Fuji Electric

Innovating Energy Technology

Fuji Electric Report 2021

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Regarding the Fuji Electric Report

Fuji Electric Report is an integrated report that is prepared and published for the purpose of facilitating understanding of the Company's whole corporate activities among its stakeholders, mainly shareholders and investors.
Fuji Electric places great importance on clear communication of its material issues of ESG (environment, society, governance) and initiatives aimed at improving sustainability to enhance long-term corporate value.
Covered organizations are Fuji Electric Co., Ltd. and its consolidated subsidiaries in Japan and overseas, which are collectively referred to as Fuji Electric.

For details of financial and non-financial information, please refer to the Company's website and other disclosure materials.

Investor Relations Website:
https://www.fujielectric.com/ir/

Environmental, Social, and Governance Website:
https://www.fujielectric.com/company/csr/

About the Front Cover

The front cover of this report reflects Fuji Electric's attitude toward enhancing corporate value over the long term in addition to contributing to developing SDGs and realizing a sustainable society through its energy and environment businesses.

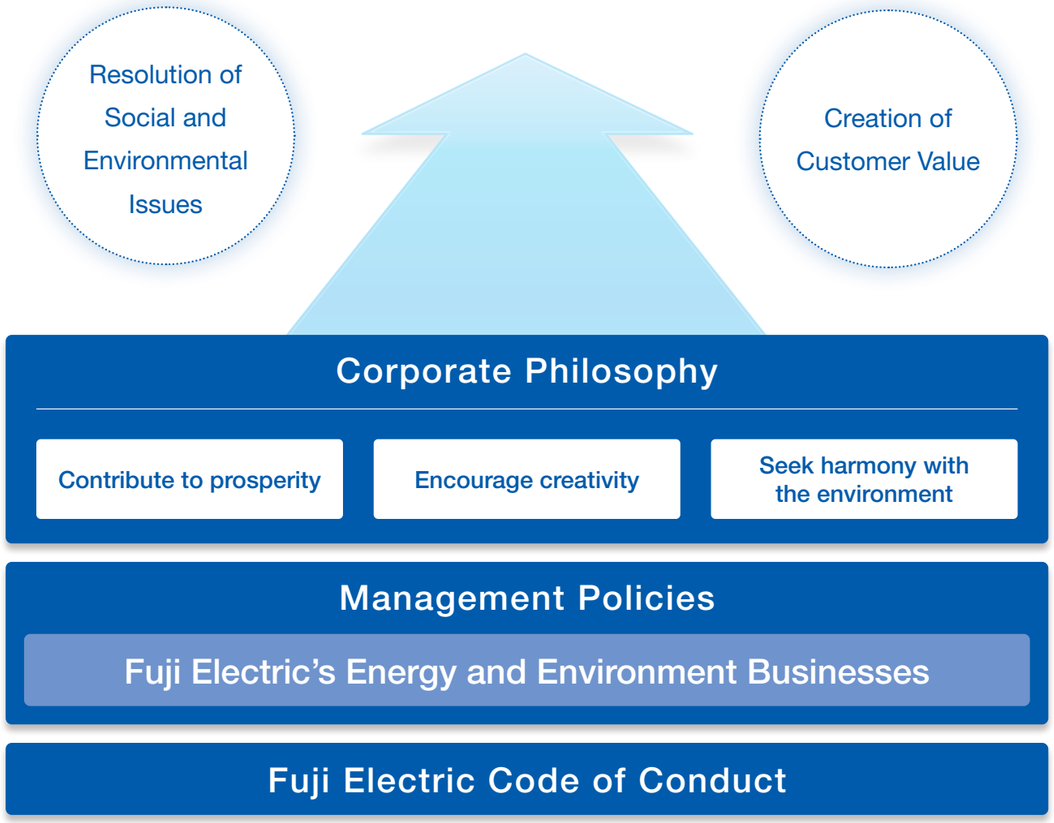
Disclaimer Regarding Forward-Looking Statements

Statements made in this report regarding estimates or projections are forward-looking statements based on the Company's judgments and assumptions in light of currently available information. Actual results may differ materially from those projected as a result of uncertainties inherent in such judgments and assumptions as well as changes in business operations or other internal or external conditions. Accordingly, the Company gives no guarantee regarding the reliability of any information contained in these forward-looking statements. Investors are encouraged to also reference documents submitted by the Company in accordance with the Financial Instruments and Exchange Act of Japan and other disclosure materials.

Corporate Philosophy and Management Policies

Fuji Electric's corporate philosophy hinges on a mission to contribute to prosperity, encourage creativity, and seek harmony with the environment, while the Company's management policies are centered on the notion of contributing to society through its energy and environment businesses.
By putting this corporate philosophy and management policies into practice based on its Corporate Code of Conduct, which sets forth guidelines for the conduct of employees, Fuji Electric and its employees, together with customers and business partners, will aim to resolve social and environmental issues, create customer value, develop the SDGs, and contribute to the creation of a responsible and sustainable society.

The Creation of a Responsible and Sustainable Society



Corporate Philosophy

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

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

Slogan To be enthusiastic, ambitious and sensitive.

Management Policies

1. Through our innovation in energy and environment technology, we contribute to the creation of a responsible and sustainable society.
2. Achieve further growth through our global business expansion.
3. Maximize our strengths as a team, respecting employees' diverse ambition.

Fuji Electric Code of Conduct

In order to practice our corporate philosophy to fulfill social responsibility and act with high ethical standards while understanding and complying with relevant laws, regulations, international rules, and the spirit of such regulations and rules, both domestically and abroad, Fuji Electric and its employees have defined this code as a foundation for decision-making and behavior.

1. Respect and value all people
2. Respect and value our customers
3. Respect and value our business partners
4. Respect and value our shareholders and investors
5. Respect and value the global environment
6. Respect and value interaction with society
7. Make global compliance a top priority
   - 7-1. Thorough compliance
   - 7-2. Thorough risk management
8. Top management will thoroughly practice this standard

Further information about Fuji Electric Code of Conduct is available at our website.
https://www.fujielectric.com/company/conduct.html

Brand Statement

Innovating Energy Technology

Brand Promise

Through our pursuit of innovation in electric and thermal energy technology, we develop products that maximize energy efficiency and lead to a responsible and sustainable society.

Fuji Electric's Energy and Environment Businesses

We will ceaselessly pursue synergies between our core power semiconductor and power electronics technologies and combine high-quality equipment employing key devices with our engineering services, optimal control technologies, and IoT know-how honed thus far. In this way, we provide system solutions for various customers in industrial and social infrastructure fields.

Priority SDGs to Be Addressed through Our Businesses

- 7 AFFORDABLE AND CLEAN ENERGY
  - Spread of renewable energy use
  - Improvement of energy efficiency
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
  - Reduction of CO_2 emissions from industrial processes
  - Reinforcement of social and industrial infrastructure
- 11 SUSTAINABLE CITIES AND COMMUNITIES
  - Building safe and secure urban infrastructure services
  - Development of sustainable transport systems
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
  - Efficient use of natural resources
  - Rigorous management and reduction of emissions of chemical substances and waste
- 13 CLIMATE ACTION
  - Reducing society's CO_2 emissions through products
  - Reducing GHG emissions during production

Clean energy　Stable supply of energy　Energy saving Automation

Four Businesses Five Segments

Power Generation


Power and new energy

Power Electronics Systems Energy

Energy management

Power supply and facility systems

Power distribution and control equipment

Power Electronics Systems Industry

Factory automation

Process automation

Social solutions

Semiconductors

Semiconductors

Food and Beverage Distribution

Vending machines

Store distribution

System Solutions

Optimal Control Technologies　Engineering　Services　IoT

Components

Smart meters

Uninterruptible power systems

Transformers

Magnetic switches

Molded-case circuit breakers

Inverters

Motors

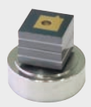
Servo systems

Controllers

Measuring instruments

Key Devices


Power semiconductors

Sensors

Value Creation at Fuji Electric

By capitalizing on the electric technology under our control—namely, creating, measuring (sensing and measuring technologies), controlling (control technologies), converting (power electronics technologies), and optimizing electricity—Fuji Electric provides products and systems designed to support the use of clean energy, stable energy supply, energy saving, and automation. Through this, we are contributing to developing the SDGs and creating a sustainable society.

Contributing to the development of the SDGs and the creation of a sustainable society

Clean Energy	Stable Energy Supply	Energy Saving	Automation
Power generation • Geothermal power generation • Hydro power generation • Solar power generation • Wind power generation • Fuel cells	**Power electronics systems** • Substation equipment • Uninterruptible power systems (UPSs) • Switchgears and controlgears • Power stabilizers • Power conditioning systems	**Power electronics systems** • Inverters • Motors • Servo systems • Controllers • Programmable operator interfaces • FA systems	**Semiconductors** • Power semiconductors **Food and beverage distribution** • Vending machines • Showcases

Clean Energy

Geothermal power generation facilities contributing to the economy, society, and the environment

We were commissioned to carry out a project to build the Muara Laboh Geothermal Power Plant in West Sumatra, Indonesia. The project encompassed the entire process from design and procurement to construction. We also delivered steam turbines, power generators, and other equipment. The electricity generated by the plant, which is enough to power 420,000 households, is supplied across the entire region of West Sumatra.

Muara Laboh Geothermal Power Plant (Courtesy of PT. SEML)

Clean Energy | Stable Energy Supply

Power stabilizers for stable supply of clean energy

The Suzuran Kushiro-cho Solar Power Plant has one of the largest output capacities in Japan. Fuji Electric was responsible for designing and building the entire power plant, along with procurement. We delivered power stabilizers containing storage batteries and similar, together with power conditioning systems capable of highly efficient power conversion, thereby providing a stable power supply to the area.

Storage battery facilities

Power conditioning system

Stable Energy Supply

Renewable energy demand forecasting contributes to optimal use of power

The Soma IHI Green Energy Center was established to facilitate local production for local consumption of renewable energy, aiming at regional development. Fuji Electric delivered a regional energy management system that forecasts the amount of solar power to be generated and each facility's electricity demand. We also delivered substation equipment. The electricity generated is used at the energy center, as well as the Soma City sewage treatment facilities, thereby contributing to the stable supply and optimal use of energy.

In the control building at the Soma IHI Green Energy Center (energy management system)

Substation equipment

Stable Energy Supply | Energy Saving

Contributing to stable energy supply and energy saving at data centers

Data centers operate 365 days a year to provide internet and communication services around the clock. The issues these centers face include reducing incidents of equipment failure caused by lightening or instantaneous voltage drops, and consuming less electricity. Fuji Electric delivers comprehensive electrical equipment systems, such as uninterruptible power systems (UPSs) designed to supply electricity when instantaneous voltage drops occur, to domestic and overseas data center business owners. These systems contribute to the stable operation of these facilities, as well as energy saving.

Uninterruptible power system (UPS)

Energy Saving

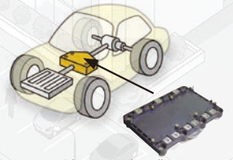
Saving energy when using air conditioning equipment

Inverters
FRENIC-VG

Fuji Electric delivered inverters for air conditioners produced by a leading air conditioner manufacturer, aiming to realize further energy saving when using air conditioning equipment installed at plants, buildings, and other facilities. The customer's products are now being used across the United States and China, contributing to energy saving in these regions.

Energy Saving

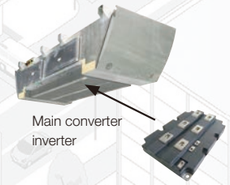
Energy saving in equipment using power semiconductors



4th-generation direct liquid cooling module

4th-generation direct liquid cooling module for electrified vehicles (xEVs)

Equipping the drive part of electrified vehicles with the module boosts power density by 36% compared to conventional products, thereby enhancing efficiency and reducing size and weight.



Main converter inverter

SiC power semiconductor module

SiC power semiconductor modules for main converter inverters in trains

Equipping the main converter inverters in trains with SiC power semiconductor modules reduces the weight of railcar drive systems by 20% compared to conventional products, while also cutting CO_2 emissions by 7%.

Energy Saving | Automation

Helping create environmentally friendly retail stores

Hybrid heat pump vending machines

The heat exchanger technology makes optimal use of heat from the open air, using the heat generated by refrigerating beverages to control electricity consumption and contribute to energy saving.

*Annual electricity consumption cut by about 55% compared to Fuji Electric-manufactured models from 2008.

Non-leak showcase

Green refrigerants are used to reduce environmental impact.

President's Message

Contributing to the Development of the SDGs and the Realization of a Decarbonized Society through Our Energy and Environment Businesses

Michihiro Kitazawa
President and Chairman of the Board of Directors

Through our energy and environment businesses, we aim to benefit society and become a company of sustainable growth.

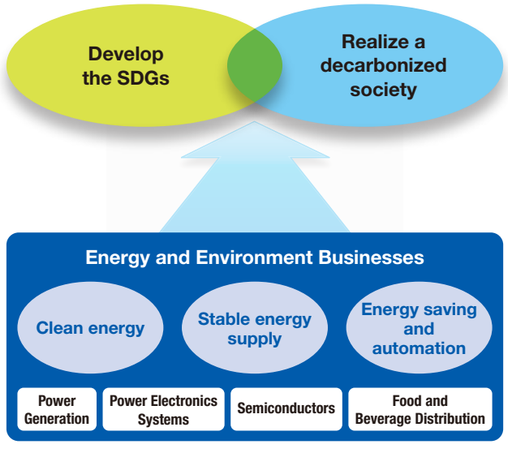
First of all, I would like to express my deepest respect and gratitude to all those who are making sincere efforts to combat the COVID-19 pandemic, which is having a major impact on society, the economy, and people's daily lives.

Since its establishment in 1923, Fuji Electric has contributed to the advancement of society and industry through its cutting-edge energy and environment technologies. As responsible corporate citizens in a global society, we value our relationships of trust with local communities, customers, suppliers, and many other business partners, under our corporate mission: "contribute to prosperity," "encourage creativity," and "seek harmony with the environment." In recent years, the international community has been pursuing the SDGs, which target integrated economic, social, and environmental development—an objective that accurately reflects our corporate philosophy.

Moreover, we can help realize a decarbonized society, a center of rapidly growing world attention, through our core energy and environment businesses. Our greatest strength is our ability to provide comprehensive responses, from stable energy supply to energy saving and automation solutions. We do this by offering power electronics equipment with world-leading power semiconductors, systems that combine such equipment, and engineering services, in addition to a variety of clean energy-related products. By leveraging this strength, we will help realize the world's goal of a decarbonized society by 2050.

Today, advancing the SDGs and realizing a decarbonized society have become increasingly significant common global issues. To continue growing sustainably, therefore, Fuji Electric believes it is important to clarify and promote its ESG priorities. We will continue strengthening our operating foundation through clarification and achievement of targets, appropriate information disclosure, and dialogue with stakeholders.

Our Vision



Toward achieving FY2023 Medium-Term Management Plan

In June 2019, we announced our Medium-Term Management Plan—Reiwa Prosperity 2023—which ends at the close of fiscal 2023. Under the plan, we will strengthen our operating foundation for the Fuji Electric's further development in fiscal 2024 and thereafter and aim for prosperity together with society.

(Billions of yen)	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Management Plan (Target)	**FY2023 Medium-Term Management Plan (Target)**
Net Sales	914.9	900.6	875.9	900.0	**1,000.0**
Operating Income	60.0	42.5	48.6	60.0	**80.0**
Operating Margin	6.6%	4.7%	5.5%	6.7%	**8.0%**
Net Income Attributable to Owners of Parent	40.3	28.8	41.9	42.0	**55.0**

Fiscal 2020: Increased income despite lower revenue, reflecting our strengths as a team

Immediately after the start of the plan, the business environment surrounding the Company changed dramatically. Following U.S.-China trade issues in fiscal 2019 and the impact of COVID-19 in fiscal 2020, these environmental changes provided an opportunity to examine our management structure. Although net sales have been sluggish for the past two years, we achieved a year-on-year increase in operating income in fiscal 2020. This was the result of our efforts to improve profitability through our companywide Pro-7 activities, as well as the ability of each plant to continue operations even during the pandemic by implementing rigorous infection control measures. It was truly a testament to the Company's comprehensive strengths.

Net income attributable to owners of parent reached a record-high level in fiscal 2020, but we faced two issues related to extraordinary items. The first was the posting of a ¥25.7 billion loss due to defects in certain power semiconductors for use in specific fields. To prevent a recurrence, we have been confirming usage conditions, reviewing standards and procedures adopted in the procurement and product design processes, and actively implementing improvement measures. We sincerely apologize to our customers, shareholders, and other investors for any concern this may have caused, and we will continue striving to improve customer satisfaction, keeping in mind that providing safe, reliable, and superior products and services is the starting point of any manufacturer. The second was a reduction of our cross-shareholdings. Due to the sale of some investment securities, we reported an extraordinary gain of ¥40.9 billion. We will continue to further reduce cross-shareholdings and use the proceeds from the sale of such holdings to make investments to achieve business growth and improve capital efficiency.

In fiscal 2020, we declared annual dividends of ¥85 per share (¥40 interim dividend and ¥45 year-end dividend), up ¥5 year on year, for a payout ratio of 29%. From a medium- to long-term perspective, we will continue retaining internal reserves for research and development, capital investment, and human resource development, while at the same time emphasizing payment of stable and continuous dividends to our shareholders.

Fiscal 2021: Year of challenge

Fiscal 2021 will be an important year of challenge as we strive to achieve the final-year targets of our Medium-Term Management Plan: Consolidated net sales of ¥1 trillion and an operating margin of 8% or higher. For the year, we are targeting nets sales of ¥900 billion and operating income of ¥60 billion, and we must reach these targets to achieve the plan's objectives.

Realizing a decarbonized society, a major goal shared by the world, will provide great opportunities for us. With the accelerating shift to electrified vehicles and the expanding uptake of renewable energy, these opportunities are already growing. With this in mind, we will focus management resources on the power electronics systems business and power semiconductors business, earmarked as growth drivers, in order to expand our operations.

In power electronics systems, we will promote a strategy of partnerships and expand our overseas business by leveraging the sales channels and human resources we have acquired through M&As and alliances. In Asia, we will reinforce our engineering and plant system proposal capabilities, centering on our Thai factory, while in India we will strengthen our competitiveness by establishing local development and production systems. In addition, we will target increased orders for comprehensive electrical equipment, which combines substation equipment, uninterruptible power systems, and other equipment for data centers—where capital investment is strong in Japan and overseas—as well as semiconductor-related applications. Amid an ongoing review of our power supply mix, we will work to increase orders for renewable energy by strengthening collaboration between our power generation and power electronics systems businesses. In power semiconductors, we will address customer demand by accelerating capital investments to increase production capacity in response to strong demand growth associated with electrified vehicles and other factors. In the food and beverage distribution business, which posted a major loss in fiscal 2019, we returned to profitability in fiscal 2020 thanks to dramatic reforms of our sales and facilities. Meanwhile, Fuji Electric has a 70% share of the Japanese vending machine market. Going forward, we will propose environmentally friendly, highly convenient products that reflect people's changing lifestyles and work to discover how vending machines, which have taken root in Japanese society, can keep benefiting societies.

Helping realize a decarbonized society

The challenge of decarbonization has begun in many countries around the world. In 2019, we formulated and announced our Environmental Vision 2050, which focuses on reducing greenhouse gas emissions by 80% or more, with the aim of realizing a decarbonized society. In June 2021, in light of recent global trends, we revised our policy to target carbon neutrality in our entire supply chain by 2050.

Anticipating a large increase in environment-related investments around the world, we will optimize our diverse range of renewable energy-related products, as well as our power stabilization technologies and energy usage. We will also strengthen and accelerate development of energy-saving and environmentally friendly products. In these ways, we will contribute to the reduction of CO_2 emissions in society. At our own factories, meanwhile, we will consider and implement various measures, such as introducing renewable energy equipment, expanding procurement of green electricity, and developing production technologies to reduce greenhouse gas emissions.

We are also forging ahead with analyzing and examining risks and opportunities related to the Task Force on Climate-related Financial Disclosures (TCFD). From a medium- to long-term perspective, in addition to examining the financial impact of business opportunities and risk countermeasures on our factories and supply chains, we will deploy them in a wide range of management and business activities.

Environmental Vision 2050

We aim to contribute to the achievement of a decarbonized society, a recycling-oriented society, and a society that is in harmony with nature by expanding the use of Fuji Electric's innovative clean energy technologies and energy-saving products.

Realize a Decarbonized Society

Target carbon neutrality across the supply chain

Realize a Recycling-Oriented Society

Promote green supply chains and 3R*1 activities to reduce the environmental impact to zero

Realize a Society in Harmony with Nature

Aim for zero impact on the ecosystem through corporate activities that contribute to biodiversity

Fiscal 2030 Goals

To limit the temperature rise to 1.5°C above pre-industrial levels, reduce greenhouse gas emissions in production by more than 46% (compared to FY2013) and strive to reduce society's CO_2 emissions through our products.*2

*1 3R: Reduce, Reuse, Recycle
*2 Values for reducing society's CO_2 emissions through our products will be disclosed in 2022.

