

Corporate Governance

As we work towards realizing our corporate philosophy, we are currently strengthening our corporate governance in an effort to enhance management transparency and oversight functions.

Basic Policies

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

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

Corporate Governance Framework

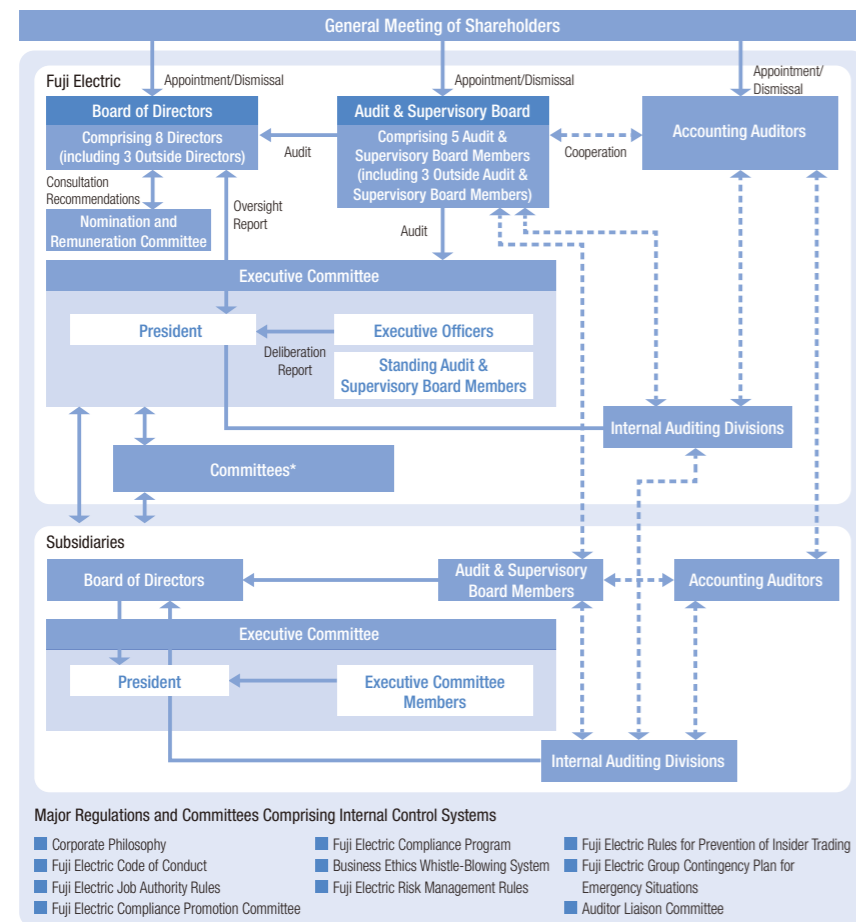
Fuji Electric's corporate governance framework consists of the Board of Directors, which performs the functions of management supervision and making important decisions, and the Audit & Supervisory Board, which is in charge of the management audit function. As a company employing the corporate auditor system, Fuji Electric's Audit & Supervisory Board suitably undertakes audits of the Company's Directors and Executive Officers and guarantees objectivity and neutrality.

The Company actively appoints Outside Officers that satisfy the requirements for Independent Directors / Audit & Supervisory Board Members, endeavors to strengthen management supervisory and auditing functions, and has established the Nomination and Remuneration Committee

(see page 43) comprising a majority of Outside Officers as an advisory body to the Board of Directors.

Also, in order to clarify the roles of management and execution, we have introduced an executive officer system in an effort to clearly define the responsibilities of each business and streamline business execution. We are endeavoring to build an effective corporate governance framework with the use of the Executive Committee, which discusses and reports on important matters related to management as an advisory body to the president and chairman of the Board of Directors, as well as other committees tasked with planning and promoting key business strategy issues and key external issues, such as legal compliance.

