

Procurement

In order to increase earning power and reduce risk, Fuji Electric has built a global procurement system and strives to reduce the costs of the materials used in products and to keep indirect expenses down.



Members of the IPO Division of Fuji Electric (China) Co., Ltd

Procurement Policy

- Build a global purchasing system
- Reduce indirect costs such as office supplies
- Reduce procurement risk

Major Initiatives in Fiscal 2012

Build a Global Procurement System

Fuji Electric has built an optimal procurement system on a global basis with the aim of bolstering the Company's ability to earn profits.

Aiming to establish International Procurement Offices (IPO) in the four bases of China, Thailand, Singapore, and the U.S., we have cultivated new, blue-chip suppliers at each location, and will continue to provide optimal procurement services to production bases. Also, in order to increase procurement of materials with specifications suited to each region, we have started to enhance our development

purchasing activities by having the procurement division be involved from the development and design phase of new products.

In fiscal 2012, the IPO function was added at Fuji Electric (China) Co. Ltd., and all employees were educated thoroughly about the procurement policy. In fiscal 2013, we will be expanding the IPO function to Thailand and other bases in Asia as well as the U.S., and increasing the local procurement of components, plant materials, and construction work.

Reduce Procurement Risk

As a part of the Business Continuity Plan (BCP), we have secured multiple suppliers for key components as a means of reducing procurement risk and building a stable and continuous procurement platform. In addition to disaster

risk and the like, we also considered currency risk and decided to have one of the suppliers be an overseas company.

* Please refer to page 50 "Risk Management" for information on BCP initiatives.

Promote CSR in Procurement

Fuji Electric believes that it is important to aim to be a company with high social value by working with our suppliers to fulfill our corporate social responsibility (CSR).

In fiscal 2012, we formulated the Fuji Electric Procurement Guideline, Green Procurement Guideline and CSR Procurement Guideline in order to share our corporate philosophy, procurement policies, and CSR approach with our suppliers. Moreover, we revised our CSR Questionnaire for suppliers and clarified the issues that we should tackle together with them.

In fiscal 2013, we will conduct a CSR Questionnaire for key suppliers, and work on a global basis to further promote CSR.

Conflict Minerals

Fuji Electric has a policy of not supporting acts that violate human rights through its suppliers. Based on this policy, we have worked to ban the use of minerals associated with the funding of armed insurgents, human trafficking, forced labor, child labor, abuse, war crimes, and other human rights violations. These minerals include tin, tantalum, tungsten, gold and its derivatives produced in the Democratic Republic of the Congo or areas of conflict in surrounding countries.