Employee-first management

My motto in management is "Employees first." The growth of our employees will lead to the sustainable growth and prosperity of our company. This will create a virtuous cycle in which profits earned through our business activities are returned to employees, shareholders, and society.

With "respect and value all people" clearly stated in our Corporate Code of Conduct, we are striving to create working environments that respect human rights and encourage the active participation of diverse human resources. As social issues and customer needs become increasingly diverse, we are working to provide environments where diverse employees can work in teams. We encourage our experienced senior employees to pass on their skills and techniques to younger employees, and we have established a system that allows them to continue working vigorously after the age of 65 by making the most of their energy, stamina, and intellect. Committed to promoting the advancement of women, meanwhile, we are working to hire more female employees and increase the number of female managers. Over the medium and long term, we will develop human resources by creating environments where individual employees can fully demonstrate their abilities.

Leveraging measures to prevent the spread of COVID-19, we have stepped up work-style reforms already being undertaken—including work in satellite offices and flexible working-hour arrangements—while helping employees achieve a good work–life balance. On the other hand, the importance of face-to-face communication has become apparent in the way we work to combat infectious diseases. As part of our companywide Pro-7 activities aimed at enhancing work quality and improving work efficiency, we have established a project to promote work-style reforms. This entails promoting work-style reforms from medium- to long-term perspectives by specifying issues that are common to the entire company and those that are specific to each business.

Every year, we conduct an employee awareness survey to find out how employees perceive and evaluate the Company's policies. We believe it is important for executives and managers to keep abreast of changes over time. Based on the issues raised in the previous survey, in fiscal 2020 we continued to implement training for mid-level line managers to further strengthen workplace management, and we also reinforced our compliance system. We will continue striving to create environments where employees can work with motivation.

Improving the effectiveness of governance

From the management standpoint, we believe that improving the effectiveness of governance is key to increasing corporate value over the long term. For this reason, we are working to improve the transparency of management and its supervisory functions.

In terms of structure, for fiscal 2021 the Company has nine directors (up one from the previous year) and five Audit & Supervisory Board Members. The newly added Standing Director is also head of the Corporate R&D Headquarters. By appointing him, we aim to further stimulate discussion on medium- to long-term challenges in management strategy, business strategy, and technology development. In line with our policy of emphasizing diversity, we have been appointing female Audit & Supervisory Board Members since 2012. At present, we have one female Audit & Supervisory Board Member. As for appointing female directors, we recognize this as an issue and will continue progressing toward it.

Compliance is the cornerstone of stakeholder trust and expectations. The Fuji Electric Compliance Promotion Committee receives reports on compliance action plans, progress, and achievements from its members who are responsible for regulating laws and shares them with the Board of Directors. As we focus on expanding our overseas business, we recognize that meticulous compliance at overseas subsidiaries is an important priority. For this reason, we will promote effective, down-to-earth initiatives, including the dissemination of various rules, daily monitoring and auditing, and ongoing education.

To minimize the impact of management and business risks, we will strengthen our ability to address large-scale disasters, infectious disease outbreaks, information security issues, and other crisis management challenges in an agile and integrated manner, with the aim ensuring proper risk management and business continuity.

To be enthusiastic, ambitious and sensitive

In the 10 years since the Global Financial Crisis, we have gone back to our manufacturing roots and made in-depth efforts to strengthen our manufacturing capabilities and improve our factories mainly through in-house production and automation. In today's world of rapid advances in green and digital technologies, we need to create new businesses and develop new products for the next 10 to 20 years, in addition to reinforcing our manufacturing capabilities. We have already started discussing this with our team. In all cases, however, the main contributors are our employees, so it is important to know how they feel and what kind of future they envision.

Our corporate slogan—To be enthusiastic, ambitious and sensitive—expresses the thoughts shared by our employees. "Enthusiasm" means the eagerness to contribute to society by creating new technologies and products. "Ambition" means the determination to set high goals and continuously pursue them. "Sensitivity" means practicing three types of kindness: (1) Kindness to appreciate for customers, (2) Kindness to appreciate for colleagues with mutual respect and thought on making the Company better together, and (3) Kindness to appreciate for families. This sensitivity, part of Fuji Electric's DNA that has been handed down from generation to generation, represents an unwavering value.

Fuji Electric will celebrate its 100th anniversary in 2023. Thanks to the trust and support of our customers, business partners, employees, and various other stakeholders that our predecessors have cultivated, we have become the Fuji Electric of today. We will continue placing importance on individual diversity and teamwork to further expand our energy and environment businesses, contributing to the creation of a responsible and sustainable society.

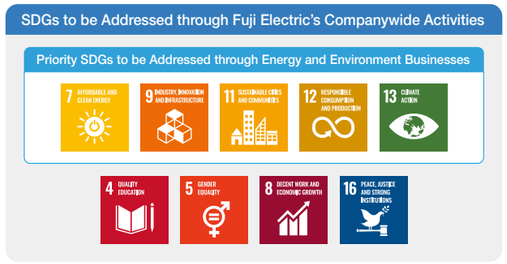
We look forward to the continued understanding and support of all stakeholders, including shareholders and other investors.

Promote Material Initiatives for Management

Fuji Electric aims to develop its activities in regard to the Sustainable Development Goals (SDGs) set out by the international community and create a decarbonized society by putting its corporate philosophy and management policies into practice. The ongoing reinforcement of our operating foundations is vital in working to resolve social and environmental issues and create customer value through our energy and environment businesses. As part of these efforts, we have set out material issues and goals related to the environment, society, and governance (ESG), and are working toward resolving them.

SDGs to Be Addressed through Companywide Activities

Assessing the link between the value created by the four businesses advanced by our five segments (clean energy, stable energy supply, energy saving, and automation) and contributions to the accomplishment of the SDGs, Fuji Electric selected five priority goals. Furthermore, four additional goals were designated as priorities in relation to the reinforcement of operating foundations to be pursued through overall corporate activities, making for a total of nine goals.



Material Initiatives for Management

We have defined our key issues (materialities) for management with an aim to improve long-term corporate value. These are the promotion of our energy and environment businesses that contribute to the creation of a sustainable society, as well as the promotion of ESG material initiatives to reinforce our operating foundations, and relevant activities are being advanced globally. We have organized the ESG material initiatives based on the Fuji Electric Code of Conduct, which serves as a guide for the Company's foundation and how we, along with all our employees, should act in order to put our corporate philosophy and management policies into practice and fulfill our social responsibility.

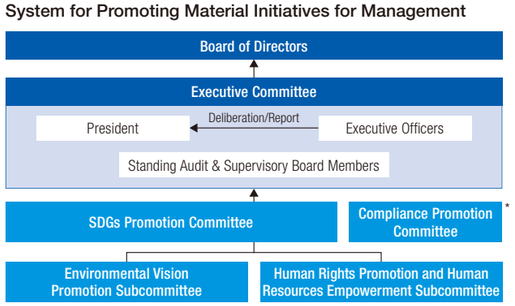
- **Promote energy and environment businesses that contribute to the creation of a sustainable society**
- **Promote ESG material initiatives to reinforce our operating foundations**
  - Environment (E): Create a decarbonized society
    (reduce society's CO_2 emissions and greenhouse gas emissions during production by providing energy-saving products)
  - Society (S): Respect human rights, encourage employees' success, promote workstyle reforms, and create a supply chain that underpins a sustainable society
  - Governance (G): Improve the effectiveness of corporate governance, promote compliance, and enhance risk management

Details of the Fuji Electric Code of Conduct can be found on our website.
https://www.fujielectric.com/company/conduct.html

System for Promoting Material Initiatives for Management

The SDGs Promotion Committee consists of executive officers responsible for the business, sales, and corporate divisions. It deliberates and evaluates policies and measures regarding issues related to the environment, human rights, the encouragement of employees' success, and the creation of a sustainable supply chain, as well as manages the progress toward their implementation. The Compliance Promotion Committee deliberates on the status of compliance execution and planning. The details of what is deliberated at these committees are regularly reported to the Executive Committee and the Board of Directors.

System for Promoting Material Initiatives for Management



*Refer to the compliance promotion system (page 41).

Material Issues for Management and Major Initiatives

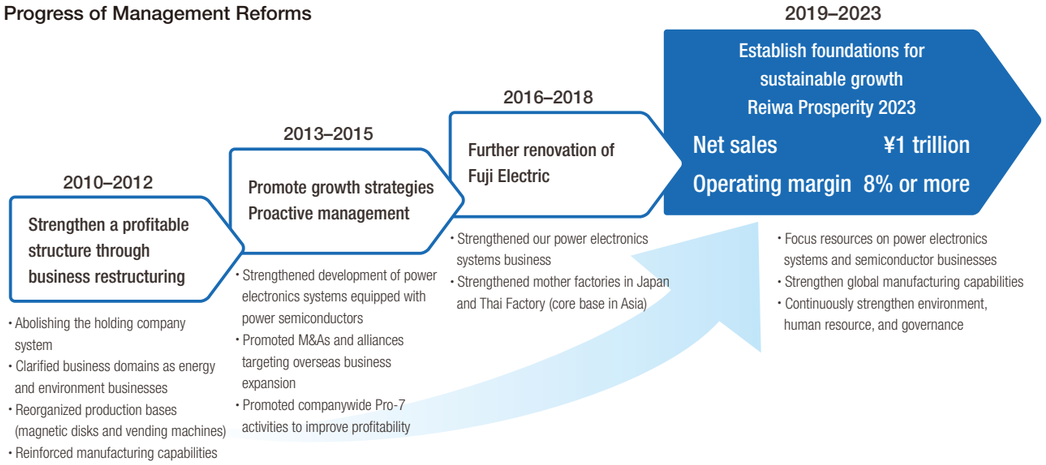
Field	Material Issues	Major Initiatives	Major Initiatives in FY2020	Relevant SDGs	Reference Page(s)
Businesses	Promote energy and environment businesses	■ Expand power electronics systems and semiconductor businesses	▶ **Power electronics systems:** Created competitive components (global transformers, etc.), received consecutive orders for comprehensive electrical equipment systems for data centers, continually improved partnership strategies to expand overseas businesses ▶ **Semiconductors:** Enhanced production capacity, increased sales of power semiconductors for electrified vehicles (xEVs)	7, 9, 11, 12, 13	Power electronics systems P45–48 Semiconductors P49–50
E (Environment)	Realize a decarbonized society	■ Reduce society's CO_2 emissions by providing energy-saving products ■ Reduce greenhouse gas emissions during production	▶ Revised the Fuji Electric Environmental Vision 2050 in our aim toward decarbonization ▶ Declared support for the TCFD; analyzed risks and opportunities ▶ Increased the reduction of CO_2 emissions through our products (contributed to a reduction of 41.78 million tons in FY2020) ▶ Reduced greenhouse gas emissions during production (emissions totaled 440,000 tons in FY2020)	7, 9, 12, 13	Environment P21–24
S (Society)	Respect for human rights	■ Implement human rights due diligence	▶ Implemented human rights due diligence (at all 133 operating sites and domestic and overseas affiliate companies; 65 in Japan and 68 overseas) ▶ Provided human rights training (raising awareness of human rights, harassment prevention)		
	Active participation of diverse human resources	■ Promote active participation of female employees ■ Promote active participation of employees over 60 ■ Broaden scope of duties performed by differently abled employees ■ Advance workstyle reforms ■ Promote work–life balance	▶ Stepped up hiring of women (percentage of women hired as of April 2021: 20%) ▶ Increased the number of female employees in supervisory positions (300 as of June 2021) ▶ Introduced the Senior Task System ▶ Established the Employment Guidelines for Employees over 65 ▶ Increased employment of differently abled people (2.92% as of June 2021) ▶ Established a more diverse work system ▶ Continued fostering a workplace environment that supports employees who are raising children or caring for family in need of assistance	4, 5, 8	Human resources P25–26
	Create a supply chain that supports a sustainable society	■ Practice fair and equitable procurement ■ Practice sustainable procurement together with business partners	▶ Implemented self-assessment of CSR procurement	12	Sustainable procurement P27–28
G (Governance)	Improve effectiveness of corporate governance	■ Improve transparency and supervisory function of management	▶ Continued third-party evaluation of the effectiveness of the Board of Directors and incorporated this evaluation into operations ▶ Partially reduced cross-shareholding		Corporate governance P29–40
	Promote compliance	■ Ensure effective implementation of the Fuji Electric Compliance Program	▶ Established, revised, and abolished internal rules, and conducted oversight, audit, and education ▶ Implemented compliance education ▶ Thoroughly implemented the Business Ethics Whistle-Blowing Systems	11, 16	Compliance P41–42
	Enhanced risk management	■ Reinforce business continuity capabilities ■ Improve product quality ■ Strengthen information security	▶ Established a BCP for procurement ▶ Strengthened countermeasures against cyber attacks ▶ Established countermeasures against the spread of COVID-19		Risk management P43–44

Details on ESG (environment, society, and governance) can be found on our website.
https://www.fujielectric.com/company/csr/index.html

FY2023 Medium-Term Management Plan

Following global financial crisis in 2008, Fuji Electric began reinforcing its profit structure through business restructuring and has since been implementing management reforms to further expand its business and enhance its profitability.
Under our FY2023 Medium-Term Management Plan, we aim to establish a foundation for sustainable growth with net sales of ¥1 trillion and an operating margin of 8% or more, and pursing three key initiatives: “promote growth strategies,” “further improve profitability,” and “ongoing reinforcement of operating foundation.”

Progress of Management Reforms



Further information about progress of management reforms is available at our website.
https://www.fujielectric.com/ir/box/doc/pdf/rep2021/management_reforms.pdf

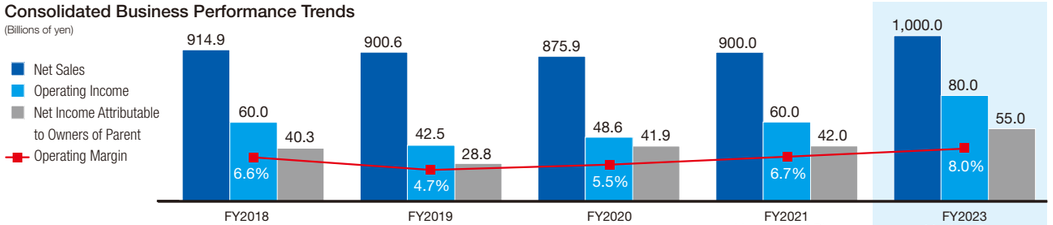
Progress of Medium-Term Management Plan

The business environment surrounding our company has remained challenging. In fiscal 2019, for example, we faced market contraction overseas, especially in China, due to the trade friction between the United States and China, and in fiscal 2020 we encountered ongoing investment restraint due to restrictions on economic activities in Japan and overseas caused by the spread of COVID-19.

We expect the global economy to gradually recover, with signs of a turnaround in capital investment in China’s manufacturing sector since last year. In addition, the trend toward digitalization and greenification, evidenced by the electrification of automobiles and spread of renewable energy, is accelerating, providing increased business opportunities for the Company, which is centered on the energy and environment businesses.

In fiscal 2021, we are targeting net sales of ¥900 billion and operating income of ¥60 billion, and we must reach these targets to achieve the plan’s objectives for fiscal 2023 (net sales of ¥1 trillion and an operating margin of 8% or higher). In light of the current changes in the market environment, we will review the strategies and targets of each business segment.

Consolidated Business Performance Trends



Financial Indicators

	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Management Plan (Target)	FY2023 Medium-Term Management Plan (Target)
Net Debt-Equity Ratio	0.4 times	0.4 times	0.3 times	0.4 times	**0.1 times**
Equity Ratio	37%	37%	40%	42%	**50%**
ROA (Return on Assets)	4%	3%	4%	4%	**5%**
ROE (Return on Equity)	12%	8%	11%	10%	**11%**
Dividend Payout Ratio	28%	40%	29%	—	**30%**

* Net debt-equity ratio = Net interest-bearing debt ÷ Equity
* Assumed exchange rates for fiscal 2023: ¥105 to the U.S. dollar; ¥123 to the Euro; ¥16 to the RMB

FY2023 Medium-Term Management Plan “Reiwa Prosperity 2023”

Key Issues

Establish Foundations for Sustainable Growth

Promote growth strategies	Further improve profitability
Concentrate resources on power electronics systems and power semiconductor businesses **Expand overseas business** • Increase sales centered on Southeast Asia, India, and China • Target ratio of sales outside Japan: 35%	**Augment global manufacturing capabilities** • Promote local production for local consumption • Step up development of local leaders overseas • Deploy IoT technologies to advance digital reforms of our manufacturing

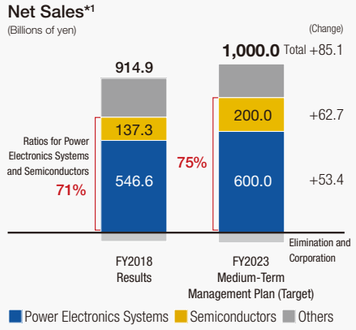
Ongoing Reinforcement of Operating Foundations

- **Ongoing reinforcement of our operating foundations with a focus on the environment, human resources, and governance**
- **Evolution of companywide Pro-7 activities**

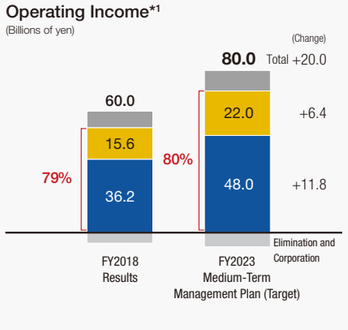
Financial Policy

- **Emphasize balance between growth potential, profitability, efficiency, and financial soundness**
- **Further improve capital efficiency**
- **For shareholder returns, target dividend payout ratio of 30% based on principle of stable and continuous dividends**

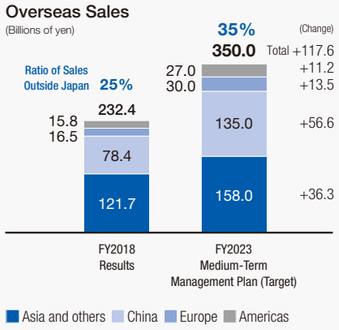
Net Sales*1



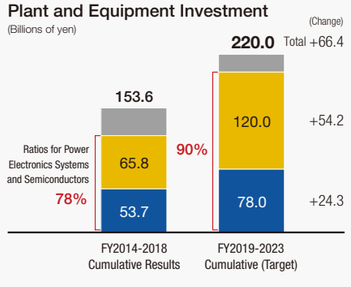
Operating Income*1



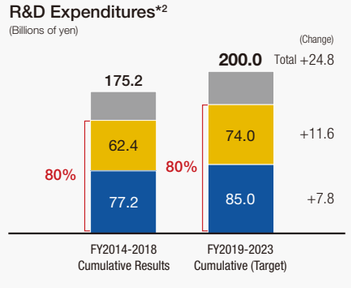
Overseas Sales



Plant and Equipment Investment



R&D Expenditures*2



*1 Ratios for net sales and operating income are calculated based on amounts before elimination and adjustment of inter-segment transactions.
*2 Figures for R&D expenditures are classified by segment according to theme and therefore differ from figures stated in the consolidated financial report.

Overview of Fiscal 2020 and Fiscal 2021

In fiscal 2020, Fuji Electric posted a year-on-year decline in consolidated net sales due to the impact of COVID-19 and other factors, but an increase in consolidated operating income thanks to reductions in basic and fixed costs. In fiscal 2021, we are targeting year-on-year growth in both sales and income amid expectations of a gradual global economic recovery and the accelerating trend toward greenification and digitalization.

Fiscal 2020 Performance

For the year, consolidated net sales amounted to ¥875.9 billion, down by ¥24.7 billion year on year. The decline was mainly due to the rebound from large-scale orders recorded in the previous fiscal year in the Power Generation segment and a significant decrease in demand in the Food and Beverage Distribution segment, which offset the increased demand in the Power Electronics Systems Industry and Semiconductors segments.

Sales outside Japan rose ¥1.0 billion, to ¥221.9 billion. This was largely due to higher sales in China thanks to recovery in demand, especially for semiconductors, automation products, and ED&C components, although sales in Asia and elsewhere declined due to the rebound from large-scale orders recorded in the previous fiscal year in the Power Electronics Systems Energy and Power Generation segments.

Despite the decline in net sales, operating income increased ¥6.1 billion, to ¥48.6 billion, thanks to companywide efforts to reduce basic and fixed costs. Net income attributable to owners of parent rose ¥13.1 billion, to a record high of ¥41.9 billion. This resulted from a ¥40.9 billion in extraordinary income following the sale of certain investment securities to secure funds for growth investments, which outweighed ¥25.7 billion in expenses for addressing defects in some power semiconductor products recorded under extraordinary loss.

