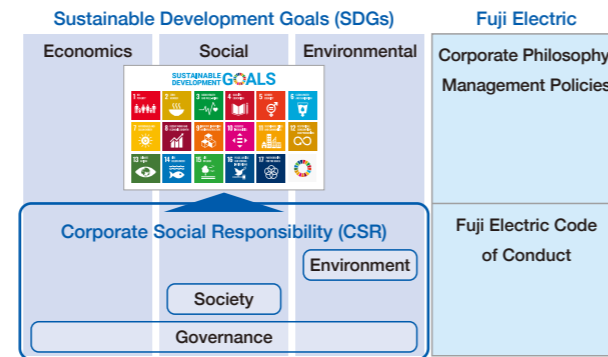


Measures to Reinforce the Operating Foundations

We are reinforcing our operating foundations from the perspectives of the environment, society, and governance to improve our corporate value over the long term.

Fuji Electric Corporate Activities and SDGs/CSR

Fuji Electric's corporate philosophy is to "contribute to prosperity," "encourage creativity," and "seek harmony with the environment," and the Company bases its management policies on contributing to the creation of a sustainable society through its energy and environment businesses. This is in line with the international community's efforts to integrate economic, social, and environmental improvements to achieve the SDGs. Our corporate social responsibility is to take corporate action to contribute to achieving the SDGs and to put our Corporate Code of Conduct into practice, there by promoting initiatives for material issues from the perspectives of the environment, society, and governance (see the next page).



Promoting the SDGs

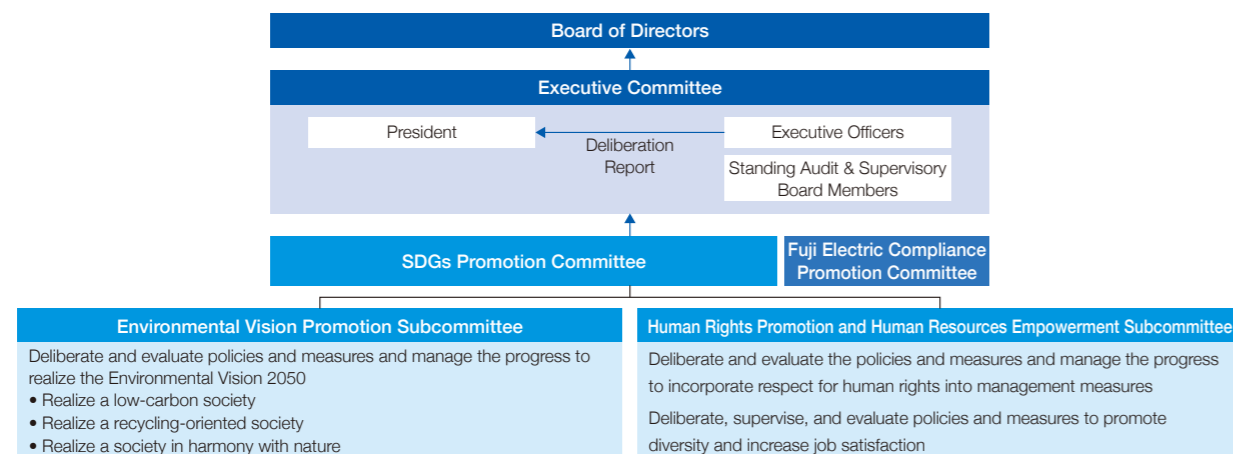
In June 2019, we announced nine SDG targets that we will focus on in all of our corporate activities to contribute to achieving the SDGs. We followed this in April 2020 by establishing the new SDGs Promotion Committee for deliberating, deciding, and evaluating the promotion of the SDGs at the management level.

We identify from an SDG perspective the key issues along with the business risks and opportunities for our company, incorporate them into our strategies, and evaluate our efforts to implement them. Our environmental efforts are focused on fulfilling our Environmental Vision 2050, which is mainly focused on realizing a low-carbon society; and our social efforts prioritize the promotion of human rights and human resources development. We have set up subcommittees dedicated to each topic that will deliberate our policies and strategies, supervise, and evaluate our efforts.

The committee's discussion content is reported to and deliberated by the Executive Committee and the Board of Directors.



SDGs Promotion Committee Roles and Material Issues	
• Committee Members	Executive officers of the business, sales, and corporate divisions
• Roles	<ol style="list-style-type: none"> 1. Identify the company's material issues, business opportunities and risks from an SDG perspective 2. Incorporate the material issues into strategies, implement and evaluate the strategies (PDCA management)
• Material Issues	<ol style="list-style-type: none"> 1. Promote the Environmental Vision 2050 2. Promote human rights and human resources development



Initiatives to Address the Main Environmental, Social and Governance Issues

To enhance our long-term corporate value, we are reinforcing our operating foundations and supply chain by identifying material issues to be addressed in the practice of our Corporate Code of Conduct from the perspectives of the environment, society, and governance.

- **Society:** Promote respect for human rights and activities of diverse human resources and reform our workstyles
- **Governance:** Ensure global compliance and further strengthen risk management in response to increasing variety of management risks

Material issues

- **Environment:** Address global warming through all of our corporate activities guided by the Environmental Vision 2050

Field	Code of Conduct	Key Issues	Major Initiatives	Relevant SDGs	Relevant Pages
Environment	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 greenhouse gas emissions during production 	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Environment P31
		Creation of a recycling-oriented society	<ul style="list-style-type: none"> Promote 3Rs (reduce, reuse, recycle) in relation to products and production activities 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	
Society	Respect and value all people	Human rights	<ul style="list-style-type: none"> Implement human rights due diligence 		Human Resources P37 Website (Refer to the following website)
		Safe and healthy workplaces	<ul style="list-style-type: none"> Improve occupational health and safety awareness among employees Health and safety audits to eliminate occupational accidents Ensuring employee health and mental health care 		
		Activities of diverse human resources	<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 	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	
		Work-life balance	<ul style="list-style-type: none"> Advance workstyle reform 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 Strengthen global human resources development 		
	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 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Website (Refer to the following website)
Respect and value our business partners	Value chains for supporting a sustainable society	<ul style="list-style-type: none"> Practice fair and impartial procurement Fulfill social responsibilities together with business partners 		Supply Chain P60	
Governance	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 	4 QUALITY EDUCATION, 13 CLIMATE ACTION	Social Outreach (Local Communities) P62
		Effective compliance program implementation	<ul style="list-style-type: none"> Establish, revise, and abolish internal rules and conduct oversight, audit, and education based on the Fuji Electric Compliance Program Cultivate mindset of strict compliance among employees 		Compliance P53
	Make global compliance a top priority	Risk management	<ul style="list-style-type: none"> Reinforce business continuity capabilities Strengthen data security 	11 SUSTAINABLE CITIES AND COMMUNITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Risk management P55
		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 	
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 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Corporate Governance P48

Environmental, Social, and Governance
<https://www.fujielectric.com/company/csr/index.html>

Environment

We will use the energy and environment technology we have cultivated to help address environmental issues across the supply chain.



Michio Abe
Senior Managing Executive Officer
Corporate General Manager, Production & Procurement Group

The expanding efforts of the international community to fulfill the SDGs is making it increasingly important to engage in environmental activities such as mitigating global warming, efficiently using natural resources, and preserving biodiversity.

Based on these social movements, in June 2019 Fuji Electric created the Environmental Vision 2050 to clarify the direction of environmental activities that we should work for the long term.

We will use our full array of energy and environment technology to create a supply chain fully dedicated to achieving the goals to realize a low-carbon society, a recycling-oriented society, and a society in harmony with nature.

In fiscal 2019, we successfully achieved each of our primary environmental targets for reducing greenhouse gas emissions, promoting the 3Rs (reduce, reuse, and recycle), and reducing the impact on ecosystems.

For fiscal 2020, we created the Environmental Vision Promotion Subcommittee under the newly established the SDGs Promotion Committee and a framework enabling steady advancement toward the Environmental Vision 2050. In addition, in June we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD).

Fuji Electric will continue the global development of its energy and environment businesses to contribute to addressing environmental issues and help realize a sustainable society.

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	Creating Environmental Value
<ul style="list-style-type: none"> Reduce greenhouse gas emissions during production by 31% (Greenhouse gas emissions' base year: Fiscal 2013) 	<ul style="list-style-type: none"> Reduce 50 million tons of CO₂ emissions through products annually

* Reduce, reuse, recycle

Environmental promotion system

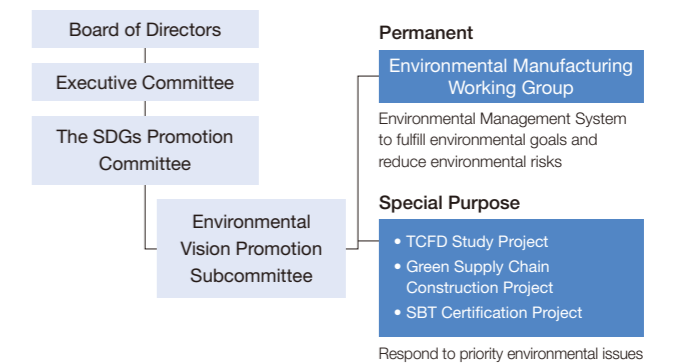
The Environmental Vision Promotion Subcommittee submits the environmental activities it deems as priorities to the SDGs Promotion Committee, which examines the issues and reports to the Executive Committee, which further deliberates the issues and reports to the Board of Directors.

The Environmental Manufacturing Working Group, composed of environmental managers from the operating sites, promotes initiatives aimed at fulfilling the Environmental Vision 2050. The members incorporate the environmental goals and initiatives into their individual divisions and are responsible for managing and fully carrying out the initiatives.

