Brand Statement

Innovating Energy Technology

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.

Corporate Philosophy

Corporate Mission

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

- 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 responsible and sustainable societies.
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

The Code of Conduct outlines principles to guide and unify the conduct of Fuji Electric and its employees, by articulating the values we share in the pursuit of our corporate principles.

Fuji Electric and its employees, from a global perspective always strives to meet our corporate mission of “We, Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners.”

1. Respect and value our customers
2. Respect and value all people
3. Respect and value the global environment
4. Respect and value our shareholders and investors
5. Respect and value interaction with society
6. Respect, value and conform with all applicable laws and regulations
Objectives of This Report
The Fuji Electric Report is published to help shareholders, investors, and other stakeholders gain deeper insight into the Company’s management activities. The report provides wide-ranging coverage of key points regarding our management policies and strategies, as well as our business results, financial position, and our environmental and social initiatives for the realization of sustainable societies.

Detailed information is available on our website: http://www.fujielectric.com/

- About Fuji Electric
- Investor Relations (IR)
- Corporate Social Responsibility (CSR)
- Research & Development
Fuji Electric’s Energy and Environment Businesses

With energy and environment technology as its core technology, Fuji Electric contributes to the creation of responsible and sustainable societies through its four business segments: Power Electronics Systems, Power and New Energy, Electronic Devices, and Food and Beverage Distribution.

Power Electronics Systems

**Energy Solutions**

Fuji Electric supports electricity infrastructure with proven technologies to ensure that energy can be supplied in a stable, reliable, and optimal manner.

- Factory energy management systems (FEMS)
- Uninterruptible power systems
- Substation equipment
- Magnetic switches

**Industry Solutions**

Fuji Electric combines its power electronics products with measuring instruments and the Internet of Things (IoT) and facilitates the advance of plant automation and visualization to increase productivity and save energy.

- Inverters and servo systems
- Industrial drive systems
- Gas analyzers
- Passenger door systems

Stable and Optimal Energy Supply

Increased Productivity and Energy Savings
Fuji Electric’s sophisticated plant engineering capabilities help meet the growing demand for electricity by providing an array of highly efficient power plant equipment that supplies environmentally friendly clean energy.

Steam turbines
Geothermal power generation
Solar power generation systems
Fuel cells

Across the industrial and automotive fields, Fuji Electric contributes to high levels of efficiency and energy savings by supplying power semiconductors, which are key devices in power electronics.

IGBT modules
SiC modules
Automotive IGBTs
Power MOSFETs

In the food distribution field, Fuji Electric helps to ensure the safety and security of food by combining core heating and cooling technologies with mechatronic technologies and the IoT to provide ideal products and solutions.

Can and PET bottle vending machines
Vending machines for food and other goods (models for China and other Asian markets)
Freezers and refrigerated showcases
Automatic change dispensers
## Consolidated Financial Highlights

### Operating Results

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>691,223</td>
<td>689,065</td>
<td>703,534</td>
</tr>
<tr>
<td>Japan</td>
<td>513,616</td>
<td>510,843</td>
<td>525,096</td>
</tr>
<tr>
<td>Overseas</td>
<td>177,607</td>
<td>178,221</td>
<td>178,437</td>
</tr>
<tr>
<td>Operating income</td>
<td>924</td>
<td>11,917</td>
<td>19,252</td>
</tr>
<tr>
<td>Net income attributable to owners of parent</td>
<td>6,757</td>
<td>15,104</td>
<td>19,252</td>
</tr>
</tbody>
</table>

### R&D and Capital Investment

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D expenditures</td>
<td>24,296</td>
<td>32,568</td>
<td>32,247</td>
</tr>
<tr>
<td>Plant and equipment investment*2</td>
<td>19,124</td>
<td>27,223</td>
<td>24,989</td>
</tr>
<tr>
<td>Depreciation and amortization*3</td>
<td>26,053</td>
<td>27,945</td>
<td>29,723</td>
</tr>
</tbody>
</table>

### Cash Flows

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>11,923</td>
<td>53,853</td>
<td>28,314</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(528)</td>
<td>84,241</td>
<td>(13,489)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>11,395</td>
<td>138,094</td>
<td>14,825</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(62,575)</td>
<td>(93,468)</td>
<td>(32,593)</td>
</tr>
</tbody>
</table>

### Financial Position

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>908,938</td>
<td>805,797</td>
<td>792,848</td>
</tr>
<tr>
<td>Total net assets</td>
<td>196,134</td>
<td>174,935</td>
<td>183,217</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>178,866</td>
<td>155,355</td>
<td>163,576</td>
</tr>
<tr>
<td>Net Interest-bearing debt</td>
<td>322,507</td>
<td>192,222</td>
<td>191,603</td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td>359,790</td>
<td>274,019</td>
<td>273,865</td>
</tr>
</tbody>
</table>

### Financial Indicators

- **Ratio of operating income to net sales (%)**: 0.1, 1.7, 2.7, 2.9, 4.4, 4.8, 5.5, 5.3
- **ROE (Return on equity) (%)**: 4.4, 9.0, 7.4, 14.7, 9.3, 10.8, 11.8, 15.7
- **ROA (Return on assets) (%)**: 0.7, 1.8, 1.5, 3.4, 2.5, 3.3, 3.5, 4.7
- **Equity ratio (%)**: 19.7, 19.3, 20.6, 25.4, 28.0, 32.1, 27.3, 32.8
- **Net debt-equity ratio (times)*4**: 1.8, 1.2, 1.2, 1.0, 0.7, 0.5, 0.7, 0.4
- **Debt-equity ratio (times)*5**: 2.0, 1.8, 1.6, 1.2, 0.9, 0.7, 0.8, 0.5

### Per Share Data

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>9.46</td>
<td>21.14</td>
<td>16.52</td>
</tr>
<tr>
<td>Net assets</td>
<td>250.28</td>
<td>217.40</td>
<td>228.91</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>1.50</td>
<td>4.00</td>
<td>4.00</td>
</tr>
</tbody>
</table>

### Others

- **Employees**: 23,524, 24,562, 24,973, 24,956, 25,524, 25,740, 26,508
- **Japan**: 18,692, 18,002, 17,933, 18,271, 18,022, 17,814, 17,635
- **Overseas**: 4,832, 6,560, 7,040

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1. The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥112 = U.S. $1, the approximate exchange rate at March 31, 2017.
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. Net debt-equity ratio: Net interest-bearing debt (interest-bearing debt – cash and cash equivalents) / Net assets
5. Debt-equity ratio: Interest-bearing debt / Net assets

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### Business Performance Trends

- **Net Sales**: 691.2, 689.1, 703.5, 745.8, 759.9, 810.7, 813.6, 837.8
- **Operating Income**: 6.6, 11.9, 19.3, 26.0, 33.1, 29.3, 30.6, 44.7
- **Net Income Attributable to Owners of Parent**: 0.9, 15.1, 11.8, 22.0, 19.6, 28.0, 45.0, 41.0
- **Operating Margin**: (0.1%), (1.7%), (2.7%), (2.9%), (4.4%), (4.8%), (5.5%), (5.3%)
- **Equity Ratio**: 20%, 19%, 21%, 25%, 28%, 32%, 27%, 33%
- **ROE**: 4%, 9%, 7%, 15%, 9%, 11%, 12%, 16%
### Dividend Policy
Fuji Electric’s basic policy is to pay a stable, continuous dividend, while allocating profits earned from business activities to shareholders’ equity to maintain and strengthen the management base, and maintaining sufficient internal reserves for research and development, capital investment, and human resource development from a medium-to-long-term perspective.

For fiscal 2016, we paid a full-year dividend of ¥11 per share, comprising an interim dividend of ¥5 and a year-end dividend of ¥6.

### Cash Dividends per Share

<table>
<thead>
<tr>
<th>Year</th>
<th>(Yen)</th>
<th>(U.S. dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1.5</td>
<td>0.098</td>
</tr>
<tr>
<td>2010</td>
<td>4.0</td>
<td>0.340</td>
</tr>
<tr>
<td>2011</td>
<td>5.0</td>
<td>0.437</td>
</tr>
<tr>
<td>2012</td>
<td>5.0</td>
<td>0.437</td>
</tr>
<tr>
<td>2013</td>
<td>7.0</td>
<td>0.576</td>
</tr>
<tr>
<td>2014</td>
<td>9.0</td>
<td>0.754</td>
</tr>
<tr>
<td>2015</td>
<td>10.0</td>
<td>0.880</td>
</tr>
<tr>
<td>2016</td>
<td>11.0</td>
<td>0.979</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Headcount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2,900</td>
</tr>
<tr>
<td>2010</td>
<td>7,000</td>
</tr>
<tr>
<td>2011</td>
<td>9,000</td>
</tr>
<tr>
<td>2012</td>
<td>10,000</td>
</tr>
<tr>
<td>2013</td>
<td>11,000</td>
</tr>
<tr>
<td>2014</td>
<td>12,000</td>
</tr>
<tr>
<td>2015</td>
<td>13,000</td>
</tr>
<tr>
<td>2016</td>
<td>14,000</td>
</tr>
</tbody>
</table>

*The U.S. dollar amounts represent the arithmetic results of translating yen into dollars at ¥112 = U.S. $1, the approximate exchange rate at March 31, 2017.*

### Notes

1. **Profitability Ratios**
   - **Operating Income Ratio (%)**
   - **Net Income Ratio (%)**
   - **ROE (Return on Equity) (%)**
   - **ROA (Return on Assets) (%)**
   - **Equity Ratio (%)**
   - **Net Debt-Equity Ratio (Times)**
   - **Debt-Equity Ratio (Times)**

2. **R&D and Capital Investment**
   - **R&D Expenditure**
   - **Plant and Equipment Investment**
   - **Depreciation and Amortization**

3. **Cash Flows**
   - **Operating Activities**
   - **Investing Activities**
   - **Financing Activities**

4. **Financial Position**
   - **Total Assets**
   - **Total Net Assets**
   - **Shareholders’ Equity**
   - **Net Interest-Bearing Debt**
   - **Interest-Bearing Debt**

5. **Per Share Data**
   - **Net Income**
   - **Net Assets**
   - **Cash Dividends**
   - **Others**

6. **Employees**
   - **Japan**
   - **Overseas**

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Fuji Electric Report 2017
We aim to achieve further growth centered on power electronics operations.

On behalf of Fuji Electric, I would like to express our sincere gratitude to our stakeholders for their continued support and commitment to the Company.

At Fuji Electric, our corporate philosophy represents our pledge as responsible corporate citizens in a global society to strengthen our trusting relationships with stakeholders and fulfill our mission with sincerity. Based on this philosophy, we pursue a management policy stating that, through our innovation in energy and environment technology, we are contributing to the creation of responsible and sustainable societies.

Today, energy and environmental issues have become pressing matters which need to be addressed on a global scale.

Recognizing this fact, we strive to achieve both economic growth and a reduced environmental footprint by utilizing the energy and environment technologies we have cultivated over the more than 90 years since our founding, and to contribute to society through our manufacturing capabilities that draw on these technologies. At the same time, the Company is managed with consideration of the effects of all of its business activities on society and the environment.

Moving Forward with Further Renovation of Fuji Electric
In April 2016, Fuji Electric unveiled its FY2018 Medium-Term Management Plan, Renovation 2018, which targets net sales of ¥900.0 billion and an operating margin of more than 6% in fiscal 2018. The previous medium-term management plan ended with some issues left unresolved, namely a failure to grow sales in line with targets and a need to boost the profitability of power electronics operations. The new plan thus positions its three years as a time for “renovation,” during which we will patch the holes in the “innovation” pursued under the previous plan. We have been moving forward with the further renovation of Fuji Electric, positioning efforts to advance growth strategies and bolster profitability as core measures.

Priority Measures of FY2018 Medium-Term Management Plan

Implement growth strategies
• Reform operating processes in social infrastructure, industrial infrastructure, and power electronics businesses
• Continue expansion of overseas operations through additional M&As
• Create high-value-added products that meet customer demand

Improve Profitability
• Boost profitability of power electronics operations
• Re-energize “Pro-7 Activities”

Breaking Records for Net Income Attributable to Owners of Parent
In fiscal 2016, the first year of the new plan, net sales rose ¥24.2 billion year on year, to ¥837.8 billion, but operating income decreased ¥0.3 billion, to ¥44.7 billion. Net income attributable to owners of parent, meanwhile, increased by ¥10.3 billion, breaking previous records at ¥41.0 billion as a result of the recording of gain on sales of investment securities. We also saw massive improvements in financial indicators with an equity ratio of 33% and return on equity of 16%.

<table>
<thead>
<tr>
<th>FY2015 Result</th>
<th>FY2016 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>813.6</td>
</tr>
<tr>
<td>Operating Income</td>
<td>45.0</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>5.5%</td>
</tr>
<tr>
<td>Net Income Attributable to Owners of Parent</td>
<td>30.6</td>
</tr>
<tr>
<td>Net Debt-Equity Ratio</td>
<td>27%</td>
</tr>
<tr>
<td>Return on Equity (ROE)</td>
<td>12%</td>
</tr>
</tbody>
</table>
In addition, Fuji Electric decided to sell a portion of its holding in FUJITSU LIMITED in order to further stabilize its financial position. The alliance formed through this cross holding has been important to ensuring consistently effective operation of the Company in the past. Today, however, both parties have come to focus on different business fields, leading us to reconsider the necessity of this tie-up from the perspectives of capital efficiency and shareholder value. It was deemed possible to alter this relationship based on the operating environments and market climates of both FUJITSU and Fuji Electric, and a portion of the holding was sold accordingly. The capital generated through this sale will be directed toward mergers and acquisitions and other measures for expanding overseas operations.

Establishing a Foundation for Growth through Steadfast Efforts
If Fuji Electric is to continue growing into the future, it will be crucial for us to expand overseas operations while also reinforcing operations in Japan. In deciding our approach to this undertaking, we first chose to analyze the Company’s technological, manufacturing, and sales capabilities to determine what we were lacking and in what areas we needed improvement. A series of discussions was held among members selected from our employee base as well as among executive officers. Based on these discussions, we began preparations to renovate our operations by consolidating and rearranging the organizations of our social engineering systems, industrial infrastructure, and power electronics businesses.

At the same time, we continued to capitalize on the benefits of mergers and acquisitions conducted to date. For example, the expertise of our thermal power generation plant after-sales companies is now being applied outside of North America. In addition, we have made progress in the localization of the engineering and manufacturing functions of the industrial infrastructure and power electronics businesses in Asia.

Also, we commenced operation of an inverter assembly factory in India while starting construction of our second factory in Dalian in order to double our vending machine production capacity in China. In this manner, we have been carrying out upfront investments for increasing local production and local consumption.