Due to the improvement in profit, ROE increased 3 percentage points, to 11% year on year. In accordance with our basic policy of paying stable and continuous dividends, we declared annual dividends from retained earnings of ¥85 per share, up ¥5 year on year, for a dividend payout ratio of 29%.

Fiscal 2021 Management Plan

In fiscal 2021, Fuji Electric will target net sales of ¥900 billion, up ¥24.1 billion year on year. We expect to benefit from increased demand in the Power Electronics Systems Energy, Semiconductors, and Power Generation segments, as well as sales expansion through the increased market share and the introduction of new products in the Food and Beverage Distribution segment. This is despite an expected decline in sales of the Power Electronics Systems Industry segment year on year as a result of the absence of large-scale projects for IT solutions business recorded in the previous year.

Sale outside Japan is projected to increase ¥22.6 billion, to ¥244.5 billion, mainly due to higher sales of the Power Electronics Systems Energy, Semiconductors, and Power Generation segments in Asia, where demand is expected to grow further for renewable energy, energy saving, automation, and electrified vehicles.

We will target operating income of ¥60.0 billion, up ¥11.4 billion, as the benefit of production growth in the Semiconductors segment, as well as business restructuring implemented in fiscal 2020, including the reorganization of the product development system and optimization of the workforce, in the Food and Beverage Distribution segment, which was significantly affected by COVID-19. We also forecast a ¥100 million increase in net income attributable to owners of parent, to ¥42.0 billion, a record-high figure.

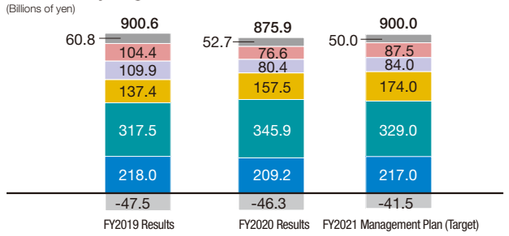
(Billions of yen)	FY2019 Results	FY2020 Results	FY2021 Management Plan (Target)
Net Sales	900.6	875.9	**900.0**
Operating Income	42.5	48.6	**60.0**
Operating Margin	4.7%	5.5%	**6.7%**
Net Income Attributable to Owners of Parent	28.8	41.9	**42.0**

Financial Indicators

Net Debt-Equity Ratio	0.4 times	0.3 times	**0.4 times**
Equity Ratio	37%	40%	**42%**
ROA (Return on Assets)	3%	4%	**4%**
ROE (Return on Equity)	8%	11%	**10%**
Dividend Payout Ratio	40%	29%	**—**

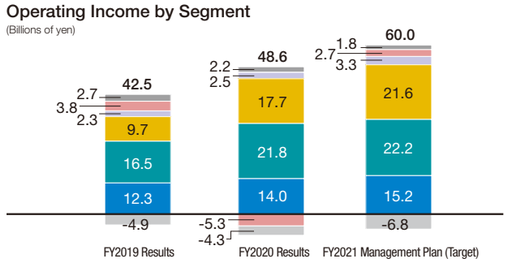
Net Sales by Segment

(Billions of yen)



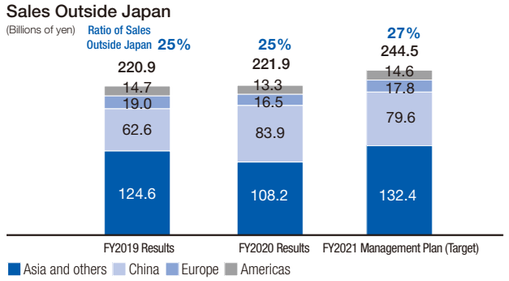
Operating Income by Segment

(Billions of yen)



Sales Outside Japan

(Billions of yen)



Main Initiatives

Power electronics systems business expansion

In addition to creating competitive components and strengthening our system business, we are working to expand our overseas business by promoting local production for local consumption, mainly in Southeast Asia, India, and China, while stepping up local design and engineering.

Comprehensive electrical equipment business expansion

We are working to attract orders for comprehensive electrical equipment in Japan and overseas, targeting the growing markets for data centers and semiconductor-related applications. In particular, we are working to increase our market share by offering competitive high-capacity uninterruptible power systems (UPSs) for data centers. To expand global sales, we will increase the number of engineers capable of making comprehensive proposals and emphasize standardization and in-house production at factories to further improve productivity.

Overseas business expansion centered on Southeast Asia and India

In Southeast Asia, we built a new switchgear and controlgear system factory and engineering center at Fuji Electric Manufacturing (Thailand) Co., Ltd. (FMT) to strengthen local engineering and manufacturing capabilities. In addition to providing new global transformer and switchgear products and high-capacity UPSs for power infrastructure, material plants, and data centers, we will work to increase orders for system projects spearheaded by the FMT Engineering Center. In Vietnam, we will strengthen our plant business structure through the integrated operation of Fuji Electric Vietnam Co., Ltd. and Fuji CAC Joint Stock Company which was established through M&A.

In India, we are working to expand sales by utilizing the manufacturing, sales, and service bases of Fuji Electric Consul Neowatt Private Limited (FCN), which was established through an M&A. In fiscal 2021, Fuji Electric India Private Ltd. and FCN will be merged to further reinforce our business structure in India, advancing to develop and manufacture new medium- and large-capacity UPS models for data centers and power conditioning systems for the solar power generation market.

Power semiconductors business expansion

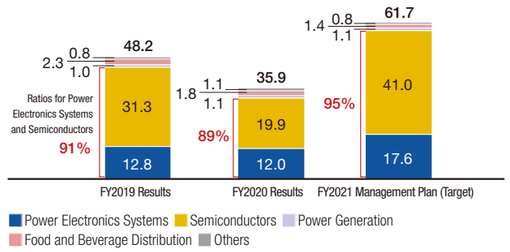
We are expanding orders and sales of IGBTs, which contribute to energy saving, downsizing, and weight reduction of equipment in which they are installed, in rapidly growing markets for electrified vehicles, renewable energy, factory automation, and air conditioners. We are also making ongoing investments to increase production capacity.

Plant and Equipment Investments & R&D Expenditures

Our businesses in power electronic systems and semiconductors together account for approximately 90% of total plant and equipment investments and 80% of R&D expenditures.

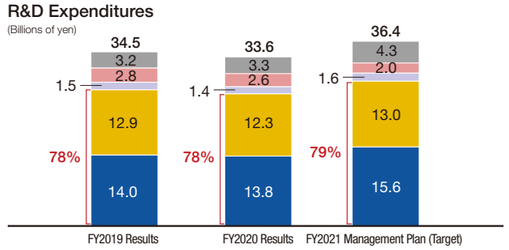
Plant and Equipment Investment

(Billions of yen)



R&D Expenditures

(Billions of yen)



* Figures for R&D expenditures are classified by segment according to theme and therefore differ from figures stated in the consolidated financial report.

Main Plant and Equipment Investments and R&D Expenditures

		Plant and Equipment Investment	Research and Development
Power Electronics Systems	FY2020	FMT: Construction of switchgear and controlgear system factory and engineering center Chiba Factory: Construction of engineering center	Global products (transformers, switchgears, large-capacity UPSs) Products for the mobility field (electrical equipment for railcars, vessel systems)
	FY2021	Tokyo Factory: Construction of plant system building India: Expansion of factory and production models	
Semiconductors	FY2020	Yamanashi Factory: Increasing production capacity for 8-inch wafers Increasing production capacity for in-vehicle pressure sensors and IGBT modules for renewable energy	IGBTs for electrified vehicles SiC modules 8th-generation IGBT modules for industry
	FY2021	Matsumoto and Tsugaru Factories: Increasing production capacity for 8-inch wafers Increasing production capacity for IGBT modules for electric vehicles and renewable energy applications	

Research and Development

We attempt to create new customer value and resolve social issues by integrating power semiconductor and power electronics technologies with advanced digital technologies.

Shiro Kondo

Managing Executive Officer

Corporate General Manager, Corporate R&D Headquarters

Fuji Electric has core technologies in such areas as power semiconductors, power electronics, measurement and control, and heating and cooling. Utilizing these technologies, we have been involved in many advanced systems, from energy creation to energy supply stabilization, energy saving, automation, and mobility electrification. In the process, we have helped resolved various issues. Going forward, we will continue providing new value to our customers by fusing our cutting-edge digital technologies with real-world ones mainly consisting of our field-based core technologies, which we have cultivated since our foundation. We will also work to solve social issues through partnerships and open innovation.

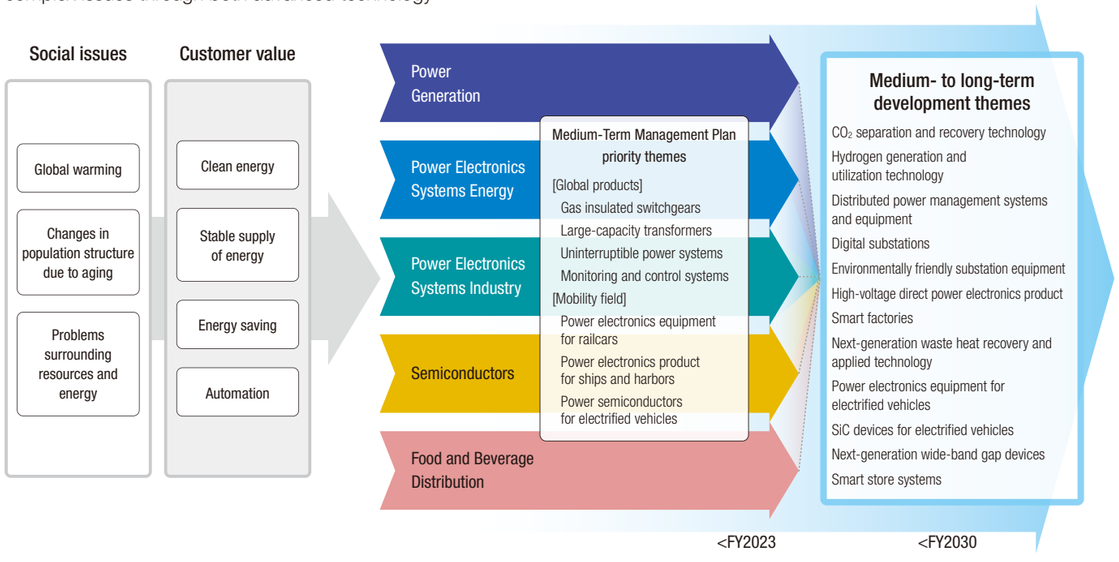
Medium- to Long-Term R&D Initiatives

To achieve the targets of our FY2023 Medium-Term Management Plan, we are concentrating resources on the power electronics systems business and the semiconductors business. Our aim is to expedite development of products that will open up new markets in the mobility field, such as automobiles, railways, and ships, as well as global products for expanding our overseas business.

As a medium-to long-term initiative, we are strengthening our technology marketing*, which envisages social issues 10 years into the future. At the same time, we are stepping up our search for themes to address increasingly complex issues through both advanced technology development and social acceptability research. All of our research divisions are pursuing complex synergies by integrating advanced digital technologies with various real technologies, including those related to energy conversion, materials and properties, structures, insulation, heating and cooling, and mechanical systems.

To address issues that cannot be solved by Fuji Electric alone, such as carbon neutrality, we will value strategic partnerships while refining our technologies for energy creation, energy saving, and energy conversion.

* This means uncovering new customer value from a technology-oriented perspective, creating an ecosystem with potential customers, and co-creating a product market, before creating the product itself.



Examples of R&D Initiatives

The R&D initiatives described below are aimed at strengthening our power electronics systems business.

Raising power density of power units

We are developing technologies to increase the power density of power units, which are responsible for power conversion in motor drives, automobiles, rolling stock, and uninterruptible power systems. This is part of an initiative to dramatically reduce the energy consumption and size of power electronics equipment on the pathway to carbon neutrality. Specifically, we are developing power units with more than 20 times the power density of conventional units by combining and optimizing advanced and fundamental technologies. These include packaging and cooling structures designed to maximize the performance of SiC power semiconductors and thermal analysis simulations to evaluate their capabilities.

Power unit

Power density: 81 kW/L
(Output: 37 kW; Capacity: 0.46 L)

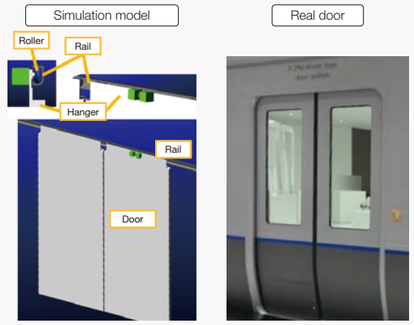
Advanced and fundamental technologies
- SiC power semiconductors
- Packaging
- Joining
- Cooling
- Insulation
- High-density mounting
- Simulation

Progress of product development process with digital technology

To achieve better product quality, reliability, and faster development, we are advancing the digital transformation (DX) of our product development processes and pushing ahead with initiatives designed to further expand the capabilities of conventional computer-aided engineering (CAE).

In developing door drive systems for railcars, by simulating the driving parts, doors that are loads to bear, electric circuits, and control software together, we determine the performance in the initial stage of development, optimizing the overall design. Compared with the conventional method of repeating tests on actual equipment, this reduces development manhours and improves product quality and reliability by validating operations when a malfunction occurs.

Modeling of door drive systems for railcars



The simulation includes the door itself as a load in addition to the driving parts such as rails and rollers.

Intellectual Property Initiatives

Fuji Electric considers intellectual property to be an important management resource. We are strengthening intellectual property at the source of business planning and R&D and promoting global intellectual property strategies, including the promotion of international standardization. Our aim is to build a group of patents that will give us an advantage in our business, such as:

(1) Patents related to enhancing efficiency and energy saving of power electronics equipment
(2) Patents related to power semiconductors, including SiC-related technology
(3) Patents related to our food and beverage distribution sector

Among our global intellectual property activities, we are continuing to address intellectual property issues overseas and take measures against counterfeit products. For international standardization, we foster the development of standards in close cooperation with the International Electrotechnical Commission (IEC), which is in charge of standards related to electrical and electronics technologies, as well as other industry organizations in Japan and overseas.

In fiscal 2020, in collaboration with R&D divisions, we focused on searching for new businesses, partnerships with other companies, and development themes using the IP landscape*1. In international standardization activities, one of our employees was appointed as the Japanese representative of the Conformity Assessment Board (CAB), an upper-level IEC committee, and will spearhead activities toward standardization from fiscal 2021. In addition, the Company received the Award from Commissioner of the Japan Patent Office, part of the FY2021 Intellectual Property Achievement Awards*2 presented by the Ministry of Economy, Trade and Industry and the Japan Patent Office. The award recognizes our contribution to the creation of better intellectual property systems through opinion exchange meetings with the Japan Patent Office, proactive in-house intellectual property activities, and assertive use of patent rights at the time of market entry.

*1 A method that utilizes intellectual property and market information for the benefit of business and management strategies.
*2 The Ministry of Economy, Trade and Industry and the Japan Patent Office annually select and present awards to individuals who have contributed to the development and proliferation of the IP rights system in Japan, as well as to awareness-raising activities related to the system, and to companies that have effectively utilized the system and contributed to its smooth operation and development.

Environment

By deploying our strengths in energy and environment technology, we will 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 are making it increasingly important to engage in environmental activities such as mitigating global warming, efficiently using natural resources, and preserving biodiversity. In June 2019 we formulated the Environmental Vision 2050 to determine the direction of the Company's environmental activities. Guided by this vision, we continue to achieve steady results.

Meanwhile, countries around the world are taking major steps toward decarbonization, and this movement is spreading to the social and industrial sectors as a new growth strategy. With this in mind, we have decided to review our Environmental Vision 2050 in fiscal 2021 from the perspective of strengthening our business, and also to consider specific measures to realize the vision. We will clarify the environmental goals that we must actively address in the long term and strive to make our entire supply chain carbon neutral by 2050 in order to achieve a decarbonized society.

We are rigorously reinforcing measures related to the 3Rs (Reduce, Reuse, Recycle) to make effective use of limited resources. Amid increasing expectations to create a recycling-oriented circular economy, we will also pursue environmental load mitigation measures to reduce the ratio of waste sent to landfills and lessen the impact on the ecosystem from the perspective of decarbonization.

With respect to information disclosure, since declaring our support for the Task Force on Climate-related Financial Disclosures (TFCD) last year, we have been identifying the risks and opportunities that climate change poses to our business activities, while analyzing potential countermeasures and associated financial impacts, and we will disclose details sequentially.

In fiscal 2020, the CDP certified Fuji Electric for the second consecutive year as an "A List Company" with excellent climate change initiatives and information disclosure. We will continue contributing to the creation of a sustainable society by utilizing energy and environment technology to resolve environmental issues.

Environmental Vision 2050

We aim to achieve a "Decarbonized 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 Decarbonized Society	Target carbon neutrality 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

To limit the temperature rise to 1.5°C above pre-industrial levels, reduce greenhouse gas emissions in production by more than 46% (compared to FY2013) and strive to reduce society's CO_2 emissions through our products.*

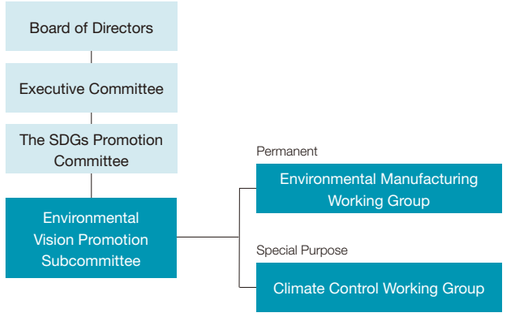
* Our targets for reducing CO_2 emissions from our products will be disclosed in 2022.

Environmental Management Promotion System

To advance discussions about issues related to the SDGs, such as protecting the environment and tackling climate change, as well as to evaluate viable countermeasures, we established the SDGs Promotion Committee, a company-wide body consisting of executive officers, and its subordinate organization, the Environmental Vision Promotion Subcommittee. Under the umbrella of the subcommittee, we have set up specialized organizations for individual environmental management issues to formulate policies and action plans and to manage progress.

The policies and results of these initiatives are deliberated and evaluated by the SDGs Promotion Committee, then reported to the Executive Committee and the Board of Directors (for deliberation as necessary).

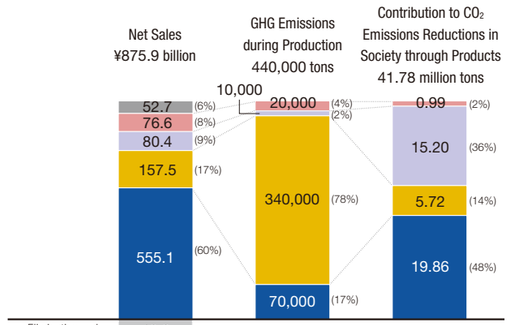
Fuji Electric Environmental Promotion System



Performance against Key Environmental Indicators

Environmental Vision	Indicator	Fiscal 2019 Result	Fiscal 2020 Target	Fiscal 2020 Result	Fiscal 2021 Target
Realize a Decarbonized Society	Greenhouse gas emissions during production	460 (thousand tons)	480 or less (thousand tons)	**440 (thousand tons)**	460 (thousand tons)
	Contributions to CO_2 emissions reduction in society through products	36,510 (thousand tons / year)	34,000 or more (thousand tons / year)	**41,780 (thousand tons / year)**	36,000 (thousand tons / year)
Realize a Recycling-Oriented Society	Ratio of waste sent to landfills	1.1%	2.0% or less	**1.8%**	Less than 1.5%
	Water consumption per unit of sales	1.5 (tons / ¥100 million)	1.8 or less (tons / ¥100 million)	**1.5 (tons / ¥100 million)**	1.8 or less (tons / ¥100 million)
Realize a Society in Harmony with Nature	Amount of emissions of volatile organic compound (VOC) atmospheric emissions	1,083 (tons)	1,694 or less (tons)	**819 (tons)**	1,694 or less (tons)

Net Sales, Greenhouse Gas (GHG) Emissions during Production, and Contribution to CO_2 Emissions Reduction in Society through Products (FY2020)



Sales of Our Products that Contribute to CO_2 Emissions Reductions in Society (FY2020)

(Unit: Billions of yen)

	Power Electronics Systems	Semiconductors	Power Generation	Food and Beverage Distribution	Total
Sales of Products that Contribute to CO_2 Emissions Reductions	23.3	57.3	39.4	35.4	155.4
Net Sales	555.1	157.5	80.4	76.6	875.9
Composition Ratio	4%	36%	49%	46%	18%

* Contribution amounts are calculated based on the reduction of CO_2 emissions from products shipped in fiscal 2009 and thereafter that are in operation for one year.

FY2020 Calculation of Greenhouse Gas Emissions through the Supply Chain

In addition to greenhouse gas emissions from our own business activities (Scope 1 and 2), we calculate indirect emissions generated in our supply chain (Scope 3[*1]) based on the Greenhouse Gas Protocol. We aim to reduce emissions throughout the entire supply chain in order to realize a decarbonized society.