Corporate Governance Framework



*Committees

Key issues for Fuji Electric from an SDGs perspective

- SDGs Promotion Committee

Legal compliance and other key external issues

- Fuji Electric Compliance Promotion Committee
- Health & Safety Committee

Key business strategy issues

- Skills Development Committee
- Production Technology Committee
- Technology Development Committee
- International Standardization Committee

List of Officers (As of October 1, 2020)

Directors



President and Chairman of the Board of Directors
Michihiro Kitazawa



Elected Corporate Director
Kenzo Sugai



Outside Director
Toshihito Tamba
Director, Tokyo Century Corporation



Outside Director
Naomi Tachikawa



Outside Director
Yoshitsugu Hayashi
Professor and Director, Center for Sustainable Development and Global Smart Cities, Chubu University



Director
Michio Abe



Director
Masatsugu Tomotaka



Director
Junichi Arai

Audit & Supervisory Board Members



Standing Audit & Supervisory Board Member
Chairman of the Audit & Supervisory Board
Yoshio Okuno



Standing Audit & Supervisory Board Member
Junichi Matsumoto



Outside Audit & Supervisory Board Member
Tetsuo Hiramatsu
President, Chuo-Nittochi Group Co., Ltd.
President & Representative Director, Chuo-Nittochi Group Co., Ltd.
President & Representative Director, NIPPON TOCHI-TATEMONO Co., Ltd.



Outside Audit & Supervisory Board Member
Hirohiko Takaoka



Outside Audit & Supervisory Board Member
Yuko Katsuta
Partner, Natori Law Office

Executive Officers

Position	Name	Division
President and Chairman of the Board of Directors	Michihiro Kitazawa	General Management
Executive Vice President and Elected Corporate Director	Kenzo Sugai	Assistant to the President, Corporate General Manager, Sales Group
Senior Managing Executive Officer	Michio Abe	Corporate General Manager, Production & Procurement Group, In charge of Power Generation Business
Senior Managing Executive Officer	Masatsugu Tomotaka	In charge of Power Electronics Systems Energy Business, In charge of Power Electronics Systems Industry Business
Senior Managing Executive Officer	Junichi Arai	Corporate General Manager, Corporate Management Planning Headquarters, General Manager, Export Administration Office, In charge of compliance management and crisis management
Managing Executive Officer	Toru Housen	Corporate General Manager, Electronic Devices Business Group
Managing Executive Officer	Takeshi Kadoshima	General Manager, Human Resources and General Affairs Office
Managing Executive Officer	Yasuhiro Takahashi	Corporate General Manager, Food & Beverage Distribution Business Group
Managing Executive Officer	Shiro Kondo	Corporate General Manager, Corporate R&D Headquarters
Executive Officer	Kenji Goto	Deputy Corporate General Manager, Power Electronics Systems Energy Business Group
Executive Officer	Masahiro Morimoto	President and Representative Director, Fuji Electric FA Components & Systems Co., Ltd.
Executive Officer	Tadao Horie	Corporate General Manager, Power Generation Business Group
Executive Officer	Masashi Kawano	Corporate General Manager, Power Electronics Systems Energy Business Group
Executive Officer	Hiroshi Tetsutani	Corporate General Manager, Power Electronics Systems Industry Business Group
Executive Officer	Yoshitada Miyoshi	General Manager, President's Office, In charge of SDGs Promotion, In charge of Public and Investor Relations
Executive Officer	Masato Miyake	General Manager, Legal Office, Corporate Management Planning Headquarters
Executive Officer	Keiichi Asano	Deputy Corporate General Manager, Food & Beverage Distribution Business Group

Nomination and Remuneration Committee

Established in fiscal 2019, the Nomination and Remuneration Committee enhances the Company's corporate governance by reinforcing the fairness, transparency, and objectivity of procedures concerning the nomination and remuneration of Directors and Audit & Supervisory Board Members. The committee comprises at least three Directors as members, the majority of which are elected from among the Company's Outside Directors. The chairperson is elected from among the Outside Directors that sit on the committee as members.

The committee deliberates on the following matters and reports its findings 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 Chairman of the Board of Directors, and Audit & Supervisory Board Members
- (3) Appointment or dismissal of Directors, the President and Chairman of the Board of Directors, and Audit & Supervisory Board Members
- (4) Matters regarding the formulation and implementation of

a succession plan for the President and Chairman of the Board of Directors

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

In fiscal 2019, the committee had five members, three of which were Outside Directors. During the period July 2019 through July 2020, the committee convened on three occasions to deliberate matters and report the results to the Board of Directors.