Steps were also taken to bolster profitability through means such as promoting in-house production, automation, and standardization at factories to reduce costs. In our power electronics operations specifically, we sought to boost profitability by reorganizing the Suzuka Factory and Kobe Factory, our global mother factories. At the Suzuka Factory, we pursued increased productivity in manufacturing mass-production models of components and other products. At the Kobe Factory, we installed a system allowing for all steps of manufacturing systems products to be conducted within the factory.

### Four-Business Group Structure Launched in Fiscal 2017

**Establishing the Power Electronics Systems Business Group**

- **Expanding Overseas Operations with Competitive Components and Systems**

April 2017 saw the birth of the Power Electronics Systems Business Group. This new group accounts for roughly 60% of the Company’s total net sales and thus embodies the comprehensive strength of Fuji Electric. Through this business group, we plan to reinforce our customer-oriented solutions business that combines components and systems. Looking ahead, we will provide a brand of solutions unique to Fuji Electric that combines our strengths to resolve the issues faced by customers. These strengths include power electronics equipment, measuring instruments, and control systems with power semiconductors at their core; engineering and after-sales services nurtured at customer facilities; and manufacturing and energy-saving expertise perfected at Fuji Electric’s 38 factories in Japan and overseas. We will not just cater to customers in Japan; we will also seek to expand our systems operations in Asian and other overseas markets in which we can expect growth in industrial and social infrastructure demand.

Also new is the Power and New Energy Business Group. In this business group, sales organizations have been merged with operating organizations, as was done previously in the existing Electronic Devices Business Group and Food and Beverage Distribution Business Group.

**Targeting Record Highs for Operating Income and Operating Margin**

In fiscal 2017, the second year of the three-year FY2018 Medium-Term Management Plan, we will target net sales of ¥850.0 billion together with record highs for operating income and operating margin of ¥48.0 billion and 5.6%, respectively. Fuji Electric is working to bolster profitability even as it increases shareholders’ equity by targeting an equity ratio of 35% together with return on equity of 10%. The cash flows generated through our business will be used to conduct proactive growth investment for expanding operations from a medium-to-long-term perspective. In regard to shareholder returns, it is our policy to issue stable, continuous dividend payments in line with income growth. We plan to enhance returns in the near future by aiming for a dividend payout ratio of approximately 30%.

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**Financial Indicators**

<table>
<thead>
<tr>
<th></th>
<th>2016 Result</th>
<th>2017 Management Plan</th>
<th>2018 Medium-Term Management Plan (FY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Ratio</td>
<td>33%</td>
<td>35%</td>
<td>32%</td>
</tr>
<tr>
<td>ROE</td>
<td>16%</td>
<td>10%</td>
<td>12%</td>
</tr>
</tbody>
</table>

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**Distribution (Billions of yen)**

<table>
<thead>
<tr>
<th>Fiscal 2016</th>
<th>Fiscal 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power and Social Infrastructure</td>
<td>Power and Social Infrastructure</td>
</tr>
<tr>
<td>Industrial Infrastructure</td>
<td>Industrial Infrastructure</td>
</tr>
<tr>
<td>Power Electronics</td>
<td>Power and New Energy</td>
</tr>
<tr>
<td>Electronic Devices</td>
<td>Power Electronics Systems</td>
</tr>
<tr>
<td>Food and Beverage Distribution</td>
<td>Energy Solutions</td>
</tr>
<tr>
<td>Food and Beverage Distribution</td>
<td>Industry Solutions</td>
</tr>
</tbody>
</table>
Accelerating Creation of High-Value-Added Products and Augmenting Manufacturing Capabilities

Fuji Electric is shifting toward a development framework that entails technology marketing, advanced research, and basic research being conducted by the Corporate R&D Headquarters while the business groups are responsible for the development of products for their respective businesses. Within this new framework, development ventures are focusing on starting up businesses utilizing the Internet of Things, or IoT, developing platforms, and realizing practical application of next-generation SiC power semiconductor modules. Simultaneously, we are enhancing our network of R&D bases to accelerate the creation of high-value-added products that win customer favor. In fiscal 2015, we built an R&D center in the Matsumoto Factory as well as a building at the Tokyo Factory for conducting corporate R&D and measurement and control equipment R&D activities. Furthermore, we completed the Power Electronics Technical Center at the Suzuka Factory in fiscal 2016 and then assembled a team of power electronics researchers and engineers at this center.

Meanwhile, we sought to augment our manufacturing capabilities. Adopting a local production and consumption perspective, we reinforced capabilities at our global mother factories in Japan while coordinating with overseas production sites, such as those in China and other parts of Asia, in our ongoing drive to improve value and productivity through in-house production and automation. Also, at our Mie Factory and Otawara Factory, we are developing new manufacturing technologies aimed at reducing the costs associated with IoT. Our efforts to utilize IoT to automate and protect facilities and realize autonomous production will be extended to other bases going forward. In addition, the second vending machine factory being constructed in Dalian, China, will be equipped with production technologies and state-of-the-art automation equipment from the Mie Factory. Combined with the existing first Dalian factory, this new factory will help double our production capacity in China, to 100,000 units per year, thereby contributing to the expansion of our operations in this country.

Re-energizing Pro-7 Activities

Fuji Electric’s Pro-7 Activities entail all employees at the Group reviewing the way they work from the ground up in order to improve work quality and efficiency and thereby bolster profitability. These activities were kicked off in fiscal 2012 and have been ongoing for the past five years. As a result, the principles of the Pro-7 Activities have become entrenched within the Company, firmly rooting a new awareness of costs and work quality in the minds of all employees. In fiscal 2017, we will respond to the call for workstyle reforms by once again getting back to the basics of our work, reviewing how we work, prepare materials, and conduct meetings. I am confident that these efforts will be valuable to the Company and to all of its employees. We will also seek to re-invigorate the Pro-7 Activities by stepping up initiatives at overseas bases.

Addressing ESG Issues to Achieve Sustainable Growth

At the core of Fuji Electric’s corporate philosophy is the importance of building trusting relationships with stakeholders and becoming a company that is sensitive toward both people and the environment as a responsible member of society. Exercising this philosophy is how Fuji Electric fulfills its corporate social responsibilities. Moreover, the Company participates in the United Nations Global Compact, and it has incorporated the Compact’s Ten Principles, which pertain to the four areas of human rights, labor, environment, and anti-corruption, into its Code of Conduct to adhere to these principles. Through our involvement in the Global Compact, we will seek to fulfill our social responsibilities on a global scale. We are also endeavoring to contribute to the accomplishment of the 17 Sustainable Development Goals contained in Transforming our world: the 2030 Agenda for Sustainable Development, which was adopted at a United Nations summit held in September 2015. We are approaching this goal from the perspective of environmental, social, and governance, or ESG, issues.

Contributing to Environmental Preservation by Supplying Products and Technologies

Global warming and other environment issues are pressing matters that could materially impact the future of humanity. Based on this realization, we have formulated Environmental Vision 2020, which is centered on the three specified material issues of stopping global warming, creating a recycling-oriented society, and meeting our corporate social responsibilities. Guided by this vision, we will strive to contribute to environmental preservation by supplying products and technologies that utilize the energy and environment technologies in which Fuji Electric specializes while at the same time working to reduce the environmental footprint of our own production activities. These goals will be pursued through a concerted Group effort that includes overseas subsidiaries.
Cultivating Diverse Human Resources and Developing a Supportive Workplace Environment

If Fuji Electric is to continue growing on a global scale, it will be vital for the Company to be able to combine the capabilities of a diverse range of human resources in order to maximize its strengths as a team. We are thus systematically accelerating the development of future leaders and globally competent human resources with a view to 10 and 20 years down the line. We are also advancing a planned expansion of the number of female managers by redoubling career development support for female employees so that such employees can feel motivated and empowered in their work. These efforts have led to Fuji Electric’s inclusion in the Nadeshiko Brand selection of companies that display excellence in empowering their female employees for two consecutive years. At the same time, effort is being devoted to developing a more accommodating workplace environment in order to support employees in achieving a good work-life balance. It can be anticipated that the number of employees needing to care for children or other family members will rise going forward. Fuji Electric is enhancing the support available for such employees by introducing Flexible Location working systems that enable employees to work in satellite or home offices.

Implementing Rigorous Groupwide Governance

Corporate governance is growing ever more important. Fuji Electric is strengthening its corporate governance by increasing management transparency and enhancing the oversight function at both the Company and its subsidiaries. Furthermore, the Company is appropriately addressing the requirements of Japan’s Corporate Governance Code while practicing proactive engagement with shareholders and other investors.

Being “Enthusiastic, Ambitious, and Sensitive” to Realize Continuous, Global Growth

In fiscal 2023, Fuji Electric will celebrate its centennial anniversary. We aim to achieve net sales of ¥1 trillion and an operating margin of 7% leading up to this momentous occasion.

Fuji Electric’s corporate philosophy contains the slogan of “enthusiastic, ambitious, and sensitive.” I find myself discussing this slogan with employees on various occasions. In this slogan, “enthusiasm” means the desire to contribute to society by creating new technologies and products. “Ambition” means setting lofty goals and working to achieve them no matter what challenges may be faced. “Sensitive” means valuing customers, allies, and employees as well as the families that support each of these individuals. This slogan truly represents Fuji Electric’s corporate DNA.

Our goal is to ensure our prosperity as a company, returns to our shareholders, and the happiness of our employees and their families, while contributing to the achievement of a sustainable society. In closing, we would like to ask for the continued support of all our stakeholders.

July 2017

Michihiro Kitazawa
President and Representative Director
Review of Operations in Fiscal 2016

Consolidated Performance in Fiscal 2016

Net sales increased ¥24.2 billion year on year, to ¥837.8 billion. Unfavorable foreign exchange rates placed downward pressure on sales, but the benefits of higher demand in the Power and Social Infrastructure and Industrial Infrastructure segments were most significant.

Operating income decreased ¥0.3 billion year on year, to ¥44.7 billion, as the impacts of upfront investments in Power Electronics and foreign exchange rate fluctuations outweighed the benefits of cost reduction efforts.

Net income attributable to owners of parent climbed ¥10.3 billion, reaching a new record high of ¥41.0 billion due to the recording of gain on sales of a portion of the Company’s holding in FUJITSU LIMITED.

Substantial year-on-year improvements were seen in financial indicators with an equity ratio of 33% and return on equity of 16%.

Domestic and Overseas Net Sales

Domestic net sales increased ¥35.0 billion year on year, to ¥632.7 billion. This increase was a result of a rise in plant sales and higher smart meter demand in the Power and Social Infrastructure segment and robust replacement demand in the Industrial Infrastructure segment.

Overseas net sales decreased ¥10.8 billion, to ¥205.0 billion. Major factors resulting in this decrease included declines in the earnings of overseas subsidiaries when translated to yen amounts and lower plant sales in the Power and Social Infrastructure segment.

Power and Social Infrastructure

Net sales increased following higher demand for replacing aging hydro power generation facilities and increasing the output of other existing hydro power facilities as well as a rise in demand for smart meters, which was a result of power companies switching over to such meters in conjunction with the deregulation of the electricity retail market. As another factor, sales of information systems for the public sector and the academic sector were up.

Operating income rose together with sales volumes of hydro power generation facilities and smart meters.

Industrial Infrastructure

Net sales increased due in part to higher demand for substation equipment and industrial power supply facilities in Japan. Other contributors included strong energy saving and replacement demand among steel and chemical plants and other customers in the materials industry as well as increased sales in new solutions businesses targeting data centers.

Operating income rose due to the benefits of higher demand for substation equipment, industrial power supply facilities, and products for data centers as well as cost reductions.
Capital Expenditure
Investments were conducted in boosting production capacities based on the policy of local design, local production, and local consumption; commencing mass-production of next-generation power semiconductors in the Electronic Devices segment; and enhancing facilities at the global mother factory for the Power Electronics segment in Japan with a view to sales growth. In addition, we started construction of a new factory to expand vending machine production capacity in China.

R&D Expenditure
Fuji Electric advanced development of competitive components and solutions that create value for customers. We also developed equipment and platform technologies that utilize the Internet of Things (IoT).1 In the Power Electronics segment, development ventures targeted the creation of new products for expanding plant systems operations. Meanwhile, the development of next-generation power semiconductors that contribute to the realization of more energy-efficient and compact equipment was pursued in the Electronic Devices segment.

*1 Internet of Things: Framework for fundamentally revolutionizing business and our daily lives by connecting various objects through networks and enabling them to achieve optimal, autonomous control of one another

Capital Investment
• Equipment for increasing production of smart meters
• Portable machining equipment for providing on-site repair services at thermal power plants

Research and Development
• Improvement of efficiency and compatibility with high temperatures for thermal and geothermal power turbines, etc.

TOPICS
Supplied Binary Geothermal Power Generation System among Largest Generation Capacity in Japan
Aiming to contribute to the supply of electricity generated from renewable sources, Fuji Electric took part in a project for building a binary geothermal power generation system that uses lower-temperature hot water. The Company was contacted to perform engineering, procurement, manufacturing, and construction for this project. The system that was delivered boasts a generation capacity of 5,050 kW, among the largest in Japan.

Capital Expenditure
(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>27.7</td>
</tr>
<tr>
<td>2016</td>
<td>27.1</td>
</tr>
</tbody>
</table>

Change: +0.0

R&D Expenditure*
(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D Expenditure*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>35.9</td>
</tr>
<tr>
<td>2016</td>
<td>34.9</td>
</tr>
</tbody>
</table>

Change: -1.0

Delivered Large-Scale Data Center Project
Demand for data centers is rising rapidly amid the spread of cloud systems. Fuji Electric received an order for a large-scale data center project that entailed an EPC (Engineering, Procurement and Construction) base contract and delivered it.

Capital Investment
(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.2</td>
</tr>
<tr>
<td>2016</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Change: +0.2

R&D Expenditure*
(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D Expenditure*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3.6</td>
</tr>
<tr>
<td>2016</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Change: +0.3

TOPICS
Capital Investment
• Production equipment for substation equipment and measuring instruments

Research and Development
• Gas-insulated switchgears for power plants and substations in Asia and the Near and Middle East
• Ultrahigh efficiency indirect external air conditioning equipment that contributes to data center energy savings
	56 kW F-COOL NEO (40% higher cooling capacity than previous offerings)

Capital Expenditure
(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.1</td>
</tr>
<tr>
<td>2016</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Change: 0

R&D Expenditure*
(Billions of yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D Expenditure*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4.3</td>
</tr>
<tr>
<td>2016</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Change: +0.1

*2 Figures for R&D expenditure above have been divided by segment based on theme and may therefore differ from the figures contained in the consolidated financial report for the fiscal year ended March 31, 2017.
Review of Operations in Fiscal 2016 (By Segment)

Power Electronics

Although sales of servos and other products rose on the back of robust automation demand in China, overall net sales were down. Factors behind this decrease included a decline in large-scale overseas orders for electrical equipment for railcars, lower demand for power conditioning systems for megasolar power generation systems in Japan, and the impacts of unfavorable foreign exchange rates.