Scope: All global bases
Unit : 1,000 t-CO_2

Scope 1 and 2

CO_2: 335
(Use of fuel and electricity)

Non-CO_2 GHGs: 102
(Use of insulating gas, CFC substitutes, etc.)

Scope 3

Upstream	Downstream
Purchased materials[*2]: 1,794 <Calculation range> All purchased materials/parts/outsourced services • Materials: Iron, copper, plastic, etc. • Parts: Electronic parts, mechanical parts, etc. • Outsourced services: Processing, assembly, construction, utility work, etc. **Capital goods: 103** **Fuel procurement: 53** **Movement, transportation, etc.: 13** **Waste: 6** **Business travel: 4** **Commuting: 14** **Emissions from offices: 6**	**Product use: 3,612** <Calculation range> Consumer products[*3] • Power supply components for TVs and PCs • Vending machines, showcases, change dispensers • Compact UPSs • Document management systems

Scope 1, 2, & 3 total: 6,042

*1 Calculated in accordance with the Ministry of the Environment's "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 3.0)."
*2 Starting in fiscal 2020, we have included products and services procured from company-wide direct materials in our calculations.
*3 Calculated to the extent that it affects the final product.
The calculation method for industrial products is under development.
By the end of fiscal 2021, we plan to expand the coverage to 80% or more of the total emissions of all products, and release the results to the public.

Realize a Decarbonized Society

We have expressed our commitment to help realize a decarbonized society. Going forward, we will work to achieve carbon neutrality throughout our supply chain by reducing CO_2 emissions generated during the operation of our products, in addition to production-related activities, including procurement and transportation.

Reducing GHG emissions during production

Our Fiscal 2030 Target includes efforts to reduce greenhouse gas (GHG) emissions during production. Based on this plan, we have created annual targets and are working to achieve them.

In fiscal 2020, our use of electricity and fuel increased in line with strong sales of semiconductors, resulting in an increase in CO_2 emissions from the relevant divisions. However, overall GHG emissions were pushed down thanks to various factors. These included ongoing production-related technological development at the semiconductor factory of Fuji Electric (Malaysia) Sdn. Bhd., and at the Fukiage Factory, which produces high-voltage circuit breakers, as well as our switch from sulfur hexafluoride (SF6) and other high-potency GHGs to those with lower potency. In addition, the switch to energy-saving equipment throughout the Company helped us reduce GHG emissions during production to 440,000 tons, which exceeded our target.

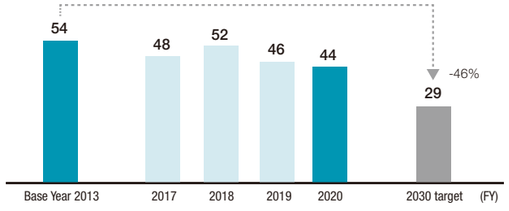
We have announced that we will raise our fiscal 2030 reduction target to over 46% (compared with fiscal 2013) and will study specific measures to achieve this going forward.

Contribution to CO_2 emissions reductions in society through products

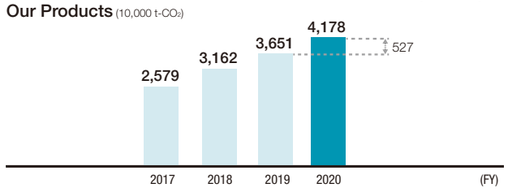
As part of our efforts to create environmental value through our business activities, we have set a target for contribution to CO_2 emissions reductions in society through products.

The use of our clean energy and energy-efficient equipment by our customers contributes to the reduction of CO_2 emissions during equipment operation.

GHG Emissions during Production (10,000 t-CO_2)



Contribution to CO_2 Emissions Reductions in Society through Our Products (10,000 t-CO_2)



Contribution to emissions reductions in FY2020 (compared with previous year) and main contributing products

Power electronics systems : 179
Inverters (10 years)
High-efficiency motors (10 years), etc.

Semiconductors : 84
IGBT modules (7 years), etc.

Power generation : 258
Biomass-based power generation (20 years)
Geothermal power generation (30 years), etc.

Food and beverage distribution : 5
Vending machines (8 years), etc.

Figures in parentheses indicate number of years of operation used in calculation.

In fiscal 2020, the CO_2 emissions reduction effect of our products was 41.78 million tons*, which exceeded our target.

A significant contributor to this result was our power generation plant business, which took delivery of four clean biomass power generation systems that use heat from wood waste and agricultural waste as fuel. Our increased production of IGBTs in the semiconductor business also made a contribution.

* Contribution amounts are calculated based on the reduction of CO_2 emissions from products shipped in fiscal 2009 and thereafter that are in operation for one year.

Realize a Recycling-Oriented Society

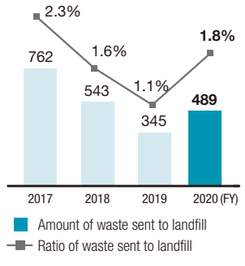
We are committed to practicing the 3Rs (Reduce, Reuse, Recycle) throughout our supply chain, including through life cycle assessments at the design stage, green procurement, and reducing the ratio of waste sent to landfill. We have also set targets for the Fiscal 2030 Target to reduce the ratio of waste sent to landfill (less than 1.0%) and water consumption per unit of sales (less than 1.8 tons per ¥100 million).

In fiscal 2020, the ratio of waste sent to landfill was 1.8%. With regard to sludge treatment at overseas semiconductor factories, sludge recycling was temporarily suspended due to COVID-19, and the sludge was sent to landfill. Although this caused the disposal rate to deteriorate by 0.7 percentage points (compared with previous year), our sludge reprocessing activities have now returned to pre-COVID levels.

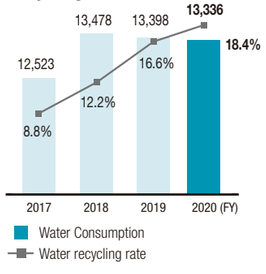
We are focusing on reducing water consumption volumes through recycling, and we are installing recycling equipment in semiconductor factories, which use a lot of water. In fiscal 2020, the recycling rate for the entire company increased from 16.6% to 18.4%. At the Matsumoto Factory, we increased the recovery rate of recycled water by improving methods used for maintaining the filtration membranes.

We will continue promoting a transition from the traditional linear economy to a recycling-oriented economy in order to establish “green supply chains” as stated in our Environmental Vision 2050.

Amount and Ratio of Waste Sent to Landfill (t)



Water Consumption and Recycling Rate (1,000 t)



Realize a Society in Harmony with Nature

We aim to ensure that our products are designed and manufactured in a way that does not adversely affect the ecosystem so our customers can use them with peace of mind. We set indicators for reducing the use of volatile organic compounds (VOCs), which are chemical substances that lead to environmental degradation, and conduct evaluations annually. To preserve biodiversity, meanwhile, each site engages in its own environmental protection activities to meet local needs. In the future, we study ways to foster greater coexistence with nature from the perspective of contributing to decarbonization.

Approach to Disclose Climate-Related Information in Accordance with TCFD Recommendations

In June 2020, we declared our support for the TCFD* recommendations and have since progressively disclosed climate-related information.

Among the TCFD disclosure request items, our efforts related to the Strategy section are being considered as below. Here, we analyzed climate-related risks and opportunities using two temperature rise scenarios, below 2°C and 4°C for the entire value chain.

* The Task Force on Climate-related Financial Disclosures (TCFD) is an international framework that promotes the disclosure of climate-related risks, opportunities, and financial impacts. In 2017, it announced a proposal to require companies to disclose climate-related information.

	Overview	Adoption Scenario
Below 2°C Scenario	Scenario in which stringent measures are taken to limit the global average temperature rise as of 2100 to 2°C above the pre-industrial average.	World Energy Outlook 2020 Issued by the International Energy Agency (IEA)
4°C Scenario	Scenario in which a global temperature rise of around 4°C above the Industrial Revolution period is assumed unless measures exceeding the current level are taken.	IPCC Fifth Report Issued by United Nations Intergovernmental Panel on Climate Change (IPCC)

After identifying risks and opportunities for each business segment and value chain process, we pinpoint items of high importance and summarize them from a company-wide perspective.

The table below shows the main risks and opportunities that we should consider. Based on these, we will continue promoting disclosure of adaptation measures and financial impacts.

Scenario	Main External Factors to Consider	Risks	Opportunities
Below 2°C	Increase in power demand due to advances in electrification • Strengthening of energy saving • Dissemination of power storage • Strengthening of digital infrastructure etc.	• Loss of sales opportunities due to delay in adopting CO_2 reduction technology	• Increase in demand for energy-saving products and environmentally friendly products
		• Increased costs associated with decarbonization of existing production equipment (capital investment, etc.)	• Increase in demand from RE100 customers through decarbonization of manufacturing processes
		• Prohibition of use of solvents and refrigerants containing gases with high greenhouse effect	• Increase in demand due to development as a result of establishing production processes that do not use greenhouse gases
		• Soaring prices of currently used metals and materials (iron, silicon, etc.)	• Increased usage rate of recycled materials
	Shifts in the energy mix • Stricter regulations on fossil fuels • Increased use of renewable energy etc.	• Loss of business opportunities due to delay in establishing CO_2 emission control technologies for thermal power generation facilities	• Increased demand for related products due to changes in power source composition (increased use of renewable energy)
4°C	Frequent occurrence of extreme weather events • Increasing frequency and severity of disasters • Sea level rise etc.	• Delays in parts delivery due to damage to suppliers and distribution warehouses • Delays in parts procurement, shipping and delivery due to disrupted distribution network • Shutdown due to damage to factories • Delays in plant works	• Increase in demand resulting from active investment in BCP measures by customers

Items other than Strategy are available on our website.
https://www.fujielectric.com/company/csr/global_environment/management_02_03.html

Human Resources

To reinforce operating foundations for sustainable growth, we will promote further revitalization and training of human resources.

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.

To achieve sustainable growth, in addition to promoting the advancement of female employees, which is our focus, we are working continuously to develop environments and systems that enable employees over 60 years old and differently abled employees to play active roles. We are also actively working to foster future management candidates while striving to provide efficient and productive workstyles by developing environments and systems that allow for diverse and flexible workstyles.

Respect for Human Rights

Based on the United Nations Guiding Principles on Business and Human Rights, we are working to establish a sustainable corporate structure that is never involved in or complicit in human rights violations. We engage in human rights due diligence* to respect the human rights of all people working for our company and all people involved in our corporate activities.

In February 2020, we formulated the Policy for Human Rights of the Employees and the Guidelines on Employee Human Rights. Based on these, we conducted self-assessments of the status of respect for human rights at our operating sites and consolidated subsidiaries in Japan and overseas. The latest assessment revealed that there were no issues that conflicted with our human rights policy, but we will continue working to make regular assessments and improvements. With respect to human rights training for employees, we provided human rights education as part of our level-specific training, which is conducted at each employee's career milestone, as well as harassment prevention training to line managers. Each of our operating sites and affiliated companies also conduct their own human rights training, and a total of 20,701 employees received such training.

* Human rights due diligence
Efforts to recognize, prevent, and deal with human rights violation risks in advance

Promoting Active Participation of Diverse Human Resources

Based on one of our management policies, which states that we will "maximize our strengths as a team, respecting employees' diverse ambition," we promote diversity as a priority element of our human resource strategy.

Promoting the advancement of female employees

Among our diversity initiatives, we place particular attention to stepping up efforts to promote the advancement of women. In a society with a declining birthrate, aging population, and diversifying values, it is essential as a company to demonstrate our comprehensive strengths in order to achieve sustainable growth, and further boosting the participation of women is a vital part of this.

To promote the advancement of female employees, we are pursuing three main initiatives: proactive recruitment, provision of career advancement opportunities for motivated employees, and support in terms of environments and systems, such as balancing work and family obligations, improving workplace environments, and providing career continuity.

Ratio of Female Hired / Ratio of Female Managers / Number of Female Employees in Supervisory Positions

(FY)	2019	2020	2021	2023 (Target)
Ratio of female hired*1	21%	22%	20%	20%
Ratio of female managers*2	2.3%	2.5%	2.8%	3.0%
No. of female employees in supervisory positions*3	249	268	300	400

Data collected from Fuji Electric and consolidated subsidiaries that adopt the same personnel system (6 companies in total)
*1 Graduates from universities or technical colleges
*2 Managerial positions or above
*3 Assistant manager or above

Revising the treatment system for employees over 60

Promoting the active participation of employees aged 60 and above will become increasingly important in light of expectations of an aging future labor force. To this end, we established our Selective Retirement Age System, which allows regular employees to choose one of the various retirement ages between 60 and 65. We also 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 also formulated 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.

Promoting the active participation of differently abled people

The Group established Fuji Electric Frontier in 1994 as a special-purpose subsidiary under the Act on Employment Promotion etc. of Persons with Disabilities. Since then, we have established bases in all of our major operating sites (12 in total) to actively secure and expand work areas for differently abled persons and to ensure stable recruitment.

We are also securing and expanding work areas for differently abled people. In addition to the existing internal document delivery and cleaning work, we are focusing on developing the skills of each employee and expanding work areas, including manufacturing sites. We continue to hire about 20 differently abled people each year, and the employment ratio of such people as of June 2021 was 2.92%, well above the statutory employment rate.

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.

With the enforcement of the workstyle reform-related acts in April 2019, we have worked hard to reduce long working hours and encourage employees to use vacation time. We have made steady improvements by changing attitudes through steady awareness-raising and educational activities, and by visualizing actual working hours through the enhancement of IT-based management support systems.

We also have two systems to promote flexibility in working hours and locations: Flexible Location Work System*1 and Sliding Work Hours System*2. The use of these systems has steadily increased as they also help prevent the spread of COVID-19.

We have positioned our efforts to overcome the new constraints and obstacles caused by the COVID-19 pandemic as workstyle reforms. Here, we are proactively working on both Companywide themes, such as various work systems, as well as business-specific themes. We will continue promoting flexible workstyles with the aim of improving work efficiency through the best mix of physical attendance and teleworking.

Overtime Work Hours / Number of Paid Vacation Days Acquired Annually

(FY)	2018	2019	2020
Average monthly overtime work hours	24.04 h / month	23.83 h / month	18.90 h / month
Average number of paid vacation days acquired annually	14.5 days	16.5 days	17.3 days

Data collected from Fuji Electric Co., Ltd. and consolidated subsidiaries that adopt the same personnel system (6 companies in total)
*1 Flexible Location Work System
A system that allows employees to work from home or at an operating site other than the one to which they are officially assigned.
*2 Sliding Work Hours System
A system that allows employees to change their starting time to a pre-registered time without changing their scheduled daily working hours.

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 covers three main areas. The first focuses on carefully selected young employees. Here, we select talented young employees from the three levels of general manager, manager, and assistant manager and register them as management candidates. The second is effective on-the-job training. 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, as well as overseas businesses to learn required high viewpoint and comprehensiveness for management. The third is participation in selective training. Here, employees participate in training both inside and outside the Company in a program designed to provide experience and 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 to formulate business proposals. In addition to replacing registered members once a year, we share and discuss registered members, rotation results, and the status of selective training with the executive officers to run the PDCA cycle as an ongoing initiative.

Sustainable Procurement

We promote procurement activities with our business partners to ensure fair and equitable transactions and to create a supply chain that supports a sustainable society.

Basic Policies

With corporate activities increasingly globalized and supply chains complicated, companies are under strong pressure to extend their corporate social responsibility (CSR) to supply chains. The Fuji Electric Code of Conduct states that the Company, along with its business partners, "will promote procurement activities aimed at creating a supply chain that supports a sustainable society." We ensure fair and equitable transactions that comply with laws and regulations in Japan and overseas, and engage in procurement activities that are compatible with the sustainability of the environment, society, and governance.

Fuji Electric Purchasing Policy

● Selection of Suppliers

Our procurement activities are based upon open and equitable trade. Our doors are always open to new partnerships with potential suppliers. To assure our suppliers with good business opportunities, we will respond to any quotations from suppliers, and are ready to release required corporate information that would help future partners meet their respective business needs. We will select suppliers objectively according to the results of our evaluations, regarding the product's quality, cost, delivery, supply stability, and considerations to the environment.

● Confidence in Information

Fuji Electric treats information from suppliers regarding products, estimates and purchasing records, equivalent to our own, thus keeping such information in strict confidence.

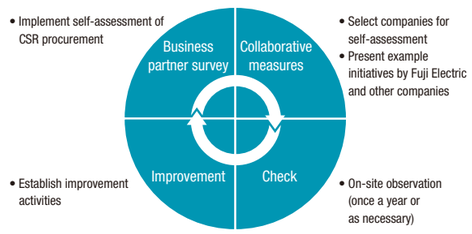
● Promotion of Procurement Activities Compatible with CSR

Fuji Electric works with its suppliers to promote procurement activities compatible with CSR. These activities encompass human rights and labor, health and safety, the environment, fair trade and ethics, quality and safety, information security, business continuity plans, establishment of management systems, and social contributions.

Sustainable Procurement Activities with Business Partners

Fuji Electric asks its business partners to conduct the self-assessment of CSR procurement in accordance with the Fuji Electric CSR Procurement Guidelines. This self-assessment helps us see a clear picture of CSR initiatives in our supply chain. Furthermore, in providing their answers to the questions in the assessment, our business partners gain a better understanding of Fuji Electric's CSR philosophy and what we would like them to comply with and practice. If any business partner seems to need more efforts in terms of CSR, we work with them so that they will achieve a higher level of CSR, thereby reducing risks involved in CSR in a supply chain.

PDCA for Self-Assessment of CSR Procurement



Fuji Electric CSR Procurement Guidelines

Fuji Electric has established the Fuji Electric CSR Procurement Guidelines, which summarize our requests to our business partners in order to reduce risks involved in CSR in a supply chain. We consulted the RBA Code of Conduct, which is published by the Responsible Business Alliance (RBA) that promotes CSR in global supply chains, and the Guidelines for Responsible Business Conduct, which is published by the Japan Electronics and Information Technology Industries Association (JEITA), while creating the Guidelines.

Subjects in the Fuji Electric CSR Procurement Guidelines

1. Human Rights and Labor
Prohibition of forced labor, child labor, inhumane treatment, and discrimination, etc.

2. Health and Safety
Occupational safety, emergency preparedness, work-related accidents and occupational illnesses, etc.

3. Environment
Reduction in greenhouse gas emissions, management of water, waste, and chemical substances, etc.

4. Fair Trade and Ethics
Anti-corruption, prohibition of improper provision and receipt of advantages, and respect of intellectual property, etc.

5. Quality and Safety
Product safety, quality control, and provision of accurate information about products and services

6. Information Security
Defense against cyber-attacks, protection of personal information, and prevention of leakage of confidential information

7. Business Continuity Plan
Development and preparation of a business continuity plan

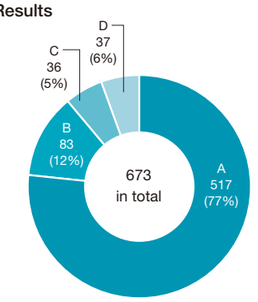
8. Establishment of Management Systems
Supplier guidelines, request for compliance, etc.

9. Social Contribution
Engagement in social contribution activities

Status of the 2020 self-assessment of CSR procurement

In fiscal 2020, we expanded the target of our survey to include business partners of our consolidated subsidiaries in Japan and overseas. Of about 4,200 business partners in total, 673 major partners in Japan and overseas, which made up the top 80% of our subsidiaries' suppliers in fiscal 2019, cooperated in the self-assessment of their efforts based on the Fuji Electric CSR Procurement Guidelines. We gave them feedback based on their assessment results. The survey found that 37 business partners were rated D, which means they needed to work on improvements in their efforts to fulfill their CSR. We made sure that these partners were interviewed so they would have a deeper understanding of CSR initiatives, and that issues were successfully resolved. We will keep communicating closely with our business partners so that we will continue to work together to create a supply chain that supports a sustainable society.

Assessment Results



Numbers of Companies That Conducted Self-Assessment

	FY 2019	FY 2020			
		Total	Fuji Electric	Consolidated Subsidiary in Japan	Consolidated Subsidiary Overseas
Business Partners	425	673	528	51	94
Japan	425	572	506	51	15
Overseas	0	101	22	0	79

Ratings

Rating	Description
A	The business partner considers CSR as an organizational challenge and takes specific actions.
B	The business partner considers CSR as an organizational challenge and is planning specific actions.
C	The business partner considers CSR as an organizational challenge.
D	The business partner should consider CSR as an organizational challenge and should work on improvements.

Corporate Governance

We continue our efforts to further improve the transparency and supervisory function of management for stronger corporate governance in order to realize our corporate philosophy.

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.

