

# Corporate Governance

## 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.

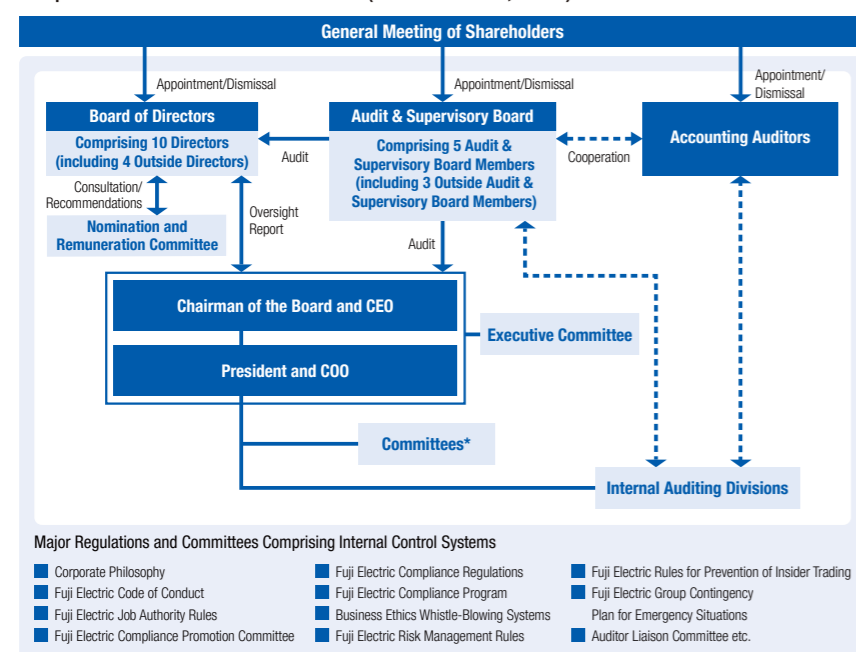
## Corporate Governance Framework

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 Members and the Audit & Supervisory Board, which are in charge of the management audit function, and the framework guarantees objectivity and neutrality.

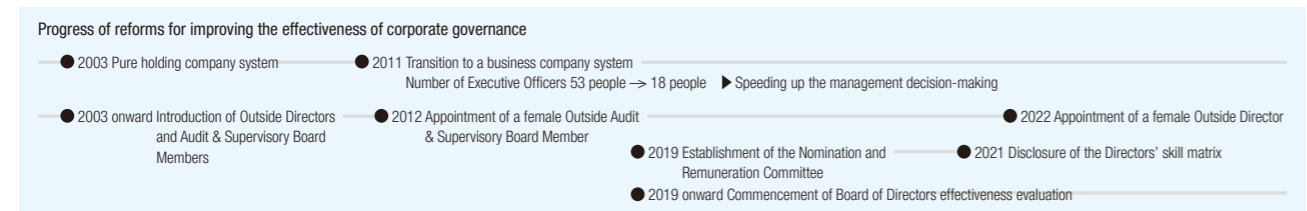
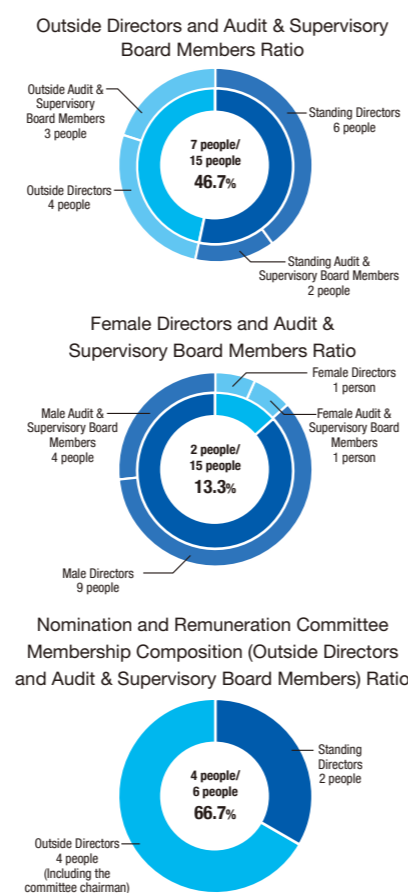
The Company actively appoints Outside Directors and Audit & Supervisory Board Members that satisfy the requirements for independence, endeavors to strengthen management supervisory and auditing functions, and has established the Nomination and Remuneration Committee comprising a majority of Outside Directors as an advisory body to the Board of Directors.