Nomination and Remuneration Committee

The committee Chairman

Outside Director Toshihito Tamba

Committee members

Outside Directors Naoomi Tachikawa, Yoshitsugu Hayashi

Standing Directors Michihiro Kitazawa, Kenzo Sugai

Appointment of Directors and Audit & Supervisory Board Members

Fuji Electric's policy on nominating candidates for Directors and Audit & Supervisory Board Members is to decide on candidates by taking into account such factors as the overall balance of qualifications and experience on the Board of Directors, and other viewpoints like diversity. Directors are appointed for a single-year term so that their management responsibilities for each fiscal year can be clearly defined. This also creates a management structure capable of responding to changes in the operating environment.

Persons with the qualifications, experience, and other attributes required to execute the Company's management policies are appointed as Standing Directors.

Persons equipped with the insight and experience required to make multilateral business decisions who also have an

understanding of Fuji Electric's management are appointed as Outside Directors. For instance, managers of listed companies or experts in academic fields closely related to Fuji Electric's business domains.

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

Persons equipped with the expert knowledge and experience required to undertake audits who also have an understanding of Fuji Electric's management are appointed as Outside Audit & Supervisory Board Members. For instance, corporate managers, persons with experience as a standing auditor of a listed company, or legal experts.

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.

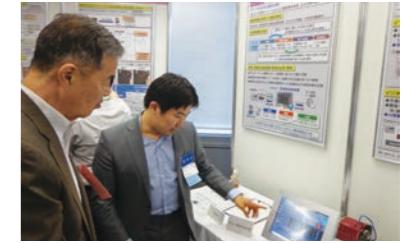
- (5) Donee

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.

Training Policy for Directors and Audit & Supervisory Board Members

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

Before taking office, Outside Officers are briefed on the state of the Company and the roles they are expected to perform. After taking office, they have the chance to deepen their understanding of the Company's business by attending internal technology presentations and inspecting production sites.



Outside Director Tachikawa listening to explanations about products at the internal technology presentations

Activities of Outside Officers in Fiscal 2019

Outside Directors

Name	Status of Attendance at Board of Directors Meetings (Meetings Attended/Meetings Held)	Main Activities
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 • Methods of evaluating the effectiveness of the Board of Directors
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"> • Managing progress of management plans • Situation concerning management of fixed costs
Yoshitsugu Hayashi	13/13	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 Audit & Supervisory Board Members

Name	Status of Attendance at Board of Directors Meetings Status of Attendance at Audit & Supervisory Board Meetings (Meetings Attended/Meetings Held)	Main Activities
Yoshiki Sato	11/13 9/9	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 Audit & Supervisory Board, he confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Akiko Kimura	13/13 9/9	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 Audit & Supervisory Board, she confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Tetsuo Hiramatsu	12/13 9/9	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 Audit & Supervisory Board, he confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.

Executive Remuneration

We have established a remuneration system and remuneration levels for Fuji Electric's 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.

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

Officer remuneration comprises mainly performance-linked remuneration and remuneration other than performance-linked remuneration, but there is no policy in place for determining payment ratios. As for indicators pertaining to performance-linked remuneration, the amount of performance-linked remuneration is determined mainly in line with the consolidated ratio of operating income to net sales—a key target in the Medium-Term Management Plan—and in light of consolidated

Company earnings (operating income, net income, dividends, etc.) the previous fiscal year.

Note that the operating margin in fiscal 2019 was 4.7%, short of the 6.7% target called for in our management plan.

Authority for determining officer remuneration amounts and calculation methods

The Nomination and Remuneration Committee receives and discusses inquiries from, and reports back to, the Board of Directors with regard to mainly policies and criteria concerning remuneration of Directors and Audit & Supervisory Board Members.

While the Board of Directors discusses the details of the committee's report, the actual decision on remuneration amounts is left to the discretion of President and Chairman of the Board of Directors, but within the limit resolved at the General Meeting of Shareholders and with reference to the details of the committee's report.

Classification-Based Remuneration System

Classification	Remuneration System
Standing Directors	<p>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.</p> <p>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.</p>
Standing Audit & Supervisory Board Members Outside Director and Outside Audit & Supervisory Board Members	A predetermined amount is paid as base remuneration and stock in the Company may be acquired at their own discretion.

