverage Distribution Business Group
	Susumu Shinmura	Corporate General Manager, Sales Group
	Masahiro Morimoto	Corporate General Manager, Power Electronics Systems Energy Business Group
	Shiro Kondo	Corporate General Manager, Corporate R&D Headquarters
	Tadao Horie	Corporate General Manager, Power Generation Business Group
	Masashi Kawano	Corporate General Manager, Production & Procurement Group
	Hiroshi Tetsutani	Corporate General Manager, Power Electronics Systems Industry Business Group

Compliance

Fuji Electric employs thorough measures to ensure compliance with laws and corporate ethics and always acts with the highest ethical standards to achieve sustained corporate growth.

Basic Policies

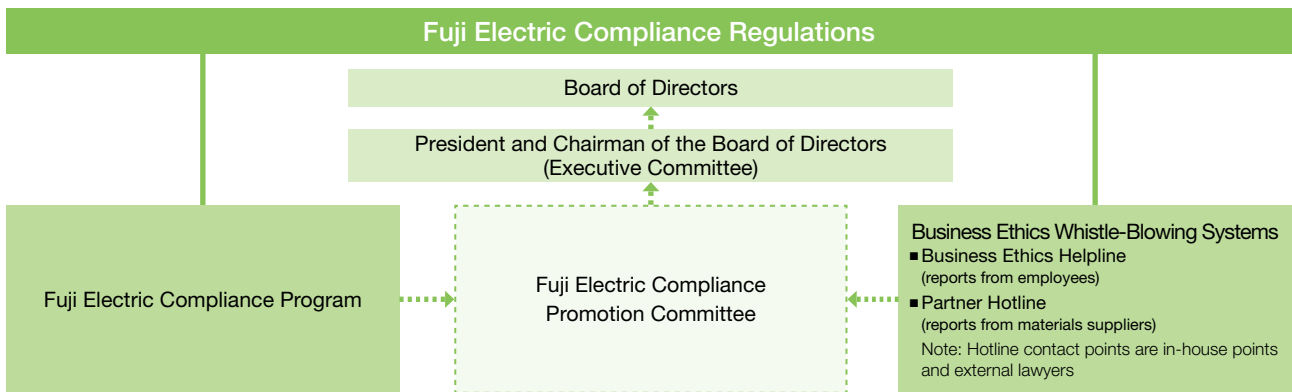
We state in the Fuji Electric Code of Conduct that we shall “make global compliance a top priority,” and this has been incorporated into our basic policy on compliance. Based upon this policy, we have established the Fuji Electric Compliance

Regulations, which is a concrete guideline for compliance, and we promote compliance through the Fuji Electric Compliance Program and the Fuji Electric Business Ethics Whistle-Blowing Systems.

Compliance Promotion System

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

Board of Directors. Furthermore, in the event of a compliance infraction, the committee has a system in place to take any necessary measures after carrying out deliberations on conducting fact-finding investigations, taking corrective actions, taking measures to prevent a recurrence, dealing with the infraction internally, and internal and external disclosure.



Status of Compliance Promotion

(1) Fuji Electric Compliance Program

Fuji Electric has established the Fuji Electric Compliance Program, which brings together four aspects (see numbers 1–4 below) of domestic, overseas laws (laws regarding anti-corruption, fair competition, labor, human rights, product safety, the environment, taxation, accounting and information security, and export management as well as other areas) for the Company and Group companies in Japan and overseas. The Fuji Electric Compliance Promotion Committee implements the program while continuously reviewing it and making revisions.

1. Establishment, revision, abolition, and dissemination of internal rules
2. Constant monitoring of status of compliance with laws and internal rules
3. Auditing of status of compliance with respect to 1. and 2.
4. Compliance education regarding laws and internal rules

Compliance Education

Based on the Fuji Electric Compliance Program, Fuji Electric promotes wide-ranging compliance education and instruction through level-specific and job-specific group training and e-learning programs, as well as displaying posters internally and distributing pamphlets.