We have also established individual projects to focus the full force of our abilities into our initiatives for the environmental issues identified as important. The TCFD Study Project, Green Supply Chain Construction Project,

and Science-based Target (SBT) Certification Project each have teams with members from throughout our organization to create policies and strategic plans. Fuji Electric is continuously taking various approaches to resolve environmental issues.

Fuji Electric Environmental Promotion System



Supply Chain Initiatives for Environmental Vision 2050

(Upstream)	Supply Chain	(Downstream)
Business Partners	Fuji Electric	Customers
Raw Materials and Products Mining, manufacturing, disposal, transport, etc.	During Production 1. CO ₂ from fuel burning and other greenhouse gases 2. Power plant CO ₂ emissions due to our electricity usage	Product Usage Disposal, transport, etc.

Fuji Electric's Environmental Vision 2050			
Target a reduction of 80% or more in greenhouse gas emissions across the supply chain			
Low-Carbon Society		Fiscal 2030 Target	
		Reduce greenhouse gas emissions during production by 31%	Reduce 50 million tons of CO ₂ emissions through products annually
Recycling-Oriented Society	Green procurement Cooperation with business partners	Eco-friendly products (Product 3R) Waste reduction, water recycling during production	Eco-friendly products
Society in Harmony with Nature		Reduction of environmentally hazardous chemical substances Environmental preservation activities	

Close Up!

Declaration of support for the TCFD

Fuji Electric has declared its support to the Task Force on Climate-related Financial Disclosures (TCFD), an international framework for analyzing and disclosing the financial impact of climate change.

As we pursue the Environmental Vision 2050, the Company will analyze the risks and opportunities that climate change brings to its business and value chain along with the financial impact that accompanies them. The information will be actively disclosed and incorporated into our management strategies.



Selection to the CDP A List

In fiscal 2019, the CDP* certified Fuji Electric as an "A List Company" with excellent climate change initiatives and information disclosure. Fuji Electric was one of 38 Japanese companies on the A List.

* The CDP is an international NGO engaged in environmental activities, such as related to climate change. The CDP collects, analyzes, and evaluates information on environmental activities conducted by major companies and disclose the results to institutional investors.



Realize a Low-Carbon Society

Reduction of society's CO₂ emissions through products

Our total CO₂ emissions from our product operations declines when customers use our clean energy and energy-saving products. This is part of the goal in our Environmental Vision 2050 to "contribute to reducing society's CO₂ emission volume through our products." We calculate the contributions to CO₂ emissions reductions made over a full year of operation by all products shipped since fiscal 2009 (products within their average life spans). In fiscal 2019, we achieved our goals by supplying the

market for clean energy (geothermal power generation, solar power generation, biomass power generation) and energy-saving products (general-purpose inverters, power semiconductors).

The contribution from our leading products, or power electronics systems and electronic device products is 62%, which is relatively low compared to their sales composition ratios. And we are working to increase their contribution to reducing CO₂ emissions. In fiscal 2020, we aim to increase the contribution by mainly expanding sales of low-loss insulated-gate bipolar transistor (IGBT) modules.

Fiscal 2019 Result for the Year

Environmental Vision 2050	FY2019 Target	FY2019 Result	FY2020 Target
(FY2030 Target) Contribute to reducing society's CO ₂ emission volume by 50 million tons annually through our products	32.10 million tons annually	This year's target achieved 36.51 million tons annually (Exceeded the target by 14%)	34.00 million tons annually

Calculation of CO₂ Emissions Reduction Contribution

CO₂ Emissions Reduction Contribution = CO₂ reduction effect when product is in use x number of units being used in the market for the fiscal year

The CO₂ emissions reduction effect when a product is in use is:

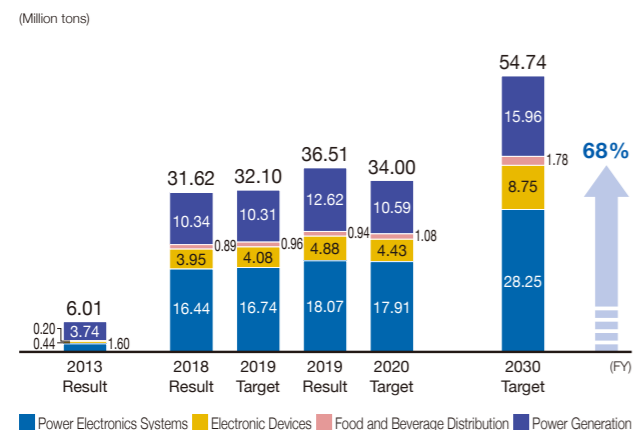
- Clean energy: Average CO₂ emission volume during thermal power generation minus CO₂ emission volume when the product was introduced
- Energy-saving products: CO₂ emission volume prior to introducing the product minus after introducing the product

* Calculated based on the Ministry of Economy, Trade and Industry Guideline for Quantifying Greenhouse Gas Emissions Reduction Contribution (stock-based)

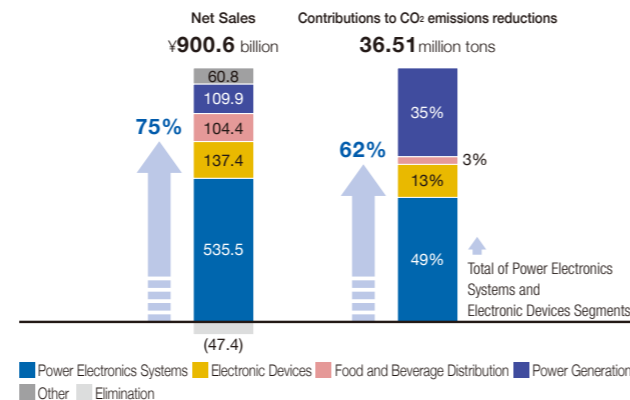
Main Contributing Products

- Power Electronics Systems: General-purpose inverters and top runner motors
- Electronic Devices: Power semiconductors
- Food and Beverage Distribution: Vending machines
- Power Generation: Geothermal and hydro power generation

Contributions to CO₂ Emissions Reductions through Products



Net Sales and Contributions to CO₂ Emissions Reductions through Products (FY2019)



Reduction of greenhouse gas emissions during production

We manage and seek to reduce the CO₂ and other greenhouse gases (GHG) generated during the production process at our factories. We set annual target values designed to lead us to achieve the 2030 targets in the

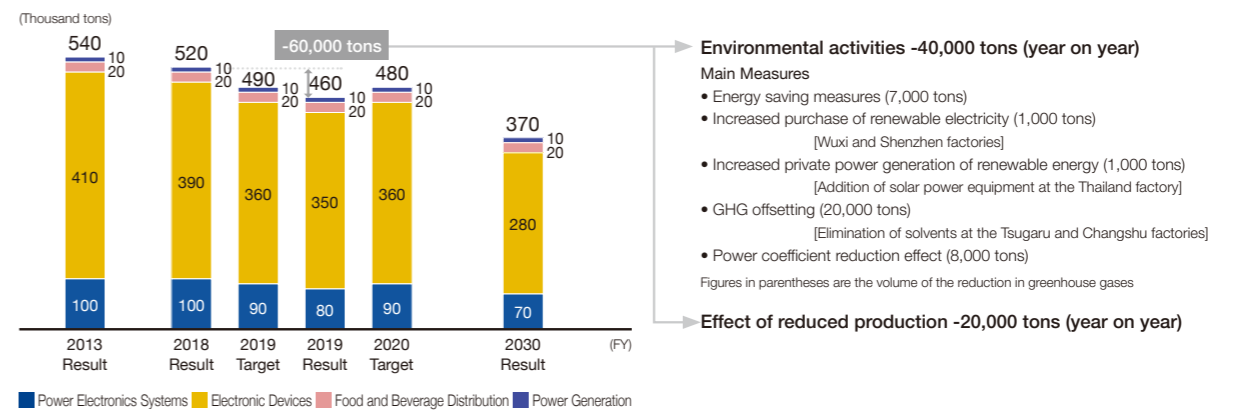
Environmental Vision 2050. In fiscal 2019, we prioritized investing in energy-saving production equipment and achieved our targets for the year. We are aiming to achieve our fiscal 2020 targets by investing further in abatement apparatus to reduce GHG emissions from the manufacturing lines of our semiconductor factories.

Fiscal 2019 Result for the Year

Environmental Vision 2050	FY2019 Target	FY2019 Result	FY2020 Target
(FY2030 Target) GHG Emissions During Production Reduce by 31% (from fiscal 2013)	488,000 tons/year	This year's target achieved 456,000 tons/year (down 12% from the previous year) (down 15% from the base year)	479,000 tons/year

* Power coefficient
Japan: 0.463 kg-CO₂e/kWh Overseas: IEA emission factors (latest average power coefficient for each country)

Reduction of Greenhouse Gas Emissions during Production



Close Up!

Addition of solar power generation equipment at the Thailand factory cuts CO₂ emissions by 22%

Fuji Electric Manufacturing (Thailand) Co., Ltd. added a solar power generation facility with capacity of approximately 900 kW to the switchgear and control-gear system factory established in 2019, raising the factories total power generation capacity to 1,400 kW. Solar power now comprises approximately 36% of the electricity the company uses, which reduced its CO₂ emissions by 22% from the previous year.



Fuji Electric Manufacturing (Thailand) Co., Ltd.

Fukiage Factory Saving energy using our ZEBLA software

Our efforts to save energy include actively using our own products. The Fukiage Factory, which mainly produces magnetic switches and molded-case circuit breakers, began using the ZEBLA power prediction system to reduce its energy consumption in fiscal 2015. In fiscal 2019, the system helped the factory lower its energy consumption by 9.1% and CO₂ emissions by 22.4% from fiscal 2013. The ZEBLA system saves energy by predicting the amount of electricity that will be needed during peak consumption and other periods. Automating the calculations for predicting power volume needs enables energy saving in real time. The Energy Conservation Center, Japan (ECCJ) awarded the Fukiage Factory the Chairman Prize of ECCJ at the Fiscal 2019 Energy Conservation Grand Prize for Excellent Energy Conservation Equipment in recognition of its energy conservation efforts.