Remuneration Amounts by Classification (Fiscal 2019)

Classification	Total Remuneration (Millions of Yen)	Remuneration by Type (Millions of Yen)		Number of Recipients
		Base Remuneration	Performance-Linked Remuneration	
Standing Directors	348	240	108	5
Standing Audit & Supervisory Board Members	58	58	—	2
Outside Directors and Outside Audit & Supervisory Board Members	50	50	—	6

Amount of Contributions to Officer Shareholding Association and Shares of the Company Acquired (Fiscal 2019)

Classification	Amount of Contributions to the Director Shareholding Association (Millions of Yen)	Shares of the Company Acquired (Hundreds of Shares)
Directors	20	61
Audit & Supervisory Board Members	3	10

Evaluation of Effectiveness of the Board of Directors

The evaluation of the effectiveness of the Board of Directors was conducted with the use of a third-party survey for the first time in fiscal 2019 in order to verify whether the Board of Directors is properly fulfilling its expected roles and functions and to facilitate further improvements thereof. The results of the survey was reported to the Board of Directors and issues that require improvement going forward were shared with everyone.

Based on the results of this effectiveness evaluation, the Board of Directors will continue to work on enhancing its role by properly examining the issues that have been shared and addressing each one in turn according to a clearly defined schedule.

Scope of evaluation	Fiscal 2019 Board of Directors (13 meetings in total)
Subjects	All Directors and Audit & Supervisory Board Members (13 people in total)
Evaluation method	Anonymous survey conducted by a third party
Evaluation period	January to February 2020
Main question categories	(1) Board of Directors make-up, administration, discussions, and monitoring functions (2) Support structure and training for Directors and Audit & Supervisory Board Members (3) Dialogue with shareholders (4) Initiatives implemented by Directors and Audit & Supervisory Board Members themselves
Evaluation process	(1) Subjects answer a survey conducted by a third party (2) The third party identifies issues based on a results report and advice (3) Board of Directors analyzes, discusses, and assesses the findings
Summary of evaluation results	The administration of the Board of Directors and its discussions earned mostly positive assessments, thereby assuring the overall effectiveness of the Board of Directors.
Issues to address	In light of the opinions in the survey calling for more in-depth discussions about longer-term topics, such as the Medium-Term Management Plan, ESG issues, and workstyle reforms, as well as the need for reports on dialogue with institutional investors, it was recognized that challenges lie ahead in order to further improve the Board's functions and invigorate discussions.

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.

Main Systems Based on the Internal Control System Compliance system

(Please refer to page 53 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 55 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.

Preventing reoccurrence of fictitious transactions

On January 30, 2020, we released the Statement Regarding Allegations of Fictitious Transactions Against Subsidiary. So that such an incident never happens again, we amended the Group's internal regulations to clearly stipulate that employees must not undertake transactions that cannot be confirmed as real. The subsidiary in question is currently adopting measures aimed at preventing a reoccurrence mainly by rebuilding its risk management framework for workflow of ordering and accepting goods, including checking and examining sales channels, its own role, and the existence of transactions. It is also implementing exhaustive risk awareness training for sales divisions.

Audits by the Audit & Supervisory Board Members and Internal Audits

Audits by the Audit & Supervisory Board Members

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

In fiscal 2019, the Audit & Supervisory Board convened nine times in total. Every meeting was attended by all of the Company's Audit & Supervisory Board Members.

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

Audit & Supervisory Board Members communicated to the Outside Audit & Supervisory Board Members.

Main tasks

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

Internal audits

Every second year, the internal auditing divisions perform the following audits on Fuji Electric's business divisions and subsidiaries in accordance with internal auditing standards and annual audit plans.

A total of 44 bases were audited in fiscal 2019. No risks or inadequacies with the potential to seriously affect management were discovered.