In addition, in order to clarify the roles of management and execution, we have introduced an executive officer system to clarify the responsibilities of each business and streamline the execution of duties. In order to continue strengthening our operating platform as a company with sustainable growth, in fiscal 2022 we appointed a Chairman of the Board and CEO and President and COO. We are endeavoring to build an effective corporate governance framework by establishing the Executive Committee, which discusses and reports on important matters related to management as an advisory body to the Chairman of the Board and CEO and President and COO, 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 (As of June 27, 2023)



- \* 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.

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.

The Nomination and Remuneration Committee met three times in fiscal 2022 to discuss and confirm the current systems, criteria, and approaches regarding advisory matters, as well as to deliberate on and report to the Board of Directors the content to be reported to the Board of Directors by the Nomination and Remuneration Committee concerning content such as the appointment and remuneration of Directors and Audit & Supervisory Board Members.

- Matters for Consultation**
- Policy on the composition of the Board of Directors
  - Policies and criteria regarding the appointment or dismissal of Directors, the President and Chairman of the Board of Directors, and Audit & Supervisory Board Members
  - Appointment or dismissal of Directors, the President and Chairman of the Board of Directors, and Audit & Supervisory Board Members
  - Matters regarding the formulation and implementation of a succession plan for the President and Chairman of the Board of Directors
  - Policies and criteria regarding the remuneration of Directors and Audit & Supervisory Board Members
  - Details of remuneration for Directors and Audit & Supervisory Board Members

- Nomination and Remuneration Committee (Fiscal 2023)**
- The Committee Chairman: Toshihito Tamba (Outside Director)
  - Committee Members: Yukari Tominaga, Yukihiko Tachifuji, Tomonari Yashiro (Outside Directors); Michihiro Kitazawa, Shiro Kondo (Standing Directors)

## Appointment of Directors and Audit & Supervisory Board Members

Candidates for Directors and Audit & Supervisory Board Members are decided 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.

<b>Standing Directors</b>	Persons with the qualifications, experience, and other attributes required to execute the Company's management policies are appointed.
<b>Outside Directors</b>	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, including corporate managers and experts in academic fields deeply related to our business.
<b>Standing Audit &amp; Supervisory Board Members</b>	Persons familiar with the Company's operations in general who also possess expert knowledge and experience are appointed.
<b>Outside Audit &amp; Supervisory Board Members</b>	Persons equipped with the expert knowledge and experience required to undertake audits who also have an understanding of Fuji Electric's management are appointed, including corporate managers, persons with experience as a standing auditor of a listed company, and legal experts.

\* 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.

## Independence Criteria for Outside Directors and Audit & Supervisory Board Members

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.

- Major shareholder**  
A major shareholder of the Company (who owns 10% or more of the voting rights) or its executor of business.
- 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.
- 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.
- Accounting Auditor**  
A certified public accountant who belongs to an auditing firm that serves as the Accounting Auditor of the Company or an employee of or any other person belonging to such auditing firm.
- 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 June 27, 2023)

#### Directors

Regarding the insight and experience required for the Board of Directors of Fuji Electric, in light of the Management Policies of Fuji Electric, including “contribute to the creation of a sustainable society through our energy and environment businesses,” and our business characteristics, we have defined the seven fields of “business management,” “finance and accounting,” “global business,” “environment and society,” “R&D, technology, manufacturing, and DX,” “corporate governance, legal matters, and risks” and “marketing and industry.”