The ZEBLA power prediction system

Close Up!

Solar power with storage batteries reduces CO₂ emissions by approximately 60,000 tons

Fuji Electric delivered power generation equipment with storage batteries to the Suzuran Kushiro-cho Solar Power Plant, which began commercial operation in February 2020. Incorporating storage batteries to a mega solar operation provides output fluctuation control and ensures a stable supply of clean energy. The power plant reduces annual CO₂ emissions by 59,864 tons*¹ and provides electricity that is equivalent to the annual consumption of approximately 21,300 households*².



Suzuran Kushiro-cho Solar Power Plant (Hokkaido, Japan)

*1. Calculation of CO₂ emissions reduction: Annual power generation x CO₂ emission factor
Output 92 MW, CO₂ emission factor: 0.619 kg-CO₂/kWh (weighted average of thermal power generation)
*2. From the website of Tokyu Land Corporation

Realization of a Recycling-Oriented Society

We aim to realize the 3Rs across the supply chain from product development to procurement, use, and final product disposal.

The indicators we use to measure our progress are the reduction of the amount of waste sent to landfills and water consumption. These indicators we use to evaluate our performance encourage us reuse the surplus materials and water generated in our production processes. And we evaluate the achievement based on the annual targets.

We continued minimizing the amount of waste sent to landfills in fiscal 2019 and lowered the ratio of waste sent to landfills in Japan and overseas to 1.1%. We vastly exceeded our targets due to progress reusing waste

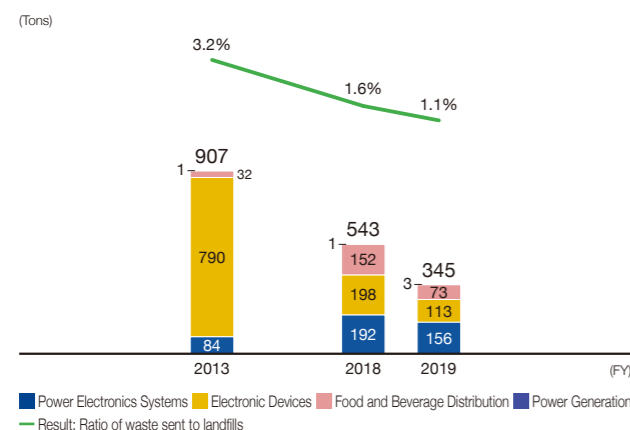
plastic in Japan and steady progress improving our final disposal processes overseas.

Our main issue at present is the lack of progress in working with our business partners and customers to apply the 3Rs. Our first step will be to strengthen the cooperative efforts with our business partners aimed at creating sustainable resource recycling. In fiscal 2020, we created the Green Supply Chain Construction Project in which our procurement and environmental departments will work together to promote environmental preservation efforts for our business partners. We are also continuing efforts to reduce the amount of waste sent to final landfills overseas with the aim of further lowering the final disposal rate.

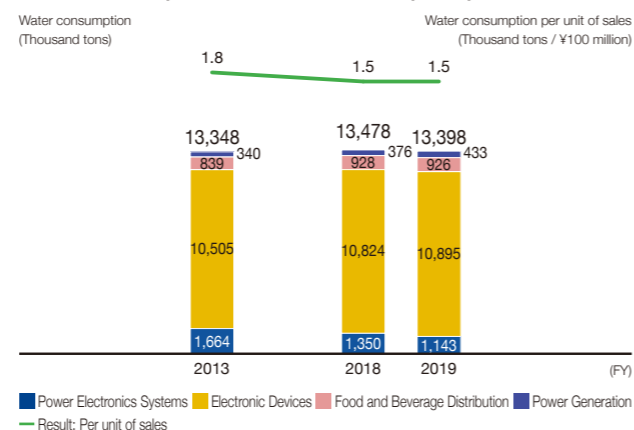
Fiscal 2019 Result for the Year

Environmental Vision 2050	FY2019 Target	FY2019 Result	Major Measures
(FY2030 Target) Ratio of waste sent to landfills Under 1.0%	Ratio of waste sent to landfills Under 2.1%	This year's target achieved Amount of waste sent to landfills 345 tons Ratio of waste sent to landfills 1.1%	<ul style="list-style-type: none"> Promote recycling of waste plastic (for producing cement) (Mie Factory, Food and Beverage Distribution) Promote reuse of semiconductor packaging materials (Fuji Electric Power Semiconductor Co., Ltd., Electronic Devices)
(FY2030 Target) Water consumption per unit of sales 1,800 tons / ¥100 million	Per unit of sales 1,800 tons / ¥100 million	This year's target achieved Consumption 13,398,000 tons Per unit of sales 1,500 tons / ¥100 million	<ul style="list-style-type: none"> Countermeasures for filter membrane blockage in water recycling equipment (Matsumoto Factory, Electronic Devices) Promote water conservation (Fuji Electric (Malaysia) Sdn. Bhd., Electronic Devices)

Amount and Ratio of Waste Sent to Landfills



Water Consumption and Water Consumption per Unit of Sales



Close Up!

Lower final waste disposal volume by 18 tons by reusing semiconductor packaging materials

The Hokuriku Factory of Fuji Electric Power Semiconductor Co., Ltd., which assembles power semiconductor packages, is reusing materials (sticks) for storing and safekeeping electrical module semiconductors. In fiscal 2019, it collected, cleaned, and reused approximately 140,000 used sticks that would previously have been disposed of, which is equivalent to roughly 18 tons of plastic disposal. Prior to implementing the recycling program, it conducted a thorough investigation about the viability of reusing the sticks and verified that there would be no adverse effect on our products.

Realizing a Society in Harmony with Nature

We design and manufacture our products to have no adverse impact on ecosystems so our customers can use our products with peace of mind. We set indicators for reducing the use of chemical substances (VOCs: Volatile Organic Compounds) that lead to environmental degradation and incorporate the targets into our annual goals and evaluate the result.

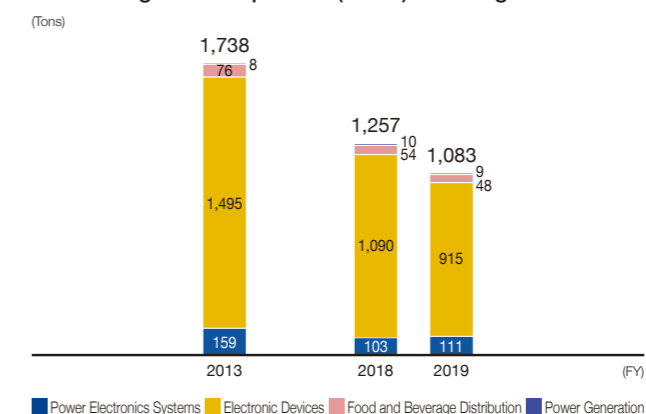
All our operating bases also conduct environmental preservation activities catered to specific local biodiversity preservation needs. Preservation activities in fiscal 2019 include planting mangroves (Fuji Electric (Malaysia) Sdn. Bhd.).

In fiscal 2020, we will promote the CSR Procurement Guidelines to raise the awareness of our suppliers about reducing the environmental impact of business operations.

Fiscal 2019 Result for the Year

Environmental Vision 2050	FY2019 Target	FY2019 Result	Major Measures
Volatile organic compounds (VOCs) Discharge volume Under 1,694 tons	Under 1,704 tons	This year's target achieved 1,803 tons	<ul style="list-style-type: none"> Reduction of solvent paint usage (Mie Factory, Food and Beverage Distribution)

Volatile Organic Compounds (VOCs) Discharge Volume



Close Up!

Advance examination of regulated substance content

We acquire materials with low environmental impact from our business partners in accordance with Green Procurement Guidelines and manage them.

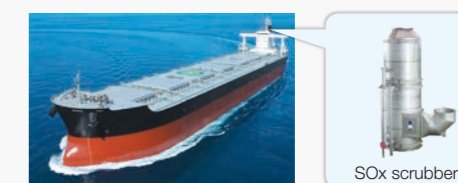
With the increase from six to ten of the regulated substances subject to the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS)* in fiscal 2019, the Suzuka Factory, which manufactures inverters, surveyed 381 of its business partners regarding the inclusion of regulated substances. The survey confirmed that none of the 381 companies use regulated substances.

* RoHS regulated substances: Specific hazardous substances with restrictions for use in electrical and electronic equipment

Contribution to SOx removal from ship exhaust gas

Sulfur oxide (SOx) is an environmental pollutant present in ship fuel that is considered to be a cause of acid rain.

The SOx scrubber we launched in fiscal 2018 contributes to preventing air pollution by over 98% of the sulfur oxides contained in ship exhaust gas. We had delivered over 40 of the SOx scrubbers as of July 2020 and are currently expanding our lineup of products designed for large vessels.



Human Resources

We are actively investing in our human resources to achieve the targets of the Medium-Term Management Plan and to establish our foundations for sustainable growth.



Takeshi Kadoshima
Managing Executive Officer
General Manager, Human Resources and General Affairs Office

One of Fuji Electric's management policies states that we will "maximize our strengths as a team, respecting employees' diverse ambition," and respecting human rights, ensuring occupational health and safety, and protecting employee health are fundamental for everything. We are proactively working on initiatives that include promoting active employee participation, cultivating our human resources, and properly deploying our personnel for medium- and long-term development of our business.

We believe it is important that our human resource measures encompass a broad range of issues inside and outside the Company and that they are implemented in a timely manner reflecting the responses in our annual employee awareness surveys.

We responded to the changing composition of the labor force and need for stronger manufacturing capabilities by revising how we handle employees with special skills and who are aged 60 or over, so that employees with strong performance could be better rewarded. Furthermore, to promote the active participation of diverse human resources, particularly female employees, we are continuously seeking to acquire individuals with science and engineering backgrounds and providing training for career advancement.