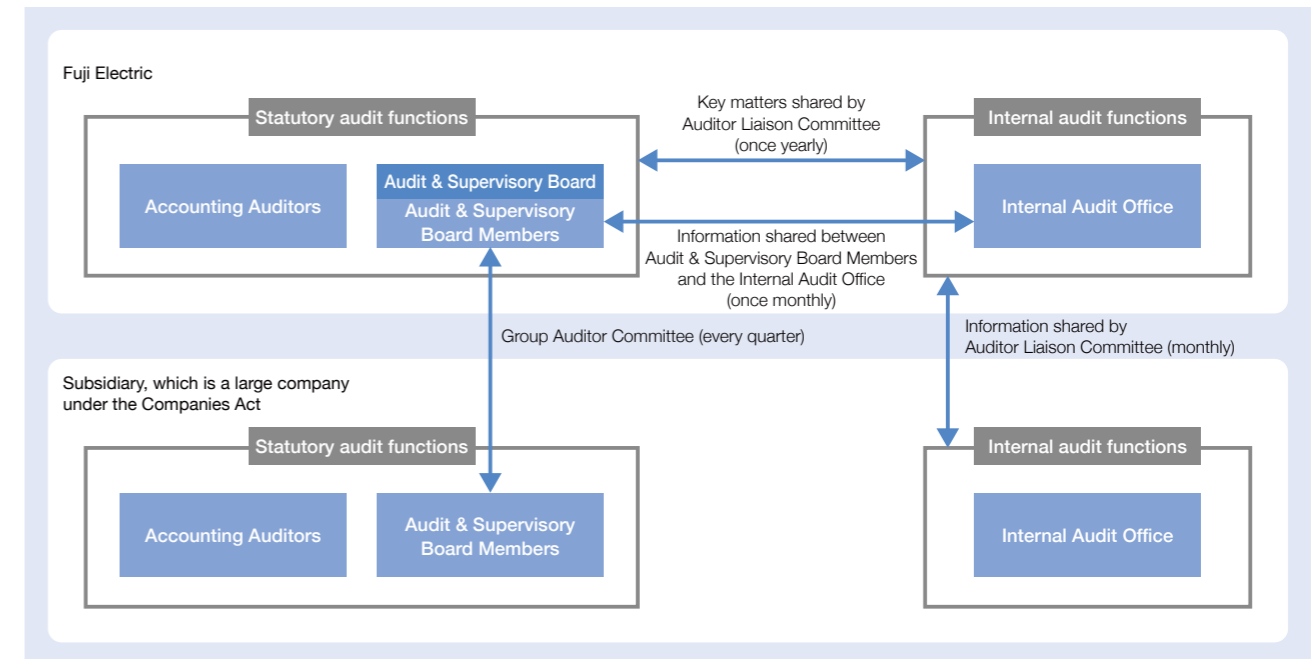
Type of Audit	Main Tasks
Organizational management	Evaluating the appropriateness of management and administration (development of regulations, approval procedures, performance management, etc.)
Risk management	Evaluating the effectiveness of risk management systems and risk response
Compliance	Checking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

Strengthening collaboration between audit functions

We ensure the effectiveness of Fuji Electric's audit functions by reinforcing collaboration between statutory audit functions (Audit & Supervisory Board Members, Accounting Auditors) and internal audit functions (Internal Audit Office).

We will continue to strengthen this cooperation going forward, with a particular focus on project management for large-scale projects, compliance audits, and audits at overseas subsidiaries.

Main Initiatives for Strengthening Collaboration



Dialogue with Shareholders and Investors

Basic policies

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

We emphasize dialogue with shareholders and investors in our investor relations activities, and we are dedicated to enhancing reciprocal communication in these activities.

Opinions of analysts and institutional investors

We actively engage in dialogue with analysts and institutional investors and the information shared at briefings and the principal feedback and requests we receive during private meetings are always reported to the executive officers and Board of Directors. The main requests received from analysts and institutional investors in fiscal 2019 are as follows.

General management and business

- Disclosure of KPIs that demonstrate productivity improvement
- Disclosure of rationale for holding cross-shareholdings
- More opportunities to engage in dialogue with top management
- Disclosure of information about the progress of the measures of the Medium-Term Management Plan for the power electronics systems business
- Disclosure of information about the progress of measures for the power semiconductor business

ESG

- Clarification of key issues (materiality)
- Expectations for CO₂ reductions in the supply chain
- Ongoing disclosure of information from employee awareness surveys






Major initiatives in fiscal 2019

- Financial results briefings (quarterly)
- Management plan briefing
- FY2023 Medium-Term Management Plan briefing
- ESG Explanatory Forum
- Factory tours for shareholders (three plants)

Working toward Highly Effective Governance

The evaluation of the effectiveness of the Board of Directors was conducted with a third-party survey for the first time in fiscal 2019 in order to verify whether the Board is functioning properly and sufficiently and to further improve its functions.

Centering on the topic of realizing highly effective governance, this round-table discussion sought to elicit the opinions of Fuji Electric's Outside Officers—all of whom hail from different backgrounds—regarding issues concerning the administration and discussions of the Board of Directors, as well as their expectations for the Company going forward.