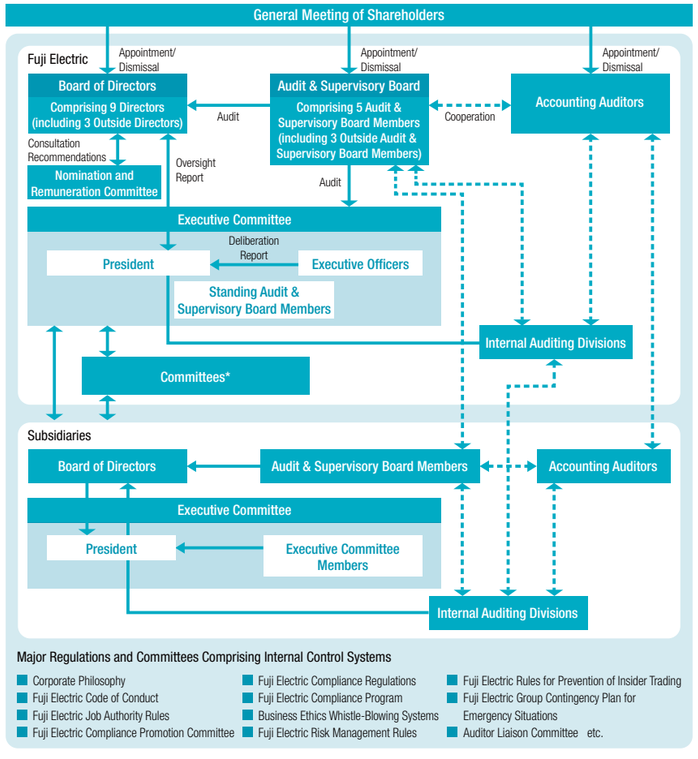
Corporate Governance Framework

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 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 Promotion Committee

Key business strategy issues

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

Nomination and Remuneration Committee

Fuji Electric has established the Nomination and Remuneration Committee as the advisory body for the Board of Directors in order to enhance the Company's corporate governance by reinforcing the fairness, transparency, and objectivity of procedures concerning the nomination of and remuneration for Directors and Audit & Supervisory Board Members.

Matters for Consultation

(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

The committee comprises at least three Directors as members, the majority of which are elected from among the Company's Outside Directors. The chairman is elected from among the Outside Directors that sit on the committee as members.

Nomination and Remuneration Committee (Fiscal 2020)

The Committee Chairman	Outside Director	Toshihito Tamba
Committee Members	Outside Directors	Naoomi Tachikawa, Yoshitsugu Hayashi
	Standing Directors	Michihiro Kitazawa, Kenzo Sugai

In fiscal 2020, the Nomination and Remuneration Committee convened on two occasions to deliberate the matters and reported the results to the Board of Directors.

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 such as diversity.

Persons with the qualifications, experience, and other attributes required to execute the Company's management policies are appointed as Standing Directors. In addition to the officers who supervise sales, manufacturing, management, and the power electronics systems business as our core business, we have appointed the officer responsible for our technology development division as Standing Director.

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. Each Director's term of office is one year so that we maintain the management framework capable of making clear the responsibilities of management in each fiscal year and of responding quickly to changes in the business environment.

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

Fuji Electric 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 the criteria for 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 yen per year that is greater than 2% of its annual income from the Company for the past three fiscal years.

List of Officers (As of September 1, 2021)

Directors

Michihiro Kitazawa
President and Chairman of the Board of Directors
Chairman of the Board of Directors
Nomination and Remuneration Committee member
President
General Management

Kenzo Sugai
Elected Corporate Director
Nomination and Remuneration Committee member
Executive Vice President
Assistant to the President

Toshihito Tamba
Outside Director
Nomination and Remuneration Committee chairman
Director, Tokyo Century Corporation

Naoomi Tachikawa
Outside Director
Nomination and Remuneration Committee member

Yoshitsugu Hayashi
Outside Director
Nomination and Remuneration Committee member
Distinguished Professor and Director, Center for Sustainable Development and Global Smart Cities, Chubu University

Michio Abe
Director
Senior Managing Executive Officer
Corporate General Manager, Production & Procurement Group
In charge of Power Generation Business

Masatsugu Tomotaka
Director
Senior Managing Executive Officer
In charge of Power Electronics Sales, Power Electronics Energy Business and Industry Business

Junichi Arai
Director
Senior Managing Executive Officer
Corporate General Manager, Corporate Management Planning Headquarters
General Manager, Export Administration Office
In charge of compliance management and crisis management

Shiro Kondo
Director
Managing Executive Officer
Corporate General Manager, Corporate R&D Headquarters

Audit & Supervisory Board Members

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

Junichi Matsumoto
Standing Audit & Supervisory Board Member

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

Hirohiko Takaoka
Outside Audit & Supervisory Board Member

Yuko Katsuta
Outside Audit & Supervisory Board Member
Partner, ITN Partners

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
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 Sales, Power Electronics Energy Business and 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, Semiconductors Business Group
Managing Executive Officer	Takeshi Kadoshima	General Manager, Human Resources and General Affairs Office
Managing Executive Officer	Shiro Kondo	Corporate General Manager, Corporate R&D Headquarters
Managing Executive Officer	Masashi Kawano	Corporate General Manager, Power Electronics Energy Business Group
Managing Executive Officer	Hiroshi Tetsutani	Corporate General Manager, Power Electronics Industry Business Group
Executive Officer	Kenji Goto	Deputy Corporate General Manager, Power Electronics 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	Yoshitada Miyoshi	General Manager, President's Office; In charge of SDGs Promotion; In charge of Public Relations and Investor Relations
Executive Officer	Masato Miyake	General Manager, Legal Office, Corporate Management Planning Headquarters
Executive Officer	Keiichi Asano	Corporate General Manager, Food and Beverage Distribution Business Group
Executive Officer	Takashi Obinata	Deputy Corporate General Manager, Production & Procurement Group; General Manager, Production Technology Center
Executive Officer	Hiroshi Ishii	Corporate General Manager, Power Electronics Sales Group

Activities of Outside Officers in Fiscal 2020

To strengthen our management supervisory and auditing functions, and to ensure the validity and appropriateness of our important decisions, the Officers play the proper roles as stated below.

Outside Directors

Name	Status of Attendance at Board of Directors Meetings Status of Attendance at Nomination and Remuneration Committee (Meetings Attended/Meetings Held)	Main Activities
Toshihito Tamba	13/13 2/2	**Board of Directors** Mr. Tamba offered opinions as necessary on all areas of Fuji Electric's management, including on the following matters, based on his professional standpoint and considerable insight as a manager of listed companies. • Formulation of a business plan taking into account changes in the market environment • Appropriate ways to carry out IR activities **Nomination and Remuneration Committee** Mr. Tamba led the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Naoomi Tachikawa	13/13 2/2	**Board of Directors** Mr. Tachikawa offered opinions as necessary on all areas of Fuji Electric's management, including on the following matters, based on his professional standpoint and considerable insight as a manager of listed companies. • Managing the progress of management plans • Managing the progress of large-scale orders **Nomination and Remuneration Committee** Mr. Tachikawa carried out the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Yoshitsugu Hayashi	13/13 2/2	**Board of Directors** Mr. Hayashi offered opinions as necessary on all areas of Fuji Electric's management, including on the following matters, based on his professional standpoint and considerable insight about environmental engineering, a field that is closely related to the Company's management policies. • Initiatives aimed at reducing Fuji Electric's environmental footprint • Appropriate ways to carry out research and development **Nomination and Remuneration Committee** Mr. Hayashi carried out the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.

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
Tetsuo Hiramatsu	13/13 7/7	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.
Hirohiko Takaoka	9/9* 5/5*	Mr. Takaoka 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 an experienced Full-time Audit & Supervisory Board Member, etc. of listed companies. At meetings of the Audit & Supervisory Board, he confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Yuko Katsuta	9/9* 5/5*	Ms. Katsuta 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.

* Since Mr. Hirohiko Takaoka and Ms. Yuko Katsuta newly assumed the office of Auditor at the conclusion of the 144th Ordinary General Meeting of Shareholders held on August 6, 2020, the above status on attendance at the Board of Directors and the Audit & Supervisory Board meetings refers to those meetings held after their assumption.

Remuneration for Directors and Audit & Supervisory Board Members

Process of determining remuneration

Consulted by the Board of Directors, the Nomination and Remuneration Committee discusses policies and criteria concerning remuneration as well as the details of remuneration. The Board of Directors resolves on the policy for the final decisions respecting the details of the committee's report that the Board of Directors has received from the Committee.

The actual decision on individual 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.

Policy regarding decisions on remuneration

We have established a remuneration system and remuneration levels 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.

Classification-Based Remuneration System

Classification	Remuneration System
Standing Directors	The amount of performance-linked remuneration for Standing Directors is based on the payment level that pushes up the proportion of performance-linked remuneration when there is a rise in the consolidated ratio of operating income to net sales, which is set as a critical target in the medium-term management plan. The previous year's consolidated performance (e.g., net sales, operating income, net income, and dividends) is taken into account to make the final decision. The consolidated ratio of operating income to net sales for fiscal 2020 was 5.5%, and performance-linked remuneration accounted for about 35% of the remuneration. **Base Remuneration** Base remuneration is a predetermined amount that is paid monthly at a certain time to executives according to their position. A portion of the base remuneration is contributed to the director shareholding association to share the economic interests of shareholders and as an incentive to make management aware of share value. **Performance-Linked Remuneration** Performance-linked remuneration is paid annually at a certain time 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.
Standing Audit & Supervisory Board Members Outside Directors and Outside Audit & Supervisory Board Members	A predetermined amount is paid monthly at a certain time to executives according to their position as base remuneration. Stocks in the Company may be acquired at their own discretion.

Remuneration by Classification (Fiscal 2020)

Classification	Total Remuneration (Millions of Yen)	Remuneration by Type (Millions of Yen)		Number of Recipients
		Base Remuneration	Performance-Linked Remuneration	
Standing Directors	384	243	140	5
Standing Audit & Supervisory Board Members	58	58	—	2
Outside Directors and Outside Audit & Supervisory Board Members	51	51	—	8

Amount of Contributions to Director Shareholding Association and Shares of the Company Acquired (Fiscal 2020)

Classification	Amount of Contributions to the Director Shareholding Association (Millions of Yen)	Shares of the Company Acquired (Hundreds of Shares)
Directors	20	60
Audit & Supervisory Board Members	4	12

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.

Mr. Takaoka and Ms. Katsuta, Outside Audit & Supervisory Board Members, visiting the Kawasaki Factory

Evaluation of Effectiveness of the Board of Directors

We conduct the evaluation of the effectiveness of the Board of Directors with the use of a third-party survey 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 are reported to the Board of Directors, and issues that require improvement going forward are shared with everyone.

The issues that have been shared based on the results of this effectiveness evaluation are addressed in turn according to a schedule clearly defined for each, so that we continue working to enhance the functions of the Board of Directors.

Opinions, Issues Raised, and Actions as a Result of the 2019 Effectiveness Evaluation of the Board of Directors

Opinions and Issues Raised	Major Initiatives in Fiscal 2020
Further discussion of the medium- to long-term issues (e.g., medium-term management plan, ESG)	Discussed the following subjects: • Each segment's business plans and strategies • Research and development strategies
Report on dialogue with institutional investors	Reported the status of IR activities, opinions and requests from analysists and institutional investors

Scope of evaluation	Fiscal 2020 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 2021
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	Every part of what the Board of Directors does, which includes discussions as well as support for Directors and Audit & Supervisory Board Members, 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 further improvements in the administration of the Board of Directors and the medium- to long-term issues, 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 has determined 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 41 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 43 for details.)

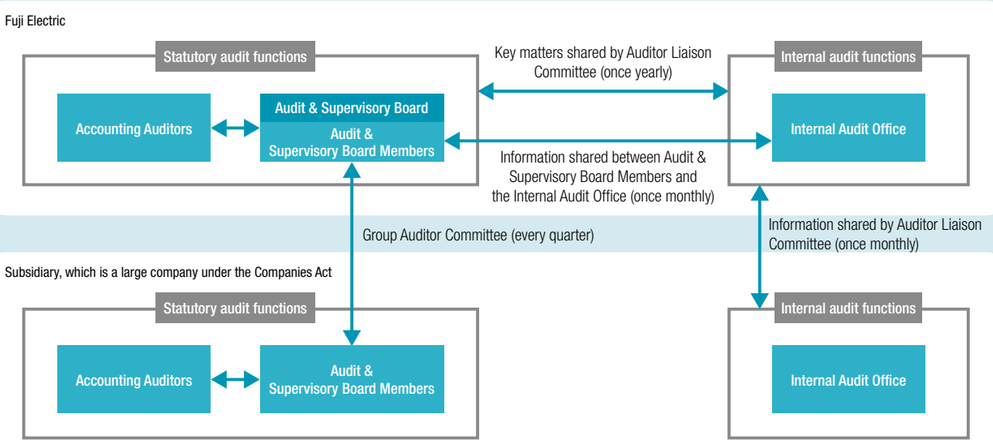
Based on regulations and other systems pertaining to managing the risk of loss, Fuji Electric has developed an appropriate risk management system in order to manage business risks in a coordinated, systematic manner. In regard to specific cross-sectional risks, the Company determines departments to put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

Audit & Supervisory Board Members and Internal Audits

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 collaboration 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



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 2020, the Audit & Supervisory Board convened seven 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 (done remotely as necessary)

Internal audits

Every second year, the internal auditing divisions as bodies directly under the President 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 34 bases were audited in fiscal 2020, and many of the audits were done remotely, particularly those of overseas bases. 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

Policy on Cross-Shareholding

Fuji Electric holds listed shares as a matter of policy in order to maintain and strengthen relations with its investee companies. We will sell these cross-shareholdings when the rationality of holding them is not recognized, and even if certain rationality is recognized, we will reduce them while paying attention to the impact on management and business. In fiscal 2020, we sold multiple listed stocks we held (as of March 31, 2021, we hold 74 listed stocks).

The Board of Directors periodically evaluates the rationality of shareholding in light of whether it is necessary to maintain and strengthen relations with the investee companies and of the comparison of capital cost and return. The details of the review are disclosed.

The voting rights that come with cross-shareholding are exercised after considering all relevant factors, including whether the proposed action will help the issuing company to establish an appropriate corporate governance framework and to increase its medium- to long-term corporate value, and what impact the action will have on Fuji Electric. We also have dialogue regarding the details of the proposal, among others, with the issuing company as necessary.

Dialogue with Shareholders and Investors

Basic policies

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

Major initiatives in fiscal 2020

We had to defer the public disclosure of the full-year financial results for fiscal 2019 and the management plan for fiscal 2020 due to the COVID-19 pandemic. Given this situation, we handled more media coverage on conference calls or online, provided more elaborate information than ever to disclose at the IR briefings, and published more detailed IR information on our website in order to ensure that our shareholders and investors have a clearer understanding of our business environment and business strategies.

Furthermore, we held an "ESG Small Meeting" for a discussion that focused on subjects of interest to ESG investors in order to enhance our action toward growing ESG investments.

Timely disclosure (examples)

- Notice of Postponement of Announcement of Financial Results for Fiscal Year Ended March 31, 2020 (April 2020)
- Losses Caused Due to Semiconductor Product Defect (November 2020)
- Announcement Concerning the Sale of Investment Securities (January 2021)
- Announcement Concerning the Result of the Sale of Investment Securities (March 2021)

Explanatory forums for analysts and institutional investors

- Financial results presentations (May, July, and October 2020; January 2021)
- Management plan presentations (October 2020)
- Business strategy presentations (October 2020)
- ESG Small Meeting (February 2021)

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 shared with the executive officers and Board of Directors, so that we discuss them as management issues. The main opinions and requests received from analysts and institutional investors in fiscal 2020 are as follows.

Main opinions and requests

▶ **General management and business**

- Publication of more information about business opportunities and growth strategies to achieve decarbonization
- Promotion of further growth investing in power semiconductors
- Promotion of measures to improve the profitability of the ED&C components and factory automation businesses
- More rigorous risk management for power generation projects

▶ **ESG**

- Review of the environmental protection policy to achieve decarbonization
- Disclosure of information related to the TCFD recommendations under discussion
- Promotion of more women to directors and managers
- Further reduction in cross-shareholding

Round-Table Discussion among the Audit & Supervisory Board Members

Audit & Supervisory Board Initiatives to Help Improve the Effectiveness of Corporate Governance

Having the institutional design of a listed company, Fuji Electric has chosen to adopt the format of a company employing the corporate auditor system. This has various advantages. For example, the effectiveness of audits can be ensured by on-site audits by Standing Audit & Supervisory Board Members. Also, auditor independence is ensured. With this format, moreover, we can expect audits of substantial validity based on proper management decision-making principles while eliminating potential risks associated with self-audits. This round-table discussion among Audit & Supervisory Board Members took up the current status of that Board's efforts to further improve the effectiveness of corporate governance under this institutional design, as well as challenges being faced.

Yoshio Okuno	Junichi Matsumoto	Tetsuo Hiramatsu	Hirohiko Takaoka	Yuko Katsuta
Standing Audit & Supervisory Board Member	Standing Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member

Activities of Audit & Supervisory Board Members: Evaluations and Issues

Key points

- Emphasis on close cooperation between Audit & Supervisory Board Members, internal auditing divisions, and accounting auditor, as well as on-site audits by Standing Audit & Supervisory Board Members to ensure the effectiveness of audits
- Importance of sharing awareness of risk at the audit planning stage in order to further improve effectiveness
- Consideration of opportunities for Standing Audit & Supervisory Board Members to accompany outside members on on-site audits to further improve the latter's understanding of the Company's business

Okuno

To ensure the effectiveness of audits, we place importance on strengthening each audit function through so-called "three-way audits" based on cooperation between Audit & Supervisory Board Members, internal auditing divisions, and the accounting auditor, as well as through on-site audits. Please tell us your opinion about this.

Matsumoto

With regard to three-way audits, we, Standing Audit & Supervisory Board Members, receive reports on audit results and exchange opinions with the internal auditing divisions at annual Audit & Supervisory Board, as well as at monthly liaison meetings. In addition, we collaborate with the accounting auditor, receiving detailed explanations and exchanging opinions at each juncture of making audit plans, quarterly reviews, and annual audit reports.

As for on-site audits, Standing Audit & Supervisory Board Members basically visit each division of the Company and consolidated subsidiaries in Japan every year, as well as overseas consolidated subsidiaries every year or two, depending on the position of the relevant base. In fiscal 2020, we visited a total of 83 divisions and bases, including through remote audits. We also endeavor to share information by sending monthly activity reports to outside Audit & Supervisory Board Members regarding the general status of visiting audit, including the main points of the three-way audits.

Hiramatsu

We believe that the activities of our Audit & Supervisory Board Members are quite faithful to our auditing standards and other norms. We are also gradually improving the auditing environment to enhance the effectiveness of audits. In fiscal 2020, for example, one person who is independent from Directors has joined the staff to assist the Audit & Supervisory Board Members on a full-time basis.

Of the three-way audits, the internal auditing divisions are the most important partners for Audit & Supervisory Board Members, from my standpoint as an Outside Audit & Supervisory Board Member, rather than focus in details of individual cases, I try to view things from the perspective of whether they are useful to management. On the other hand, we expect the accounting auditor to simply give us a fair and strict opinions. To this end, we carefully monitor how well the accounting auditor, which does not have any compulsory investigative powers, makes decisions with our close cooperation. I also believe that the current frequency of visiting audit by Standing Audit & Supervisory Board Members is appropriate, and the results are reported to us as needed, which is very helpful.

As an Outside Audit & Supervisory Board Members, when I receive various reports I pay attention to the hidden side—estimating the size of the iceberg, so to speak. As for visiting audit during the COVID-19 pandemic, I would like to see further improvements with respect to compensating for areas that cannot be handled properly by online inspections in order to increase effectiveness of audits.

Takaoka

I have only been an outside member for one year, but as mentioned before, I believe that the three-way audits, on-site audits, and information sharing—which are important for a company employing the corporate auditor system—are being conducted appropriately as prescribed.

As we expand our business, especially overseas, one of our future issues will be to strengthen cooperation at the audit planning stage, especially in the three-way audits, in order to increase the effectiveness of audits by Audit & Supervisory Board Members with a limited number of personnel. In other words, it will become more important for members to communicate their requests, such as about areas that should receive close scrutiny and other matters, based on our risk awareness, to their partners—internal auditing divisions and the accounting auditor—in advance.

Katsuta

It's been a year since I became an Outside Audit & Supervisory Board Member. While our company's business covers a wide range of fields, our standing members are really energetic in conducting numerous on-site audits, and they share the results with us on a monthly basis. I have the opportunity to hear from the internal auditing divisions and accounting auditor on a regular basis, and I believe we have managed to conduct well-balanced three-way audits utilizing new methods, such as self-audit tools and data analysis based on digital audits. In the future, we need to continue striving to improve the efficiency, accuracy, and effectiveness of our audits, while also referring to case studies of other companies.