Directors	Areas Expected to Director by the Company						
	Business Management	Finance and Accounting	Global Business	Environment and Society	R&D, Technology, Manufacturing, and DX	Corporate Governance, Legal Matters, and Risks	Marketing and Industry
 <p><b>Michihiro Kitazawa</b> Representative Director Chairman of the Board and CEO (Chief Executive Officer) Nomination and Remuneration Committee member</p>	●	●	●		●	●	●
 <p><b>Shiro Kondo</b> Representative Director President and COO (Chief Operating Officer) President In charge of Corporate R&amp;D Nomination and Remuneration Committee member</p>	●		●		●		●
 <p><b>Toshihito Tamba</b> Outside Director Nomination and Remuneration Committee chairman Executive Adviser, Tokyo Century Corporation</p>	●	●	●			●	
 <p><b>Yukari Tominaga</b> Outside Director Nomination and Remuneration Committee member External Director, MORINAGA MILK INDUSTRY CO., LTD. Outside Director, Yashima &amp; Co., Ltd. Outside Director, SB Technology Corp.</p>	●				●	●	
 <p><b>Yukihiko Tachifuji</b> Outside Director Nomination and Remuneration Committee member Advisor, Mitsubishi Paper Mills Limited</p>	●		●	●	●	●	
 <p><b>Tomonari Yashiro</b> Outside Director Nomination and Remuneration Committee member Professor, Kochi University of Technology Specially-appointed Professor, Tokyo City University</p>			●	●		●	
 <p><b>Michio Abe</b> Director Senior Managing Executive Officer In charge of Production &amp; Procurement and Power Generation Business</p>			●	●	●		●
 <p><b>Junichi Arai</b> Director Senior Managing Executive Officer Corporate General Manager, Corporate Management Planning Headquarters General Manager, Export Administration Office In charge of compliance management</p>		●	●			●	
 <p><b>Toru Hosen</b> Director Senior Managing Executive Officer Corporate General Manager, Semiconductors Business Group</p>					●		●
 <p><b>Hiroshi Tetsutani</b> Director Managing Executive Officer Corporate General Manager, Power Electronics Industry Business Group</p>					●		●

#### 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  
Senior Advisor, 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 Executive Officer	<b>Shiro Kondo</b>	Chief Operating Officer; In charge of Corporate R&D
Senior Managing Executive Officer	<b>Michio Abe</b>	In charge of Production & Procurement and Power Generation Business
Senior Managing Executive Officer	<b>Masatsugu Tomotaka</b>	In charge of Power Electronics Sales, Power Electronics Energy Business, Power Electronics Industry Business, and Fuji Electric FA Components & Systems Co., Ltd.
Senior Managing Executive Officer	<b>Junichi Arai</b>	Corporate General Manager, Corporate Management Planning Headquarters; General Manager, Export Administration Office; In charge of compliance management
Senior Managing Executive Officer	<b>Toru Hosen</b>	Corporate General Manager, Semiconductors Business Group
Managing Executive Officer	<b>Takeshi Kadoshima</b>	General Manager, Human Resources and General Affairs Office; In charge of crisis management
Managing Executive Officer	<b>Masashi Kawano</b>	Corporate General Manager, Power Electronics Energy Business Group
Managing Executive Officer	<b>Hiroshi Tetsutani</b>	Corporate General Manager, Power Electronics Industry Business Group
Managing Executive Officer	<b>Yoshitada Miyoshi</b>	General Manager, President's Office; In charge of SDGs Promotion, and Public Relations and IR
Executive Officer	<b>Kenji Goto</b>	Deputy Corporate General Manager, Power Electronics Energy Business Group
Executive Officer	<b>Masahiro Morimoto</b>	President and Representative Director, Fuji Electric FA Components & Systems Co., Ltd.
Executive Officer	<b>Tadao Horie</b>	Corporate General Manager, Power Generation Business Group
Executive Officer	<b>Masato Miyake</b>	General Manager, Legal Office, Corporate Management Planning Headquarters
Executive Officer	<b>Keiichi Asano</b>	Corporate General Manager, Food & Beverage Distribution Business Group
Executive Officer	<b>Takashi Obinata</b>	Corporate General Manager, Production & Procurement Group
Executive Officer	<b>Hiroshi Ishii</b>	Corporate General Manager, Power Electronics Sales Group

## Activities of Outside Directors and Audit & Supervisory Board Members in Fiscal 2022

To strengthen our management supervisory and auditing functions, and to ensure the validity and appropriateness of our important decisions, the Directors and Audit & Supervisory Board Members play the proper roles as stated below.