				
Toshihito Tamba Outside Director (appointed June 2016) Director, Tokyo Century Corporation	Naomi Tachikawa Outside Director (appointed June 2016)	Yoshitsugu Hayashi Outside Director (appointed June 2017) Professor and Director, Center for Sustainable Development and Global Smart Cities, Chubu University	Tetsuo Hiramatsu Outside Audit & Supervisory Board Member (appointed June 2016) Representative Director and President, Chuo-Nittochi Group Co., Ltd. Representative Director and President, Nippon Tochi-Tatemono Co., Ltd.	Junichi Arai Director Senior Managing Executive Officer Corporate General Manager, Corporate Management Planning Headquarters

Administration and Discussions of the Board of Directors

Key points

- Sufficient time is allotted for an appropriate number of agenda items allowing lively discussions
- Agenda items are mostly performance reports and resolution matters; not enough discussion about medium- to long-term issues and ESG topics

Arai

This was the first time we had a third-party organization conduct the survey and as a result of their objective analysis and assessment, a number of issues were identified. I'd first like to hear everyone's opinions on the operation of our Board of Directors meetings and the discussions that take place.

Tamba

The survey identified issues that we had failed to pick up on ourselves, so in that sense, I think it worked really well. Compared to other companies, our Board of Directors engages in extremely lively debate. That said, at present we mostly discuss performance results and resolution items and there seems not enough discussion about medium- to long-term issues.

Tachikawa

I applaud the point that sufficient time is allotted to fully discuss matters in detail. Board meetings at other companies sometimes have too many agenda items, and on some occasions, there isn't enough time to get through them all. While agenda item criteria probably plays a part in this, I believe there is a correlation between fewer agenda items and more in-depth discussions.

Hayashi

It's really great that the atmosphere of Board meetings is conducive to free speech. Audit & Supervisory Board Members often point out issues and express their views, which the Company's Directors always listen intently to and make an effort to take on board. As for agenda items, however, non-financial information from an ESG perspective needs to be discussed more, in addition to financial matters.

Hiramatsu

It's understandable that we receive the materials for Board meetings at the very last minute, but I think the content of materials can be more resourceful. An improvement measure I hope to see implemented up ahead is the accurate relaying of information about what was discussed at internal committee meetings or by the Executive Committee. This would complement the reasons behind discussion items and reports and facilitate more constructive dialogue.



Topics that Aim to Further Invigorate the Board of Directors

Key points

- Board involvement in the formulation of long-term vision and medium-term management plans at an early stage
- Enhancement of opportunities to discuss medium- to long-term issues with corporate general managers
- Discussions about environmental and social contributions through corporate activities

Arai

We will do our best to send out meeting materials as early as possible and also make every effort to enhance their content, for example, by including explanations of the main points discussed up until submission to the Board. Also, Directors Tamba and Hayashi expressed their views just now about the agenda items, but in the survey too, the same thing was pointed out that there isn't enough discussion about medium- to long-term issues and ESG topics. Exactly what kind of items do you think the Board needs to discuss more of?

Tamba



I'd certainly like to see us, Outside Officers, play a part in the discussions regarding the next medium-term management plan when it is being formulated, either from the phase 1 or phase 2 stage. I'd also like us to discuss major propositions;

for example, how we view the Company in 10 years from now. Given that we are a manufacturer, we are unlikely to see the fruits of our efforts in one or two years. It is probably best if we adopt a backcasting approach to formulating our medium-term management plans by discussing what kind of company we want to be in the long term with a view to 10 or 20 years into the future. This is easier said than done, but I hope this point of view can at least be given some consideration.

Tachikawa

I feel the same way about discussions concerning medium-term management plans. The meetings of the Board of Directors need reports and discussions about the concept of the Medium-Term Management Plan and how the Company can go about realizing its corporate philosophy. For initiatives pertaining to the SDGs and the environment, we do receive reports from a fairly long-term perspective and have the opportunity to discuss them, but I think it would be nice if we could discuss the business side of matters a bit more.



example, is just as important as the environmental point of view. It would be good if the Board of Directors could report on, and discuss, these initiatives. So far, I have been fortunate enough to visit each of the Company's factories and during those visits I was really impressed by how teams were able to liberally give shape to numerous ideas that could nearly be considered inventions. I sense that this kind of corporate culture is well entrenched, so it would be wonderful if it could be aptly harnessed and taken up for discussion in all of the Company's workplaces.