In terms of understanding our company's business, I receive business strategy explanations by relevant executive officers at Board meetings and join factory inspections. I also read the monthly company magazine, which introduces the technical details of new products, activities at each business site, and initiatives related to the SDGs, and I find it very meaningful. In the future, it would be helpful to get more information about the activities of the Fuji Electric Group Auditor Committee. I'd also like the opportunity to witness on-site audits by standing members in order to deepen my understanding.

Key Audit Matters to Address Diversified Management Risks

Key points

- Growing importance of compliance of overseas subsidiaries as our business expands overseas
- Need to pay more attention to supply chain risk, quality risk, etc.

Okuno

In addition to introducing a key audit matters (KAM) system last year, our Compliance Promotion Committee, which is run by the executive divisions, cited "strengthening compliance activities at overseas subsidiaries" as a new key issue in its medium-term compliance policy, and the Audit & Supervisory Board is monitoring this closely. With the diversification of management risks, the number of issues that the Board needs to follow is increasing. Please tell us about your current perceptions and comment on issues.

Matsumoto

To audit the risk management system, we check the operational status of the risk management sheet (risk management PDCA cycle) prepared by the executive divisions in accordance with internal regulations. As for compliance, through the Compliance Promotion Committee and other bodies, we audit the status of addressing and progress of compliance programs for each law, as well as the status of our internal reporting system. Compliance at overseas subsidiaries will become increasingly important as we expand our overseas operations.

The most important aspect of compliance is education. For this reason, it is extremely important for executives and managers to repeatedly send out messages to employees so that every corner of the organization remains fully aware of the need to comply with laws and regulations.

Hiramatsu

Every time a major scandal occurs in Japanese companies, the legal authority of auditors is strengthened, and I believe that our "three lines of defense" form a solid control base when it comes to dealing with diversified risks. The first line of defense is day-to-day internal control by the front-line business execution divisions. The second line of defense is professional oversight by finance, legal, corporate management planning, and other appropriate internal control divisions. And the third line of defense is monitoring by the internal auditing divisions.

As an Outside Audit & Supervisory Board Member, whenever I hear reports of problems at other companies, I try to check frankly whether each line of defense is functioning properly, without preconceptions that it cannot happen at our company.

Takaoka

Given plans to expand our business globally in the future, I believe that strengthening compliance at our overseas subsidiaries will be a major priority. Overseas subsidiaries are more difficult to monitor than domestic ones, and their legal systems and cultures are different from those in Japan. For subsidiaries in Southeast Asia, positioned as a focus region, perhaps it may be a good idea to create new systems and structures to strengthen the compliance monitoring function.

Among the various business risks, we are paying particular attention to supply chain risk. I understand that we are strengthening our assessments of suppliers, but a future challenge will be how to cover secondary and tertiary suppliers. In addition, the more core components you purchase from a single supplier, the higher the risk. I hear that we are working on multi-sourcing of purchased parts and materials in order to ensure stable procurement, and I hope we will forge ahead without omission.

As for information risk, I understand that various security measures have been taken to protect against cyber attacks, but I think we also need to pay attention to the risk of physical removal of information assets, especially at overseas subsidiaries.

Then there is quality risk, which is a major factor in our credibility as a manufacturer. In fiscal 2020, we posted a major loss due to the cost of corrective measures for product defects. I hope we will take all possible measures at the three lines of defense while being aware of the "tip of the iceberg" mentioned earlier.

Katsuta

Among the KAM items mentioned earlier, in fiscal 2020 we took a series of measures to appropriately address the problem with some of our power semiconductor products. In the process, I feel we have gained a certain level of understanding from our customers and shareholders.

In terms of compliance at overseas subsidiaries, I think the most likely place for fraud to occur is in the procurement process. Procurement fraud needs to be addressed in conjunction with the anti-corruption laws of each country, and extraterritorial application also should be considered.

Role of Outside Audit & Supervisory Board Members

Okuno

Finally, utilizing your expertise and experience from a neutral and objective standpoint as Outside Audit & Supervisory Board Members, please tell us how you would like to contribute to the Board and foster further improvements in the effectiveness of corporate governance.

Hiramatsu

Through my work experience at financial institutions, I have seen a great many companies, and as the current president of a company I have some understanding of the hardships faced by corporate managers. From those perspectives, I would like to offer opinions that will be useful in making management decisions. As an aid to improving the effectiveness of corporate governance, I am reminded of the importance of audit reports by Audit & Supervisory Board Members. Failure to issue such reports in a prescribed manner can lead to a serious situation for the Company. I want to make sure that people in the Company do not forget this.

Takaoka

In addition to independence and expertise, Audit & Supervisory Board Members must also be ethical and say what they need to say to directors. However, extreme over-emphasis on risk and excessively conservative risk-taking are also problems. With this in mind, I hope to give advice on properly managing risk in a preventive manner. Personally, I have experiences of working in general affairs departments, being corporate management, and an auditor of companies. In the process, I've gained knowledge about corporate governance structure and risk management, and I hope to use this knowledge to fulfill my duties and meet the expectations of stakeholders.

Katsuta

The Audit & Supervisory Board is an independent body entrusted by shareholders, and its members are responsible for auditing the execution of duties by directors. In general, discussion topics tend to be brought up to the Board of Directors after they have been discussed and the policy has been formulated to a certain extent. In that sense, I try to ask questions and give opinions from the perspective of whether there is sufficient information and materials to be considered in the decision-making process, and whether the existence of other options and associated risks have been fully discussed in light of their respective merits and demerits. I hope to contribute by confirming the validity of the decision-making process to ensure that the Board of Directors makes rational management decisions. Although there are still many aspects of our company's business that I do not fully understand, I would like to continue providing necessary advice by utilizing the knowledge and expertise I have gained through my experience as an in-house attorney and working in corporate legal affairs.

As for today's theme, "Helping Improve the Effectiveness of Governance," I feel we still have some weaknesses in terms of diversity, including with respect to appointing women and foreign nationals as executives and managers. I understand that the Company is making various efforts to promote the advancement of women. Since this takes time to produce results, however, I think we should consider developing a medium- to long-term plan and disclosing it externally. I hope to contribute as an Outside Audit & Supervisory Board Member so our company can further meet the expectations of society.

Okuno

Thank you very much for your valuable comments and suggestions. Keeping in mind what you have pointed out, we would like to step up our activities as Audit & Supervisory Board Members and help further improve the effectiveness of corporate governance.

Measures to protect against COVID-19 were taken for the round-table discussion, and participants wore masks except when photographs were taken.

Compliance

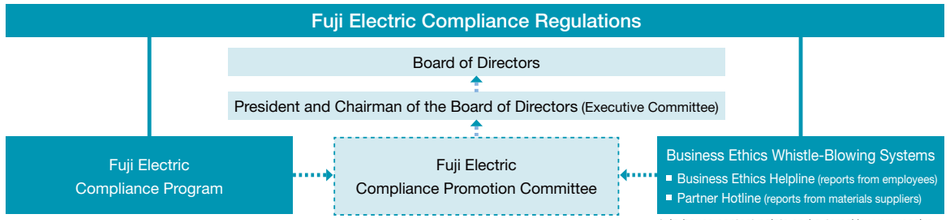
Fuji Electric employs thorough measures to ensure compliance with laws and corporate ethics and always acts with the highest ethical standards to achieve sustained corporate growth.

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 globally promote compliance through the Fuji Electric Compliance Program and the Fuji Electric Business Ethics Whistle-Blowing Systems.

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 (managers of businesses and corporate department heads) 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.



* In-house contact points and external lawyers receive whistle-blowing reports.

Status of Promotion

Fuji Electric Compliance Program

Fuji Electric established and implements the Fuji Electric Compliance Program bringing together four aspects (see numbers 1 to 4 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 ones that newly joined the Group. The Fuji Electric Compliance Promotion Committee continuously reviews the program and makes revisions. Moreover, as part of our efforts to verify and review the effectiveness of our compliance program, we continue our initiatives to acquire external certifications.

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

▶ 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 2020

	Participants		Details
Level-specific training	Newly appointed executives	25	Important laws and regulations (e.g. competition laws and anti-corruption) Points to consider when performing duties
	Newly appointed managers	120	
	New employees	269	Overview of compliance and important laws and regulations (e.g. competition laws and anti-corruption)
Job-specific training	Sales and administrative division employees	2,316	Compliance framework and important laws and regulations (e.g. competition laws and anti-corruption)

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

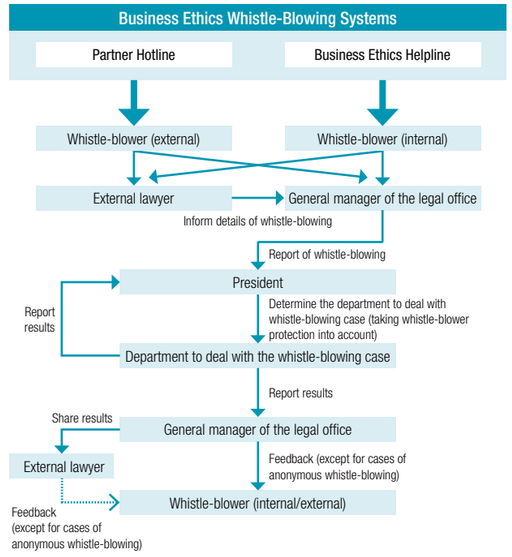
The Business Ethics Helpline handles notifications from our employees in Japan and overseas (including dispatch employees). It is thoroughly promoted among employees through the publication of case examples of solutions on the Company magazine and the intranet.

▶ 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 for subcontractors.

As a result of these initiatives, there were 47 reports made to the whistle-blowing systems in fiscal 2020 (25 in fiscal 2019).

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.



Results of Promotion

Anti-corruption

On the basis of the Fuji Electric Code of Conduct and a directive on the prevention of corruption, we established the policy 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 rules, 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 2020, however, there were no incidents of officers or employees violating anticorruption rules, including notifications received through the Business Ethics Whistle-Blowing Systems, and no fines, surcharges, or settlements related to corruption were incurred.

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.

In fiscal 2020, there were no serious problems related to competition laws that warranted disclosure, including notifications received through the Fuji Electric Business Ethics Whistle-Blowing Systems.

Other

Other than the above, there were no compliance infractions with the potential to seriously impact management.

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.

Types of Risks and Risk Management System

Risk categories

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

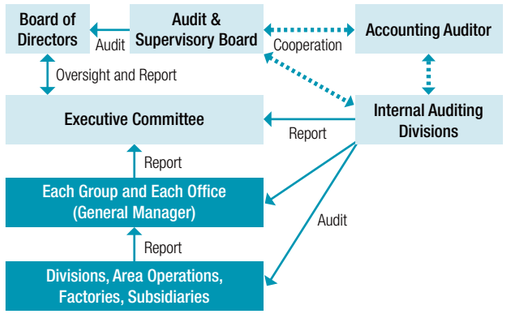
Given that recent years have seen natural disasters attributable to climate change (e.g., torrential rain) occur with increasing frequency, we established a new system to manage climate change risks and added "climate change" to the list of external risks in April 2021.

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.

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. We also have manuals in place to ensure that risks are steadily managed. We provide training in handling each type of risk and inform the whole Company about our efforts to manage risks through company magazines and other appropriate means.

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.



Details of the list of major risks can be found on our website.
https://www.fujielectric.com/ir/management/governance/risk_factors.html

Emergency response

If an emergency arises due to a large-scale disaster or any other serious causes, we need to act to prevent the situation from becoming any worse and resolve the situation as soon as possible. Hence, we have guidelines in place on preparations for possible emergencies, emergency calls and messages, and an emergency task force to set up.

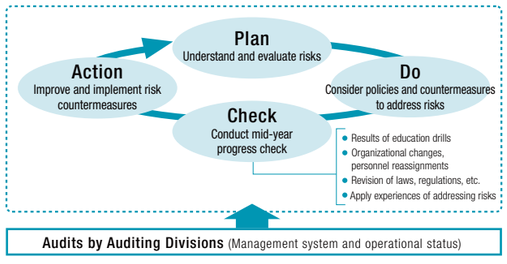
Risk Management Process

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



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.

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.

We have formulated business continuity plans (BCP*) at the head office, factories, and area operations 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. Fuji Electric also has Resilience certification.

In fiscal 2020, we again conducted safety confirmation training for all employees in order to strengthen our disaster response capabilities. Going forward, we will continue enhancing our BCP to strengthen our business continuity capabilities.

*Business Continuity Plan

Procurement BCP

By identifying, assessing, and addressing supply chain risks, we aim to build stable material procurement and production systems over the medium and long terms. If a natural disaster hits, our BCP system automatically identifies business partners located in the affected area. In fiscal 2020, we registered about 9,000 sets of data on our primary and secondary business partners in the system, which are 4,000 more than the previous fiscal year, so that we will be able to more quickly and accurately grasp the potential impact of a disaster on the safety and production operations of our business partners.

We also checked whether the 100,000-plus items of materials that our major production bases in Japan use are sourced from multiple vendors (multi-sourcing*). Some materials are purchased from a single vendor, and thus we urge the production bases to source these materials, especially those that are more critical than the others, from multiple suppliers. We also encourage them to explore alternative materials or reconsider the product design and specifications. In doing so, we work to reduce risks to material procurement and production.

*Multi-sourcing refers to a system in which materials are sourced from multiple business partners.

Our approach to quality improvement

The Quality Assurance, Design Technology, Technology Standardization, and Factory Digitization Promotion Working Groups (WGs) as well as Manufacturing Subcommittee have been set up under the Production Technology Committee, which is a Companywide body led by the President. The subcommittee and WGs work together to improve our production technologies and quality.

The Quality Assurance WG aims to achieve stable and uniform quality level in accordance with its High Reliability Activities Policy, promoting activities toward the goal across the Company. Each year, the WG collects all serious complaints received and continually provide recurrence prevention diagnosis that is intended to re-assess the effectiveness of recurrence prevention. The WG also reports any serious quality problem that has arisen promptly to the President and relevant staff in accordance with the rules and regulations to share what risks are involved, and quickly addresses the problem.

During fiscal 2020, we continued working to visualize production, quality information, and traceability using IoT at our factories. We also expanded our plan for the digitization and automation of tests and inspections to include more types of equipment, and phased in statistical quality management, as part of our efforts to further improve the accuracy, reliability, and speed of our quality management.

Implementation of information security measures

To protect confidential and personal information properly, Fuji Electric has formulated and is implementing a policy and regulations related to information security. We have also established information management systems at Fuji Electric and Group Companies in Japan and overseas and instituted various safety protocols, including operational site access and information access management systems. We also 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.

In fiscal 2020, to address increasingly diversified and sophisticated cyber-security threats, we revised our information security policy, established an anti-cyber-attack manual, improved our computer security incident response team and security operation center (CSIRT/SOC), and monitored and controlled any attacks. We also continue to improve our defense and detection system and hold cyber security training to become more prepared for any new threats.

At the Group companies requiring high-level information security management, a total of five departments (in three of those Group companies) have acquired information security management system (ISMS) certification. In addition, Fuji Electric Co., Ltd. and four of its subsidiaries have acquired Privacy Mark certification.

Responding to COVID-19

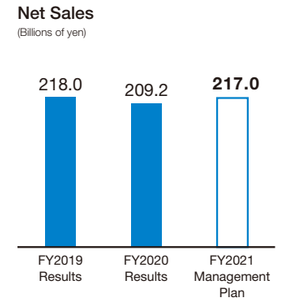
Our basic policy is to take prompt and appropriate measures with top priority on respecting human life, preventing the situation from worsening, and minimizing damage. To prevent the spread of infections, we not only make sure that Three Cs (closed spaces, crowded places, and close-contact settings) are avoided, but have actively adopted telecommuting, sliding work hours, and online meetings.

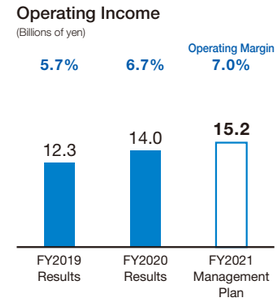
Power Electronics Systems Energy

In addition to promoting systems-related business, mainly in Southeast Asia, we will develop global products and strengthen our engineering systems to expand our comprehensive electrical equipment business.

Masashi Kawano
Managing Executive Officer
Corporate General Manager, Power Electronics Systems Energy Business Group

Business Areas	**[Energy management]** Substation equipment, Energy management systems, Smart meters **[Power supply and facility systems]** Uninterruptible power systems (UPS), Switchgears and controlgears **[ED&C components]** Power distribution and control equipment
Supplied to	Power companies, Material plants (steel, chemical, etc.), Data centers, Semiconductor factories, Machine manufacturers
Strengths	• Package proposals from a wide range of products and systems to maintenance services, contributing to stable power supply and power optimization • Extensive delivery record and engineering experience in stable power supply and power optimization • Energy-saving expertise developed at Fuji Electric's factories in Japan and overseas





Awareness of Market Needs and Business Opportunities

In Southeast Asia, India, and the Middle East, where steady economic growth is expected over a medium- to long-term, investments continued to be made in social and industrial infrastructure such as substation and data centers, as well as in semiconductor factories. We also benefitted from robust demand for substation equipment, switchgears and controlgears, and other equipment needed for the stable supply of electricity. The data center market is particularly strong, evidenced by an increase in construction of large-scale data centers as information systems move to the cloud and e-commerce systems progress. Meanwhile, there are calls for uninterruptible power systems (UPSs), which contribute to the stable supply of electric power, to have larger capacity and be made more compact and energy-efficient.

In Japan, we look forward to ongoing steady investments—to replace aging substation equipment, including transformers and switchgears delivered to steel, chemical, and other material plants and railway companies in the 1970s and 1980s—aimed at preventing accidents and improving efficiency of maintenance, including through remote operation.

Meanwhile, the need to save energy and reduce CO_2 emissions has led to increased demand for visualization and optimization of factory-wide energy usage, from the perspective of decarbonization and energy cost containment. In addition to introducing products with high power conversion efficiency, customers will have more opportunities to use energy management systems (EMSs) to achieve optimal energy supply and demand control.

Fiscal 2020 Results and Fiscal 2021 Business Plan

In fiscal 2020, sales in this segment amounted to ¥209.2 billion, down ¥8.8 billion from the previous year. This was due to the impact of large-scale projects for industrial power supply equipment in the previous year, as well as a decline in demand of smart meters, switchgears and controlgears, ED&C components, and the like. Operating income increased ¥1.7 billion year on year, to ¥14.0 billion, thanks to our emphasis on cost reductions, which compensated for a decrease in sales volume.

In fiscal 2021, we will work to expand our overseas business, particularly in Southeast Asia, by launching global products and strengthening our engineering support system. At the same time, we will expand our comprehensive electrical equipment business for data centers and semiconductor factories and take advantage of growing demand for ED&C components, the market for which began to recover in the second half of the previous fiscal year. For the year, we forecast sales of ¥217.0 billion, up ¥7.8 billion year on year, and operating income of ¥15.2 billion, up ¥1.2 billion.

Priority Measures

Promoting systems-related business, mainly in Southeast Asia

Until fiscal 2020, we sought to strengthen our plant business by building a new switchgear and controlgear system factory and engineering center at Fuji Electric Manufacturing (Thailand) Co., Ltd. (FMT). In fiscal 2021, we will develop new global products for the Southeast Asian and Indian markets and expand our lineup of products offering a wide range of voltages and capacities, including transformers, switchgears, and UPSs. We will also strengthen our ability to propose systems for data centers and the power and materials sectors through collaboration between FMT's engineering center and local production bases (in Thailand, Singapore, and India). Meanwhile, the Kobe Plant and FMT will provide technical and production support to Fuji Electric Consul Neowatt Private Limited (FCN) for the launch of production of medium- and large-capacity UPSs in India.

Expanding our comprehensive electrical equipment business

In fiscal 2020, we focused on developing a large-capacity UPS (1,200 kVA) for large-scale data centers, while making proposals for comprehensive electrical equipment for Japanese and foreign-affiliated data centers and semiconductor factories. In fiscal 2021, we will accelerate development of an ultra-large-capacity UPS (2,400 kVA) in order to win business from data centers, which are becoming even larger in scale. We will also aim to expand orders for overseas projects by promoting vendor registration based on our track record in Japan with foreign-affiliated data centers. To strengthen development of UPSs, our core product, we will consolidate the development function in the Tokyo Factory and increase and train engineers who can make proposals of comprehensive solutions, thereby raising our technical support capabilities. At our production bases in Japan and overseas, we will improve production technology, promote in-house production and product standardization, and reduce costs.