In addition, we are implementing workstyle reforms to improve their work efficiency by creating work systems and environments that will give employees greater flexibility to make the best use of time and location. At the same time, we are proactively developing future management candidates essential for sustainable business growth and the global human resources in Japan and overseas that strengthen our business worldwide.

These efforts are aimed at enhancing and activating our human resources as part of our "ongoing reinforcement of operating foundations" for our sustainable growth.

Promoting Active Participation of Diverse Human Resources

The Fuji Electric Code of Conduct declares that we "respect and value all people," and we are implementing measures and constructing employee treatment systems to support employment and success of diverse human resources.

Revising the treatment system for employees over 60 and highly skilled employees

In order to promote active employee participation, we revised our system for handling employees, of which measures were geared to employees aged 60 and over and highly skilled employees.

Japan's declining birthrate and aging labor force composition are making it increasingly important to retain older employees with advanced skills and experience. We have introduced the Senior Task System in which management-level employees aged 60 and over receive treatment matched to the value of their work. The aim is to boost motivation of individuals who continuously show significant performance by paying as high compensation as when they were under age 60. We have also outlined the "Employment Guidelines for Employees over 65" to create an environment where employees with advanced skills and expertise can continue to play an active role in the Company up to age 75.

We have also introduced the Manufacturing Meister System to highly evaluate and treat technicians with specialized expertise and skills who are excellent at improvement and streamlining. While providing clear examples of consummate technicians, the program provides bonus payments to the designated Manufacturing Meisters with the aim of boosting employee motivation and strengthening the manufacturing capabilities of the entire factory. We are also creating a training system for ambitious technicians to acquire the skills needed for high-level improvement and streamlining capabilities.

Review of Employee Treatment System

Employee Category	System	Treatment
Employees over 60	Senior task system	Treated according to job content after age 60
	Employment guidelines after age 65	Create environment for hiring skilled and knowledgeable employees up to the age of 75
Skilled employees	Manufacturing Meister System	Develop highly skilled employees with the capabilities to improve and streamline work

Promoting the advancement of women

Among our diversity initiatives, we are especially focused on strengthening our efforts to promote the active participation of women in the workplace. In a society with a declining birthrate, aging population, and diversifying values, demonstrating our comprehensive strength as a company is essential to generating sustainable growth, and further boosting the contributions by female employees are critical.

We are promoting women's active participation by stepping up our hiring of women and actively providing training to increase the number of female employees in supervisory positions. We set a target for 20% of our hires to be women. To achieve this, we created a project team of female employees with science and engineering backgrounds to actively recruit female university students, and ultimately women accounted for 22% of our new hires in April 2020.

Initiatives to increase the number of female employees in supervisory positions include annual supervisor interviews with junior staff to identify employees with strong career ambitions. The employees are registered as eligible to participate in the Company's priority career development program, under which detailed career development plans are created for accumulating on-the-job experience and receiving selective training to further their advancement to higher positions in the Company.

Workstyle Reforms

We seek to provide a balanced approach to workstyles through the Companywide Pro-7 Activities aimed at enhancing work efficiency and quality to improve productivity and by embracing a perspective on work-life balance characterized by "focusing on one's job while at work and resting properly outside of work."

In fiscal 2019, following the government's law amendments in April for mandatory annual paid leave and an upper limit on overtime work hours, we intensified efforts to reduce overtime work and to encourage employees to use vacation time, both of which had been promoted under companywide policies.

Measures to reduce overtime work include creating visualized tracking of actual work hours and improving productivity at worksites with challenges and issues by practicing self-monitoring of their work and reviewing the way they work. We are also strengthening the management support function of the companywide time management system and setting no overtime days. In addition, we are providing training, posters, and broadcasting to help managers become more aware about time

Paid Vacation Days Acquired Annually and Overtime Work Hours

(FY)	2018	2019
Average overtime work hours	24.04	23.83
Average number of days of paid vacation days acquired annually	14.5	16.5

Major Initiatives

- Active recruitment of female science and engineering students through the female employee science and engineering project team
- Systematic development of female managers
- Implement mentor system for junior and senior female employees
- Implement career continuity support system (registration system for requesting reemployment, overseas transfer/leave system for spouses)

Female Employees and Managers

(FY)	2018	2019	2020	2023 (Target)
Ratio of females hired*1	20%	21%	22%	20%
Ratio of female managers*2	1.9%	2.3%	2.5%	3.0%
No. of female employees in supervisory positions*3	225	249	268	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
Data for females hired collected from Fuji Electric and Fuji Electric FA Components & Systems

*1 Graduates from universities or technical colleges

*2 Managerial positions or above

*3 Assistant manager or above

management of their subordinates. These activities are raising awareness among all employees and encouraging them to revise their work practices while also ensuring compliance with the laws. In addition to recommending they take five consecutive days off as in the past, our initiatives to encourage employees to use vacation time include a system strongly supporting the planned use of paid leave. These efforts have increased the average number of annual paid leave days being taken by employees.

In addition, in fiscal 2017 we introduced the Location Flexible work systems enabling employees to work in satellite or home offices with the aim of providing flexibility so employees can maintain balanced and efficient workstyles. We also have a flextime system, and at the headquarters are testing a "sliding work hours" system allowing employees to set multiple start and finish times in advance and shift the times they arrive and leave work.

This flexibility proved advantageous during the COVID-19 pandemic, and we will continue to develop other systems to support the new workstyles of our employees.

Use of the Flexible Location Work System (Total Number of Users)

(FY)	2018	2019
Home office	1,940	2,893
Satellite office	457	314

Data collected from Fuji Electric, Fuji Electric FA Components & Systems, Fuji Electric Finance and Accounting Support, Fuji Office & Life Service, Fuji Electric IT Center, Fuji Architects and Engineering, Fuji Electric Frontier, and Fuji Electric F-Tech

Recognizing the Status of Employee Awareness and Responding to Issues

We conduct annual employee awareness surveys to remain in touch with employee perspectives and perform fixed-point observation on employee views on company and workplace satisfaction, senior management, work motivation, and trust for superiors. The survey results are reported to the Executive Committee, and the analysis results for each organization are delivered to the senior manager of each department and representatives of subsidiaries, who implement improvement measures.

The results of the employee awareness survey in fiscal 2018 indicated a need to strengthen the line management carried out by middle managers (manager rank).

Using these results, in fiscal 2019, we constructed a mechanism for superiors and subordinates to share their medium-term career objectives and created a visualization scheme at the workplace for a year-by-year goal management system to monitor progress and apply a PDCA cycle of setting a target, performing the job, assessment, and setting a new target for the next fiscal year. We also set up a system to raise the level of middle management

through a training system for line managers to refresh their understanding of the line manager's role and necessary skills and expertise through group training sessions and e-learning repeated once every two years.



PDCA Cycle for Understanding Employee Awareness

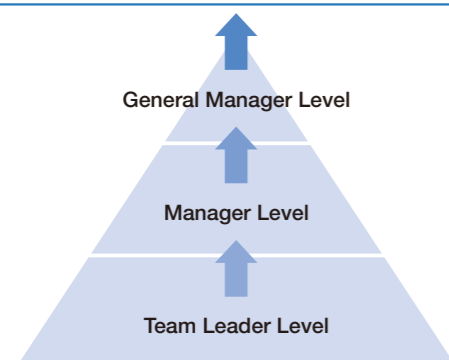
Development of Human Resources

The Fuji Electric Code of Conduct declares our commitment to strengthening our human resource development to support the growth of each employee and realize the full potential of teams, enhance the ability of employees to fulfill their potential, and increase investment in education to cultivate a workforce of individuals that are highly professional, demonstrate strong leadership, and capable of working anywhere in the world.

Fostering next-generation management

We are also taking active measures to foster future management candidates who will lead our sustainable growth. Our human resource development focuses on carefully selected young employees, effective on-the-job training, and participation in selective training. We carefully select talented young employees from the three levels of general manager, manager, and assistant manager and register them as management candidates. From early in their careers, these registered individuals are systematically trained through a job rotation plan designed for them to accumulate the required experience in multiple businesses and job categories

Human Resources Capable of Becoming Executive Officers



as well as overseas businesses. We also have them participate in training both inside and outside the company in a program designed to provide experience and nurture skills that are difficult to acquire through on-the-job training, such as learning management skills by experiencing different management styles and by working in teams with other training participants to formulate business proposals. A total of 531 people have been trained since fiscal 2017, and about 30% of the registered employees are currently participating in the next stage of management development.

Global human resources

We develop global human resources by sending employees out of their home countries of Japan or elsewhere and develop the ability to create new value by working with local employees and teams through both work and life experience.

Our development of global human resources is primarily promoted through three initiatives: systematically assigning talented employees from Japan to other countries, assigning talented employees from overseas bases to Japan, and strengthening the communication skills of employees in Japan.

The assignment of talented human resources in Japan is performed by registering talented employees with global potential as candidates for overseas assignments and providing them with systematic training, which creates a resource pool for global personnel. The assignment of talented overseas employees to Japan includes selecting about 20 individuals each year with promise to become local leaders and training them at the primary business site in their country to acquire product knowledge and technical skills. Our programs to strengthen the communication skills of employees in Japan include language training for about 500 people annually centered on employees who interact with overseas bases and focusing on establishing strong communication skills.

Close Up!

Human rights due diligence measures

We conduct human rights due diligence in our relationships within all corporate activities to recognize, prevent, and deal with adverse human rights harm based on the United Nations Guiding Principles on Business and Human Rights.