Operating income decreased due to lower sales, upfront investments in overseas production bases, and the aforementioned unfavorable foreign exchange rates.

Electronic Devices

Net sales were down, despite higher demand for power semiconductors in the industrial, automotive, and consumer fields, as a result of reduced demand for magnetic disks stemming from the deterioration of market conditions as well as unfavorable foreign exchange rates.

The lower magnetic disk sales and adverse foreign exchange rates also caused operating income to decline.

Food and Beverage Distribution

There was a rise in demand for store equipment for convenience stores, but net sales decreased as a result of lower vending machine shipment volumes stemming from reduced demand in Japan and the revision of market development plans in China.

Lower sales of vending machines in Japan and China coupled with a less favorable sales mix for store equipment led to a decline in operating income.
Contributions to Labor Savings at Stores

Labor shortfalls are stimulating increases in demand for labor savings and automation at convenience and other stores. Fuji Electric catered to this demand by expanding its lineup of vending machines that can sell goods 24 hours a day and by delivering automatic change dispensers for self-checkout registers.

*1 Figures for R&D expenditure above have been divided by segment based on theme and may therefore differ from the figures contained in the consolidated financial report for the fiscal year ended March 31, 2017.
Issues to be Addressed in Fiscal 2017

For fiscal 2017, Fuji Electric has set forth a policy of working to construct growth foundations through business model renovation, and we plan to advance initiatives to strengthen the power electronics systems business, further enhance manufacturing capabilities, and re-energize Pro-7 Activities.

Strengthen the Power Electronics Systems Business

Fuji Electric aims to expand its overseas systems operations by creating competitive components. We are implementing the following initiatives through a cross-business structure encompassing development, engineering, production, and after-sales services to ensure that this policy can be implemented effectively. As part of our efforts on this front, we will create differentiated products through marketing practices based on actual market needs and move ahead with the standardization of systems and the development of systems packages for specific target industries. Fuji Electric will also optimize its global supply chain by stepping up coordination among production bases in Japan and overseas. In addition, we will consolidate after-sales service divisions and provide one-stop service based on the customer’s perspective to improve customer satisfaction.

Further Enhance Manufacturing Capabilities

Based on its policies of promoting local production and consumption, Fuji Electric plans to enhance its global mother factories in Japan and pursue coordination with overseas production bases to reinforce its systems for responding to diverse market needs in Japan and overseas.

Furthermore, we will expand in-house production to improve value and productivity while utilizing IoT to reduce costs.

Re-energize Pro-7 Activities

Fuji Electric’s Pro-7 Activities is a program that entails a ground-up review of all costs associated with business activities as well as efforts to radically improve operational quality in order to prevent waste and losses. In fiscal 2017, these activities will be re-energized through accelerated implementation at overseas bases by which we aim to enhance earnings systems.

New Business Segments

Effective April 1, 2017, the Company underwent a reorganization resulting in the current structure of four business groups comprising five segments.

As part of this move, the power electronics systems business was created through the reorganization of the prior Power and Social Infrastructure segment’s social engineering systems business as well as the industrial infrastructure business and the power electronics business. In this new business, we provide two types of solutions. Energy solutions contribute to the consistent supply, optimization, and stabilization of energy for customers. Industry solutions contribute to improved productivity and energy savings with factory automation and monitoring. In this area, we seek to combine components and systems so that the resulting systems can be utilized to expand overseas operations.

In addition, the newly established Power and New Energy segment will be responsible for the supply of clean and eco-friendly power.

Issues to be Addressed in Fiscal 2017

<table>
<thead>
<tr>
<th>Construct growth foundations through business model renovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement growth strategies</td>
</tr>
<tr>
<td>Improve profitability</td>
</tr>
<tr>
<td>- Strengthen the power electronics systems business</td>
</tr>
<tr>
<td>- Further enhance manufacturing capabilities</td>
</tr>
<tr>
<td>- Re-energize Pro-7 Activities</td>
</tr>
</tbody>
</table>

New Business Segments

<table>
<thead>
<tr>
<th>Business Segments (April 1, 2017–)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Electronics Systems Energy Solutions</td>
</tr>
<tr>
<td>Energy Solutions</td>
</tr>
<tr>
<td>- Energy management</td>
</tr>
<tr>
<td>- Substation systems</td>
</tr>
<tr>
<td>- Power supply systems</td>
</tr>
<tr>
<td>- ED&amp;C components</td>
</tr>
<tr>
<td>Industry Solutions</td>
</tr>
<tr>
<td>- Factory automation</td>
</tr>
<tr>
<td>- Process automation</td>
</tr>
<tr>
<td>- Environmental and social solutions</td>
</tr>
<tr>
<td>- Installation</td>
</tr>
<tr>
<td>- IT solutions</td>
</tr>
<tr>
<td>Power and New Energy Clean and eco-friendly power</td>
</tr>
<tr>
<td>Electronic Devices Efficiency improvement and energy savings</td>
</tr>
<tr>
<td>Food and Beverage Distribution Food safety and security, labor savings</td>
</tr>
<tr>
<td>- Vending machines</td>
</tr>
<tr>
<td>- Store distribution</td>
</tr>
</tbody>
</table>

Previous Segments (~March 31, 2017)

<table>
<thead>
<tr>
<th>Business Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power and Social Infrastructure</td>
</tr>
<tr>
<td>Industrial Infrastructure</td>
</tr>
<tr>
<td>Power Electronics</td>
</tr>
<tr>
<td>Electronic Devices</td>
</tr>
<tr>
<td>Food and Beverage Distribution</td>
</tr>
</tbody>
</table>
Fiscal 2017 Targets

Net sales are projected to increase ¥12.2 billion year on year, to ¥850.0 billion, as the benefits of progress in growth strategies and higher domestic and overseas demand will outweigh the negative impacts of foreign exchange influences.

In addition, we will target a record high for operating income of ¥48.0 billion, an increase of ¥3.3 billion year on year. This accomplishment is to be achieved through higher sales as well as through cost reductions stemming from enhancements to manufacturing capabilities.

Net income attributable to owners of parent is forecast to decline ¥12.0 billion year on year due to the absence of the gain on sales of investment securities recorded in fiscal 2016.

Meanwhile, we are anticipating an equity ratio of 35% and return on equity of 10%.

Domestic and Overseas Net Sales

Domestic net sales of ¥637.0 billion, an increase of ¥4.3 billion year on year, are projected to be achieved through higher sales from plant projects in the Industry Solutions and Power and New Energy segments.

Although foreign exchange rates will place downward pressure on earnings of overseas subsidiaries when translated to yen, overseas net sales are forecast to increase ¥8.0 billion, to ¥213.0 billion. This increase will be a product of a rise in sales of substation systems in the Energy Solutions segment and of vending machines in the Food and Beverage Distribution segment.

Capital Expenditures

The policy of local design, local production, and local consumption pursued in fiscal 2016 will be maintained in fiscal 2017. Investment targets will include production equipment compatible with SiC power semiconductors and other new product developments in the Electronic Devices segment and production equipment for boosting vending machine production capacity in China in the Food and Beverage Distribution segment.

Furthermore, investments will be conducted to facilitate Companywide efforts to utilize IoT for automating production equipment and tracking production data in order to improve product competitiveness.

R&D Expenditures

R&D ventures for creating competitive, value-added products will be accelerated.

Specifically, we will focus on the development of differentiated equipment and platform technologies to give rise to solutions that create value for customers by utilizing new power electronics systems products and IoT.

In the Electronic Devices segment, which accounts for approximately 40% of R&D expenditures, our focus will be the power semiconductors that are the source of Fuji Electric’s competitive edge.
Management Plan for Fiscal 2017 (By Segment)

Power Electronics Systems—Energy Solutions and Industry Solutions

Fuji Electric provides energy solutions, which contribute to the consistent supply, optimization, and stabilization of energy, as well as industry solutions, which contribute to improved productivity and energy savings via factory automation and monitoring.

Business Areas

<table>
<thead>
<tr>
<th>Energy Solutions</th>
<th>Industry Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Energy management  Factory energy management systems, power distribution, smart meters  Substation equipment, industrial power supply facilities  Power supplies  Datacenters, uninterruptible power systems, power conditioning systems, switchboards  ED&amp;C components  Power distribution and control equipment</td>
<td>• Factory automation  Inverters, motors, factory automation components and systems  Process automation  Drive control systems, measurement and control systems  Environmental and social systems  Distribution systems, plant factories, measuring instruments and sensors, radiation monitoring systems, transportation systems  Equipment construction  Electrical and air-conditioning equipment installation  IT solutions  Information systems</td>
</tr>
<tr>
<td><img src="image1" alt="Substation equipment" /></td>
<td><img src="image2" alt="Servo system" /></td>
</tr>
<tr>
<td><img src="image3" alt="Data center" /></td>
<td><img src="image4" alt="Plant monitoring and control system" /></td>
</tr>
</tbody>
</table>

Power Electronics Systems Business Policies

• Create competitive components  
• Enhance systems using competitive components  
• Expand overseas businesses by leveraging systems  

With a focus on power semiconductors and sensors, Fuji Electric will create competitive components, including power electronics, measuring instruments, and control equipment. These components will be utilized to form high-value-added systems, which we will bundle with engineering and after-sales services and provide to customers to resolve the issues they face.

In addition, we will reinforce our engineering systems centered on overseas subsidiaries acquired through M&A activities to expand systems operations in Asia, North America, and other regions.

Business Linked Through Cross-Business Structure

We are implementing business policies through a new cross-business structure for development, engineering, production, and after-sales services.

• Development  
Fuji Electric will create differentiated products through marketing practices based on actual market needs. To this end, development will be accelerated for power electronics equipped with SiC power semiconductors as well as for systems that combine sensors, control equipment, and IoT technologies. We will also standardize designs and expand use of shared parts to shorten development lead times and reduce costs.

• Production  
Fuji Electric will optimize its global supply chain by stepping up coordination between global mother factories in Japan and overseas production bases. In addition, productivity improvements and cost reductions will be pursued through business-wide system quality management, expanded in-house production and standardization, and automation.

• Engineering  
Fuji Electric will provide visualization of plant system costs. At the same time, we will bolster system proposal capabilities through reductions in costs and lead times achieved by standardizing systems and developing systems packages for specific target industries with a focus on differentiated products.

• After-Sales Services  
Fuji Electric will seek to increase customer satisfaction by consolidating after-sales service divisions to provide one-stop service based on the customer’s perspective. We will also enhance facility maintenance proposals in Japan and reinforce overseas after-sales business foundations as we strive to grow our service sales on a global basis.
**Energy Solutions**

### Priority Measures for Fiscal 2017

**Strengthen the Transmission and Distribution Business**

Fuji Electric will devote efforts to incorporating domestic replacement demand for substation equipment while enhancing manufacturing and engineering capabilities in Asia.

**Reinforce the Data Center Business**

Fuji Electric aims to reinforce its data center business, which is expected to see demand growth in Asia and North America. To support this business, we will develop system packages bundling uninterruptible power systems (UPSs) with indirect external air-conditioning and other equipment. We will also promote sales of UPSs equipped with SiC power semiconductors as differentiated products in the domestic and overseas markets.

**Capture Domestic Construction Demand in ED&C Components Business**

Out of consideration for the strong domestic construction demand, Fuji Electric will seek to increase sales of ED&C components by redoubling efforts to take advantage of demand from distribution panel manufacturers as well as from machine tool and other machinery manufacturers.

### Industry Solutions

### Priority Measures for Fiscal 2017

**Expand the Factory Automation Systems Business**

Looking to capture factory automation demand centered on assembly processing plants in China and Japan, Fuji Electric will expand its factory automation systems business through combinations of servo systems, programmable logic controllers, and other equipment.

**Strengthen the Process Automation Business**

Our process automation business targets steel and chemical plants as well as other customers in the materials industry. In this business, Fuji Electric will boost productivity in domestic manufacturing industries and take advantage of replacement demand for energy-saving equipment, among others. At the same time, the Company will strengthen its overseas operations by leveraging engineering companies in Vietnam and India.

**Increase Distribution Field Sales**

Fuji Electric will seek to expand sales in the distribution field, which is growing in Japan, by deploying systems solutions that incorporate IT facility monitoring and other functions into distribution control and cold chain systems.

*Figures for R&D expenditures above have been divided by segment based on theme and may therefore differ from the figures contained in the consolidated financial report for the fiscal year ended March 31, 2017.
Management Plan for Fiscal 2017 (By Segment)

Power and New Energy

Fuji Electric’s sophisticated plant engineering capabilities meet the growing demand for electricity by providing high-efficiency thermal power generation plants as well as eco-friendly geothermal, hydro, solar, and wind power generation equipment and fuel cells.

Business Areas

<table>
<thead>
<tr>
<th>Thermal Power</th>
<th>Renewable and New Energy</th>
<th>Nuclear Power-Related Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geothermal power generation plants</td>
<td>Hydro power generation facilities</td>
<td>Fuel cells</td>
</tr>
<tr>
<td>Solar power generation systems</td>
<td>Wind power generation systems</td>
<td>(Fuel handling equipment and waste treatment equipment)</td>
</tr>
</tbody>
</table>

Priority Measures for Fiscal 2017

Fuji Electric will target consistent, ongoing business growth by catering to rising demand for renewable energy and other forms of power and by expanding after-sales businesses.

Expand Orders for Thermal Power Generation Plants

In the midst of the progressive deregulation of the electricity retail market in Japan, Fuji Electric will work to continue receiving thermal power-related orders from power producers while approaching new customers. At the same time, we will expand orders in Asia and the Near and Middle East.

Thorough management of project progress will also be practiced while reducing costs.

Grow Renewable Energy Orders

The Company will strive to continue receiving geothermal power-related orders in Asia while growing orders in the African and Central and South American markets. In Japan, sales promotions for binary geothermal power generation systems will be advanced while leveraging our past delivery track record.

In the solar power field, we will target an ongoing flow of orders for large-scale engineering, procurement, and construction projects in Japan while simultaneously entering into the Asian market.

Secure Stable Earnings by Expanding After-Sales Businesses

Fuji Electric will establish new bases in the Middle East and develop a global network linking Japan, Taiwan, the Americas, and Indonesia with the aim of expanding its thermal and geothermal power after-sales businesses. At the same time, increased sales will be targeted at RTS Holdings, Inc., a U.S. company that was acquired and subsequently converted into a subsidiary in fiscal 2015, while also deploying this company’s expertise at other overseas after-sales service bases. We thereby aim to increase the service provision capabilities of these bases.

Capital Investment

- Rationalization of production facilities at the Kawasaki Factory, enhancement of equipment at RTS, etc.

