

Management Structure

Corporate Governance

To realize its corporate mission, Fuji Electric is reinforcing its corporate governance by increasing management transparency and enhancing the oversight function.

Corporate Governance Framework

Fuji Electric's corporate governance framework consists of the Board of Directors, which performs the functions of management supervision and making important decisions, and Audit & Supervisory Board Members and the Audit & Supervisory Board, which are in charge of the management audit function.

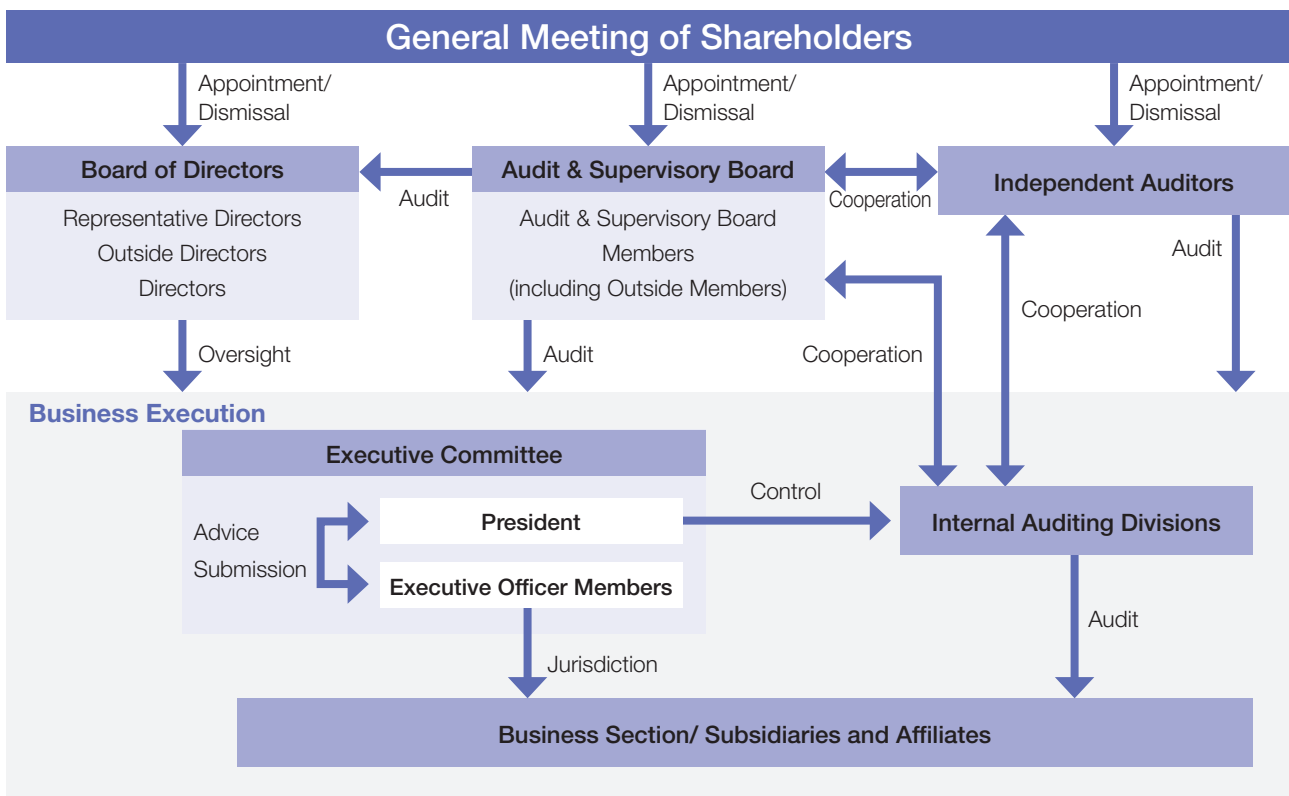
Comprising 10 Directors (including three Outside Directors) and five Audit & Supervisory Board Members (of whom three are Outside Members), the governance framework is designed to reinforce the Company's management supervision and audit functions. To this end, the system

actively calls on outside officers, making them an essential part of the system.

