

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.

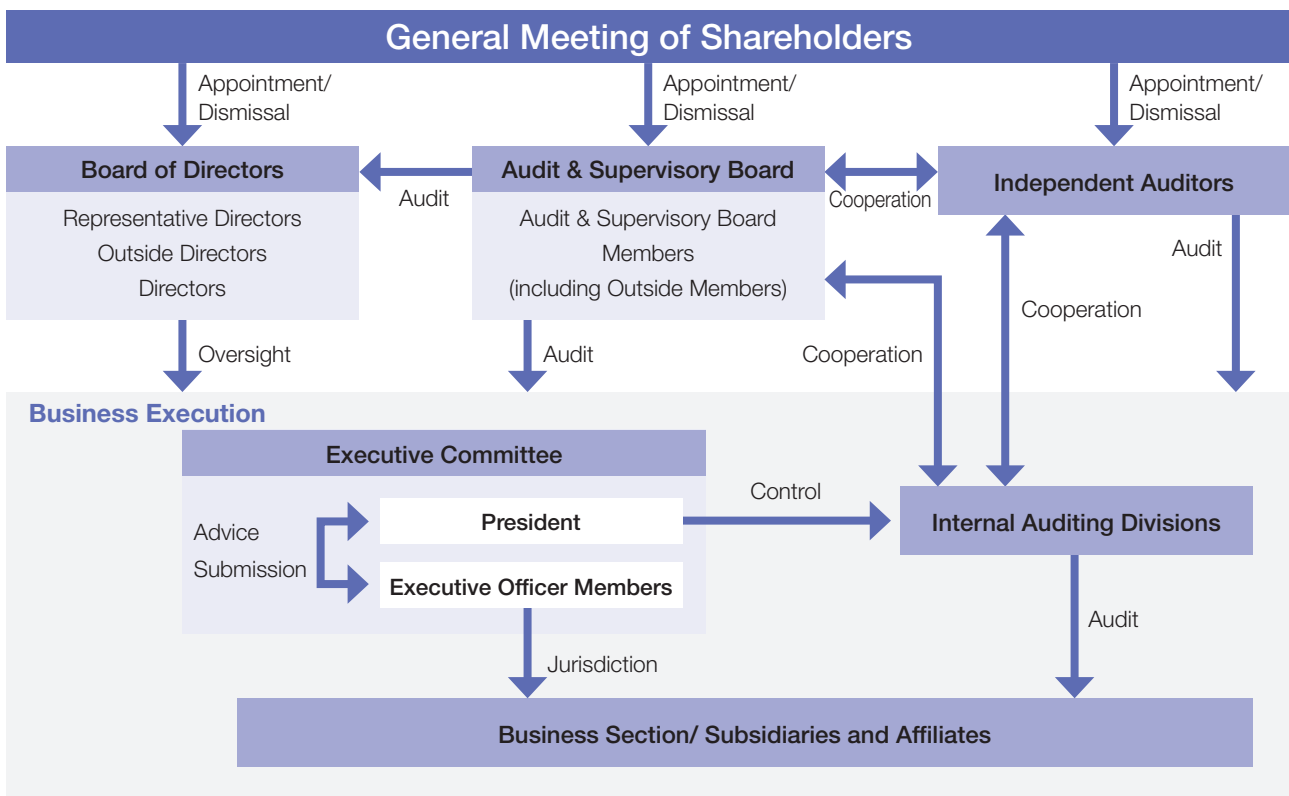
Comprising 10 Directors (including three Outside Directors) and five Audit & Supervisory Board Members (of whom three are Outside Members), the governance framework is designed to reinforce the Company's management supervision and audit functions. To this end, the system

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 shareholder 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.

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, which was revised in October 2010, states that we shall “Respect, value and conform with all applicable laws and regulations,” which has been incorporated into our basic policy. We have established the Fuji Electric Compliance Regulations and

the Fuji Electric Compliance Program, which bring together four aspects of domestic and overseas compliance (internal rules, oversight, monitoring, and education), based upon this policy, to achieve sustained growth.

Compliance Promotion Structure

The Fuji Electric Compliance Promotion Committee, which is headed by the president and composed of the managers responsible for compliance, with outside experts (attorneys) as observers, has jurisdiction over compliance.

The committee meets twice each fiscal year to deliberate compliance planning and execution with the goal of achieving full compliance with laws and social norms globally.

Global Promotion of the Compliance Program

Fuji Electric is bolstering the compliance of its overseas operations.

In addition to globally consistent items that apply at all overseas sites, such as the prohibition of discriminatory acts 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 on this basis through the actions of all our subsidiaries in Japan and overseas.

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 encounter in the course of their business activities. Compliance training has two main thrusts: level-specific and job-specific courses.

- **Level-specific Training**

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

In fiscal 2012, training was conducted for around 39 newly appointed directors, 152 senior managers, and 151 new employees.



- **Job-specific Training**

Job-specific training takes the form of classroom-based group sessions that feature items for consideration in practical business situations. In fiscal 2012, training was conducted for 718 sales and administrative unit personnel covering a variety of themes including the Antimonopoly Law.

In fiscal 2013, we are promoting an e-learning initiative for overseas subsidiaries.

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 or company rules to Fuji Electric's president via the department responsible for compliance or through an external lawyer.

In July 2012, we initiated a Partner Hotline, which handles notifications from business partners about Fuji Electric's materials procurement operations. Building more reliable trading relationships with our suppliers is part of fulfilling our social responsibility.