Research and Development

- Improvement of thermal power turbine efficiency, development of new power conditioning sub-system models for solar power generation systems, development of next-generation fuel cells, etc.

* Figures for R&D expenditures above have been divided by segment based on theme and may therefore differ from the figures contained in the consolidated financial report for the fiscal year ended March 31, 2017.
Across the industrial, automotive, and consumer fields, Fuji Electric contributes to high power conversion efficiency and energy savings by supplying power semiconductors, which are key devices in power electronics.

**Business Areas**

**Industrial Field**
- Inverters
- Numerical control machinery
- Power conditioning sub-systems

**Automotive Field**
- Automobiles
- Automotive IGBTs
- Pressure sensors

**Consumer Field and Others**
- Servers
- Flat-screen TVs
- Power control ICs
- Power MOSFETs

**Priority Measures for Fiscal 2017**

In its power semiconductor business, Fuji Electric will accelerate the development of high-value-added products in the industrial and automotive fields to create a highly profitable operating structure and grow sales. We will also seek increased productivity by investing in equipment for manufacturing new products and bolstering 8-inch wafer production capacity.

Our focus in the magnetic disk business will be to secure stable sales volumes and maintain profitability.

**Increase Sales of Power Semiconductors for the Industrial Field**

A major focus will be promoting sales of 7th-generation IGBT modules that realize greater energy savings while enabling equipment to be made more compact and light requirements. Specific applications targeted with these modules will be numerical control machinery and robots, which are performing well amid the trend toward factory automation and adoption of IoT technologies, and air-conditioning equipment, which is witnessing growing demand centered on China.

**Step Up Power Semiconductor Product Development**

Currently, there is demand for the components used in electric vehicles to be made lighter and more compact in order to increase driving performance and reduce environmental impacts. Fuji Electric will respond to this trend by utilizing its cutting-edge chip, package, and cooling technologies to develop IGBT modules boasting the industry’s top levels of output electric power density. Through these efforts, we aim to realize future sales growth.

Furthermore, we will expand our series of SiC products, which contribute to higher levels of power conversion efficiency and more compact equipment, for a wide range of fields, including the industrial equipment, railway, and automotive fields. Development ventures for enhancing performance will also be accelerated.

**Bolster 8-Inch Power Semiconductor Wafer Production Capacity**

We will bolster the 8-inch wafer production capacities of the Matsumoto Factory and the Yamanashi Factory while shifting toward large-diameter wafer fabrication in front-end processes to increase productivity.

**Electronic Devices**

<table>
<thead>
<tr>
<th>Application</th>
<th>Products</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inverters</td>
<td>IGBT modules</td>
<td>SiC modules</td>
</tr>
<tr>
<td>Numerical control machinery</td>
<td>Automotive IGBTs</td>
<td>Pressure sensors</td>
</tr>
<tr>
<td>Power conditioning sub-systems</td>
<td>Power control ICs</td>
<td>Power MOSFETs</td>
</tr>
</tbody>
</table>

**Net Sales**

<table>
<thead>
<tr>
<th>Results (FY)</th>
<th>Management Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>118.5</td>
<td>112.7</td>
</tr>
</tbody>
</table>

Change: $6.1\%$ to $5.9\%$

**Operating Income**

<table>
<thead>
<tr>
<th>Results (FY)</th>
<th>Management Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>8.0</td>
<td>8.3</td>
</tr>
</tbody>
</table>

Change: $-5.8\%$

**Capital Expenditures**

<table>
<thead>
<tr>
<th>Results (FY)</th>
<th>Management Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>8.9</td>
<td>12.2</td>
</tr>
</tbody>
</table>

Change: $+3.3\%$

**R&D Expenditures**

<table>
<thead>
<tr>
<th>Results (FY)</th>
<th>Management Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>12.8</td>
<td>12.7</td>
</tr>
</tbody>
</table>

Change: $-0.1\%$

* Figures for R&D expenditures above have been divided by segment based on theme and may therefore differ from the figures contained in the consolidated financial report for the fiscal year ended March 31, 2017.

**Capital Investment**

- Production equipment for 7th-generation IGBT modules and SiC products, 8-inch wafer production capacity increases, expansion of automotive module production equipment, doubling of air conditioner intelligent power module production capacity, etc.

**Research and Development**

- SiC devices and modules, 7th-generation IGBT module product development, automotive devices and modules, etc.
Management Plan for Fiscal 2017 (By Segment)

Food and Beverage Distribution

In the food and beverage distribution field, Fuji Electric helps to ensure the safety and security of food and beverage products by combining its core heating and cooling technologies with mechatronic and IoT technologies to provide ideal products and solutions.

Priority Measures for Fiscal 2017

In the vending machine business, we will maintain our leading share in the domestic market while expanding operations in the growing Chinese and Southeast Asian markets. Meanwhile, we will step up the development and proposal of new products that provide energy-saving and laborsaving benefits to convenience stores and that address operating environment changes in the store distribution business.

Maintain Top Share of Domestic Vending Machine Market

We aim to maintain the current level of domestic sales in the vending machine business, despite the contraction of the Japanese market. To accomplish this goal, we will respond to customer needs by developing new vending machine models that can be operated with increased efficiency. These vending machines will, for example, use IoT technologies to realize labor savings, formulate sales projections, or offer remote malfunction monitoring functions.

We will seek to maintain consistent levels of production to increase productivity as we also reduce costs and regionalize operating structures.

Enhance Vending Machine Business Structures in China and Southeast Asia

Vending machine demand in China and Southeast Asia is expected to grow together with automation and cashless payment needs. We are thus working to enhance our business structures in these areas. For example, the completion of the second vending machine factory in Dalian, China will enable us to produce 100,000 units a year in this country. Development, sales, and after-sales services systems in China will also be strengthened. In Southeast Asia, we are making efforts to meet the needs for replacing second-hand vending machines with brand new ones mainly in Thailand and to expand our lineup of models. In addition, we are actively managing operator companies, which use vending machines as a venue to sell the items contained therein. The Company is thereby working to create new markets.

Contribute to Development of Appealing Stores

Fuji Electric is bolstering its efforts to develop and propose new vending machine models that address the laborsaving needs of the domestic convenience store market as well as the changing customer demographics and tastes seen therein.

Business Areas

Vending Machines

Can and PET bottle vending machines
Vending machines for food and other goods (models for China and other Asian markets)

Store Distribution

Showcases
Automatic change dispensers
Eco-friendly stores

Net Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (Billions of yen)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Results</td>
<td>109.6</td>
<td></td>
</tr>
<tr>
<td>2017 Management Plan</td>
<td>118.4</td>
<td>+8.8</td>
</tr>
</tbody>
</table>

Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Income (Billions of yen)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Results</td>
<td>6.0</td>
<td></td>
</tr>
<tr>
<td>2017 Management Plan</td>
<td>8.0</td>
<td>+2.0</td>
</tr>
</tbody>
</table>

Capital Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures (Billions of yen)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Results</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>2017 Management Plan</td>
<td>6.5</td>
<td>+2.8</td>
</tr>
</tbody>
</table>

R&D Expenditures*

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures (Billions of yen)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Results</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>2017 Management Plan</td>
<td>2.4</td>
<td>–0.1</td>
</tr>
</tbody>
</table>

* Figures for R&D expenditures above have been divided by segment based on theme and may therefore differ from the figures contained in the consolidated financial report for the fiscal year ended March 31, 2017.

Capital Investments

- Construction of second Dalian factory, expansion of in-house store equipment production, etc.

Research and Development

- Development of fundamental technologies that contribute to labor savings and new models of vending machines for the Chinese and Asian markets, etc.
Management Plan for Fiscal 2017 (Overseas Operations)

Overseas Operations

Fuji Electric is applying its policy of local design, local production, and local consumption to building overseas operation foundations. As part of this undertaking, we are developing sales, engineering, and production bases in China, other parts of Asia, the Americas, and Europe. As of March 31, 2017, we had 51 overseas sales and engineering bases and 19 overseas production bases located around the world. We are also focused on acquiring human resources and sales channels overseas. The Company conducted eight M&A transactions over the period from April 1, 2013, to March 31, 2016, and Fuji Electric currently has 45 consolidated subsidiaries outside of Japan.

Going forward, we will continue to enhance our manufacturing and engineering systems in growing markets, such as India and other parts of Asia.

Asia

- Strengthen and expand systems businesses that target factories and plants and utilize acquired bases in Vietnam and India (Energy Solutions, Industry Solutions)
- Grow market by expanding lineup of new vending machine products and managing operator companies in Thailand (Food and Beverage Distribution)

Net Sales in Asia (Excluding China) (Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2016 Results</th>
<th>2017 Management Plan</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>106.1</td>
<td>108.4</td>
<td>+2.3</td>
</tr>
</tbody>
</table>

China

- Expand operations targeting data centers (Energy Solutions)
- Strengthen factory automation systems business in conjunction with growing factory automation investment (Industry Solutions)
- Increase vending machine production capacity and enhance sales and after-sales service bases (Food and Beverage Distribution)

Net Sales in China (Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2016 Results</th>
<th>2017 Management Plan</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>67.5</td>
<td>71.3</td>
<td>+3.8</td>
</tr>
</tbody>
</table>

Europe

- Bolster sales through promoting coordinated inverters and servos operations (Industry Solutions)
- Promote fuel cells sales through collaboration with German fire prevention equipment manufacturers (Power and New Energy)

Net Sales in Europe (Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2016 Results</th>
<th>2017 Management Plan</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>16.6</td>
<td>16.0</td>
<td>-0.6</td>
</tr>
</tbody>
</table>

Americas

- Expand thermal and geothermal power after-sales businesses (Power and New Energy)
- Promote sales of UPSs for data centers (Energy Solutions)
- Grow railcar business (Industry Solutions)

Net Sales in the Americas (Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>2016 Results</th>
<th>2017 Management Plan</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>14.8</td>
<td>17.3</td>
<td>+2.5</td>
</tr>
</tbody>
</table>

Expansion of Overseas Network (March 31, 2013 → March 31, 2017)

- Consolidated subsidiaries: 22 → 45
- Sales and engineering bases: 47 → 51
- Production bases: 14 → 19
Research and Development

Fuji Electric is focused on research and development activities for creating competitive components and systems centered on power semiconductor technologies and power electronics technologies as well as activities for developing solutions that produce value for customers by combining fundamental technologies.

The Company has designed its R&D system to accelerate R&D activities by delegating product development functions to the respective business groups while the corporate R&D group handles technology marketing, advanced research, and basic research.

R&D Policies

- Create competitive components and systems utilizing cutting-edge technologies
- Develop competitive product technologies utilizing technology marketing
- Realize new innovation by combining Fuji Electric’s fundamental technologies with open innovations

Initiatives in Fiscal 2016

Creation of Competitive Components and Systems

- **Motion Control System**
  Fuji Electric has succeeded in developing a new motion controller and servo system that enables faster and more accurate positioning of precision processing and other equipment. The motion control system comprised of these two new products realizes fast and precise device control and features safety functions for guaranteeing safer operation.

- **Trench Gate SiC-MOSFET**
  Fuji Electric was involved in the development of a trench gate SiC-MOSFET.*1 This device boasts a resistance level that is among the lowest in the world (1200 V, 3.5 mΩ cm²), meaning that it can contribute to loss reductions of more than 70% in comparison to Fuji Electric’s Si devices when incorporated into an inverter. We intend to utilize this device in all SiC modules going forward.

  *1 Created through joint research with Tsukuba Power-Electronics Constellations, which was established by the National Institute of Advanced Industrial Science and Technology

Development of Product Technologies Utilizing Technology Marketing

- **Diagnosis Functions for Steel Rolling Facilities**
  Customers can incur losses if the operation of facilities is halted. Fuji Electric is currently developing abnormality diagnosis functions for steel rolling facilities with the aim of helping minimize these losses. Installing these diagnosis functions into facilities’ drive control equipment will allow for facility data to be collected and diagnosed so that facility abnormalities can be predicted before they occur. In the future, we will look to install such diagnosis functions into cloud-based systems*2 in order to deliver this service to as many customers as possible.

  *2 Server systems that collect data via networks and analyze this data

- **Digital Signage Vending Machines**
  Together with JR East Water Business Co., Ltd., Fuji Electric developed a digital signage vending machine to provide new and valuable experiences through vending machines. Equipped with the Company’s payment interface,*3 this vending machine makes purchasing drinks more convenient by making pre-payment or regular purchases possible via a smartphone application.

  *3 Program that links digital signage applications to vending machine software
Realization of New Innovation

Fuji Electric is advancing joint research with Japanese universities and research institutions based on comprehensive partnership agreements. In addition, we have endowed laboratories at the University of Tsukuba and the University of Yamanashi and are advancing efforts in research and the development of human resources in the fields of power devices and power electronics.

Future Initiatives

Focuses of Fuji Electric’s R&D activities going forward will include SiC power semiconductors, automotive power semiconductors, SiC-equipped power electronics products, and other components with unrivaled levels of competitiveness. We also develop factory automation and process automation systems and IoT solutions that are synergetic with these components while fostering human resources through the process of tackling new challenges.

Intellectual Property

Positioning intellectual property (IP) rights as one of the most important management resources, Fuji Electric is working to implement IP strategies that are aligned with its business and R&D strategies to contribute to the strengthening and expansion of its globalization-compatible business.

IP Policies

- Strengthen IP activities that extend back into the stages of business planning and R&D
- Investigate and respond to overseas IP systems and their current statuses and reinforce IP activities at overseas bases
- Promote international standardization activities

Initiatives in Fiscal 2016

IP Activities in the Initial Stages of Business

We endeavored to formulate IP strategies from the business and R&D theme planning stage. After confirming business and R&D directives, these strategies were drafted based on patent analysis and surveys. We also took steps to develop patent portfolios that ensure a strong advantage in business activities.

Main Fields for Patent Applications

- Patents relating to increasing the efficiency and energy savings of power electronics products
- Patents pertaining to power semiconductors, such as those for SiC-related technologies
- Patents relating to vending machines and other areas of the food and beverage distribution field

Global IP Activities

Fuji Electric continues to investigate overseas IP systems and implement measures against counterfeit products to minimize business risks related to IP.

In fiscal 2016, our local IP division in China led efforts to enhance patent survey and application functions and to implement countermeasures against counterfeit products. In addition, more stringent measures were implemented for reducing IP risks in conjunction with the growth of the vending machine business.

As part of its contributions to international standardization movements, with the aim of ramping up acquisition of certification under the standards of the International Electrotechnical Commission (IEC), Fuji Electric registered the Fukiage Factory as a factory certified by the IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components (IECCEE). As a result, it is now possible to conduct certification tests at this factory.