Training for newly appointed managers

Examples of Training Conducted in Fiscal 2018

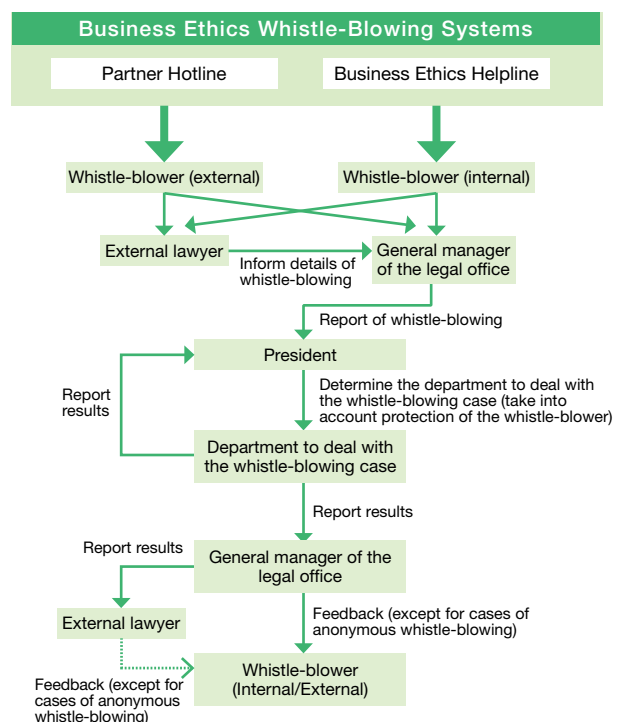
	Participants	Type and Subject of Training
Level-Specific Training	Newly appointed executives 27 Newly appointed managers 97 New employees 234	Classroom-based training on topics including the Fuji Electric compliance system and the Fuji Electric Compliance Program
Training for All Employees	All employees	e-learning program on the protection of personal information and other topics

(2) Fuji Electric Business Ethics Whistle-Blowing Systems

To prevent infractions of the aforementioned laws, regulations, and internal rules and ensure early detection, Fuji Electric has introduced, and is operating, the Fuji Electric Business Ethics Whistle-Blowing Systems. Under these systems, internal and external parties can report violations or suspected violations of laws, regulations, or internal rules to Fuji Electric's president via the department responsible for compliance or through an external lawyer. These systems rigorously protect whistle-blowers by concealing their identity and prohibiting them from being subject to disadvantageous treatment, retaliation, or discrimination on the grounds of whistle-blowing.

These systems are the Business Ethics Helpline, which handles notifications from our employees in Japan and overseas (including dispatch employees); and the Partner Hotline, which handles notifications from our suppliers about Fuji Electric's materials procurement operations. The Business Ethics Helpline is promoted among employees at all compliance training sessions and through postings on the Company's intranet and on internal bulletin boards. Awareness of the Partner Hotline among business partners is fostered through postings on the Company's website and at explanatory forums. Fuji Electric obtains reports of whistle-blowing cases filed every year and takes necessary measures—such as conducting fact-finding investigations, taking corrective actions, and taking measures to prevent a recurrence—aimed at resolving issues raised by whistle-blowers.

Framework of the Business Ethics Whistle-Blowing Systems



Results of Compliance Promotion

As a result of implementing the Fuji Electric Compliance Program and the Fuji Electric Business Ethics Whistle-Blowing Systems, there were no compliance infractions with the potential to seriously impact management in fiscal 2018.

We are enhancing prevention of the violation of competition laws by establishing as rules the regulations set forth in the Antimonopoly Act Compliance Manual, the Foreign Competition Law Compliance Manual, and other regulations, as well as daily monitoring through confirmation of quotations and estimates via an extensive information management system and thorough record-keeping. In addition, auditing divisions perform audits in accordance with auditing guidelines and extensive level-specific and job-specific training is conducted.

As a result of these initiatives, there were no serious problems that warranted disclosure in fiscal 2018.

In regard to the prevention of corruption, the Fuji Electric Code of Conduct and a directive on the prevention of

corruption established a rule that no employee is to offer or receive bribes to or from public- or private-sector officials in any country or region. Prevention of corruption is reinforced through thorough daily monitoring, auditing, and training. Stricter laws and regulations pertaining to corruption are being instituted in Southeast Asia and other regions. Fuji Electric is responding to this trend by constantly monitoring its operations through coordination with law firms and reflecting the new laws and regulations in its rules and education when necessary.

As a result of these initiatives, there were no serious problems that warranted disclosure in fiscal 2018.

Risk Management

Fuji Electric is strengthening its risk management to maximize corporate value and minimize the potential impact of risks.