Risk Management

We are redoubling our management of a broad range of risks, including disaster preparedness measures, protection of intellectual property, and information security.

Basic Policy on Risk Management

Based on the Fuji Electric Risk Management Regulations, which were formulated in May 2006, the various risks that could affect the Company (strategic, financial, operational, and hazard risks) are recognized and evaluated in a coordinated, systematic manner and are appropriately managed and processed.

In preparing risk management structures and implementing risk countermeasures, the Corporate Division is

responsible for common risks that affect the entire Company, and the business divisions and affiliate companies are responsible for risks associated with business activities, such as delays in new product development and reduced cost competitiveness. When business plans are formulated for each fiscal year, the business risks are analyzed and factored in to the plans.

Crisis Management in Preparation for Large-Scale Disasters

(1) Fire Safety and Disaster Preparedness Initiatives

Learning lessons from the Great East Japan Earthquake, we have revised our disaster response rules and regulations and produced a Disaster Prevention and Procedural Manual. Based on this manual, we have created a disaster preparedness headquarters system. We have also put in place thorough measures to ensure that structures and facilities are earthquake resistant and renewed our cache of emergency stores at operational sites and affiliates.

At least once each year, we conduct training on preparedness for large-scale disasters at each operational site, including overseas bases.

(2) Business Continuity Initiatives

Fuji Electric aims to ensure that it can continue its operations even if an unexpected event such as a natural disaster or accident occurs. To this end, we are continuously working to improve our ability to respond to various risks and recover our operations, aiming to be able to continue providing a stable supply of high performance, high quality products and services required by our customers. In fiscal 2012 we formulated a business continuity plan (BCP).

We will continuously refine this BCP going forward, and increase the lines of products covered.

Business Continuity Plan Sheet

Enhancing Information Security

(1) Development of Information Security Policy and Regulations

To protect personal and confidential information, Fuji Electric has formulated a policy and regulations, instituted training programs for employees, and implemented other measures.

Overseas, based on our information security policy and regulations, each company has also drafted security regulations for overseas bases, 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 all employees and ensuring that all employees are aware of the issues. We conducted overseas information security audits at 34 companies in fiscal 2012. Going forward, we will make ongoing improvements throughout Fuji Electric, including overseas bases.

(2) 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, 2013, six of our operations (at four companies) had acquired ISMS certification. Also, two companies—Fuji Electric Co., Ltd., and Fuji Electric IT Center Co., Ltd.—have acquired PrivacyMark certification.

Intellectual Property Activities

As part of our intellectual property activities, we employ a system to monitor patents on a daily basis to ensure against the inadvertent infringement of third-party patents. 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 other steps to reduce risks related to intellectual property.

* Please see page 28 for further information about Fuji Electric's activities in intellectual property.

List of Officers

(As of July 1, 2013)

Directors



Michihiro Kitazawa
President and Chairman of the
Board of Directors



Yoshio Okuno
Representative Director



Hisao Shigekane
Representative Director



Hiroaki Kurokawa
Outside Director
Senior Executive Advisor,
FUJITSU LIMITED



Motoyuki Suzuki
Outside Director
Emeritus Professor, The University of
Tokyo; Auditor (Non-standing), Tokyo
Institute of Technology; Visiting
Professor, The Open University of Japan



Mareto Sako
Outside Director
Advisor, Nippon Tochi-
Tatemono Co., Ltd.



Michio Abe
Director



Takamichi Hamada
Director



Naoto Yoneyama
Director



Junichi Matsumoto
Director

Auditors



Toshio Shinozaki
Standing Auditor



Toshihiko Ishihara
Standing Auditor



Takahiko Ito
Outside Auditor
Standing Auditor,
Furukawa Electric Co., Ltd.



Yoshiki Sato
Outside Auditor
President and Representative
Director,
Asahi Mutual Life Insurance
Company



Akiko Kimura
Outside Auditor
Advisor,
Anderson Mori & Tomotsune

Executive Officers

President	Michihiro Kitazawa	General Management
Executive Vice Presidents	Yoshio Okuno	Assistant to the President; Sales Management; Corporate General Manager, Global Sales Group
	Hisao Shigekane	Assistant to the President; Corporate General Manager, Corporate Management Planning Headquarters; General Manager, Export Administration Office; In charge of compliance management and crisis management
Senior Managing Executive Officers	Michio Abe	Corporate General Manager, Production and Procurement Group
	Takamichi Hamada	In charge of external affairs and marketing
Managing Executive Officers	Naoto Yoneyama	Corporate General Manager, Power and Social Infrastructure Business Group
	Hidehiko Asahi	Corporate General Manager, Food and Beverage Distribution Business Group
Executive Officers	Kenzo Sugai	Corporate General Manager, Sales Group
	Takashi Kusaka	Corporate General Manager, Industrial Infrastructure Business Group
	Motofumi Matsumura	Corporate General Manager, Power Electronics Business Group
	Kuniaki Yanagisawa	Corporate General Manager, Electronic Devices Business Group
	Naoya Eguchi	Corporate General Manager, Corporate R&D Headquarters
	Takeshi Kadoshima	General Manager, Human Resources and General Affairs Office
	Junichi Arai	General Manager, Corporate Planning Office, Corporate Management Planning Headquarters
Junichi Matsumoto	General Manager, Corporate Finance Office, Corporate Management Planning Headquarters	
	Fumio Ito	President and Representative Director, Fuji Electric FA Components & Systems Co., Ltd.