IP risk seminar in China
Manufacturing / Procurement

Manufacturing

Based on its policies of promoting local design, local production, and local consumption, Fuji Electric employs a framework in which production bases in Japan act as mother factories for global manufacturing operations and coordinate with overseas bases in China and other Asian countries. We also strive to transmit the manufacturing DNA that we have continued to pass down since Fuji Electric’s inception while tackling new manufacturing challenges utilizing IoT, improving productivity, and seeking to provide products and services of the highest caliber.

Manufacturing Policies

- Innovate production with IoT and M2M*
- Promotion of global supply chain reform
- Enhance on-site production capabilities, production technology capabilities, and human resource development

* Machine to Machine: System for realizing automated and optimal control by having machines exchange information without human involvement

Initiatives in Fiscal 2016

Cost Reductions through Manufacturing IoT

The basic concept of manufacturing IoT has been realized as cost reductions. Based on this concept, we identified model factories at which we worked toward improvements in productivity and quality, safe and secure labor savings, and energy conservation. In addition, we promoted use of Fuji Electric’s IoT products while seeking to develop new products. Going forward, these activities will be extended to other factories and proposed to customers to contribute to their businesses.

Strengthening of Production Technology Capabilities

In fiscal 2016, we undertook a reorganization of the models manufactured at the Suzuka Factory and the Kobe Factory, which are both mother factories for global manufacturing activities in the power electronics systems business. This move was designed to promote in-house production and automation. Production of components was consolidated into the Suzuka Factory to facilitate efficient manufacturing and the creation of competitive components. Meanwhile, the manufacturing of system products was delegated to the Kobe Factory, establishing a system in which all processes, from sheet metal processing to shipment, are handled within the factory. As a result, we are now poised to provide more flexible responses to customer needs.

TOPICS

The Otawara Factory, which mainly produces molded-case circuit breakers, and the Mie Factory, which produces vending machines and freezers and refrigerated showcases, have been designated as model factories at which we will advance manufacturing IoT initiatives. At these factories, we are tracking production, facility operation status, and energy usage metrics in real-time and promoting cost reduction by identifying and analyzing bottleneck processes and automating the creation of processed data.
Enhancement of Human Resource Development

Global mother factories in Japan are working to accumulate technologies and expertise. Moreover, by encouraging our employees to participate in the National Skills Competition and the Skill Grand Prix,* we are eager to nurture ambitious employees with superior abilities in production engineering and technology that can take on high-level challenges. At the same time, we are actively transmitting the manufacturing DNA cultivated in Japan to overseas operating bases in order to ensure that we can provide the same levels of quality and service anywhere in the world.

Future Initiatives

In the future, Fuji Electric will pursue production innovations based on the concept of completely localized production along with cost reduction utilizing IoT in order to boost product competitiveness. In fiscal 2017, production activities will commence at the second vending machine factory in Dalian, China. Also, measures for automating testing and inspection processes, utilizing AI for autonomous production, and reducing cost with IoT will be implemented under the guidance of global mother factories in Japan.

Procurement

To increase profitability and reduce risks, Fuji Electric has built a global-scale procurement system and is promoting CSR-oriented procurement activities as it strives to keep down all costs of materials used in products as well as indirect materials.

Procurement Policies

- Promote Strategic Procurement in coordination with Design and development departments
- Heighten indirect material cost reductions and achieve reductions on a global scale
- Enhance global procurement capabilities and cultivate purchasing personnel
- Promote CSR in Procurement

Initiatives in Fiscal 2016

Strengthening of Cost Reduction Measures for Direct and Indirect Materials

In fiscal 2016, the scope of Strategic Procurement (Early Procurement Involvement) activities, which procurement department become involved from the early stages of R&D to reduce costs, was expanded to include suppliers. This move enabled us to realize cost reductions through improved productivity and other means by promoting coordination between procurement departments, design departments, and suppliers.

Enhancement of Global Procurement Capabilities

In order to enhance global procurement capabilities, we made an effort to educate purchasing personnel working at production bases located in China and the ASEAN region regarding compliance, procurement risks, and negotiation techniques. In addition, we stepped up coordination with global mother factories in Japan and sharing of supplier and parts information on a Company-wide basis while approaching new local suppliers, successfully furthering growth through these efforts.

Future Initiatives

Moving forward, we will continue to enhance global procurement capabilities while developing procurement information databases that can be accessed from any base around the world in order to facilitate business growth.

* Held jointly by the Ministry of Health, Labour and Welfare, the Japan Vocational Ability Development Association, and ZENGIREN, this competition lets seasoned engineers put their skills to the test to determine who is the best in Japan. With no age restriction, the level of competition in this event is higher than in the National Skills Competition, which is generally only open to people ages 23 and under.
Fuji Electric’s CSR is summed up precisely in its corporate philosophy and management policies. These principles entail contributing to the resolution of social issues through our energy- and environment-related businesses, effectively managing our business in a way that maximizes the positive impact of overall corporate activities on society and the environment while working to prevent or alleviate any negative impact.

We hope that through our promotion of CSR practices, we can continue to build strong relationships of trust with all of our stakeholders.

**CSR Policies**

To promote CSR on a global basis, we have also established and are implementing the Fuji Electric Code of Conduct, a guideline for all employees that encourages them to share the principles of the corporate philosophy and management policies and act accordingly.

**Fuji Electric Code of Conduct**

Fuji Electric and its employees, from a global perspective always strives to meet our corporate mission of “We, Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners.”

1. Respect and value our customers
2. Respect and value all people
3. Respect and value the global environment
4. Respect and value our shareholders and investors
5. Respect and value interaction with society
6. Respect, value and conform with all applicable laws and regulations

**Sustainability Initiatives**

Fuji Electric has declared its support for the United Nations Global Compact.

Through its business, Fuji Electric endeavors to contribute to the achievement of the Sustainable Development Goals, which consist of 17 goals and 169 targets that were adopted by the UN General Assembly in September 2015, and is thereby striving to help realize a sustainable society.

More detailed information on Fuji Electric’s various CSR activities can be found on the Company’s corporate website. http://www.fujielectric.com/company/csr/
ESG Initiatives

Fuji Electric acts from a perspective focusing on environmental, social, and governance (ESG) issues with the aim of realizing ongoing improvements in corporate value. Accordingly, the Company has defined key ESG issues, which it is actively working to address.

Key ESG Issues

<table>
<thead>
<tr>
<th>ESG Areas</th>
<th>Key Issues</th>
<th>Priority Measures</th>
<th>Associated Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Prevention of global warming</td>
<td>• Reduce society’s CO₂ emissions through provision of energy-saving products</td>
<td>P29–P34</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reduce CO₂ emissions during production</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Creation of a recycling-oriented society</td>
<td>• Promote 3Rs in relation to products and production activities</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>Human rights</td>
<td>• Entrench awareness of Policy for Human Rights of the Employees among all employees</td>
<td>P35</td>
</tr>
<tr>
<td></td>
<td>Safe and healthy workplaces</td>
<td>• Conduct ongoing occupational health and safety training to prevent occupational accidents</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Carry out safety patrols to prevent serious accidents and frequently occurring accidents</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diversity</td>
<td>• Employ a diverse range of human resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work-life balance</td>
<td>• Develop comfortable workplace environments</td>
<td>P36–P37</td>
</tr>
<tr>
<td></td>
<td>Human resources development</td>
<td>• Cultivate globally competent employees regardless of work locations and nationalities</td>
<td></td>
</tr>
<tr>
<td>Contributions to communities</td>
<td>Community outreach</td>
<td>• Contribute to communities through activities for protecting the natural environment and promoting youth development</td>
<td>P38</td>
</tr>
<tr>
<td>Governance</td>
<td>Compliance</td>
<td>• Establish compliance promotion systems and effectively implement the Fuji Electric Compliance Program</td>
<td>P41</td>
</tr>
<tr>
<td></td>
<td>Risk management</td>
<td>• Identify projected risks, set priorities, and formulate countermeasures for high-priority risks</td>
<td>P42–P43</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Establish and continually improve BCPs for head office and production bases</td>
<td></td>
</tr>
</tbody>
</table>

External Recognition

Domestic and overseas socially responsible investment (SRI) rating institutions have selected Fuji Electric as a component of the following SRI indexes out of recognition of its being a company with outstanding CSR performance.

- Dow Jones Sustainability Indices
- FTSE4Good Index Series
- Ethibel Sustainability Index (ESI)
- Morningstar Socially Responsible Investment Index
Environment

Efforts to protect the global environment are a key management issue for Fuji Electric, and, following the establishment of our Basic Environmental Protection Policy, we continue to promote environmental management with the goal of contributing to global environmental protection through our business activities.

In fiscal 2016, the Energy Conservation Center, Japan awarded Fuji Electric with the highest honor of its FY2016 Energy Conservation Grand Prize: the Grand Prize of Minister of Economy, Trade and Industry. This award was received out of recognition of the energy conservation and risk management measures implemented by using a factory energy management system at the Yamanashi Factory, measures that were part of our Companywide Smart Factory Initiative. The technologies used at this factory will be deployed both inside and outside of the Company going forward.

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

Environmental Vision 2020
In 2009, Fuji Electric formulated Environmental Vision 2020 to guide its medium-to-long-term environmental activities.

This vision is centered on three specified material issues of stopping global warming, creating a recycling-oriented society, and meeting our corporate social responsibilities. In addition to reducing the environmental footprint of our own production activities, we seek to help achieve sustainable societies by providing products and technologies that leverage our strengths in electrical and thermal energy technologies.

1. Stop Global Warming
   • Reduce CO2 emissions during production by 20% (compared with fiscal 2006 levels)
   • Raise the energy efficiency of products, reducing CO2 emissions by 30 million tons through energy-conserving and energy creating products.

2. Create a Recycling-Oriented Society
   • Increase our number of eco-products by promoting the 3Rs (reuse, reduce, recycle) in our products.
   • Achieve zero emissions at operational sites by reducing waste and the use of energy and chemical substances.

3. Meet Our Corporate Social Responsibilities
   • Strive to enhance environmental awareness through environmental citizen movements, activities to protect the natural environment, and environmental education.

Rolling Updates to Environmental Targets
To achieve the goals of Environmental Vision 2020, Fuji Electric has formulated an Environmental Management Three-Year Rolling Plan, designed to promote ongoing efforts.

In this initiative, we verify each year that the environmental management strategy is addressing societal changes and establish detailed targets in various areas, such as the enhancement of environmental management governance, measures to prevent global warming, and measures to address the use of chemical substances.

At the same time, we monitor progress toward targets and circumstances regarding additional items in order to adjust targets and action plans to ensure we have set the right course for the next three years.

In fiscal 2016, the target of reducing society’s CO2 emissions by expanding sales of energy-saving and energy-creating products, a key indicator for stopping global warming, was raised from the previous 17 million tons to 30 million tons.
Mapping of the Interplay between Business Activities and Environmental Impact

Fujielectric is constantly working toward more efficient use of resources and energy and the reduction of waste throughout all of its business activities, particularly those related to design, manufacturing, and disposal. We are also proactive in our efforts to be more environmentally conscious across the entire product and service life cycle.

**Energy Consumption (Electricity) (1,000 kWh)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usage</td>
<td>451,020</td>
<td>436,260</td>
<td>423,250</td>
<td>413,950</td>
</tr>
</tbody>
</table>

**Energy Consumption (Fuel) (TJ)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usage</td>
<td>2,031</td>
<td>2,014</td>
<td>2,081</td>
<td>2,201</td>
</tr>
</tbody>
</table>

**Water Consumption (1,000t)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Usage</td>
<td>13,348</td>
<td>13,440</td>
<td>12,957</td>
<td>13,165</td>
</tr>
</tbody>
</table>

**Wastewater Emissions*2** (1,000t)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emission</td>
<td>11,362</td>
<td>11,500</td>
<td>11,421</td>
<td>11,410</td>
</tr>
</tbody>
</table>

**Emissions of PRTR-Designated Substances** (t)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emission</td>
<td>3,029</td>
<td>3,222</td>
<td>2,621</td>
<td>2,847</td>
</tr>
</tbody>
</table>

**CO₂ Emissions (1,000t-CO₂)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emit</td>
<td>331</td>
<td>327</td>
<td>323</td>
<td>325</td>
</tr>
</tbody>
</table>

*1 Pollutant Release and Transfer Register Law
*2 Wastewater emissions refer to volume of water discharged into rivers and other natural environments.

Fuel usage and emissions volumes increased due to higher production volumes at factories and the move toward in-house production. However, we were able to decrease electricity purchase volumes through energy conservation measures.

We have sustained a long-term reduction trend in water usage volumes as a result of water recycling initiatives.

Increased production volumes led to higher usage of PRTR-designated substances, but we prevented emissions of these substances from rising through elimination and treatment.

Scope of data collection: Bases worldwide
Environment

Efforts to Stop Global Warming

Fuji Electric endeavors to help stop global warming by reducing CO₂ emissions around the world through the supply of energy-saving and energy-creating products and services and through energy conservation activities at factories and offices.

<table>
<thead>
<tr>
<th>Priority Area</th>
<th>2020 Target</th>
<th>Reasoning Behind Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of society’s CO₂ emissions through products</td>
<td>Reduce society’s CO₂ emissions by 30 million tons*3 through the expansion of sales of energy-saving and energy-creating products</td>
<td>In light of the increase in the number of energy-saving and energy-creating products as well as the new inclusion of biomass, inverter, and other products in the scope of calculation for this goal, the Company’s reduction target for 2020 was raised from 17 million tons to 30 million tons. This new reduction target is 100 times greater than the 2020 emissions reduction target of 300,000 tons for Kanagawa Prefecture, which ranked 9th in total emissions from specified business operators under the Act on Promotion of Global Warming Countermeasures*4 by prefecture in 2013, with total applicable emissions of 29.5 million tons.</td>
</tr>
<tr>
<td>Reduction of CO₂ emission during production</td>
<td>Reduce global CO₂ emissions by 20% and domestic CO₂ emissions by 40% in comparison to fiscal 2006 levels</td>
<td>At the 2009 G8 Summit in L’Aquila, Italy, an official declaration was made in support of the goals of realizing a 50% reduction in greenhouse gas emissions on a global basis by 2050 and an 80% reduction in developed countries by 2050. Achieving these targets will require annual reductions of 1.56% (for the global target) and 3.59% (for the target for developed countries). The 2020 targets set in the Environmental Vision 2020 in fiscal 2016 call for reductions that are in line with those required by the G8 long-term target for global emissions reductions as shown in the graph below.</td>
</tr>
</tbody>
</table>

*3 Calculated by converting, into CO₂ emission volumes, the energy-creating and energy-saving benefits that would be realized by products sold after fiscal 2009 (that have not reached the end of their usable life) if they have been operational for one year

*4 Law Concerning the Promotion of the Measures to Cope with Global Warming

Relationship between G8 Greenhouse Gases Emission Reduction Targets and Fuji Electric’s CO₂ Emission Reduction Targets
Reduction of Society’s CO₂ Emissions through Products

Fuji Electric aims to contribute to reductions in CO₂ emissions across society through increased supply of renewable energy generation equipment as well as through innovations in electrical and thermal energy technologies.