Basic Policies

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

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

Types of Risk and Risk Management System

Risk Classification System

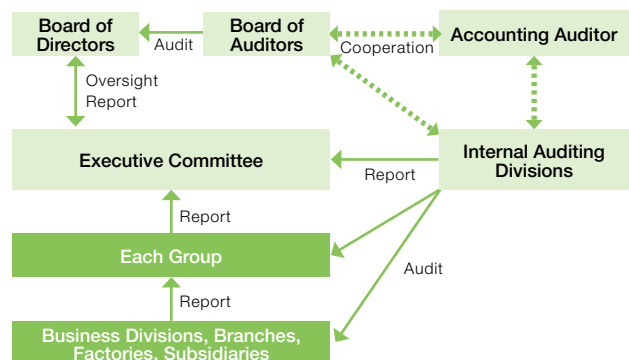
Fuji Electric divides risks into categories and conducts risk management optimized for each category.

External Risks	Business Risks		
Risks related to the external environment <ul style="list-style-type: none"> Economic trends Attacks from outside Natural disasters and accidents others	Risks related to business activities		
	Strategic Risks Risks related to policies and strategies <ul style="list-style-type: none"> Management strategy Business environment Corporate governance Partnering and withdrawal others	Operational Risks Risks related to business processes Quality, cost, and deadlines for all aspects of business such as orders, production, shipment and services others	Common Risks Risks related to business activities <ul style="list-style-type: none"> Human rights and labor practices Compliance Information systems Environmental pollution others

Risk Management System

Fuji Electric's business divisions and affiliate companies are responsible for the management of risk related to their business activities as part of their business responsibilities, developing appropriate risk management systems and implementing risk countermeasures.

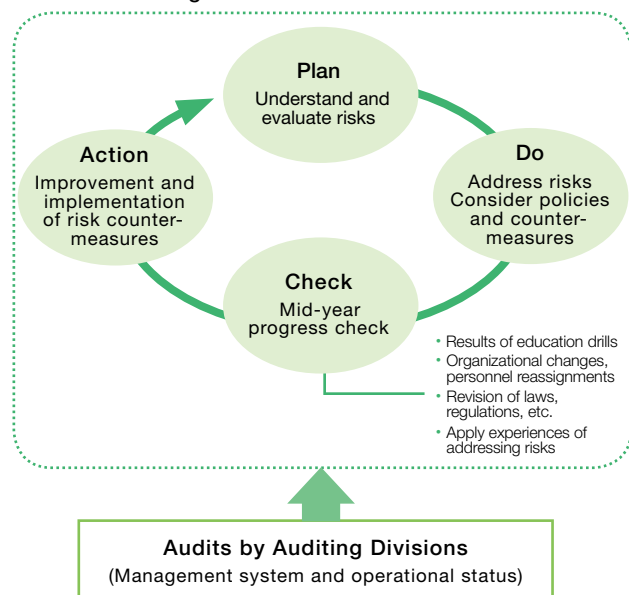
Additionally, significant risks, such as business plans and large-scale investments, are reported at the Executive Committee as appropriate, thereby facilitating the sharing of information.



Risk Management Process

Fuji Electric implements an annual risk management process and revises it continuously. When annual budgets are formulated, business divisions and affiliate companies understand and evaluate risks related to their business activities. Policies and countermeasures in response to risks (aversion, mitigation, relocation, retention and so forth) are considered based on their impact on management and frequency of occurrence, a person responsible for executing the policies and countermeasures is designated, and the policies and countermeasures are implemented. Mid-year progress checks are conducted at the end of the second quarter of the fiscal year, and risk countermeasures are improved and implemented.

Annual Risk Management Process



Material Management Initiatives

Strengthening of Business Continuity Capabilities

In order to uphold its social responsibilities as a company, Fuji Electric aims to continue core operations even if unexpected events such as natural disasters and accidents occur by providing a stable supply of high performance, high-quality products and services required by our customers.



Fuji Electric received Resilience certification under the program established by the Cabinet Secretariat's National Resilience Promotion Office in recognition of active efforts to ensure business continuity.

Fire Safety and Disaster-Preparedness Initiatives

Based on the Disaster Prevention and Procedural Manual, all of Fuji Electric's bases have developed disaster-response systems and have put in place thorough measures to ensure that

structures and facilities are earthquake resistant, stockpile emergency goods, and conduct regular drills, among other measures.

Business Continuity Initiatives

In addition to fire safety and disaster-preparedness initiatives, Fuji Electric has formulated a business continuity plan (BCP) at the head office, which acts as a command center during disasters, and at factories that house a large number of key management resources. We have also established Companywide BCPs for procurement sections, which manage the supply chain, and for IT sections, which manage the information systems.