Outside Directors		
Name	Status of Attendance at Board of Directors Meetings (Meetings Attended/Meetings Held) Status of Attendance at Nomination and Remuneration Committee (Meetings Attended/Meetings Held)	Main Activities
Toshihito Tamba	13/13 3/3	[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] As the committee chairman, Mr. Tamba led the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members of the Company and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Naoomi Tachikawa	13/13 3/3	[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 3/3	[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 the environment, transportation, and urban sustainable development fields that are closely related to the Company's management policies. • Initiatives to achieve decarbonization • How to expand the overseas businesses [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.
Yukari Tominaga	9/10 —/—	[Board of Directors] Ms. Tominaga offered opinions as necessary on all areas of Fuji Electric's management, including on the following matters, based on her abundant experience and considerable insight pertaining to corporate management. • How to promote the active participation of diverse human resources • Initiatives for expansion of the IT solutions business

\* Ms. Yukari Tominaga was newly appointed a Director as of the conclusion of the 146th Ordinary General Meeting of Shareholders held on June 28, 2022; therefore, the above Board of Directors attendance status covers the meetings of the Board of Directors held on or after her appointment.

## Outside Audit & Supervisory Board Members

Name	Status of Attendance at Board of Directors Meetings (Meetings Attended/Meetings Held) Status of Attendance at Audit & Supervisory Board Meetings (Meetings Attended/Meetings Held)	Main Activities
Tetsuo Hiramatsu	13/13 8/8	[Board of Directors] Mr. Hiramatsu confirmed and offered opinions as necessary 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. [Audit & Supervisory Board] Mr. Hiramatsu confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Hirohiko Takaoka	13/13 8/8	[Board of Directors] Mr. Takaoka confirmed and offered opinions as necessary 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 and any other type of executive of listed companies. [Audit & Supervisory Board] Mr. Takaoka confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.
Yuko Katsuta	13/13 8/8	[Board of Directors] Ms. Katsuta confirmed and offered opinions as necessary concerning agenda items and the status of Fuji Electric's business activities based on her expert knowledge as an attorney. [Audit & Supervisory Board] Ms. Katsuta confirmed and offered opinions on the legal compliance of the overall business activities of Fuji Electric.

## Remuneration for Directors and Audit & Supervisory Board Members

### Process of determining remuneration

The Nomination and Remuneration Committee discusses policies and criteria concerning remuneration as well as the details of remuneration. The Nomination and Remuneration Committee discusses the validity of the policies, criteria, and levels of remuneration in light of changes in the operating environment, objective external data, and other matters and then reports to the Directors, and then the Board of Directors resolves on the policy for the final decisions respecting the details of the committee's report.

The actual decision on remuneration amounts for individual Directors is left to the discretion of Representative Director Michihiro Kitazawa, 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 profit to net sales, which is set as a critical target in a medium-term management plan. The previous year's consolidated performance (e.g., net sales, operating profit, profit, and dividends) is taken into account to make the final decision. The consolidated operating profit ratio for fiscal 2022 was 8.8%, and performance-linked remuneration accounted for about 56% of the remuneration. <b>Base Remuneration</b> Base remuneration is a predetermined amount that is paid monthly at a certain time 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. <b>Performance-Linked Remuneration</b> 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 performance-linked remuneration shall be within 1.0% of consolidated profit 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 Audit & Supervisory Board Members	A predetermined amount is paid monthly at a certain time according to their position as base remuneration. Stocks in the Company may be acquired at their own discretion.

### Remuneration by Classification (Fiscal 2022)

Classification	Total Remuneration (Millions of Yen)	Remuneration by Type (Millions of Yen)		Number of Recipients
		Base Remuneration	Performance-Linked Remuneration	
Standing Directors	753	311	441	8
Standing Audit & Supervisory Board Members	59	59	—	2
Outside Directors and Audit & Supervisory Board Members	70	70	—	7

### Amount of Contributions to Director Shareholding Association and Shares of the Company Acquired (Fiscal 2022)

Classification	Amount of Contributions to the Director Shareholding Association (Millions of Yen)	Shares of the Company Acquired (Hundreds of Shares)
Directors	27	51
Audit & Supervisory Board Members	6	10

## Training Policy for Directors and Audit & Supervisory Board Members

Before taking office, Standing Directors and Audit & Supervisory Board Members 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 Directors and Audit & Supervisory Board Members 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 through presentations on the strategies for business, R&D, and other operations, inspections of business bases, and other ways.