In fiscal 2016, the contribution to CO₂ emission reductions from products was 22,300,000 t-CO₂, up 6,320,000 t-CO₂ year on year and higher than the target of 18,780,000 t-CO₂. This accomplishment was a result of increased sales of inverters and power conditioning systems (PCSs) for stabilizing electricity supplies from wind power systems as well as increased shipments of geothermal and hydro power and other renewable energy generation equipment. This amount of 22,300,000 t-CO₂ is equivalent to 68.6 times the Company’s total CO₂ emissions of 325,000 t-CO₂.

CO₂ Emissions Reduction Contributions by Business and Major Contributing Products

**Food and Beverage Distribution 3%**

Energy-saving products in this business include vending machines, showcases, and currency handling equipment. Although the contributions to CO₂ emissions reductions are small on the Group scale, our cutting-edge vending machines use 73% less electricity than models from 2006.

**Electronic Devices 11%**

In this business, contributions to CO₂ emissions reductions are made by supplying low-loss components, such as IGBT modules, intelligent power modules, SiC diodes, and switching integrated circuits and elements. Among these, switching integrated circuits helps reduce idle electricity consumption by electric appliances.

**Power Electronics Systems 50%**

This business contributes to reductions in CO₂ emissions with energy-saving products including inverters, servo systems, uninterruptible power systems (UPSs), PCSs, compact power supplies, ED&C components, high-efficiency motors and transformers, and measurement instruments.

**Power and New Energy 36%**

Contributions to reducing CO₂ emissions in this business are made through renewable energy generation equipment (geothermal, hydro, photovoltaic, wind, biomass) as well as through high-efficiency thermal power generation systems and fuel cells. In fiscal 2016, there was a particularly large increase in shipments of geothermal and hydro power renewable energy generation equipment.
Reduction of CO₂ Emissions during Production

<table>
<thead>
<tr>
<th>Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>335,000 t-CO₂</td>
<td>325,000 t-CO₂</td>
</tr>
</tbody>
</table>

Fuji Electric strives to limit energy costs and reduce CO₂ emissions through energy conservation activities. CO₂ emissions from production activities in fiscal 2016 increased above the level of 323,000 t-CO₂ from fiscal 2015. This increase was a result of the rise in production at Company factories that stemmed from efforts to bring manufacturing operations back to Japan and promote in-house production. However, at 325,000 t-CO₂, total emissions in fiscal 2016 were still lower than the target of 335,000 t-CO₂, an accomplishment owed to initiatives including implementing top level energy-saving building management practices, upgrading air-conditioning equipment and LED lighting, and consolidating clean rooms. Looking ahead, Fuji Electric will advance further energy conservation activities to move toward the achievement of its 2020 targets.

Furthermore, third-party verification was received for CO₂ emissions data from six major factories in Japan and overseas with the aim of increasing the reliability of this data. Adding to the two domestic factories (Tokyo and Fukiage) already requiring third-party verification under emissions trading systems, we now receive verification for 75% of the Company’s total CO₂ emissions (based on fiscal 2015 figures).

Case Example: Energy Savings through the Smart Factory Initiative (Mie Factory)

Fuji Electric is advancing the Smart Factory Initiative at the Mie Factory, a principal factory in the Food and Beverage Distribution segment.

This initiative involves pursuing “smarter” operation through the improvement of efficiency of inverter-equipped production and drive facilities, the supply of clean energy via solar power generation and fuel cell systems, and the utilization of a factory energy management system that ensures optimal energy usage throughout the entire factory. In fiscal 2016, these efforts contributed to a 28% reduction in energy consumption from fiscal 2010 levels.

In addition, given the recent increase in energy used in lighting and air-conditioning equipment, we have installed a system for collecting data via internal LAN networks through points established to measure factory lighting and temperature. Utilizing this system, we are monitoring the environment within factory buildings while controlling energy. The collected data is made available for viewing by employees on a specialized website to facilitate educational activities.

In the future, recorded data will be used to realize automated control in order to create systems that improve workplace environments while conserving energy.
### Initiatives to Create a Recycling-Oriented Society

By promoting initiatives focusing on the 3Rs (reuse, reduce, recycle) as part of its business activities, Fuji Electric is working to realize zero waste emissions at its operating sites and thereby contribute to the creation of a recycling-oriented society.

### Efficient Use of Water Resources

#### Water Usage Volumes

<table>
<thead>
<tr>
<th>Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Japan</td>
<td>6,721,000 tons</td>
</tr>
<tr>
<td>Overseas</td>
<td>6,444,000 tons</td>
</tr>
</tbody>
</table>

In view of the problem of global water resource depletion, Fuji Electric is advancing measures to comply with wastewater quality requirements, reduce wastewater, and achieve more efficient use of water resources.

In fiscal 2016, domestic and overseas water recycling initiatives led to a reduction of 1,117,000 tons in water usage. Total water usage was 13,165,000 tons, even less than the target of 13,955,000 tons.

### Waste Reduction

#### Ratio of Waste Sent to Landfills

<table>
<thead>
<tr>
<th>Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Japan : Less than 0.5%</td>
<td>0.24 %</td>
</tr>
<tr>
<td>Overseas: Less than 15%</td>
<td>14.3 %</td>
</tr>
</tbody>
</table>

In an effort to curb waste and promote resource recycling, Fuji Electric has established a goal of zero waste emissions—a ratio of waste sent to landfills to total waste of no more than 1%. This goal is being pursued by making products more compact and lighter weight, employing designs that do not use regulated substances, and implementing quality control measures at the manufacturing stage to lower the number of defective products created.

In Japan, Fuji Electric has achieved its goal of zero waste emissions every year since fiscal 2004. In fiscal 2016, we once again achieved our target of reducing the ratio of waste sent to landfills to below 0.5% with a ratio of 0.24%.

Overseas, a change to production processes implemented in fiscal 2015 resulted in us no longer being able to recycle certain sludge, and the ratio of waste sent to landfills consequently increased to 17.29% in this year. Through internal efforts, we were able to reduce this ratio to 14.31% in fiscal 2016. We plan to begin recycling sludge in cement in fiscal 2018.
Social (Human Resources)

Fuji Electric focuses on creating workplace environments in which human rights are respected and occupational health and safety are assured. In addition, we acknowledge that diversity is important to the Company’s global growth. We therefore aim to incorporate an array of values and perspectives so we can strengthen our competitiveness. Furthermore, recognizing that human resources are the prime driver of our competitive edge and placing diversity as a top priority in our personnel strategy, we will actively cultivate each of our people to fully harness their potential.

Respect for Human Rights

The Fuji Electric Code of Conduct states that we should “Respect and value all people.” This statement makes clear Fuji Electric’s commitment to respecting the basic human rights of everyone at the Group as well as those of all the people it interacts with. In addition, the Policy for Human Rights of the Employees, which expands upon the human rights-related policies of the Fuji Electric Code of Conduct, is being implemented throughout the Group to ensure human rights are respected.

Training and Education

Recognizing workplaces that respect human rights and are free of discrimination and harassment as the basis for all business activities, we continued to implement e-learning programs on harassment for all domestic employees that have not yet undergone this training.

In training for management-level employees, we held group discussions that used case studies to promote understanding with regard to human rights risks from the perspective of human rights needing to be considered during the course of business activities.

Occupational Health and Safety

Fuji Electric’s basic philosophy is that of the “health and safety of workers takes precedence over everything else,” positioning occupational health and safety as a top priority for the Company. In line with this philosophy, we actively communicate the principles of our Health and Safety Basic Policy both inside and outside of the Company.

Ongoing Health and Safety Education and Workplace Safety Patrols

The Company plans and implements occupational health and safety education programs that utilize a practical curriculum throughout each fiscal year. In fiscal 2016, in addition to the regular occupational health and safety education program, a seminar on transportation-related issues was held for managers and drivers, and an aggregate total of 2,956 individuals participated in this seminar. Furthermore, we provided opportunities for occupational health and safety representatives from different fields to inspect each other’s factories while also actively conducting safety patrols at domestic and overseas construction sites as well as at overseas bases in China, Southeast Asia, and other areas. As a result, the number of occupational accidents decreased for the second consecutive year.

Health Management and Mental Healthcare

At Fuji Electric, 100% of employees undergo legally mandated regular health examinations. In addition, we provide examinations using state-of-the-art tests and procedures and offer health guidance to those employees for which health concerns have been pointed out. In this manner, the Company seeks to help employees prevent lifestyle diseases.

Numbers of Employees Undergoing Human Rights Training (FY2016)

<table>
<thead>
<tr>
<th>Training Type</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level-specific training (new employees, supervisors, managers)</td>
<td>574</td>
</tr>
<tr>
<td>Harassment training (e-learning)</td>
<td>3,639</td>
</tr>
<tr>
<td>Training held by human rights organizations and municipal government agencies</td>
<td>43</td>
</tr>
</tbody>
</table>

Frequency Ratio of Occupational Accidents (in Japan)

- **All industries**
  - 2016: 0.08
  - 2015: 0.08
  - 2014: 0.08
  - 2013: 0.08
  - 2012: 0.08

- **Electric machinery/equipment manufacturing industry**
  - 2016: 0.54
  - 2015: 0.54
  - 2014: 0.54
  - 2013: 0.54
  - 2012: 0.54

- **Fuji Electric**
  - 2016: 1.63
  - 2015: 1.63
  - 2014: 1.63
  - 2013: 1.63
  - 2012: 1.63
Promotion of Diversity

Expanding our business on a global scale will require that we bolster our competitiveness by building a team that is diverse not only in terms of nationalities and genders but also in terms of sensibilities by incorporating individuals with differing beliefs and manners of thinking. For this reason, promoting diversity has been made a top priority in our personnel strategy.

Hiring of Local Employees Overseas

As the Company globalizes its operations to grow and expand its business, Fuji Electric is cultivating locally hired employees and promoting them to management positions so that they can support operations at overseas bases. Local hires fill top management positions at Fuji Electric Corp. of Americas and Fuji Electric India Private Ltd., and we are currently increasing the number of local hires in management positions in China and other parts of Asia. These practices help us develop businesses that are closely tailored to the countries and regions in which we operate.

Employment of People with Disabilities

The Company encourages lifetime employment for people with disabilities. We therefore promote hiring and ongoing employment of people with disabilities. In fiscal 2016, we commenced hiring of people with disabilities at the Yamanashi Factory and otherwise continued to expand the scope of duties that can be performed by such individuals in manufacturing, back-office, and other divisions of operating sites across Japan. As a result, 11 people with disabilities were hired (eight new graduates, three mid-career hires).

Employment of Local Employees Overseas

In 2017, Fuji Electric was selected for the second consecutive year for the Nadeshiko Brand for Female Employees and Managers. Conducted jointly by METI and the Tokyo Stock Exchange, this program recognizes companies that exhibit excellence in empowering female employees and that are pursuing medium-to-long-term improvements in corporate value.

Inclusion in the Nadeshiko Brand for Two Consecutive Years

In 2017, Fuji Electric was selected for inclusion in the Nadeshiko Brand for the second consecutive year. Conducted jointly by METI and the Tokyo Stock Exchange, this program recognizes companies that exhibit excellence in empowering female employees and that are pursuing medium-to-long-term improvements in corporate value.

Major Initiatives

- Ongoing expansion of the scope of duties that can be performed by people with disabilities
- Training for supporting independence
- Enhanced and systematic cultivation of female managers
- Level-specific educational programs (new employees, mid-career hires, newly appointed supervisors, newly appointed managers)

Female Employees and Managers

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of full-time employees</td>
<td>14,260</td>
<td>14,057</td>
<td>13,907</td>
<td>–</td>
</tr>
<tr>
<td>Number of female employees</td>
<td>1,764</td>
<td>1,737</td>
<td>1,725</td>
<td>–</td>
</tr>
<tr>
<td>Ratio of female employees</td>
<td>12.4%</td>
<td>12.4%</td>
<td>12.4%</td>
<td>–</td>
</tr>
<tr>
<td>Number of newly hired female employees*</td>
<td>36</td>
<td>31</td>
<td>31</td>
<td>–</td>
</tr>
<tr>
<td>Ratio of female employees among newly hired employees</td>
<td>23.4%</td>
<td>16.9%</td>
<td>14.2%</td>
<td>20%</td>
</tr>
<tr>
<td>Number of female employees in management positions*</td>
<td>46</td>
<td>48</td>
<td>48</td>
<td>–</td>
</tr>
<tr>
<td>Ratio of female employees in management positions</td>
<td>1.7%</td>
<td>1.9%</td>
<td>1.9%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Number of female employees in supervisory positions*</td>
<td>172</td>
<td>192</td>
<td>215</td>
<td>300</td>
</tr>
</tbody>
</table>

Data collected from: Fuji Electric, Fuji Electric FA Components & Systems, Fuji Electric Office & Life Service, Fuji Electric IT Center, Fuji Electric Finance and Accounting Support, Fuji Architect and Engineering, Fuji Electric Frontier

Number of newly hired female employees refers to graduates from universities or technical colleges; Number of female employees in management positions refers to employees of manager rank or above; Number of female employees in supervisory positions refers to employees of assistant manager class or above

* Companies hiring new female employees: Fuji Electric and Fuji Electric FA Components & Systems

 orc.
Promotion of Work-Life Balance

We are strengthening initiatives to help employees achieve work-life balance by creating workplace environments that are more conducive to the efforts of diverse employees and that enable people to fulfill their potential. We encourage a workstyle of focusing on one’s job while at work and resting properly outside of work. Accordingly, we have defined workstyle reforms and support for work-life balance as priority issues, and we are seeking to address these issues by improving upon systems and the corporate culture while promoting collaboration between labor and management.

Workstyle Reforms and Work-Life Balance Support

In fiscal 2016, the Company analyzed workstyles on the workplace and individual levels with the aim of addressing the issue of excessive work hours. Follow-up activities were conducted on a monthly basis after analyzing issues to ensure overtime work was handled appropriately. We have also introduced the following new systems for enabling employees to exercise flexibility in their work hours and location:

- Location Flexible working systems (enable work in satellite or home offices)
- Rehiring request registration system

Platinum “Kurumin” Certification

Fuji Electric has acquired Platinum “Kurumin” certification from the Ministry of Health, Labour and Welfare. This certification is bestowed upon companies that already possess standard “Kurumin” certification, have since made progress in introducing and promoting use of work-life balance systems, and are implementing superior initiatives.

Human Resource Development

Fuji Electric views the development of employee skills as a top priority for management. Training at Fuji Electric is intended to give form to the corporate philosophy and management policies and to cultivate professionals that can contribute to increased global competitiveness. We are thus proactive in offering education and training opportunities for employees.