In fiscal 2018, we once again expanded the range of products covered under the BCP. In addition, we conducted simulation drills based on large-scale earthquake and explosion scenarios targeting business supervisors and base managers, while all employees took part in safety confirmation drills. Going forward, we will continue to expand the range of products covered under the BCP while striving to raise awareness of and make ongoing improvements to it, thereby strengthening business continuity capabilities.



Simulation drills in response to a large-scale earthquake

Response to Natural Disasters in Fiscal 2018

In fiscal 2018, Japan was struck by frequent natural disasters, including heavy rains in west Japan, an earthquake in the Kansai region, and the 2018 Hokkaido Eastern Iwate earthquake. Fuji Electric extends its condolences to those impacted by these disasters.

No damages occurred to employees or physical assets at Fuji Electric affiliates or bases and no significant impacts to production were seen. We responded to these disasters through coordination between the head office crisis response division, procurement management divisions, customer-related divisions, and business divisions based on predetermined disaster response systems and procedures.

In response to the widespread power outages that followed the Hokkaido earthquake, we were able to avoid any significant confusion as a result of our efforts to swiftly confirm the safety of employees and the impact on customers. Taking the lessons learned through these disasters to heart, we installed emergency power generators at various operational sites.

Information Security

Implementation of Security Measures

To protect confidential and personal information properly, Fuji Electric has formulated and implemented a policy and regulations related to information security with consideration for the laws of relevant countries. In addition, information management systems are put in place at Group companies and systems have been instituted to manage access to operational sites and to information, among other information security measures. Meanwhile, we endeavor to prevent information leaks while strengthening information security by instituting annual training programs for employees and conducting inspections and implementing improvements through effective

management and audits of workplaces.

Fuji Electric has developed a countermeasure system and established a computer security incident response team (CSIRT) and a security operation center (SOC) to handle ever more diversified cyber security risks, through which we monitor for attacks and quickly gain control in the event of attacks. We also take ongoing steps to improve our ability to respond to the constant emergence of new threats through the reinforcement of our defense and detection systems and through cyber training.

External Certification Related to Information Security

Companies that handle customers' confidential and personal information and require high-level information security management have acquired external certification. As of April 1, 2019, a total of five departments at three Group companies have

acquired information security management system (ISMS) certification. In addition, Fuji Electric Co., Ltd. and four subsidiaries have acquired Privacy Mark certification.

Social Outreach (Local Communities)

Our basic stance toward the communities surrounding our operating sites is to utilize the human resources and technologies developed through our business to build stronger relationships and foster ties by contributing to the resolution of global social and environmental issues. To this end, we take part in various initiatives to help further the development and energization of communities.

Relationship Building with Communities

Environmental Preservation

Fuji Electric conducts tree planting, thinning, tree cutting, and other forest preservation activities centered on the communities surrounding its operating sites in Japan and overseas. These activities are in part based on the recognition that forests help absorb CO₂ and thereby prevent global warming.

The Company is also engaged in various other environmental preservation activities, including biodiversity conservation activities that take advantage of forests on factory sites.

Major Initiatives in Fiscal 2018

- Forest restoration project (Azumino City, Nagano Prefecture)
- Development of *Musashino no Mori* (Tokyo Factory)



Employees performing forestry work (Fuji Electric Meter Co., Ltd.)



Musashino no Mori (Tokyo Factory)

Promotion of Youth Development

Fuji Electric holds science classes for elementary school students at major factories in Japan. In these classes, we aim to communicate to students the wonders of science and technology and the importance of manufacturing and to teach them about the social contributions made through these areas.

In addition to classes for children, we also conduct a private-sector corporate training program for teachers as one facet of our efforts to promote communication between companies and educators. This program is designed to help teachers better understand the appeal of science and the importance of manufacturing while providing them with information on the latest technological trends and other topics. Participants have been incorporating this information into their classes.

Major Initiatives in Fiscal 2018

- Science classes for elementary school students (at 10 factories in Japan)
- Private-sector corporate training for teachers (Board of Education of Hino City, Tokyo)
- Donations of educational supplies to Darma Persada University (Indonesia)



Science class (Kawasaki Factory)



Private-sector corporate training for teachers (Hino City, Tokyo)

Supporting Disaster Recovery and Reconstruction Efforts

Fuji Electric provides reconstruction support to areas impacted by natural disasters in Japan and overseas.

For example, the Company donated to assist the victims of the heavy rains that struck west Japan in July 2018 and to support reconstruction in the three prefectures that were most

seriously impacted (Hiroshima, Okayama, and Ehime).

The Company and Group companies also made donations to support reconstruction after the 2018 Hokkaido Eastern Iburi earthquake.