In fiscal 2019, we formulated the Guidelines for Respect of Human Rights of Employees for all domestic and overseas consolidated companies with the aim of making all employees aware of our Policy for Human Rights of the Employees, which is based on international standards for human rights. The guidelines, which clarify specific actions to take, were formulated in reference to materials including the Guidelines for Responsible Business Conduct created

by the Japan Electronics and Information Technology Industries Association (JEITA). In fiscal 2020, we plan to develop guidelines for all operating sites and subsidiaries in Japan and overseas and create self-inspection checklists based on the guidelines. The results of the checks will be reported back to the operating sites and subsidiaries so they can take steps to make any necessary improvements.

We have also established the Fuji Electric CSR Procurement Guidelines for human rights due diligence initiatives in our supply chain and are conducting self-assessment CSR surveys at our major business partners.

* Please refer to page 60 for details about our supply chain initiatives

Activities

Employees	<ul style="list-style-type: none"> Establish and roll out the Guidelines for Respecting Employee Human Rights Checks by way of self-check sheets for domestic and overseas offices and subsidiaries Implement improvements based on results of checks
Supply Chain (for business partners)	<ul style="list-style-type: none"> Establish and roll out the Fuji Electric CSR Procurement Guidelines Conduct CSR surveys (self-assessment) Feedback survey results to business partners

Succeeding in the Southeast Asia and India markets with our human resources

Once we have a full understanding of the customer's equipment and production processes, which is critical in the industrial plant business, we have accelerated localization of sales staff who grasp the customers' issues and propose systems that meet their budgets and needs, as well as human resources with the systems engineering capabilities to set up, design, install, start up, and maintain the systems on site.

We strengthened our plant sales capabilities in November 2019 by appointing a plant sales chief to oversee the sales activities of our sales companies in Southeast Asia. The new post serves as the center point for representatives from our seven companies in Southeast Asia* and enhances information sharing among the bases while improving our ability to train and strengthen our local sales staff with on-the-job training.

We are also strengthening our engineering capabilities by bringing engineers from Fuji CAC Joint Stock Company of Vietnam to the Tokyo Factory to deepen their familiarity with our systems, products, and all of our plants by having them

contribute to engineering at our customers' plants.

We are also increasing our support system for our overseas bases by actively dispatching Japanese engineers to support and educate engineers at overseas sites. Since 2016, we have been assigning engineers to full-time positions at overseas bases, mainly in Southeast Asia and India, such as Fuji Gemco Private Limited, Fuji Electric India Private Limited, and Fuji CAC Joint Stock Company.

* Fuji Electric Asia Pacific Pte. Ltd., Fuji Electric (Thailand) Co., Ltd., Fuji Electric Vietnam Co., Ltd., PT Fuji Electric Indonesia, Fuji CAC Joint Stock Company, Fuji Electric Sales Malaysia Sdn. Bhd., Fuji Electric Sales Philippines Inc.



Fuji CAC sales staff and engineers participating in product study sessions for industrial plants

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

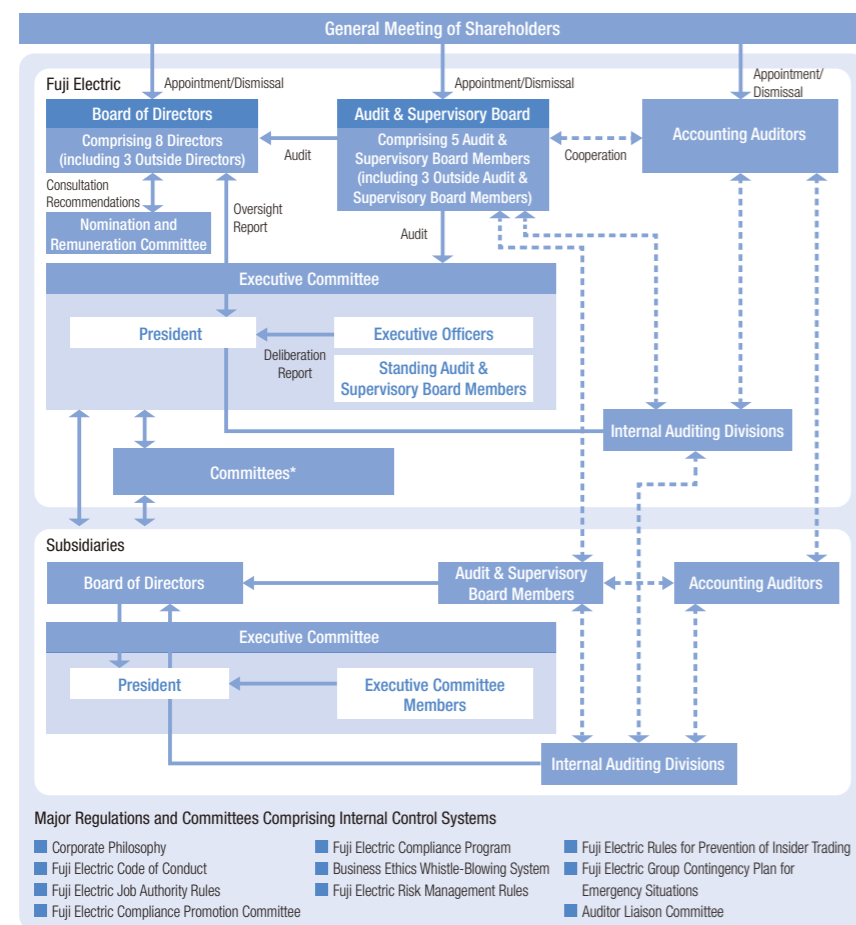
Fuji Electric's corporate governance framework consists of the Board of Directors, which performs the functions of management supervision and making important decisions, and the Audit & Supervisory Board, which is in charge of the management audit function. As a company employing the corporate auditor 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.

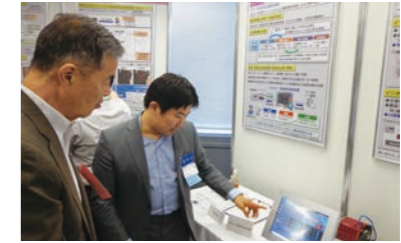
- (5) Donee

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.

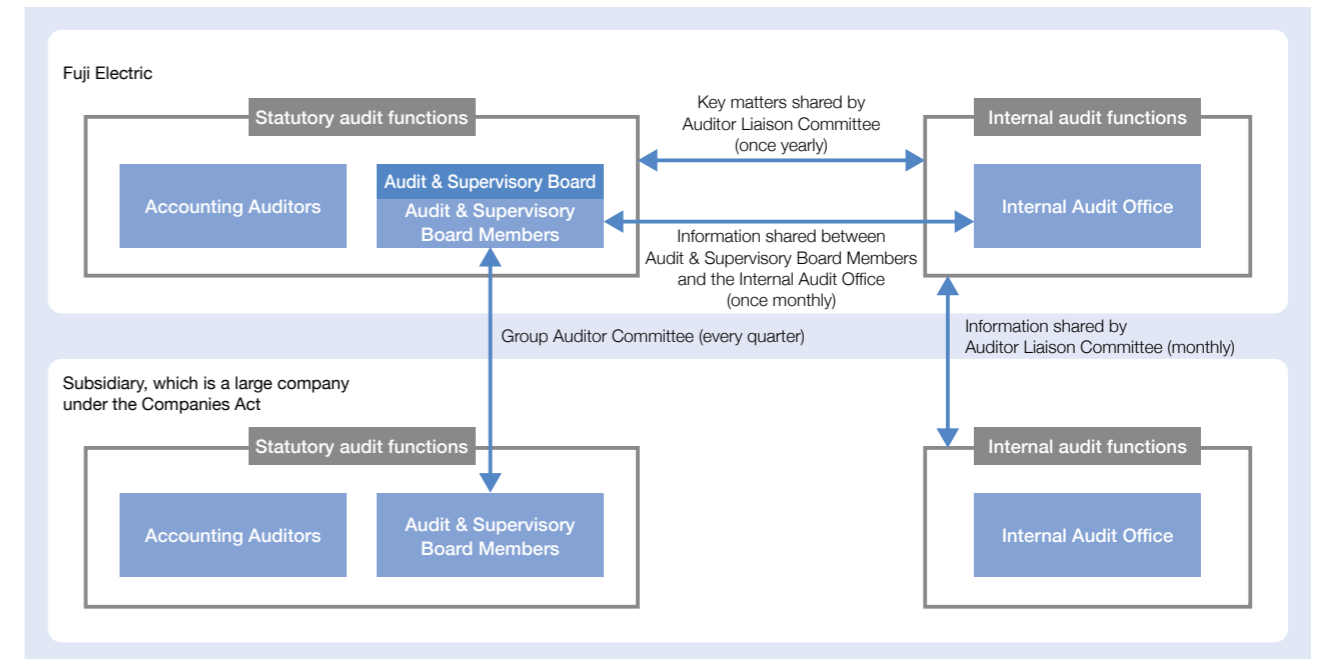
Type of Audit	Main Tasks
Organizational management	Evaluating the appropriateness of management and administration (development of regulations, approval procedures, performance management, etc.)
Risk management	Evaluating the effectiveness of risk management systems and risk response
Compliance	Checking 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.

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

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.

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



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

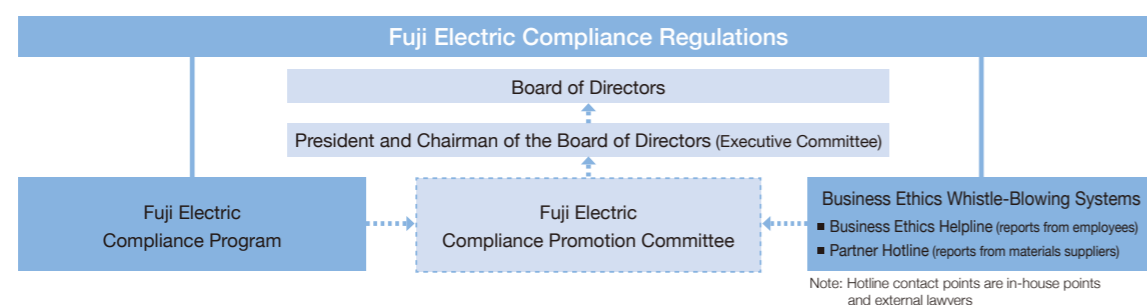
Fuji Electric has a basic policy that gives top priority to global compliance. Based on this policy, we established the Fuji Electric Compliance Regulations, which is a concrete

guideline for compliance. We also promote compliance through the Fuji Electric Compliance Program and the Fuji Electric Business Ethics Whistle-Blowing Systems.