Training and Education Systems

A wide range of education and training opportunities are provided to employees. In addition to on-the-job training at workplaces and the unique education programs of specific business divisions and bases, we also offer level-based programs on a cross-Company basis and for specialized fields. In fiscal 2016, we took steps to cultivate globally competent employees in order to further the growth of overseas operations. Promising young employees working in the fields of engineering, sales, and production with the potential to become central figures in the future were selected from among the domestic employee base. These individuals were dispatched to bases in Europe, the United States, or Asia for one-year stays during which they acquired overseas operating skills. Furthermore, those employees to be sent overseas from Japan for the first time were given preparatory training. This training focused on the importance of appreciating and cooperating with others regardless of cultural differences as well as on compliance issues.

Major Initiatives

- Acceleration of initiatives for reforming workstyles and promoting leave acquisition
- Encouragement of male employees to take leave for childbirth by spouses and establishment of consultation venues at bases
- Pair work training for employees returning to work after childcare leave and their supervisors
- Level-specific educational programs (new employees, mid-career hires, newly appointed supervisors, newly appointed managers)

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

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid vacation days acquired annually</td>
<td>13.9</td>
<td>13.8</td>
<td>14.3</td>
</tr>
<tr>
<td>Average overtime work hours</td>
<td>23.08</td>
<td>23.11</td>
<td>22.07</td>
</tr>
</tbody>
</table>

Numbers of Employees Using Childcare and Long-Term Care Support Systems in Japan

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2020 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare leave (of which, male)</td>
<td>111</td>
<td>123</td>
<td>105</td>
<td>105</td>
<td>117</td>
<td>–</td>
</tr>
<tr>
<td>(of which, male)</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>(9)</td>
<td>–</td>
</tr>
<tr>
<td>Shortened hours for childcare (of which, male)</td>
<td>173</td>
<td>183</td>
<td>189</td>
<td>211</td>
<td>219</td>
<td>–</td>
</tr>
<tr>
<td>(of which, male)</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>(1)</td>
<td>–</td>
</tr>
<tr>
<td>Long-term care leave (of which, male)</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>7</td>
<td>–</td>
</tr>
<tr>
<td>(of which, male)</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>(3)</td>
<td>–</td>
</tr>
<tr>
<td>Leave for childbirth by spouse (% of total applicable employees)</td>
<td>–</td>
<td>141</td>
<td>173</td>
<td>168</td>
<td>189</td>
<td>–</td>
</tr>
<tr>
<td>(of which, male)</td>
<td>(54.0%)</td>
<td>(57.9%)</td>
<td>(59.8%)</td>
<td>(66.1%)</td>
<td>(90.0%)</td>
<td>–</td>
</tr>
</tbody>
</table>

Data collected from: Fuji Electric, Fuji Electric FA Components & Systems, Fuji Office & Life Service, Fuji Electric IT Center, Fuji Electric Finance and Accounting Support, Fuji Architect and Engineering, Fuji Electric Frontier

Major Initiatives

- Level-specific training (when receiving promotions or joining the Company, during 3rd year, etc.)
- Selective training (future management candidates)
- Specialized field training (engineering, business skills, etc.)
- Preparatory training for overseas dispatch

Numbers of Employees Undergoing Training (Fiscal 2016)

<table>
<thead>
<tr>
<th>Training</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level-specific training</td>
<td>929</td>
</tr>
<tr>
<td>Selective training</td>
<td>27</td>
</tr>
<tr>
<td>Specialized field training</td>
<td>3,462</td>
</tr>
<tr>
<td>Preparatory training for overseas dispatch</td>
<td>73</td>
</tr>
</tbody>
</table>
Striving to further strengthen its bonds of trust with society, Fuji Electric uses the human resources and technologies nurtured through the Company’s business activities to contribute to the resolution of social issues faced around the world. We are advancing various activities in accordance with this basic stance.

### Basic Policy Concerning Local Community Contribution Activities

1. Meet the expectations of each era and region using the human resources and technologies nurtured through the Company's business activities
2. As a basic principle, engage in activities in areas where the Company maintains business operations
3. Coordinate efforts on a global scale to ensure the largest possible number of employees participate in the Company’s local community contribution activities

### Local Community Contribution Activity Priority Fields

1. Protecting the natural environment
2. Promoting youth development
3. Communicating with local communities
4. Supporting Disaster Recovery and Reconstruction Efforts

### Case Example: Protecting the Natural Environment

—Community Outreach through Dam Building

(Fuji Electric Manufacturing (Thailand) Co., Ltd.)

**Protecting Aquatic Organisms by Slowing River Flow**

Roughly 100 employees joined members of the local community in building dams in the Nakhon Nayok province of Thailand. The dams built will slow the flow of rivers when water levels rise during the rainy season while maintaining consistent water levels and enabling accumulated water to flow smoothly downstream. As such, the dams will help protect the habitats of the aquatic organisms living in the rivers.

![Employees helping build dams](image)

![Dam building project](image)

### Case Example: Promoting Youth Development

—Science Classes

(OTawara Factory)

**Promoting Skillful Use of Energy**

Sciences classes were held on the theme of energy and the environment for around 70 sixth graders at elementary schools in Otawara City, Tochigi Prefecture. Using water to represent energy and waterwheels to represent motors, students learned the importance of designing products with high levels of performance and of proper product usage. This lesson thus taught students that energy savings can be realized by skillfully using high-performance products.

![Experiment in which students tried to spin waterwheels with as little water as possible](image)

![Water model experiment kit](image)

### Case Example: Communicating with Local Communities

—Visit to Special Needs Childcare Centers

(Fuji SMBE Pte. Ltd.)

**Sharing a Joyous Time with Children with Disabilities**

As one facet of our community outreach activities, a total of 25 volunteers, consisting of employees and their families, visited a facility for children with physical and mental disabilities in Johor State, Malaysia. These employees came bearing donations of rice, cooking oil, detergent, toilet paper, and other daily necessities as well as presents that they had prepared personally. These gifts were handed directly to the children. A joyous time was had by all during a performance in which employees sang and danced together with the children.

![Donated items](image)

![Song being performed with children](image)
Fuji Electric is reinforcing its corporate governance toward the betterment of the management transparency and the oversight function. Furthermore, the Company has prepared its response measures to Japan’s Corporate Governance Code, which was instituted by the Tokyo Stock Exchange in June 2015. These measures have been compiled into the Company’s Corporate Governance Report.

Corporate Governance Framework

Fuji Electric’s corporate governance framework consists of a Board of Directors, which performs the functions of management supervision and making important decisions, and Auditors and the Board of Auditors, which are in charge of the management audit function.

Comprising eight Directors (including three Outside Directors) and five Auditors (including three Outside Auditors), the governance framework is designed to reinforce the Company’s management supervision and audit functions. To this end, the system actively calls on Outside Officers.

Fuji Electric uses the executive officer system to strengthen business execution functions.

Outside Officers

Outside Officers fulfill the role of providing management supervision and management audits from an objective perspective. At the same time, they offer useful advice and instructions from various perspectives on all areas of Fuji Electric’s management, helping to ensure the appropriateness of management decisions.

After their appointment, Outside Officers participate in internal technology presentations and business site inspections to deepen their understanding of Fuji Electric’s management.

In fiscal 2016, business site inspections took place at three locations: the Suzuka Factory, Kawasaki Factory, and Mie Factory. During these inspections, Outside Officers were given explanations of the factories after which they toured the actual production floors and engaged in discussions with factory managers.

In fiscal 2016, the rates of attendance of Outside Officers at meetings of the Board of Directors (which were held 13 times) and meetings of the Board of Auditors (which were held 10 times) were 98% and 95%, respectively.
Executive Remuneration

Fuji Electric has established a remuneration system and remuneration levels for Directors and Auditors that are deemed appropriate for their respective duties and in accordance with the shareholders’ mandate, giving due consideration to the aims of securing and maintaining competent personnel and providing incentives for the improvement of business performance.

Standing Directors

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

Base Remuneration

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

Performance-Linked Remuneration

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

Outside Directors and Auditors

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

Total Amount of Remuneration Paid to Directors and Auditors (Fiscal 2016)

<table>
<thead>
<tr>
<th></th>
<th>Number of Recipients</th>
<th>Amount of Payment (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditors [of which, Outside Auditors]</td>
<td>7 [4]</td>
<td>80 [22]</td>
</tr>
</tbody>
</table>

Notes: 1. The amount paid to Directors does not include performance-linked remuneration for fiscal 2016.
2. In addition to the above, ¥86 million was paid as performance-linked remuneration for fiscal 2015 to Standing Directors (six recipients).
3. In addition to the above payment, the Company paid ¥17 million to employees who concurrently assumed the office of Director (2 employees) as salary for employees.

Internal Control System

The Fuji Electric Board of Directors determines basic policies concerning the establishment of an internal control system as stipulated in the Companies Act of Japan, and the Company discloses those policies. In conjunction with the revision to the Companies Act, in fiscal 2016, Fuji Electric began disclosing information on the implementation of its internal control system, thereby taking steps to respond promptly and accurately to the demands placed upon the Company by society. Such information included descriptions of provisions for ensuring that Directors and employees perform their duties in a manner that is compliant with laws and the articles of incorporation.

Interactions with Investors

The Company takes proactive steps to interact with shareholders and other investors. The feedback gained through these interactions is relayed to the Board of Directors, Executive Officers, and relevant divisions so that this information may be shared and reflected in corporate activities as necessary.

Activities for Interacting with Investors (Fiscal 2016)

<table>
<thead>
<tr>
<th></th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private shareholders and investors</td>
<td>40</td>
</tr>
<tr>
<td>Factory tours for shareholders: 4 (participants: 365)</td>
<td></td>
</tr>
<tr>
<td>Company briefings for private shareholders: 7 (participants: 237)</td>
<td></td>
</tr>
<tr>
<td>Analysts and institutional investors</td>
<td>4</td>
</tr>
<tr>
<td>Financial results briefings: 4 (participants: 2)</td>
<td></td>
</tr>
<tr>
<td>Management plan briefing: 1 (Total participants in 6 briefings: 467)</td>
<td></td>
</tr>
<tr>
<td>Business strategy briefing: 1 (Total participants in 6 briefings: 467)</td>
<td></td>
</tr>
<tr>
<td>Small meetings*: 2 (participants: 12)</td>
<td></td>
</tr>
<tr>
<td>Factory tour: 1 (participants: 17)</td>
<td></td>
</tr>
</tbody>
</table>

*2 Meetings held with a small number of analysts and other
Compliance

We employ thorough measures to ensure compliance with laws and corporate ethics and always act with a high degree of social conscience to achieve sustained corporate growth.

Basic Compliance Policy

The Fuji Electric Code of Conduct states that we shall “Respect, value and conform with all applicable laws and regulations,” and has been incorporated into our basic policy. Based upon this policy, we have established and have been implementing the Fuji Electric Compliance Regulations, which is a concrete guideline for compliance, and the Fuji Electric Compliance Program, which brings together four aspects of domestic and overseas compliance.*1

*1 (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 laws and internal rules; and (4) Compliance education regarding laws and internal rules

Compliance Promotion Structure

The Fuji Electric Compliance Promotion Committee, which is headed by a representative director and composed of the managers responsible for regulating laws and/or acts, with outside experts (attorneys) as observers, has jurisdiction over compliance of Fuji Electric.

Global Promotion of the Fuji Electric Compliance Program

Fuji Electric is enhancing the compliance of its overseas operations. At all overseas sites, in addition to globally common items that apply such as the prohibition of human rights violations and unfair dealings, including bribery and corruption, the Fuji Electric Compliance Program reflects the laws and regulations of each region where we conduct business. We practice compliance through the actions of all our subsidiaries in Japan and overseas on the basis of this program.

Operation of Whistle-Blowing Systems in Japan and Overseas

To prevent infractions of laws, regulations, and internal rules and ensure early detection, Fuji Electric has introduced the Business Ethics Helpline System. Under this system, employees in Japan and overseas can report violations or suspected violations of laws, regulations or internal rules to Fuji Electric’s president via the department responsible for compliance or through an external lawyer.

We also operate a Partner Hotline System, which handles notifications from our suppliers about Fuji Electric’s materials procurement operations. Building more highly reliable trading relationships with our suppliers is part of fulfilling our social responsibility.

Conducting Compliance Training

Fuji Electric has created a compliance training program for officers and employees of the Company and its subsidiaries that addresses matters they comply with and/or encounter in the course of their business activities. This compliance training has two main thrusts: level-specific and job-specific courses.

Level-Specific Training

Level-specific training is tailored to newly appointed executives of consolidated subsidiaries in Japan, newly appointed managers, and new employees. Training lasts a half to one full day, with sessions focusing on the Fuji Electric compliance framework and the Fuji Electric Compliance Program.

Job-Specific Training

Divisions responsible for legal affairs conduct job-specific training that features items for consideration in practical business situations. In fiscal 2016, classroom-based training was conducted mainly for the sales and administrative unit personnel (2,372 in total) of domestic and overseas companies covering a variety of themes, including antimonopoly laws. Furthermore, we conducted e-learning programs for employees at all bases, including those overseas.
Risk Management

Fuji Electric is strengthening its risk management to maximize corporate value and minimize the potential losses that could result from various risks.

**Basic Policy on Risk Management**

Based on the Fuji Electric Risk Management Regulations, which were formulated in May 2006, the Company manages risk in a coordinated, systematic manner.

We will appropriately manage to counteract all risks that could affect the Company’s management, while working to prevent risks from materializing (crisis situations) and reduce losses. In doing so, we will maximize Fuji Electric’s corporate value and minimize the impact on management in the event that risks materialize.

Note: For details about risk, please refer to the Company’s Annual Business Report under Business Risks.

**Types of Risk and Risk Management System**

To strengthen risk management, Fuji Electric revised the types of risks it manages and its risk management system in fiscal 2015. The Company now focuses on the two risk categories of external risks and business risks, with business risks divided into the subcategories of strategic risks, operational risks, and shared risks, and conducts risk management optimized for each category.

For risks that are common to the whole of Fuji Electric, such as external risks and shared risks, the Headquarters Corporate Division determines the policies for countermeasures, prepares appropriate manuals, disseminates the necessary information to manage the risks, conducts education, and takes other measures. Business divisions and affiliate companies develop risk management systems as part of their business responsibilities, through which they implement risk countermeasures for strategic risks, operational risks, and other risks that cover the entirety of their business activities. When business plans are formulated for each fiscal year, business risks are analyzed and factored in to the plans.