Outside Directors and Audit & Supervisory Board Members receiving an explanation of the R&D strategy

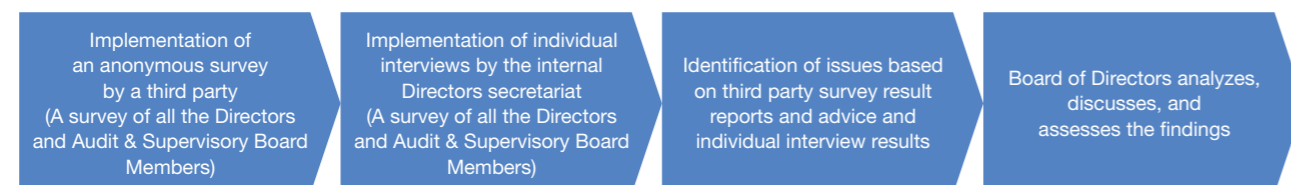
## Evaluation of Effectiveness of the Board of Directors

We conduct the evaluation of the effectiveness of the Board of Directors with the use of a third-party survey once a year in order to verify whether the Board of Directors is properly fulfilling its expected roles and functions and to facilitate further improvements thereof. Furthermore, in order to deeply examine the survey results, individual interviews of the Directors and Audit & Supervisory Board Members were

implemented by the internal Board of Directors secretariat in fiscal 2022. Through all of these processes, we earned mostly positive assessments, thereby assuring the overall effectiveness of the Board of Directors.

The results of the surveys and interviews are discussed and reported in the Board of Directors, and issues that require improvement are shared with everyone.

### Method of Evaluation of Effectiveness of the Board of Directors



#### ■ 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

The main initiatives in fiscal 2022 and the policies for initiatives in fiscal 2023 with respect to the major issues identified in fiscal 2021 are as follows.

### Main Initiatives with Respect to the Major Issues Identified in the Effectiveness Evaluation of the Board of Directors

Major Issues Identified in the Fiscal 2021 Effectiveness Evaluation	Major Initiatives in FY2022	Major Opinions of the Outside Directors and Audit & Supervisory Board Members
Discussion of important medium- and long-term issues	Each segment's business plans and strategies, major issues of the SDGs Promotion Committee, personnel measures and other issues discussed in the Board of Directors	<ul style="list-style-type: none"> <li>Enhancement of disclosure of initiatives and results pertaining to SDGs promotion</li> <li>Organization of the approach to external disclosure with respect to climate change risk</li> <li>Explanation of the relationship between Fuji Electric's business and social contribution</li> <li>Formulation of a human resources strategy and the setting of goals (overseas, management, female active participation, and others)</li> <li>Organization of the approach with respect to consideration of the introduction of reskilling, profit returns, the equity ratio and capital investment</li> </ul>
Enhancement of information provision and exchange of opinions on our business and products	Implemented R&D strategy presentations for Outside Directors and Audit & Supervisory Board Members	<ul style="list-style-type: none"> <li>Continuous revision of the R&amp;D roadmap based on our business and technology mix</li> <li>Management of product development and target values back cast from the CO<sub>2</sub> reduction target</li> </ul>
Report on dialogue with institutional investors	Reported in the Board of Directors on the status of IR activities as well as opinions, requests and other feedback from analysts and institutional investors	<ul style="list-style-type: none"> <li>Implementation of meetings between top management and institutional investors</li> <li>Consideration of IR activities for individual investors</li> </ul>

Major Issues Identified in the Fiscal 2022 Effectiveness Evaluation	Policies for Major Initiatives in FY2023
Reporting and discussion of important medium- and long-term issues	We will continue to work on enhancing opportunities for reporting and discussing medium- and long-term issues that contribute to the enhancement of corporate value, such as the establishment of human resources strategy, financial strategy, and non-financial indicators.
Enhancement of the reporting required for supervising important decisions and business execution	We will continue to work on enhancing opportunities for reporting and discussing the status of business execution of each division, for example, the plan for and progress of semiconductor investment, the overview of major subsidiaries.

## 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 (For the details refer to P69 "Compliance")

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

(For the details refer to P71 "Risk Management")

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.