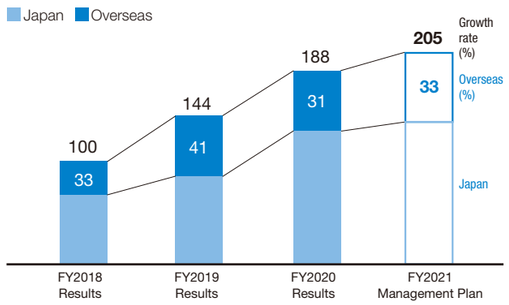
Strengthening our ED&C components business

In fiscal 2020, the prolonged trade friction between the United States and China, combined with the impact of capital investment curtailments due to the spread of COVID-19, led to a significant decline in demand for machine tools. To build a structure that is not affected by demand fluctuations, we have been working to thoroughly reduce fixed costs. In fiscal 2021, we will continue efforts from fiscal 2020 to strengthen our business constitution. To this end, we will strengthen the competitiveness of existing models, emphasize development of differentiated products, and rigorously cut fixed costs by improving the efficiency of manufacturing.

Large-Capacity UPS for Large Data Centers
7500WX Series (released in April 2021)

- Capacity: 1,200 kVA/1,200 kW
- Industry's highest power conversion efficiency: 96.6%
- World's smallest footprint (3,500 mm wide × 900 mm deep), allowing more servers to be installed

Sales to Data Centers



*FY2018 (benchmark year) Results is assigned 100 for comparison purposes

Power Electronics Systems Industry

We will accelerate overseas business expansion by promoting partnership strategies, mainly in Southeast Asia and India, to strengthen our local design local production for local consumption.

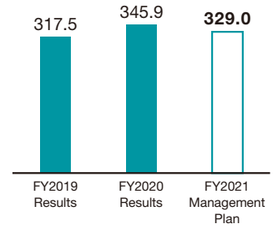
Hiroshi Tetsutani

Managing Executive Officer

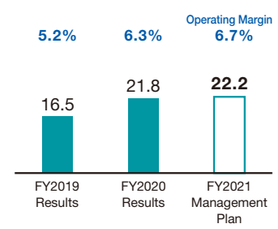
Corporate General Manager, Power Electronics Systems Industry Business Group

Business Areas	**[Automation systems]** Inverters, Motors, Servo systems, Controllers, Programmable operator interfaces, Measuring instruments, Sensors, FA systems, Drive control systems, Measuring and control systems **[Social solutions]** Drive systems and door systems for railcars, Exhaust gas cleaning systems for ships, Radiation monitoring systems **[Equipment construction]** Electrical equipment construction, Air conditioning equipment construction **[IT Solutions]** ICT-related equipment and software
Supplied to	Air conditioning and water treatment facilities, Machine manufacturers, Material plants (steel, chemical, etc.), Railway companies, Shipbuilding companies, Public agencies and local government
Strengths	• Early development of power electronics equipped with power semiconductors • Extensive product lineup tailored to customer applications • Engineering capabilities built up over a substantial delivery track record

Net Sales
(Billions of yen)



Operating Income
(Billions of yen)



Awareness of Market Needs and Business Opportunities

The Japanese industrial sector is facing rising demand for environmental measures to address decarbonization, as well as labor shortages and the need for work-style reforms. Accordingly, companies are expected to increasingly adopt automation, labor saving, and remote control technologies at their manufacturing sites. In the materials sector including steel and chemicals, one of our focus areas, we plan to continue building optimal production systems, upgrading facilities to strengthen competitiveness, renewing aging facilities, and investing in energy savings and CO_2 emission control technologies aimed at decarbonization. Due to the aging and shortage of maintenance personnel, meanwhile, passing on know-how and reducing the burden of maintenance work have become challenges.

In Southeast Asia and India, where steady economic growth is expected over a medium- to long-term, facilities are being automated to save energy and improve production efficiency in the wake of power shortages. We also look forward to new capital investments and equipment renewal demand in various material-related sectors, including steel and cement.

In China, we anticipate investments in factory automation and labor saving, as well as environmental measures to save energy, under that government's New Infrastructure Project.

Fiscal 2020 Results and Fiscal 2021 Business Plan

In fiscal 2020, sales in this segment totaled ¥345.9 billion, up ¥28.4 billion year on year. Main factors included a large special order related to the GIGA School Concept in the academic sector, as well as increased demand for servo systems and other components in China and India, and higher demand for scrubbers and other systems for vessel transportation. Operating income increased ¥5.2 billion, to ¥21.8 billion, due to increased sales volumes and a less favorable sales mix.

In fiscal 2021, we look forward to an increase in demand for low-voltage inverters and other components, as well as equipment construction projects in China, Japan and other overseas countries. However, we expect a decline in projects related to the GIGA School Concept, which generated special demand in fiscal 2020. For fiscal 2021, we forecast sales of ¥329.0 billion, down ¥16.9 billion year on year. Despite a decrease in sales volumes, we forecast sales income of ¥22.2 billion, up ¥0.4 billion, due to increased sales volumes of components and reinforcement of our business structure.

Priority Measures

Expand overseas business through partnership strategies

In China, we have enjoyed growth in sales of medium-voltage inverters used for pumps for public facilities and infrastructure, including electric power, gas, and water supply, by utilizing the sales channels of our partner, Shanghai Electric Group.

In fiscal 2021, we will expand our target markets to include manufacturing facilities, mainly cement and chemical plants, and develop systems that combine our medium-voltage inverters with electric motors handled by Shanghai Electric Group.

In Southeast Asia, we are strengthening our partnership strategy with Fuji CAC Joint Stock Company (FCAC), which we acquired in 2016 with the aim of establishing a regional based type business system. In Vietnam, we will combine and leverage the sales power of Fuji Electric Vietnam Co., Ltd. and the engineering capabilities of FCAC to establish a framework for increasing sales in our plant business. We will use the framework to expand our systems business for harbor cranes and food and beverage plants, in addition to cement and waste treatment plants. In India, we have leveraged the sales channels of Electric Consul Neowatt Private Limited (FCN) that we acquired in 2019 to increase sales of inverters, servo systems, UPSs, and other products for spinning and other assembly machinery, as well as for hospitals and other healthcare applications. In fiscal 2021, we will fully integrate management and sales channels in India through the merger of FCN and Fuji Electric India Private Ltd. We will also enhance competitiveness by strengthening our local design capability and developing local procurement and manufacturing systems for power electronics including inverters. In addition, we will step up production and engineering of switchgears and controlgears at Fuji Gemco Private Limited and engage in business negotiations for systems in the steel and crane sectors.

In North America, we will collaborate with Fuji SEMEC Inc. to further strengthen our manufacturing and engineering systems for mass production of doors to expand our railcars business.

Reinforce the FA-related components business

Committed to creating robust systems, we are working to improve competitiveness and strengthen the constitution of our components with the aim of improving profitability. In fiscal 2020, we promoted the standardization of components (platform creation) in power electronics, centered on our N-MEGA Series of low-voltage inverters, in order to lower procurement and production costs by reducing the number of components, and to facilitate customized and knockdown production at overseas bases. In fiscal 2021, we will globally deploy and reap the benefits of the products that we created a platform while expanding platform development for servos, measuring instruments, and other power electronics.

Expand plant business and services using AI and IoT

To date, we have leveraged our products, technologies, and know-how related to drive control, measurement control, industrial heating, and the like to propose comprehensive solutions to customers in the steel, casting, waste treatment and ceramic sectors in Japan. However, our customers' production lines and systems were becoming increasingly complex, which presented a challenge. In fiscal 2021, therefore, we will build a plant system building at the Tokyo Factory to house facilities for verifying these increasingly complex customer systems and improve the quality of our engineering services.

The manufacturing industry plants and production facilities are facing numerous problems that include aging equipment, aging maintenance personnel, and a shortage of human resources. To address these problems, we will deploy AI and IoT technologies to provide our comprehensive smart service for equipment security and maintenance to optimize equipment maintenance—from maintenance planning to equipment monitoring and proposals for maintenance management measures—in order to expand our sales volume. We will also leverage our track records and know-how in Japan to expand our plant business overseas.

N-MEGA Series, Our First Line of Low-Voltage Inverters Based on Platform Creation (Standardization of Components)
(Released in March 2021)

Applications:
General industry (conveyance machinery, etc.)
End-user fields (steel, cranes, etc.)

Semiconductors

We will continue increasing our power semiconductor production capacity to expand our business in the markets for electrified vehicles and renewable energy.

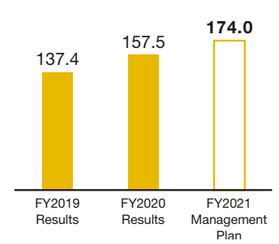
Toru Housen

Managing Executive Officer

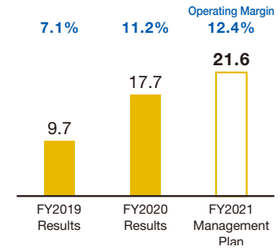
Corporate General Manager, Semiconductors Business Group

Business Areas	Industrial field, Automotive field, Information field
Supplied to	**[Industry]** Inverters, Machine tools, Air conditioners, Solar and wind power, Electric railways **[Automobile]** Motor drives for electrified vehicles (EVs, HEVs, etc.), Engine control, Brake control **[Information]** [Media] Hard disks (data centers, PCs) [Photoconductors] Copiers, printers
Strengths	**[Power semiconductors]** • Proprietary devices that greatly improve power conversion efficiency • Packaging technologies that achieve high levels of heat dissipation and reliability • Product development capabilities of IGBT modules that contribute to increasing the efficiency, compactness, and reliability of power electronics

Net Sales
(Billions of yen)



Operating Income
(Billions of yen)



Awareness of Market Needs and Business Opportunities

Power semiconductors help save energy thanks to their high levels of conversion efficiency and power control. Demand for these devices is rising globally due to various factors. These include increases in energy consumption due to economic growth and technological progress, environmental regulations, and growing investments in automation in the manufacturing sector.

In the automotive field, the shift from gasoline-powered vehicles to electrified vehicles (xEVs) is gaining momentum in various countries around the world, and demand for power semiconductors is expected to grow, including for inverters used to drive xEV motors.

In the industrial field, we look forward to growth in demand for these devices used in multiple applications. In addition to the high-speed communication standard (5G) and semiconductor manufacturing equipment, these include renewable energy fields, such as solar and wind power, bolstered by rising demand for clean energy, as well as energy-efficient air conditioners, mainly in China.

Fiscal 2020 Results and Fiscal 2021 Business Plan

In fiscal 2020, the rapidly expanding market for automobile electrification led to an increase in the number of manufacturers and vehicle models using power semiconductors for xEVs, resulting in a significant jump in sales of these devices used in automobiles. We also posted increased sales of power semiconductors for use in renewable energy fields, such as solar and wind power generation, as well as in factory automation and air conditioners, mainly in the Chinese market. As a result, sales in this segment climbed ¥20.1 billion year on year, to ¥157.5 billion. Despite an increased in expenses related to investments to increase our power semiconductor production capacity, operating income rose ¥7.9 billion, to ¥17.7 billion, due to increases in sales and production volumes.

In fiscal 2021, we will work to increase orders for power semiconductors—targeting the markets for xEVs, renewable energy, factory automation, and air conditioners, mainly in China, where demand remains strong—while continuing to increase our production capacity. For the year, we forecast sales of ¥174.0 billion, up ¥16.5 billion year on year, and operating income of ¥21.6 billion, up ¥3.9 billion.

Priority Measures

Accelerating use of power semiconductors for xEVs

In fiscal 2020, sales of automotive products increased significantly over the previous year thanks to our full-scale manufacturing of the 4th-generation direct liquid cooling modules, whose mass production began in fiscal 2019, as well as an increase in the number of vehicle models using those modules.

Our 4th-generation direct liquid cooling module is a power semiconductor for xEV motor drive inverters with 36% higher power density than conventional devices. It incorporates RC-IGBT*, which we developed independently ahead of our competitors, and uses a direct liquid cooling structure with higher heat dissipation performance than previous products. It contributes to higher efficiency, smaller size, and lighter weight of equipment on which it is installed.

Anticipating further growth in the xEV market, in fiscal 2021 we will continue working to broaden the adoption of our products, with the aim of generating sales growth exceeding that of the market.

*RC-IGBT: Acronym for reverse conducting insulated gate bipolar transistor. An RC-IGBT arranges two types of semiconductors with differing functions—IGBTs and freewheeling diodes (FWDs)—alternately in a straight line on a single chip. This permits much greater miniaturization compared with arranging the IGBTs and FWDs on two separate chips.

Industrial power semiconductors: Expanding sales of 7th-generation IGBT modules

In fiscal 2020, we posted a year-on-year increase in sales, boosted by higher demand for 7th-generation IGBT modules—which reduce losses by around 30% compared with existing chips and feature high heat dissipation and high reliability—mainly in the markets for renewable energy, factory automation, and air conditioners, centered on China. We also expanded our product lineup and started mass production of the X Series IGBT-IPM*. This module contributes to energy savings in equipment on which it is installed thanks to its industry-leading low-loss performance.

In fiscal 2021, we will strive to increase sales of 7th-generation IGBT modules mainly in the Chinese renewable energy, factory automation, and air conditioner markets, where demand remains strong.

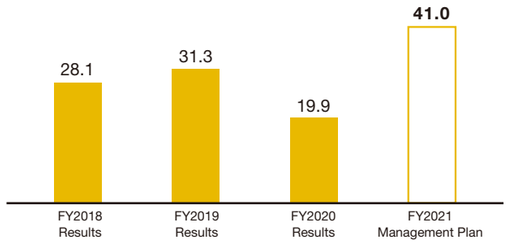
*7th-generation IGBT module equipped with IGBT driving circuits and a self-protection function to prevent failures due to overcurrent, overheating, etc.

Accelerating increase in production capacity and promoting development of next-generation products

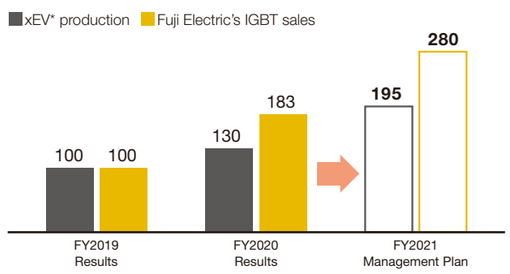
For the manufacturing process of power semiconductor chips, we are making continuous investments to increase the production capacity for 8-inch wafers. For the assembly process, we are investing to increase the production capacity for automotive and industrial products.

We are also emphasizing technological and product development of next-generation IGBT modules and SiC modules in order to strengthen the competitiveness of our power semiconductors.

Plant and Equipment Investment (Whole Segment)
(Billions of yen)

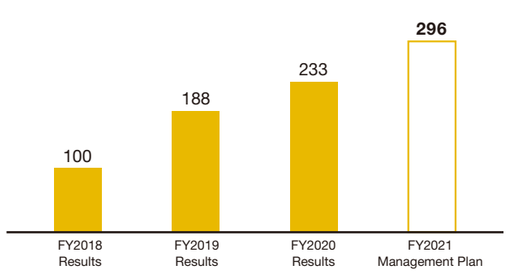


xEV Production Trend & Fuji Electric's IGBT Sales Plan



For both production and sales, FY2019 (benchmark year) is assigned 100 for comparison purposes
Figures for xEV production reflect our predictions based on research company forecasts
*xEV: Sum of full-hybrid vehicles and electric vehicles (EVs)

8-Inch Wafer Production Capacity (Front-End Process)



For production capacity (year-end), FY2018 (benchmark year) is assigned 100 for comparison purposes

Power Generation

We will expedite the transformation of our business portfolio to increase orders in renewable energy and distributed power sources.

Tadao Horie

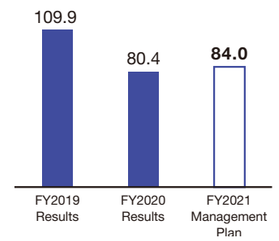
Executive Officer

Corporate General Manager, Power Generation Business Group

Business Areas	**[Renewable and new energy]** Geothermal power, Hydro power, Solar power, Wind power, Fuel cells **[Thermal power]** **[Nuclear power-related equipment]**
Supplied to	Japanese and overseas power generation companies
Strengths	• Engineering capabilities across the whole plant • One-stop proposal capabilities in geothermal power • Industry leading delivery track record • Extensive delivery track record in hydro power • Power storage control technologies and economic efficiency in solar and wind power

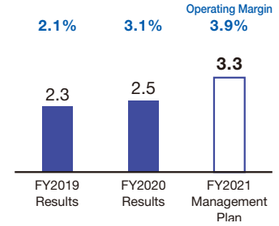
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Awareness of Market Needs and Business Opportunities

The market for renewable energy sources that do not emit greenhouse gases is growing as decarbonization becomes a global trend. In solar power generation, this has helped revitalize projects that have been certified under Japan's Feed-In Tariff (FIT) Scheme but are not yet operational. In wind power generation, meanwhile, more and more companies are participating in both onshore and offshore projects in Japan, stimulating new project concepts. In geothermal power generation, projects are under development in Southeast Asia, which has abundant geothermal resources, and plans to utilize small-scale heat sources are earmarked for Japan. Meanwhile, there is growing demand for hydro power, which is a stable source of electricity. In Japan, the volume of hydro power generated is increasing as aging power generation facilities get replaced and output rises. And in nuclear power generation, there is increasing demand for decommissioning of facilities and treatment of waste.

In the after-sales business, there is a growing need to enhance operability and capacity utilization ratio to cope with changes in the electricity supply-demand balance.

Fiscal 2020 Results and Fiscal 2021 Business Plan

In fiscal 2020, sales in this segment declined ¥29.5 billion year on year, to ¥80.4 billion, due to rebound from large-scale thermal power and solar power projects recorded in the previous fiscal year. Operating income edged up ¥0.2 billion, to ¥2.5 billion, reflecting discrepancies between projects.

In fiscal 2021, we look forward to increased sales of renewable energy, including geothermal power, as well as nuclear power-related equipment and after-sales business. For the year, we forecast sales of ¥84.0 billion, up ¥3.6 billion year on year, and operating income of ¥3.3 billion, up ¥0.8 billion.

Going forward, we will focus on expanding sales in the renewable energy field and after-sales business. Our aim is to continue pursuing year-on-year increases in the ratio of sales in the carbon-free field and after-sales business to net sales.

Priority Measures

In addition to increasing orders for renewable energy and expanding our after-sales business. we are promoting safe decommissioning and waste treatment initiatives for nuclear-related equipment.

Expanding orders for renewable energy

▶ Solar and wind power

Our strengths lie in our high-efficiency power conditioning systems equipped with our own power semiconductors, as well as solutions that use storage batteries to contribute to power system stabilization and peak shifts. Leveraging these strengths, we are promoting increased orders.

We are engaged in a large-scale self-consumption wind power generation facility under an EPC contract in Japan, which made good progress in fiscal 2020. We also received new orders for electrical equipment for mega solar and offshore wind power generation facilities.

In fiscal 2021, we will continue striving to increase orders for solar and wind power generation, demand for which is growing in Japan and overseas, by leveraging our electric power stabilization solutions and other differentiated products.

▶ Geothermal power

In geothermal power, where we have the largest market share in the industry, we are expanding sales in Japan, Asia, Africa and other regions with geothermal resources, taking advantage of our one-stop proposal capabilities backed by our extensive track record.

In fiscal 2020, we received an order for a complete set of power generation equipment for the Tauhara Geothermal Power Station in New Zealand. With an output of 152 MW, it will be the world's largest single -geothermal power unit.

In fiscal 2021, we will expand sales of power generation equipment for small-scale heat sources of 5 MW or less in Japan, while overseas we will improve our market presence and expedite activities to win orders by strengthening relationships with local companies and reinforcing our supply chain.

▶ Hydro power

Deploying our strength in design technology for producing highly efficient turbines according to installation location, we provide hydro power generation systems that combine generators, control devices, and auxiliary equipment.

In fiscal 2020, we continued attracting high-level orders, as we did in the previous fiscal year. Our order backlog at the beginning of fiscal 2021 had grown around 2.7-fold for the past 3 years.

In fiscal 2021, to address strong demand, we will reinforce our response capability at customer sites and work to expand applications of our differentiated products, including hybrid servo systems that reduce risks to the water environment.

Expanding our after-sales business

In maintenance and replacement services, we will continue promoting onshore and onsite projects that bring together all functions in each customer's region, from sales to procurement, installation, and after-sales service.

In fiscal 2020, we rolled out technical services that utilize both remote and real (on-site) responses, resulting in higher sales in our after-sales business even during the COVID-19 pandemic.

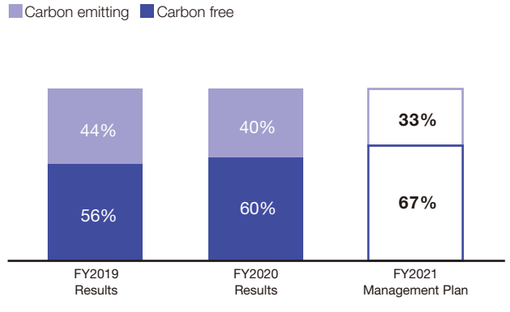
In fiscal 2021, we will strive to expand our after-sales business while building a foundation to develop higher-value-added solutions, including changing fuel mixes and operational procedures to reduce greenhouse gas emissions.