Outside officers fulfill the role of providing management supervision and management audits from an objective perspective. At the same time, they provide useful advice and instructions across the entire spectrum of Fuji Electric's business, helping to ensure the appropriateness of management judgments.

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

Corporate Governance Framework



(1) Directors and Board of Directors

The Board of Directors conducts decision-making and oversight of the management of Fuji Electric and the execution of its important business. Fuji Electric proactively appoints Outside Directors with a view to strengthening the management supervisory function from an objective perspective and maintaining the validity and propriety of business decisions.

(2) Audit & Supervisory Board Members and Audit & Supervisory Board

The Audit & Supervisory Board inspects Fuji Electric's management and business execution. In addition to our proactive appointment of Outside Audit & Supervisory Board Members, auditing functions are enhanced by having Standing Audit & Supervisory Board Members attend the Executive Committee.

(3) President, Executive Officers, and Executive Committee

The President has ultimate responsibility for execution of business and makes decisions on matters of business execution other than those decided upon by the Board of Directors. The Executive Committee is composed of executive officers and functions as a consulting system for the president. It fulfills functions such as deliberation and recommendation of important matters, and reports to enable monitoring of the status of management. Each executive officer controls the execution of the business of which he is in charge.

The Selection of Outside Officers

To ensure that outside directors augment Fuji Electric's management supervisory function and assure the adequacy and appropriateness of important decisions, the standards for outside officers are that they have the insights and experience necessary for making multifaceted management decisions, understand Fuji Electric's management, and are independent from the Company. Candidates for Outside Directors are selected after taking all these factors into due consideration.

Candidates for Outside Audit & Supervisory Board Members are chosen after taking into overall account such aspects as their ability to reinforce Fuji Electric's management audit function, whether they have the insights and experience necessary to make management judgments, their understanding of Fuji Electric's management, and their independence from the Company.

Based on the aforementioned, Fuji Electric has appointed three Outside Directors: Mr. Hiroaki Kurokawa, who has experience as a manager in the manufacturing sector; Mr. Motoyuki Suzuki, who is an expert in environmental engineering; and Mr. Mareto Sako (appointed June 2013), who is experienced in the management of financial institutions.

Our three Outside Audit & Supervisory Board Members are Mr. Takahiko Ito, a Standing Audit & Supervisory Board Member at a listed company; Mr. Yoshiki Sato, a manager of a financial institution; and Ms. Akiko Kimura, an attorney.

These outside officers have all been appointed as independent directors as required by financial instruments exchanges.

In fiscal 2012, the rates of attendance of outside officers at the Board of Directors (which was held 13 times) and the Board of Auditors (which was held 10 times) were 90% and 88%, respectively.

Executive Remuneration

Fuji Electric has established a remuneration system and remuneration levels for Directors and Audit & Supervisory Board Members 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.

(1) 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 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.

(2) Outside Directors and Outside Audit & Supervisory Board Members

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

Total Amount of Remuneration Paid to Directors and Audit & Supervisory Board Members (Fiscal 2012)

	Number of recipients	Amount of payment (Millions of yen)
Directors	13	310
(of which, Outside Directors)	(4)	(22)
Audit & Supervisory Board Members	7	80
(of which, Outside Members)	(5)	(22)

- Notes 1. The above payees include four Directors (one of whom was an Outside Director) and two Audit & Supervisory Board Members (two of whom were Outside Members) who retired at the conclusion of the 136th Ordinary General Meeting of Shareholders held on June 26, 2012.
2. The amount of remuneration for Directors shown above does not include performance-linked remuneration for fiscal 2012.
3. In addition to the above payment, the Company paid ¥7 million to employees who concurrently assumed the office of Director (two 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 Company Act, and the Company discloses those policies. Fuji Electric's company-wide internal control system is designed to respond promptly and accurately to the demands placed upon the Company by society, and improvements are continuously made to it.

Note: For details please refer to the "Corporate Governance" section under "Investor Relations" of our website.