Compliance Promotion System

We established the Fuji Electric Compliance Promotion Committee to ensure full compliance with laws and social norms globally. The Committee is headed by the Chairman of the Board of Directors and consists of the managers (corporate general managers and general managers) responsible for regulating laws and acts, with Standing Audit & Supervisory Board Members and outside experts (attorneys) as observers. It meets twice each fiscal year

to deliberate on compliance execution and planning and reports the results of these deliberations, including matters related to preventing corruption, to the Board of Directors. In the event of a compliance infraction, the Committee has a system in place to take any necessary measures after deliberating on fact-finding investigations, corrective actions, recurrence prevention measures, internal punishments, and internal and external disclosures.



Status of Compliance Promotion

Fuji Electric Compliance Program

Fuji Electric established and implements the Fuji Electric Compliance Program bringing together five aspects (see numbers 1 to 5 below) of domestic and overseas laws (including those related to anti-corruption, fair competition, labor, human rights, product safety, the environment, taxation, accounting, information security, and export management) for the Company and other Group companies in Japan and overseas including new ones, without delay. And the Fuji Electric Compliance Promotion Committee continuously reviews the program and makes 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
5. Acquisition of external certifications*

* As part of our efforts to verify and review the effectiveness of our compliance program, we started initiatives to acquire certifications in fiscal 2019.

Compliance education

We promote 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.

Examples of Training Conducted in Fiscal 2019

	Participants	Details
Level-specific training	Newly appointed executives	Important laws and regulations, such as anti-corruption
	Newly appointed managers	Points to consider when performing duties
	New employees	Overview of compliance and important laws and regulations
Job-specific training	Sales and administrative department employees	Compliance framework and important laws and regulations

Fuji Electric Business Ethics Whistle-Blowing Systems

To prevent infractions of laws and regulations and ensure early detection, we have introduced and are operating the Fuji Electric Business Ethics Whistle-Blowing Systems. Under these systems, internal and external parties can report real or suspected violations of laws, regulations, or internal rules including matters related to bribery and corruption to the president of Fuji Electric via contact points (anonymous reporting is also possible).

Business ethics helpline

The Business Ethics Helpline handles notifications from our employees in Japan and overseas (including dispatch employees). It is promoted among employees at all compliance training sessions and through postings on the Company's intranet and internal bulletin boards. In addition, we made a special feature article on it in the company magazine in fiscal 2019.

Partner hotline

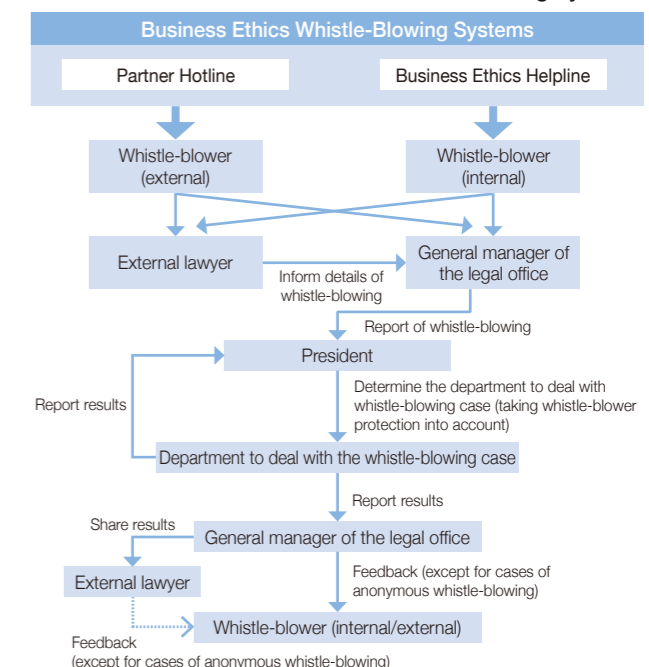
The Partner Hotline handles notifications from our suppliers about Fuji Electric's materials procurement operations. We spread awareness of the system among business partners through postings on the Company's website and at explanatory forums.

We also work meticulously to protect whistle-blowers by keeping their personal information confidential and

prohibiting disadvantageous treatment and retaliatory or discriminatory acts on the grounds of whistle-blowing. In addition, we take all necessary steps to resolve issues raised by whistle-blowers, including fact-finding investigations, corrective actions, and recurrence prevention measures.

In fiscal 2019, there were 25 reports made to the whistle-blowing systems.

Framework of the Business Ethics Whistle-Blowing Systems



Results of Compliance Promotion

Initiatives related to anti-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. For officers and employees involved in corruption, our policy is to consider disciplinary action based on our work rules and take strict measures accordingly. In fiscal 2019, however, there were no incidents of officers or employees violating anti-corruption rules, and no fines, surcharges, or settlements related to corruption were incurred.

Violations of laws and regulations

In fiscal 2019, there were no compliance infractions with the potential to seriously impact management or serious problems related to anti-corruption and competition

Initiatives related to competition laws

Through our Antimonopoly Act Compliance Manual, the Foreign Competition Law Compliance Manual, and other regulations, we are enhancing measures to prevent the violation of competition laws. We also perform daily monitoring by confirming quotations and estimates via an extensive bidding information management system and extensive record-keeping. In addition, our auditing divisions perform audits in accordance with auditing guidelines, and we conduct extensive level-specific and job-specific training.

laws that warranted disclosure, including notifications received through the Fuji Electric Business Ethics Whistle-Blowing Systems.

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 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.

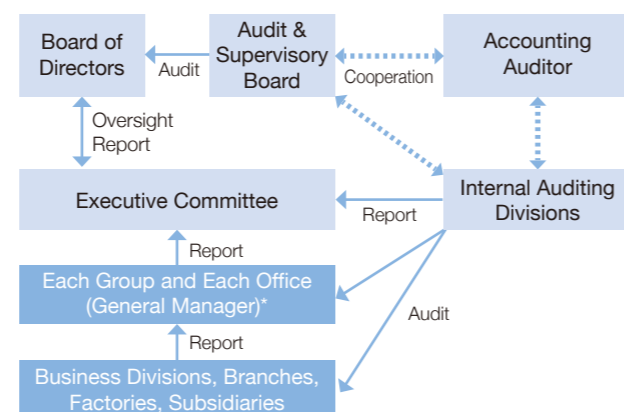
Risk Management System and Process

Risk management system

Fuji Electric's business divisions and affiliated companies are responsible for managing risk related to their business activities as a part of their business duty, developing appropriate risk management systems, and implementing risk countermeasures.

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

The internal auditing divisions conduct regular audits to confirm whether or not risk management is being properly performed at each business division and affiliated company.



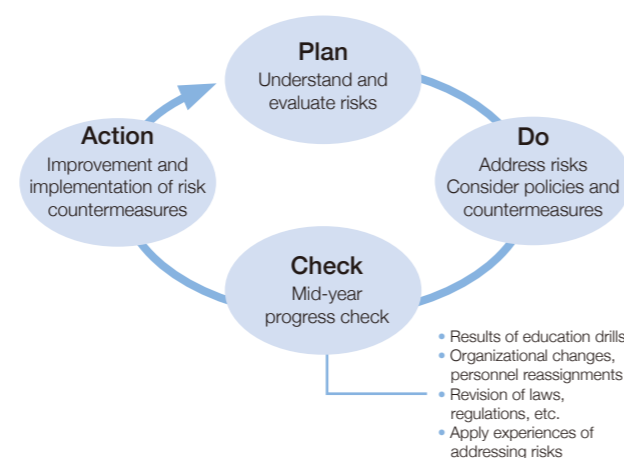
* Please refer to page 42.

Risk management process

When annual budgets are formulated, business divisions and affiliated 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, and each division and affiliated company appoints a person in charge of policy and countermeasure execution.

We also conduct mid-year progress checks at the end of the second quarter of each fiscal year to improve and effectively implement risk countermeasures.

Annual Risk Management Process



Major Risks

Fuji Electric prepares Risk Management Sheets for each business division and affiliated company to help them address risks.

Currently, the major risks that may affect Fuji Electric's business performance and financial position are described below.