Hiramatsu

The main duties of an outside officer are probably the monitoring of risk governance and the offering of advice from a medium- to long-term perspective. Last year we heard from each corporate general manager about the policies in the Medium-Term Management Plan after it was formulated, but going forward, I hope that we can get the opportunity to discuss medium- to long-term issues at a more suitable and appropriate time, which will help to deepen our understanding. I myself, as an Audit & Supervisory Board Member, make a habit of monitoring risk when participating in Board of Directors meetings, but I think it has become increasingly important that we bolster the Company's business continuity capabilities across entire supply chains so that we can respond to disasters on an unprecedented scale, as well as the COVID-19 pandemic. Reports and discussions about the Company's situation do take place at Board meetings, but up ahead, leveraging opinions and knowledge from outside the Company would likely prove useful.

Hayashi

As for how we contribute overall to ESG issues, particularly the environment and society, we can enhance the Company's corporate value going forward by further ramping up our initiatives. For example, in the same way we report net sales and profits, we should visualize and share the positive and negative contributions each business group has on the global community in terms of greenhouse gas emissions generated by our production



processes when raw materials and energy sources are used, as well as the reduction in CO₂ emissions when our products are used. I also believe our economic contributions to regional communities and the nation overall through employment, for

policies, enriching the lives of people worldwide through our energy and environment businesses is after all the most important thing, so I'd like to see an even faster pace of global expansion in these businesses.

Fuji Electric's biggest strength lies in its human resources. I'd like to see the Company harness this advantage, embrace more challenges, take risks, and set its sights on the much larger dream of enriching the lives of people around the world and achieving a responsible and sustainable society. I certainly believe the Company has the prowess to make this happen.

Tachikawa

Delve deeper into energy and environment technology

The Company's very business contributes to energy and the environment and a track record of nearly 100 years in this field is a hallmark of its strength. I believe the future will open up for Fuji Electric if it is even more devoted to this field going forward. In order to further advance globalization, I'd like to see the Company plumb the depths of energy and environment technology and assume a leading role in this domain.

Hayashi

Strengthen risk response capabilities Hire talented global personnel

Fuji Electric's strength is its ability to roll out various products in multiple regions around the world. Nevertheless, the Company is susceptible to numerous global risks of not only a political and economic nature, but

issues such as climate change. The key challenges for the Company up ahead will therefore be further strengthening its risk response capabilities, and also further utilizing IT and adapting to digitalization in a post-coronavirus world or in an age in which we have to coexist with coronavirus. And in order to become a truly global company, we need to hire a first-rate international workforce.

Hiramatsu

Continue to be a company that places value on manufacturing

Employees need to keep in mind that Fuji Electric is engaged in a dream-inspiring business

I want Fuji Electric to be a company that has manufacturing at its core. Over the course of its long history, the Company has brought forth numerous products and businesses and the spirit of placing utmost importance on manufacturing has been passed down unbroken. The global environment is one of the biggest issues the international community currently faces and Fuji Electric can help solve problems through its business of pursuing the efficient use of electricity. I hope all employees keep in mind that they are engaged in a dream-inspiring business and continue to place value on manufacturing.

Arai

Thank you everyone for your valuable comments and opinions today. We will take your comments on board in an effort to further invigorate the Board of Directors. We will also continue to accelerate the pace of our initiatives toward achieving sustainable growth.

Measures for preventing the spread of COVID-19 were enforced during this round-table discussion. Director Hayashi, therefore, participated via a video conference call.

Expectations for Fuji Electric in Pursuing Sustainable Growth

Arai

With the aim of achieving growth for the Company as well as solving social and environmental issues, Fuji Electric continues to implement initiatives aimed at realizing sustainable growth. So finally, what are your future expectations for the Company?

Tamba

The Company's management approach is clear; further accelerate globalization Fuji Electric's biggest strength is its human capital

The Company has been commended for its extremely proactive efforts, including employee training, to address the SDGs, ESG, and especially the environment. I hope this approach will be taken to the next level. As for my expectations, while it is clearly spelled out in the Company's corporate philosophy and management