Contributing to nuclear decommissioning and waste treatment

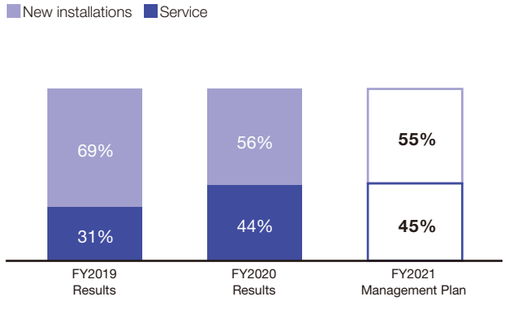
Since participating in the construction of Japan's first commercial nuclear power plant, we have been involved in the entire lifecycle of nuclear facilities, from design and production of fuel fabrication facilities to decommissioning. In the process, we have accumulated significant technologies and experience.

Amid progressive efforts to improve the safety of nuclear-related facilities, we will contribute to safe and secure decommissioning and waste treatment by utilizing our strengths in remote handling (including nuclear fuel removal and storage), radiation measurement, radioactive waste cutting and solidification, and other technologies.

Sales Ratio by Carbon Free / Carbon Emitting



Sales Ratio by Service / New Installations



Food and Beverage Distribution

We will promote our growth strategy by grasping changes in the market and accelerating efforts to introduce new products and develop new customers.

Keiichi Asano

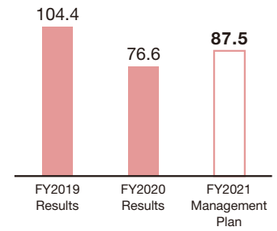
Executive Officer

Corporate General Manager, Food and Beverage Distribution Business Group

Business Areas	**[Vending machines]** Beverage vending machines, Vending machines for food and other goods **[Store distribution]** Store facilities and equipment, Automatic change dispensers
Supplied to	Beverage manufacturers, Vending machine operators, Convenience stores, Supermarkets, POS manufacturers
Strengths	• Top share of the vending machine market in Japan, China (beverage) and Thailand * Our estimate • Heating and cooling technologies that efficiently heat and cool products • Automation technologies built up through vending machines that contribute to labor saving

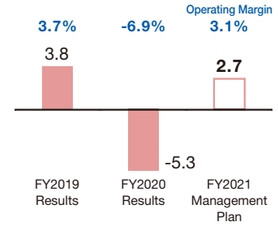
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Awareness of Market Needs and Business Opportunities

The vending machine market in Japan continued to contract slightly due to increasing competition from convenience stores and other sales channels and saturation of locations where vending machines are installed. In fiscal 2021, we expect demand to remain on a par with fiscal 2020 amid ongoing investment curtailments among beverage manufacturers (our customers) stemming from the spread of COVID-19. On the other hand, there is a growing need for more efficient operation of vending machines, contact-free, non-face-to-face machines to avoid infectious diseases, and eco-friendliness to help realize a decarbonized society.

In store distribution, where our main customers are convenience stores and supermarkets, demand is increasing for renovations to accommodate changes in lifestyles resulting from the COVID-19 pandemic. Moreover, business opportunities are increasing to address the growing need for food loss reduction.

In China and other overseas vending machine markets, responding to diversifying customer needs has become an issue. In addition to demand among major beverage manufacturers for energy saving and eco-friendliness, our store-based customers are increasingly looking to vending machines as a way to expand their satellite locations.

Fiscal 2020 Results and Fiscal 2021 Business Plan

In fiscal 2020, sales declined ¥27.9 billion year on year, to ¥76.6 billion, due to curtail investment in vending machines and postponement of projects for convenience stores. Despite efforts to reduce fixed costs, the segment posted an operating loss of ¥5.3 billion, decrease of ¥9.1 billion from the previous fiscal year.

Although we expect market conditions to remain severe in fiscal 2021, we anticipate an increase in our share of the domestic vending machine market, higher sales mainly of new products, a greater share of the convenience store facilities market, and an increase in renovation projects. For the year, we forecast sales of ¥87.5 billion, up ¥10.9 billion year on year. We also project operating income of ¥2.7 billion, increase of ¥8.0 billion from fiscal 2020, thanks to increased sales volume, business restructuring in the previous fiscal year, further cost reductions, and price revisions for some unprofitable models.

Priority Measures

Reinforcing our constitution through business restructuring

In fiscal 2020, we undertook business restructuring in response to significant declines in demand both in Japan and overseas. We also strengthened our business constitution by significantly reducing fixed costs through a review of our product development system. In addition, we reassigned personnel to growth areas in the Group and reassessed our plant and equipment investment plan.

In fiscal 2021, we will reap the maximum benefits of our business restructuring and improve profitability through further cost reductions in manufacturing and the introduction of high-value-added products.

Offering high-value-added vending machines that meet social needs

In March 2021, we developed a completely contact-free vending machine that enables customers to purchase products without touching the machine, thus responding to social needs for contact-free, non-face-to-face and cashless solutions. The machine is equipped with a two-way telecommunication device that we developed in-house. It allows users to complete the entire process, from product selection to payment via smartphone. Also, the delivery port opens and closes automatically.

Meanwhile, domestic beverage manufacturers and vending machine operators urgently need to improve the efficiency of product replenishment and other operations. In response, we are planning a new service-based business that will use AI to support product demand forecasting and sales planning, which are necessary for efficient vending machine operations. This service and our high-value-added vending machines will enable us to capture new demand.

Expanding our vending machine business in China and the rest of Asia

In China, where environmental awareness is increasing, we will offer energy-saving and eco-friendly vending machines to major beverage manufacturers who are seeking Japanese-level quality. We will also provide food vending machines and coffee vending machines for convenience stores and store-based customers.

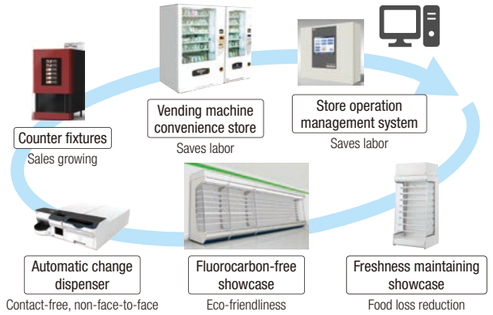
Elsewhere in Asia, the vending machine market is expanding, especially in Thailand. In response, we will provide new beverage manufacturers and store-based customers with cashless vending machines, food vending machines, vending machine convenience stores, and other offerings that meet local needs.

Proposing solutions that meet the diverse needs of stores

In store distribution, we will provide comprehensive solutions for convenience stores by combining our core showcases with counter fixtures, automatic change dispensers, vending machine convenience stores, and store operation management systems.

For showcases, we will deploy our heating and cooling technology and airflow control technology to develop freshness maintaining showcases that help reduce food loss and fluorocarbon-free (CO_2) showcases that help realize a decarbonized society.

Completely contact-free vending machine



Comprehensive solutions for convenience stores

Consolidated Financial and Non-Financial Highlights

Financial Highlights

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Millions of yen)	2020 (Thousands of U.S. dollars*1)
Operating Results										
Net sales	745,781	759,911	810,678	813,550	837,765	893,451	914,915	900,604	**875,927**	**7,962,980**
Japan	567,314	582,223	605,763	597,757	632,723	674,744	682,503	679,719	**654,020**	**5,945,639**
Overseas	178,466	177,688	204,915	215,793	205,042	218,707	232,412	220,885	**221,907**	**2,017,340**
Operating income	21,992	33,136	39,316	45,006	44,709	55,962	59,972	42,515	**48,595**	**441,779**
Net Income Attributable to Owners of Parent	26,368	19,582	27,978	30,644	40,978	37,763	40,267	28,793	**41,926**	**381,154**
R&D and Capital Investment										
R&D expenditures	31,160	32,029	35,023	35,949	34,910	35,620	33,669	34,457	**33,562**	**305,114**
Plant and equipment investment*2	31,771	26,916	29,041	27,650	27,149	26,465	43,338	48,208	**35,890**	**326,281**
Depreciation and amortization*3	31,054	30,849	33,615	29,723	29,445	30,151	30,906	32,319	**36,194**	**329,039**
Cash Flows										
Cash flows from operating activities	55,342	53,651	51,459	48,450	58,185	53,146	54,949	46,087	**26,931**	**244,827**
Cash flows from investing activities	(24,286)	(9,649)	(22,750)	(19,410)	9,748	(14,550)	(21,448)	(27,621)	**23,477**	**213,435**
Free cash flow	31,055	44,002	28,708	29,040	67,934	38,596	33,501	18,466	**50,408**	**458,262**
Cash flows from financing activities	(56,827)	(50,570)	(33,827)	(31,567)	(56,082)	(46,887)	(38,172)	16,918	**(39,518)**	**(359,276)**
Financial Position										
Total assets*4	765,563	810,774	904,522	845,378	886,663	914,744	952,659	996,827	**1,051,952**	**9,563,209**
Total net assets	215,672	251,225	319,636	260,980	323,863	366,546	392,061	406,002	**461,254**	**4,193,224**
Equity	194,572	227,181	290,339	230,399	291,216	330,636	352,922	365,620	**416,997**	**3,790,881**
Net interest-bearing debt	217,417	200,340	194,579	189,374	141,578	130,177	124,850	153,617	**140,872**	**1,280,658**
Interest-bearing debt	257,105	233,753	226,474	220,213	183,465	163,507	153,985	217,364	**216,205**	**1,965,503**
Financial Indicators										
Ratio of operating income to net sales (%)	2.9	4.4	4.8	5.5	5.3	6.3	6.6	4.7	**5.5**	**—**
ROE (Return on equity) (%)	14.7	9.3	10.8	11.8	15.7	12.1	11.8	8.0	**10.7**	**—**
ROA (Return on assets) (%)*4	3.4	2.5	3.3	3.5	4.7	4.2	4.3	3.0	**4.1**	**—**
Equity ratio (%)*4	25.4	28.0	32.1	27.3	32.8	36.1	37.0	36.7	**39.6**	**—**
Net debt-equity ratio (times)*5	1.1	0.9	0.7	0.8	0.5	0.4	0.4	0.4	**0.3**	**—**
Debt-equity ratio (times)*6	1.3	1.0	0.8	1.0	0.6	0.5	0.4	0.6	**0.5**	**—**
Per Share Data *7									Yen	U.S. dollars*1
Net income	36.90	27.41	39.16	42.90	57.36	264.34	281.89	201.57	**293.52**	**2.668**
Net assets	272.29	317.96	406.39	322.52	407.68	2,314.50	2,470.65	2,559.60	**2,919.34**	**26.539**
Cash dividends	5.00	7.00	9.00	10.00	11.00	14.00	48.00	80.00	**85.00**	**0.773**

Non-Financial Highlights

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020
Employees	24,956	25,524	25,740	26,508	26,503	27,009	27,416	27,960	**27,593**	**—**
Japan	18,271	18,022	17,814	17,635	17,716	17,704	17,647	17,681	**17,647**	**—**
Overseas	6,685	7,502	7,926	8,873	8,787	9,305	9,769	10,279	**9,946**	**—**
Total greenhouse gas emissions from production activities (10,000 t-CO_2)	50.2	53.6	53.8	51.9	46.7	48.4	52.1	45.6	**43.7**	**—**
Reductions in CO_2 emissions through products (10,000 t-CO_2)*8	392	601	1,043	1,598	2,230	2,579	3,162	3,651	**4,178**	**—**

*1 The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥110 = U.S. $1, the approximate exchange rate at March 31, 2021.
*2 Plant and equipment investment is the total of investment in tangible fixed assets, including acquisition amounts for lease contracts.
*3 Depreciation and amortization expense is the total of the depreciation of tangible fixed assets and amortization of intangible assets.
*4 Effective April 1, 2018, the Company have adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, revised on February 16, 2018). As such, major management indicators in consolidated accounting period as of March 31, 2018 have been adjusted to retroactively apply said accounting standards.
*5 Net debt-equity ratio is the ratio of net interest-bearing debt (interest-bearing debt + lease obligations – cash and cash equivalents) to equity.
*6 Debt-equity ratio is the ratio of interest-bearing debt to equity.
*7 Effective October 1, 2018, the Company conducted an 1-for-5 common stock consolidation. Amounts for net income per share and net assets per share have been calculated assuming that the stock consolidation took place on April 1, 2017. The amount of dividend ¥48 per share for the year ended March 31, 2019 is total of the interim dividend of ¥8 per share and the year-end dividend of ¥40 per share. Since the Company conducted an 1-for-5 common stock consolidation effective October 1, 2018, the interim dividend of ¥8 does not reflect stock consolidation effect and the annual dividend of ¥40 reflects stock consolidation effect. If the stock consolidation effect is also considered to the interim dividend per share, the interim dividend of ¥8 per share without the effect is equivalent to ¥40 per share with the stock consolidation effect. Accordingly, the annual dividend for fiscal 2018 amounted to ¥80 per share, including adjusted interim dividend of ¥40 per share and year-end dividend ¥40 per share.
*8 The contributions to CO_2 emission reductions refers to CO_2 emission reductions from products shipped in and after fiscal 2009 that were in operation for a year. Calculated based on the Ministry of Economy, Trade and Industry's Guideline for Quantifying Greenhouse Gas Emission Reduction Contribution.

Detailed financial information is available on our website.
https://www.fujielectric.com/ir/library/financial_results/index.html

Corporate Data

Company Information (As of March 31, 2021)

Company Name	FUJI ELECTRIC CO., LTD.
Established	August 29, 1923
Consolidated Subsidiary	74 (Japan 23, Overseas 51)
Equity Method Affiliate	4
Head Office	1-1, Tanabeshinden, Kawasaki-ku, Kawasaki-shi, Kanagawa 210-9530, Japan
Head Office Business Address	Gate City Ohsaki, East Tower, 11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
Capital Stock	¥47.6 billion
Employees (Consolidated)	27,593 (Japan 17,647, Overseas 9,946)
Net Sales (Consolidated)	¥875.9 billion (Year ended March 31, 2021)
Stock Code	6504

Stock Information (As of March 31, 2021)

Issued and Outstanding Shares	149,296,991
Number of Shareholders	35,775

Major Shareholders

Shareholders' names	Number of shares (1,000s)	Voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,090	11.97
Custody Bank of Japan, Ltd. (Trust Account)	15,738	11.02
FUJITSU LIMITED	4,066	2.85
Asahi Mutual Life Insurance Company	3,955	2.77
National Mutual Insurance Federation of Agricultural Cooperatives	3,359	2.35
FANUC CORPORATION	2,684	1.88
STATE STREET BANK AND TRUST COMPANY 505001	2,287	1.60
FURUKAWA CO., LTD.	2,205	1.54
THE BANK OF NEW YORK MELLON 140044	2,067	1.45
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	2,026	1.42

Notes: 1. Treasury stock of 6,457,667 shares is excluded from the above list of top 10 shareholders.
2. The ratio of shareholding is calculated by deducting the number of treasury stock from the total number of shares outstanding based on the provisions of the Ordinance for Enforcement of the Companies Act.

Share Distribution by Shareholder Type

Type	Number of shareholders	Number of shares	Holding (%)
Financial institutions/Securities firms	147	68,809,473	46.09
Other corporations in Japan	438	12,476,584	8.36
Foreign corporations	649	46,027,987	30.83
Individuals and others	34,541	21,982,947	14.72
Total	35,775	149,296,991	100.00

Note: "Individuals and others" includes treasury stock.

History

Fuji Electric continues to evolve in step with the times and with society, with technology as our driving force.

Company

1923 Fuji Electric Manufacturing Co., Ltd., established
Established as a capital and technology alliance between Japan-based Furukawa Electric Co., Ltd. and German-based Siemens AG. The result was a company with characteristics inherited from industry in both countries.
Company emblem, "FS" mark

1925 Began operation of the Kawasaki Factory
1942 Began operation of the Matsumoto Factory
1943 Began operation of the Fukiage Factory and Tokyo Factory
1944 Began operation of the Mie Factory
1961 Began operation of the Chiba Factory
1968 Began operation of the Kobe Factory and Suzuka Factory
1970 Established Fuji Electric Co., Ltd., USA
(Present: Fuji Electric Corp. of America)
1973 Began operation of the Otawara Factory
1984 Changed company name to Fuji Electric Co., Ltd.
1987 Established Fuji Electric Gesellschaft mit beschränkter Haftung
(Present: Fuji Electric Europe GmbH)
1988 Established Fuji Electric Power Supply (Thailand) Co., Ltd.
(Present: Fuji Electric Manufacturing (Thailand) Co., Ltd.)
1989 Established Singapore Fuji Electric Co., Ltd.
(Present: Fuji Electric Asia Pacific Pte. Ltd.)
1991 Began operation of the Yamanashi Factory
1995 Established Fuji Electric (Thailand) Co., Ltd.
1995 Established Fuji Electric Philippines, Inc.
1996 Established Fuji Electric (Malaysia) Sdn. Bhd.
1999 Established Fuji Electric (Shanghai) Co., Ltd.
(Present: Fuji Electric (China) Co., Ltd.)

2002 Introduced our corporate symbol mark (Photo 1)
(Photo 1)

2003 Changed company name to Fuji Electric Holdings Co., Ltd., owing to shift to pure holding company system
2003 Established Dalian Fuji Bingshan Vending Machine Co., Ltd.
2008 Fuji Electric FA Components & Systems Co., Ltd., merged operations with Schneider Electric Japan Ltd.
(power distribution and control equipment joint venture)
2008 Established METAWATER Co., Ltd. as a joint venture with NGK Insulators, Ltd.
2009 Established Fuji Electric India Private Ltd.
2010 Began operation of the Tsukuba Factory
2011 Changed company name to Fuji Electric Co., Ltd.
2011 Established PT. Fuji Electric Indonesia
2013 Established Fuji Electric Vietnam Co., Ltd.
2014 Created new corporate brand emblem for products (Photo 2)
(Photo 2)

1920 2000

Technology

1924 Began manufacturing electric motors (Photo 3)
1925 Began manufacturing transformers
1930 Began manufacturing mercury-vapor rectifiers
1936 Built first hydraulic turbine, 4,850 HP Francis turbine (Photo 4)
1937 Began manufacturing watt-hour meters
1954 Began manufacturing ultra-compact magnetic switches (Photo 5)
1955 Full-scale entry into thermal power generation business
1959 Began manufacturing silicon diodes
1965 Electric propulsion system fitted to Antarctic exploration ship *Fuji*
1966 Supplied nuclear pressure vessels and other equipment to the Tokai Nuclear Power Plant
1966 Released medium and large capacity UPSs (200 kVA)
1969 Released vending machines (Photo 6)
1973 Released open showcases
1974 Released installation-type ultrasonic flowmeters
1975 Began manufacturing bipolar transistors
1976 Began manufacturing general-purpose inverters (Photo 7)
1977 Received an order for our first full-scale geothermal power generation facility
1980 Released the programmable logic controller "MICREX-P"
1988 Supplied world's first EIC integrated control system to a steel company
1988 Began manufacturing 1st-generation IGBTs (Photo 8)
1997 Supplied the world's first large-capacity flat IGBT equipped main converters for Shinkansen trains
1997 Expansion of 4th-generation IGBT product lineup
1998 Supplied 100 kW phosphoric acid fuel cells
2002 Supplied environmental radiation monitoring systems
2010 Development of SiC modules of next-generation power semiconductors (Photo 9)
2011 Released hybrid heat pump vending machines
2012 Released power conditioning systems for mega solar
2016 Began shipping direct water-cooled power modules for automotive applications (built-in RC-IGBT)
2017 Supplied SiC-equipped main converters for Shinkansen trains
2017 Delivered one of Japan's largest geothermal binary plants
2018 Began shipping 7th-generation RC-IGBTs for industrial equipment
2018 Supplied exhaust gas cleaning systems for ships
2019 Released on-site diagnostic system that uses analytics and AI (Photo 10)


(Photo 3)

(Photo 4)

(Photo 5)

(Photo 6)

(Photo 7)

(Photo 8)

(Photo 9)

(Photo 10)

Basic information

ECOLOGY
Fuji Electric

This mark symbolizes
the commitment of Fuji Electric
to environmental protection

External Evaluation

Fuji Electric has been selected as a component of the following socially responsible investment (SRI) indexes, as a company with outstanding CSR performance.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

FTSE Blossom
Japan

S&P/JPX
Carbon
Efficient
Index

We have received the following awards and certification in recognition of our outstanding initiatives to promote diversity.

DIVERSITY
MANAGEMENT
SELECTION
100
2013

女性が活躍しています！

We have received the following certifications as a company exhibiting excellence in health and productivity management.

2021
健康経営優良法人
Health and productivity

UD
FONT

Based on the universal design (UD) concept,
we have adopted fonts that are easy to read (and difficult to misread)
by more and more people.

Fuji Electric Co., Ltd.

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00A9-E-0002c Published in Japan 2021.9