Risk Item	Risk Details	Initiatives to Address Major Risks
Management Strategies Business Strategies Business Environment	<ul style="list-style-type: none"> Fuji Electric concentrates management resources on businesses earmarked for growth while making appropriate plant and equipment and R&D investments. However, the semiconductor field requires large amounts of money and is characterized by short product cycles, major fluctuations in product supply and demand levels, and intense competition. In some cases, therefore, there is a risk that we may be unable to recover our investment. There is a risk that stricter enforcement of the Paris Agreement and other environmental regulations, as well as assessments by ESG evaluation institutions, may lead to stronger criticism of Fuji Electric's coal-fired power generation business and affecting the reputation of Fuji Electric itself. 	<ul style="list-style-type: none"> For semiconductor-related plant and equipment investments, we make decisions based on negotiations with customers regarding physical quantities and pricing. For R&D investments, we emphasize consistency with our business strategies and contribution to our businesses. Based on our roadmap, we pursue R&D on fundamental and advanced technologies that support Fuji Electric's future. Here, management engages in regular deliberations about key development themes and constantly reviews the roadmap according to market changes. Fuji Electric considers protection of the global environment to be an important management priority and announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, we created our Environmental Vision 2050. In these and other ways, we continuously convey our commitment to realizing a sustainable society through our energy and environment businesses.
Corporate Governance	<ul style="list-style-type: none"> An unprecedented event may lead to deficiencies in our internal control and audit functions, resulting in the risk of corporate governance breakdown and consequent business disruption. 	<ul style="list-style-type: none"> We are working to strengthen corporate governance by improving management transparency and auditing functions during normal times.
Business Reorganizations, Alliances, and Withdrawals	<ul style="list-style-type: none"> We actively engage in collaborations with third parties in order to strengthen our competitiveness. Due to differences in systems and cultures, however, there is a risk that we may be unable to achieve the desired outcomes of such collaborations. 	<ul style="list-style-type: none"> We share our corporate philosophy, management policies, code of conduct, business plans, business strategies, and so on to facilitate integration of our business strategies, technologies, products, and personnel. Through the Executive Committee and other meetings, we strive to maintain close communication with partners and build good relationships with them.
Orders, Marketing, and Sales Promotion	<ul style="list-style-type: none"> In our overseas business, we face the risk of deteriorating market conditions in each country—including private plant and equipment investments and public expenditures—as well as sudden changes in supply and demand of products, intensifying competition, and the resultant significant falls in prices. After receipt of orders for large-scale plant projects, any number of events including unanticipated specification changes, process delays, and natural disasters could lead to risk of deterioration in profitability. 	<ul style="list-style-type: none"> We have sales offices in various world markets to better understand customer trends and centrally manage the information we collect for analysis and consider countermeasures and otherwise strive not to miss business opportunities. We also work to reduce costs and expenses in order to minimize the impact of Japanese and overseas market trends on our business performance. In every large-scale plant project, we work to secure appropriate profits by improving the accuracy of our quotations at the time of order receipt and strengthening project management afterwards.
Development and Design Engineering	<ul style="list-style-type: none"> Due to rapid technological advances, there is a risk that we may lose our advantage over other companies, and product development may not proceed as planned, making it impossible to launch a new product at the right time. 	<ul style="list-style-type: none"> We have established an R&D system to accelerate research and development, and we constantly monitor market and customer needs and the latest technological trends. At the same time, we conduct R&D aimed at creating competitive components and systems, centered on power electronics and power semiconductor technologies, while also focusing on R&D to develop solutions that generate customer value through combinations of fundamental technologies.
Procurement	<ul style="list-style-type: none"> Depreciation of the yen may lead to rising raw material and component prices, while sharp increases in demand in emerging countries may cause circumstances to change, resulting in a tighter supply and demand balance for raw materials and components and the risk of significant increases in their prices. 	<ul style="list-style-type: none"> We deploy various means, including product swaps, to reduce the risk of rising raw material prices.

Risk Item	Risk Details	Initiatives to Address Major Risks
Production & Manufacturing Shipping & Distribution Installation & Delivery Services	<ul style="list-style-type: none"> An unprecedented event could result in increased/decreased demand and other changes in physical quantity flows, leading to the risk of delayed responses and inventory shortages/surpluses. An unprecedented event could result in restrictions on human and commodity movements and disruptions to our distribution network. This could prevent our supply chain from functioning and lead to risk of delays in deliveries. 	<ul style="list-style-type: none"> We keep track of the latest physical quantity flows by sharing information between our sales and business departments at the Executive Committee. We have also built an optimal production management system that can respond to changes in physical quantity flows by improving productivity and promoting local production for local consumption. Through reforms of our supply chain, we work to promote “completely localized” manufacturing via local production for local consumption while also emphasizing global procurement.
Quality Assurance	<ul style="list-style-type: none"> There is a risk that an unprecedented event could cause quality-related problems to arise. In addition, we have received reports of a defect in some of our power semiconductors used in specific fields. We are currently examining the degree of potential risk and will make appropriate disclosures if we identify any significant impact on our business performance and financial position. 	<ul style="list-style-type: none"> We have established a quality control system for the products we manufacture and sell, and we strive to ensure high quality standards while making appropriate insurance arrangements.
Human Resources and Labor	<ul style="list-style-type: none"> There is a risk that we may be unable to attract and train the human resources required for Fuji Electric’s business activities. 	<ul style="list-style-type: none"> We focus on cultivating professional human resources who will help strengthen our global competitiveness. We also actively conduct employee education and training and are expanding mid-career recruitment and other measures to attract exceptional human resources.
Finance and Accounting	<ul style="list-style-type: none"> There is a risk that an unexpected increase in interest rates could raise the interest rate burden on our interest-bearing debt. There is a risk that restrictions on economic activities and economic downturn could cause business partners’ cash flows to deteriorate and prevent us from recovering debts. 	<ul style="list-style-type: none"> To minimize fund-raising costs, we constantly examine the optimal mix of corporate bonds, commercial paper, and short-term and long-term borrowings, in order to ensure flexible and stable financing arrangements. We work to strengthen credit management, including by monitoring long-overdue receivables and the financial status of business partners, in order to enhance our collection of trade receivables.
Legal Affairs and Ethics	<ul style="list-style-type: none"> Fuji Electric’s social credibility, business performance, and financial position could be affected if violations of laws and regulations occur. There is a risk that lawsuits and other legal proceedings could result in orders to pay unexpectedly large amounts of damages. Due to the speed of technological innovation and the global expansion of our business activities, there is a risk of intellectual property disputes arising. 	<ul style="list-style-type: none"> The Fuji Electric Compliance Promotion Committee spearheads efforts to ensure rigorous compliance with laws and regulations. We also have a compliance program that clearly identifies roles and responsibilities covering each aspect of legal regulations—namely, internal rules, monitoring, auditing, and education—and our compliance structure that includes whistle-blowing systems. In preparation for lawsuits and other legal disputes, we have formed an appropriate task force aimed at building a system to ensure that necessary procedures (fact-finding investigations, corrective actions, recurrence prevention measures, internal punishments, and disclosures) are conducted promptly. We strive to effectively protect intellectual property rights and develop products and technologies respecting the rights of other companies.
Political and Socioeconomic Trends	<ul style="list-style-type: none"> There is a risk of changes in exchange rates, especially the yen against the U.S. dollar. Any of the following events in foreign countries may have an impact on our business performance and financial position: <ul style="list-style-type: none"> Unexpected enactment of laws/regulations and changes in tax systems with adverse effects Disadvantageous political situations Social turmoil due to social upheaval, terrorism, war, and the like 	<ul style="list-style-type: none"> We engage in currency exchange contracts, based on certain criteria, to minimize the impact of the risk of foreign exchange fluctuations on our business performance. We always closely monitor the latest information on geopolitical risks, and we are diversifying our production and sales bases in preparation for unexpected risks.

Risk Item	Risk Details	Initiatives to Address Major Risks
Trends of Shareholders and Other Investors	<ul style="list-style-type: none"> There is a risk that the intentions of stockholders and other investors may differ from those of the Company’s management, which could result in a vote against the election of officers. There is also a risk that a shareholder proposal against management could cause disruption of our operations. 	<ul style="list-style-type: none"> We attach great importance to disclosure of financial information, active disclosure of non-financial information, and communication with shareholders and institutional investors. We also strive to foster understanding of our management through sincere and accurate disclosure of information according to our Disclosure Policy.
Natural Disasters and Accidents	<ul style="list-style-type: none"> There is a risk that certain events, such as large-scale disasters or accidents at our business sites, could cause damage of production equipment, interruption of operations, and delays in product shipments. 	<ul style="list-style-type: none"> We are committed to fulfilling our responsibilities to customers and society by continuously supplying products and services in the event of disaster or accident. To this end, we established a dedicated crisis management team to spearhead fire safety and disaster-preparedness initiatives, formulate a business continuity plan (BCP), and adopt necessary insurance arrangements in order to “strengthen our business continuity capabilities.”
External Attacks	<ul style="list-style-type: none"> There is a risk that certain events, including system malfunction and information leakage due to external attacks (such as cyber-terrorism), could result in loss of social trust. 	<ul style="list-style-type: none"> To address increasingly diversified and sophisticated cyber-security threats, we have established a computer security incident response team and a security operation center (CSIRT/SOC), through which we monitor and control any attacks. We also take ongoing steps to respond more effectively to the continuous emergence of new threats. For example, we are stepping up defense, reinforcing our detection systems, and providing cyber training.
Individual Event (Impact of COVID-19)	<ul style="list-style-type: none"> There is a risk that COVID-19 infections may occur in the workplace (of the Company, customer, or business partner), which could force us to suspend production, sales, and various other business activities. 	<ul style="list-style-type: none"> We have established the “Contingency Plan” to implement in times of emergency resulting from various risks that may affect our operations. Based on this Plan, we set up the “New Coronavirus Infection Prevention and Business Continuity Promotion Countermeasures Headquarters,” chaired by the president, to address the COVID-19 pandemic. The stated policy of the new entity is to “take prompt and appropriate measures with top priority on respecting human life, preventing the spread of infections, and minimizing damage.” Under this policy, we are gathering and collating information related to COVID-19 and taking measures to prevent the spread of infections (for example, enforcing rules, such as disinfecting hands and fingers; avoiding confined spaces, large gatherings, and close interactions; and adopting teleworking and staggered work hours), while also emphasizing business continuity.

* For more details on our risk management system, please refer to our 144th Annual Securities Report.

Close Up!

Responding to COVID-19

To deal with the COVID-19 crisis, we set up a response headquarters, headed by President Kitazawa, based on the Fuji Electric Risk Management Rules. The mission of the new entity is to simultaneously “prevent employee infections and the spread thereof” and “promote business continuity.” It collects and collates internal and external information related to COVID-19, determines measures to prevent infections and procedures to prevent the spread of the disease if an employee gets infected, and rigorously implements disease-prevention measures at Group companies in Japan and overseas. Employee infections have been confirmed at some of

our bases in Japan and overseas. To minimize infections and fulfill our social responsibilities, we are rigorously implementing infection prevention measures targeting all employees to ensure safety and security of themselves and their families. We are also increasing work flexibility by expanding teleworking and other systems. We remain committed to achieving business continuity while preventing the spread of infections.