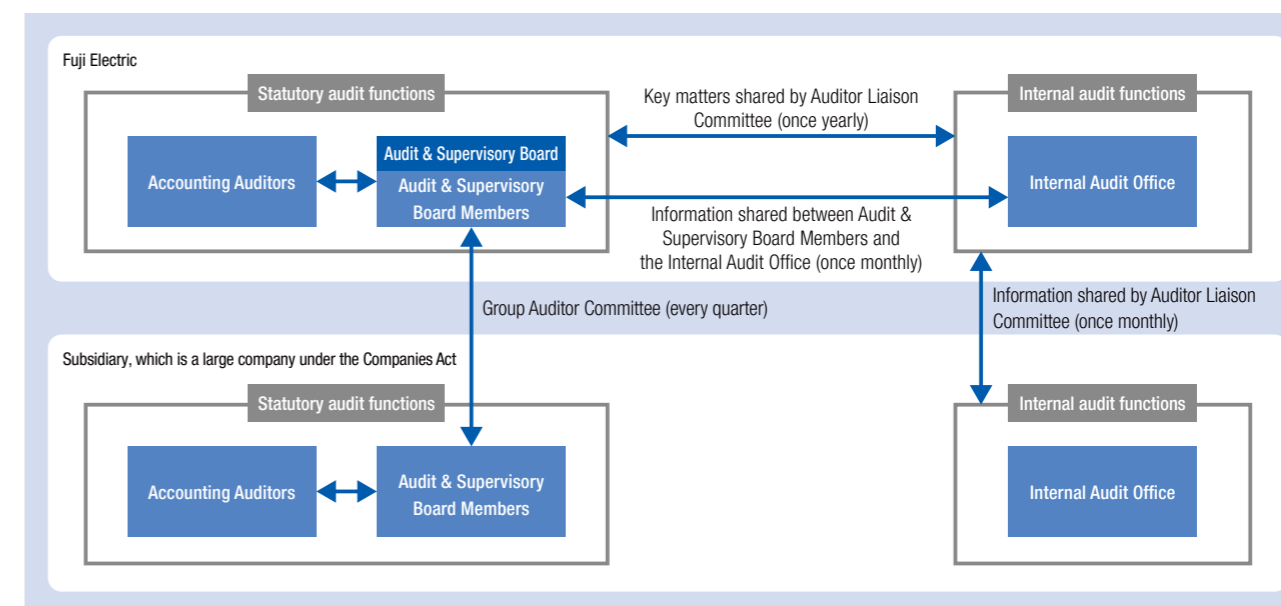
## Audit & Supervisory Board Members and Internal Audits

### Strengthening collaboration between audit functions

Fuji Electric ensures the effectiveness of its 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 2022, the Audit & Supervisory Board convened eight 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 itself, its consolidated subsidiaries in Japan and overseas, and companies undertaking M&As (done remotely as necessary)

**Internal audits**

As a general rule, 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 so as to comprehensively cover the entire organization in accordance with the Internal Auditing Rules.

Regarding issues pointed out, we confirm the state of progress every quarter and implement follow-up audits as required.

In fiscal 2022, utilizing remote auditing, we conducted audits at 44 bases, or about 40% of the audit sites. 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. Our basic policy is to reduce cross-shareholdings. Even in cases where we recognize a certain rationality in holding these cross-shareholdings, we will reduce them while paying attention to the impact on management and business.

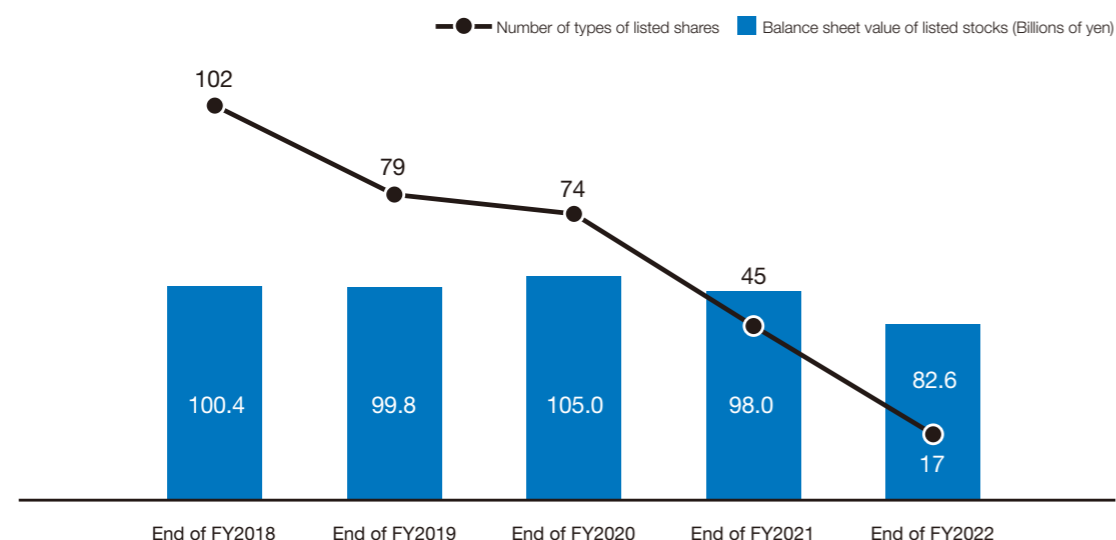
Based on the above policy, we have reduced the number of different listed stocks we held from 102 as of the end of fiscal 2018 to 17 as of the end of fiscal 2022.