---

**Risk Classification System**

- **External Risks**
  - Economic trends
  - Attacks from outside
  - Natural disasters and accidents

- **Strategy Risks**
  - Management strategy
  - Corporate restructuring
  - Partnering and withdrawal

- **Operational Risks**
  - Orders, sales
  - Development, design
  - Procurement, manufacturing
  - Service

- **Common Risks**
  - Finance and accounting
  - Information systems
  - Legal and ethical
  - Environment

- Risks related to business activities: Managed by business divisions and affiliate companies
- Risks common to all of Fuji Electric: Managed by the Headquarters Corporate Division

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**Information Security Measures**

- **Development of Security Policy and Regulations**
  
  To protect personal and confidential information properly, Fuji Electric has formulated and implemented a policy and regulations on information security, and institutes training programs for employees each year, and other measures to strengthen information security and prevent information leaks.

  For overseas bases, each affiliate company has also drafted security regulations, based on our information security policy and regulations, and taking into account individual countries’ laws and regulations. We stepped up our initiatives to educate employees about information security, distributing an information security handbook to employees at subsidiaries and ensuring that all employees are aware of the issues. We conducted overseas information security audits at 17 companies in fiscal 2016. Going forward, we will make ongoing improvements throughout Fuji Electric, including overseas bases.

- **Third-Party Certification Related to Information Security**
  
  Companies that handle customers’ confidential and personal information, and who require a high level of information security management, acquire outside certification. As of April 1, 2017, five of our operations (at three companies) have acquired ISMS certification. Also, three companies—Fuji Electric Co., Ltd., Fuji Electric Information Technology Center Co., Ltd., and Fuji Electric IT Solutions Co., Ltd.—have acquired Privacy Mark certification.
Risk Management

Measures to Prevent Infringement of Intellectual Property Rights
As part of our intellectual property activities, we employ a system to monitor other companies’ patents on a daily basis to prevent any inadvertent infringement of patents held by third parties. To prevent infringement, we also conduct compliance program training. With respect to our own patents, we actively acquire patent rights to protect our business. We also take measures against counterfeit products and take other steps to reduce risks related to intellectual property.

Note: Please see page 24 for further information about Fuji Electric’s activities in intellectual property.

Measure to Strengthen Business Continuity Capabilities
Fuji Electric aims to ensure that it can continue its core operations even if an unexpected event such as a natural disaster or accident occurs, continuing to uphold its social responsibilities as a company and providing a stable supply of high performance, high-quality products and services required by our customers. To this end, we are promoting the following initiatives.

- **Fire Safety and Disaster-Preparedness Initiatives**
  - Based on our Disaster Prevention and Procedural Manual, we have created a disaster-preparedness headquarters system. Meanwhile, at operational sites and affiliates, we have put in place thorough measures to ensure that structures and facilities are earthquake resistant, stockpile emergency goods, and conduct regular drills, among other measures.

- **Business Continuity Initiatives**
  - In addition to disaster-preparedness initiatives, Fuji Electric has formulated a business continuity plan (BCP) covering the head office, which acts as a command center during disasters, and its factories, which have a large number of key management resources that are required for supplying products, such as production facilities.
  - In fiscal 2016, we once again expanded the range of products covered under the BCP. In addition, we conducted major disaster simulation drills based on earthquake scenarios targeting business division managers and other business supervisors as well as base managers. In addition, domestic factory managers underwent public relations drills while all employees took part in safety confirmation drills. Through these efforts, we sought to improve our ability to respond to natural disasters.

  - **Procurement Risk Reduction**
    - To reduce procurement risks, we have established a procurement BCP based on the following measures:
      1) building a supplier damage information collection system;
      2) securing multiple suppliers for key components;
      3) establishing alternate sites to carry out procurement operations.
    - In fiscal 2016, we continued working to secure multiple suppliers for key components while taking steps to reinforce our supplier damage information collection system, which extends to overseas bases.
    - Looking ahead, we will expand the scope of the procurement BCP to the procurement divisions of subsidiaries in and outside of Japan and strengthen the plan to effectively reduce procurement risks globally.

  - **IT Risk Reduction**
    - We have formulated an IT-BCP comprising initiatives for restarting and recovering the IT systems we need to continue operations and administration in case of disaster, accident and so on, within the required time.
    - In fiscal 2016, Fuji Electric and its domestic affiliates implemented simulation drills for bolstering their ability to restore IT systems should their operation be halted due to some disaster. The outcomes of these drills were utilized to improve and ramp up system preservation measures.
    - In the future, we will extend these measures to overseas subsidiaries.
List of Officers (As of July 1, 2017)

Directors

- Michihiro Kitazawa  
  President and Chairman of the Board of Directors
- Kenzo Sugai  
  Representative Director
- Toshihito Tamba  
  Outside Director
  Chairman & Co-CEO, Representative Director, Tokyo Century Corporation
- Naomii Tachikawa  
  Outside Director
  Senior Adviser, TOTOKU ELECTRIC CO., LTD.
- Yoshitsugu Hayashi  
  Outside Director
  Professor, Institute of Science and Technology Research, Chubu University
- Michio Abe  
  Director
- Junichi Arai  
  Director
- Masatsugu Tomotaka  
  Director

Auditors

- Yoshio Okuno  
  Standing Auditor
- Junichi Matsumoto  
  Standing Auditor
- Yoshiki Sato  
  Outside Auditor
  Chairman and Representative Director, Asahi Mutual Life Insurance Company
- Akiko Kimura  
  Outside Auditor
  Of Counsel, Anderson Mori & Tomotsune
- Tetsuo Hiramatsu  
  Outside Auditor
  President, NIPPON TOCHI-TATEMONO Co., Ltd.

Executive Officers (As of July 1, 2017)

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Michihiro Kitazawa</td>
<td>General Management</td>
</tr>
<tr>
<td>Executive Vice President</td>
<td>Kenzo Sugai</td>
<td>Assistant to the President, Corporate General Manager, Sales Group</td>
</tr>
<tr>
<td>Executive Officers</td>
<td>Michio Abe</td>
<td>Corporate General Manager, Production &amp; Procurement Group</td>
</tr>
<tr>
<td></td>
<td>Kuniaki Yanagisawa</td>
<td>Corporate General Manager, Electronic Devices Business Group</td>
</tr>
<tr>
<td>Managing Executive Officers</td>
<td>Junichi Arai</td>
<td>Corporate General Manager, Corporate Management Planning Headquarters, General Manager, Export Administration Office, in charge of compliance management and crisis management</td>
</tr>
<tr>
<td></td>
<td>Masatsugu Tomotaka</td>
<td>Corporate General Manager, Power Electronics Systems Business Group</td>
</tr>
<tr>
<td>Executive Officers</td>
<td>Takeshi Kadoshima</td>
<td>General Manager, Human Resources and General Affairs Office</td>
</tr>
<tr>
<td></td>
<td>Masahiro Fujiwara</td>
<td>Corporate General Manager, Power and New Energy Business Group</td>
</tr>
<tr>
<td></td>
<td>Kenji Goto</td>
<td>Deputy Corporate General Manager, Sales Group</td>
</tr>
<tr>
<td></td>
<td>Yasuhiro Takahashi</td>
<td>Corporate General Manager, Food and Beverage Distribution Business Group</td>
</tr>
<tr>
<td></td>
<td>Susumu Shimura</td>
<td>Deputy Corporate General Manager, Sales Group; General Manager, Kansai Branch</td>
</tr>
<tr>
<td></td>
<td>Masahiro Morimoto</td>
<td>President &amp; Representative Director, Fuji Electric FA Components &amp; Systems Co., Ltd.</td>
</tr>
<tr>
<td></td>
<td>Toru Housen</td>
<td>Deputy Corporate General Manager, Electronic Devices Business Group</td>
</tr>
<tr>
<td></td>
<td>Shiro Kondo</td>
<td>Corporate General Manager, Corporate R&amp;D Headquarters</td>
</tr>
</tbody>
</table>

Note: Please refer to our website for each officer’s brief history.
Corporate Data

Company Information  (As of March 31, 2017)

Company Name  FUJI ELECTRIC CO., LTD.
Established  August 29, 1923
Head Office  1-1, Tanabeshinden, Kawasaki-ku, Kawasaki-shi 210-9530, Japan
Head Office Business Address  Gate City Ohsaki, East Tower, 11-2, Otsuka 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
Capital Stock  ¥47.6 billion
Employees (Consolidated)  26,503 (Domestic 17,716, Overseas 8,787)
Net Sales (Consolidated)  ¥837.8 billion (Year ended March 31, 2017)
Stock Code  6504

Stock Information  (As of March 31, 2017)

Issued and Outstanding Shares  746,484,957
Number of Shareholders  36,913
Major Shareholders

<table>
<thead>
<tr>
<th>Shareholders’ names</th>
<th>Number of shares (1,000s)</th>
<th>Voting rights (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUJITSU LIMITED</td>
<td>74,333</td>
<td>10.41</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>47,456</td>
<td>6.64</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>46,726</td>
<td>6.54</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>22,254</td>
<td>3.12</td>
</tr>
<tr>
<td>Asahi Mutual Life Insurance Company</td>
<td>19,775</td>
<td>2.77</td>
</tr>
<tr>
<td>FANUC CORPORATION</td>
<td>13,421</td>
<td>1.88</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td>
<td>11,070</td>
<td>1.55</td>
</tr>
<tr>
<td>FURUKAWA CO., LTD.</td>
<td>11,025</td>
<td>1.54</td>
</tr>
<tr>
<td>Furukawa Electric Co., Ltd.</td>
<td>8,738</td>
<td>1.22</td>
</tr>
<tr>
<td>JP MORGAN CHASE BANK 380634</td>
<td>8,571</td>
<td>1.20</td>
</tr>
</tbody>
</table>

Notes: 1. Treasury stock of 32,158,991 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

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of shareholders</th>
<th>Number of shares (Millions of shares)</th>
<th>Holding (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial institutions / securities firms</td>
<td>117</td>
<td>275,152,680</td>
<td>36.86</td>
</tr>
<tr>
<td>Other domestic corporations</td>
<td>457</td>
<td>125,810,276</td>
<td>16.85</td>
</tr>
<tr>
<td>Foreign corporations</td>
<td>535</td>
<td>224,226,344</td>
<td>30.04</td>
</tr>
<tr>
<td>Individuals and others</td>
<td>35,804</td>
<td>121,295,657</td>
<td>16.25</td>
</tr>
<tr>
<td>Total</td>
<td>36,913</td>
<td>746,484,957</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Note: “Individuals and others” includes treasury stock.

Share Price and Trading Volume Fluctuations (Tokyo Stock Exchange)

<table>
<thead>
<tr>
<th>(Yen)</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>400</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(Millions of shares)</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Share Price  Trading Volume
## Consolidated Subsidiaries and Equity-Method Affiliates

### (As of July 1, 2017)

#### Consolidated Subsidiaries (Domestic): 23

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuji Electric FA Components &amp; Systems Co., Ltd.</td>
<td>Shinshu Fuji Electric Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Furukawa Engineering &amp; Construction Co., Ltd.*1</td>
<td>Hoei Plastics Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric IT Solutions Co., Ltd.</td>
<td>Mie Fuji Co., Ltd.</td>
</tr>
<tr>
<td>Hoei Denki Co., Ltd.</td>
<td>Fuji Electric Retail Service Co., Ltd.</td>
</tr>
<tr>
<td>Hokkaido Fuji Electric Co., Ltd.</td>
<td>Fuji Electric F-Tech Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric Meter Co., Ltd.</td>
<td>Fuji Electric Finance and Accounting Support Co., Ltd.</td>
</tr>
<tr>
<td>Fuji IT Co., Ltd.</td>
<td>Fuji Electric Information Technology Center Co., Ltd.</td>
</tr>
<tr>
<td>Ibaraki Fuji Co., Ltd.</td>
<td>Fuji Office and Life Service Co., Ltd.</td>
</tr>
<tr>
<td>Hakko Electronics Co., Ltd.</td>
<td>Fuji Festec Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric FA Service Co., Ltd.</td>
<td>Fuji Electric Technica Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric Power Semiconductor Co., Ltd.</td>
<td>Chichibu Fuji Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric Tsugaru Semiconductor Co., Ltd.</td>
<td></td>
</tr>
</tbody>
</table>

*1 Fuji Furukawa Engineering & Construction Co., Ltd., is listed on the second section of the Tokyo Stock Exchange.

#### Equity-Method Affiliates (Domestic): 3

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>METAWATER Co., Ltd.*2</td>
<td>Fuji Furmanite Co., Ltd.</td>
</tr>
<tr>
<td>METAWATER SERVICE Co., Ltd.</td>
<td></td>
</tr>
</tbody>
</table>

*2 METAWATER Co., Ltd., is listed on the first section of the Tokyo Stock Exchange.

#### Consolidated Subsidiaries (Overseas): 47

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuji Electric Asia Pacific Pte. Ltd.</td>
<td>Fuji Electric Dalian Co., Ltd.</td>
</tr>
<tr>
<td>Fuji SMBE Pte. Ltd.</td>
<td>Fuji Electric Motor (Dalian) Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric (Thailand) Co., Ltd.</td>
<td>Dalian Fuji Bingshan Vending Machine Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric Manufacturing (Thailand) Co., Ltd.</td>
<td>Dalian Fuji Bingshan Vending Machine Sales Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Tusco Co., Ltd.</td>
<td>Fuji Electric (Hangzhou) Software Co., Ltd.</td>
</tr>
<tr>
<td>PT Fuji Electric Indonesia</td>
<td>Fuji Electric FA (Asia) Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric India Private Ltd.</td>
<td>Fuji Electric Hong Kong Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric Philippines, Inc.</td>
<td>Hiei Hong Kong Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric (Malaysia) Sdn. Bhd.</td>
<td>Fuji Electric Taiwan Co., Ltd.</td>
</tr>
<tr>
<td>Fuji Electric (China) Co., Ltd.</td>
<td>Fuji Electric Korea Co., Ltd.</td>
</tr>
<tr>
<td>Shanghai Electric Fuji Electric Power Technology (Wuxi) Co., Ltd.</td>
<td>Fuji Electric Corp. of America</td>
</tr>
<tr>
<td>Wuxi Fuji Electric FA Co., Ltd.</td>
<td>Fuji Electric Europe GmbH</td>
</tr>
<tr>
<td>Fuji Electric (Changshu) Co., Ltd.</td>
<td>Fuji Electric France S.A.S.</td>
</tr>
<tr>
<td>Fuji Electric (Zhu hai) Co., Ltd.</td>
<td>Reliable Turbine Services LLC</td>
</tr>
<tr>
<td>Fuji Electric (Shenzhen) Co., Ltd.</td>
<td>Fuji SEMEC Inc.</td>
</tr>
</tbody>
</table>

Including the 30 above-listed companies, 47 companies.

#### Equity-Method Affiliate (Overseas): 1

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUJI FURUKAWA E&amp;C (Thailand) Co., Ltd.</td>
<td></td>
</tr>
</tbody>
</table>
Global Network
(As of July 2017)

* Having manufacturing capabilities
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.

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

Care for the Environment