Given the ongoing unpredictability of the pandemic, we will need to continue working together, united as a group. We will disclose information on our efforts related to COVID-19 on our corporate website as appropriate.

Strengthening Our Business Continuity Capabilities

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

In addition to fire safety and disaster-preparedness initiatives, we have 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, as well as at branches that serve as contact points with customers.

We have also established Companywide BCPs for our procurement sections, which manage our supply chain, and for IT sections, which manage our information systems.

In fiscal 2019, we once again worked to strengthen our disaster response capabilities. For example, we conducted simulation training assuming a large-scale earthquake for business divisions, managers of each base, and business continuity promotion staff, and safety confirmation training for all employees. Going forward, we will continue enhancing our BCP to strengthen our business continuity capabilities.

* Business continuity plan



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 put in place comprehensive measures to ensure that structures and facilities are earthquake resistant. They also stockpile emergency goods, conduct regular drills, and take other preventive measures.

Procurement BCP

By identifying, assessing, and addressing supply chain risks that could affect our business continuity, we aim to build a stable production system over the medium and long terms.

In fiscal 2019, we officially introduced our BCP system. This has enabled us to automatically identify primary business partners in Japan (more than 4,000 companies) who are located in areas prone to natural disasters, such as earthquakes and typhoons, and quickly grasp the potential impact of a disaster on their safety and production operations.

In fiscal 2020, we will conduct natural disaster risk diagnoses of business partners who produce important

parts and components based on their location, and assign them one of five risk rankings. We will then gradually adopt a multi-sourcing policy for procurement of highly important items. Due to the COVID-19 pandemic, meanwhile, we had time to grasp its impact on parts procurement in our supply chain, which has been expanding worldwide. Based on this, we started strengthening our BCP system in Japan. By inputting information on both primary and secondary business partners into our BCP system, we aim to speed up information gathering in times of emergency.

IT risk reduction

In fiscal 2019, we added cyber attacks as a new risk to be addressed in our ongoing IT-BCM* initiative, which is designed to help restart and restore information systems necessary for business and operation continuity within the required time in preparation for disasters and accidents.

To address increasingly diversified and sophisticated cyber security threats, we have established a computer security incident response team and a security operation center (CSIRT/SOC), through which we monitor and control any attacks.

We also take ongoing steps to respond more effectively to the continuous emergence of new threats. In addition to minimizing damage to information systems, for example, we are stepping up defenses to ensure early recovery, reinforcing our detection systems, and providing cyber training.

* Business continuity management

Implementation of security measures

To protect confidential and personal information properly, Fuji Electric has formulated and is implementing a policy and regulations related to information security with consideration for the laws of relevant countries. We have also established information management systems in each Group company and instituted various safety protocols, including operational site access and information access management systems. Meanwhile, we endeavor to prevent information leaks while maintaining and strengthening information security by instituting annual training programs for employees and conducting inspections and improvements through effective management and audits of workplaces.

Group companies that handle customers' confidential and personal information and require high-level information security management have acquired external certification. As of April 1, 2020, 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.

Supply Chain

We believe it is important to instill corporate social responsibility (CSR) throughout the supply chain, and we are promoting efforts to prevent compliance violations and human rights violations, such as forced labor and child labor.

Sustainable Procurement Activities

In fiscal 2019, we asked 500 major business partners in Japan to cooperate in a CSR survey and provided feedback based on the results. We also created the Fuji Electric CSR Procurement Guidelines for specific items pertinent to our company, based on the Responsible Business Alliance (RBA*) Code of Conduct, which is regarded as the international CSR guidelines and the

industrial standard, and the Guidelines for Responsible Business Conduct of the Japan Electronics and Information Technology Industries Association (JEITA).

We will follow these guidelines as we work with our business partners to build a responsible supply chain in Japan and worldwide.

Fuji Electric CSR Procurement Guidelines

- | | | |
|---------------------------|--------------------------|--|
| 1. Human Rights and Labor | 4. Fair Trade and Ethics | 7. Business Continuity Plan |
| 2. Health and Safety | 5. Quality and Safety | 8. Establishment of Management Systems |
| 3. Environment | 6. Information Security | 9. Social Contribution |



Further information is available at our website.

https://www.fujielectric.com/company/procurement/csr_procurement.html



Environmental activities with our business partners

We are working with our business partners to strengthen our activities aimed at realizing a sustainable society throughout the supply chain.

In fiscal 2019, the Matsumoto Factory, which produces semiconductors in the Electronic Device Segment, supported environmental protection activities of its main business partners. The factory began by reviewing the status of the environmental management (ISO certification, guideline compliance)

at the partners, and where it was deemed necessary the factory (1) helped partners acquire ISO certification and (2) conducted environmental risk surveys.

In fiscal 2019, on-site audits at two business partners confirmed that the environmental management at both was in good status. In fiscal 2020, we plan to conduct on-site audits at business partners for which environmental risks are a concern.

Promoting RBA at Fuji Electric (Malaysia) Sdn. Bhd.

In the Electronic Device Segment, Fuji Electric (Malaysia) Sdn. Bhd., which produces semiconductors and magnetic disks, underwent an on-site audit of RBA at the request of customers in fiscal 2019. It obtained RBA certification in 2013 and has maintained the certification through external audits every two years.

After the first year's audit indicated that Fuji Electric (Malaysia) had not met the criteria for prescribed work hours and evacuation drills, it mobilized its employees to raise awareness through education. It followed up by creating an annual internal audit

system and conducting thorough in-house training to maintain the positive results of its RBA audits. We plan to apply the measures taken at Fuji Electric (Malaysia) to other factories in Asia.



Fuji Electric (Malaysia) Sdn. Bhd.

Fair and Equitable Procurement Practices

Fuji Electric bases its procurement activities on action guidelines for "fair and equitable transactions" and seeks business partners in Japan and worldwide, which are committed to sustainable procurement activities, as well as quality, pricing, deliveries, and services. We strive to build better partnerships, deepen mutual understanding, and maintain and improve cooperative relationships with all our business partners through free, fair, and equitable competition. The Fuji Electric CSR Procurement Guidelines

outlines the high ethical standards for our trading activities not just for legal compliance but also in the areas of anti-corruption and respect for intellectual property. The divisions responsible for procurement at the head office and other operating sites in Japan provide staff training to support full legal compliance. The procurement departments of overseas affiliate companies formulate rules and standards that comply with the laws and regulations of their respective country.

Employee Training

In fiscal 2019, we held 54 sessions nationwide on the Subcontract Act, internal control system, and procurement CSR, and provided education to more than 1,400 employees, an increase of 40% from the previous year. We also deepened understanding by introducing our first e-learning course on the Subcontract Act, with over 10,000 employees taking the course. In addition, we created the Legal Compliance Working Group to foster a corps of experts on compliance through participation in class lectures and exercises in practical application.

The China and Asia International Procurement Offices* conducted training sessions on internal control system through operation checking at seven sites in China and six sites in greater Asia.

* International Procurement Offices (IPOs) locate new first-rate suppliers in their countries and serve as procurement service bases for the company's overseas business sites.



Asia IPO / Internal control system training



The Legal Compliance Working Group

Social Outreach

We are using our human resources and technologies developed through our business to build stronger relationships and foster ties between our operational sites and local communities, aiming to contribute to the resolution of global social and environmental issues. We will contribute to developing and revitalizing local regions through activities including promotion of youth development and environment preservation.

Promotion of Youth Development

Employees from our operational sites in Japan serve as instructors of science classes for elementary and junior high school students to share the wonders of science and the importance of manufacturing.

Overseas, we are actively helping to develop professional engineers through programs including

donating Fuji Electric laboratory equipment to science and technology universities in Southeast Asia, where economic development is rapidly progressing. We also invite instructors from overseas vocational training schools to Japan to learn equipment operation and maintenance methods and effecting instruction techniques on site.

Major initiatives in fiscal 2019

- Science classes for elementary school and junior high school students (learning about how power is generated and electricity conversion using experiment kits)
- Work experience for junior and senior high school students
- Technical training for vocational school instructors (Cambodia)
- Donated Fuji Electric laboratory equipment for science and technology universities (Vietnam)



Science class learning how power is generated (Suzuka Factory)

Environmental Preservation

We participate in various activities to preserve biodiversity, such as planting mangroves and cleaning beaches, with the aim of helping expand habitats of living organisms and protecting the natural environment.

Our environmental conservation activities include planting, thinning, and clearing forests, which help absorb carbon dioxide and thereby prevent global warming.

Major initiatives in fiscal 2019

- Mangrove planting (Fuji Electric (Malaysia) Sdn. Bhd.)
- Beach cleaning (Fuji Electric (China) Co., Ltd., Fuji Electric Taiwan Co., Ltd., and others)
- Biodiversity conservation initiatives using the *Musashino no Mori* green space on factory site (Tokyo Factory)
- Environmental conservation with forest thinning in collaboration with NPOs (Chubu Area Operation)



Mangrove planting (Fuji Electric (Malaysia) Sdn. Bhd.)

Communication with Local Communities

We communicate with the local neighborhoods of our operational sites and with employees and their families through factory festivals and other events as well as community activities, such as local cleanup campaigns.

Overseas, we communicate with local communities in various ways, including visiting child welfare facilities and supporting education by providing stationery and learning supplies.

Supporting Disaster Recovery and Reconstruction Efforts

Fuji Electric provides reconstruction support to areas impacted by natural disasters in Japan and overseas. We provided monetary donations to help accelerate recovery efforts and aid victims from typhoons and torrential rains.

We also donated Fuji Electric emergency generators to the local government in Chiba Prefecture, which was severely damaged by the typhoon.