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.

Number of Cross-Shareholdings and Balance Sheet Value



**Dialogue with Shareholders and Investors**

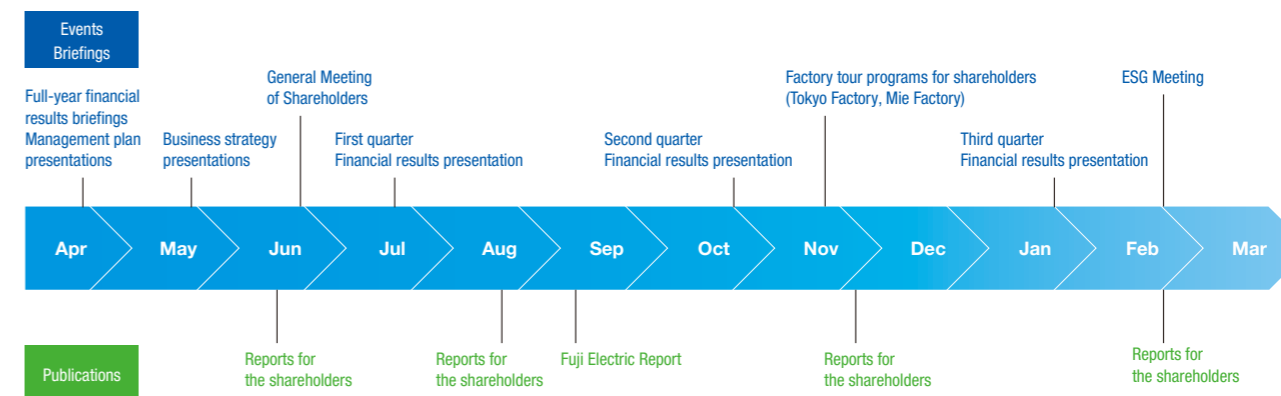
**Basic policies**

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 2022**

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, business strategy, and ESG initiatives.

**Overview of the Main Initiatives in Fiscal 2022**



**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 2022 are as follows.

Opinions on management and business	Opinions on topics for information disclosure
<ul style="list-style-type: none"> <li>Clarify the goals, strategies and measures of the next Medium-Term Management Plan</li> <li>Clarify long-term growth strategy and direction</li> <li>Promote measures to improve low-profit businesses</li> <li>Clarify and promote issues, strategies, and measures in overseas businesses expansion</li> <li>Promote human resources strategies and human capital investment linked to management strategies</li> <li>Ensure human resources cultivation for the appointment of internal female directors and the diversity of the Board of Directors</li> <li>Further reduce cross-shareholdings</li> </ul>	<ul style="list-style-type: none"> <li>Take specific measures for further expansion strategies for the power electronics business and profitability improvement for the automation business</li> <li>Specific medium- and long-term business strategies for semiconductors</li> <li>State of progress of the expansion of the renewable energy and after-sales business of the power generation plants</li> <li>The direction and sales expansion strategies of the overseas food and beverage distribution business</li> <li>Take initiatives for the achievement of the Environmental Vision 2050 Target and present business strategies and plans consistent with the Environmental Vision Fiscal 2030 Target</li> <li>Enhancement of information disclosure concerning executive remuneration</li> </ul>

**Awards Related to IR**

**The 2022 IR Award**

Fuji Electric has won the 2022 Best IR Award of the Japan Investor Relations Association as a company that deeply understands the purpose of and actively tackles IR and has achieved outstanding results, such as a high level of support from market players.



**Awards for our IR site**

In recognition of the ease of use and abundance of the information on the Fuji Electric IR site, among other factors, the site has won the gold prize in the Gomez IR Site Overall Rankings from Morningstar Japan KK (for the third consecutive year) and the Internet IR Commendation Award 2022 from Daiwa Investor Relations Co., Ltd. (for the fourth consecutive year).

