

Fiscal 2015 Report—Corporate Governance

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

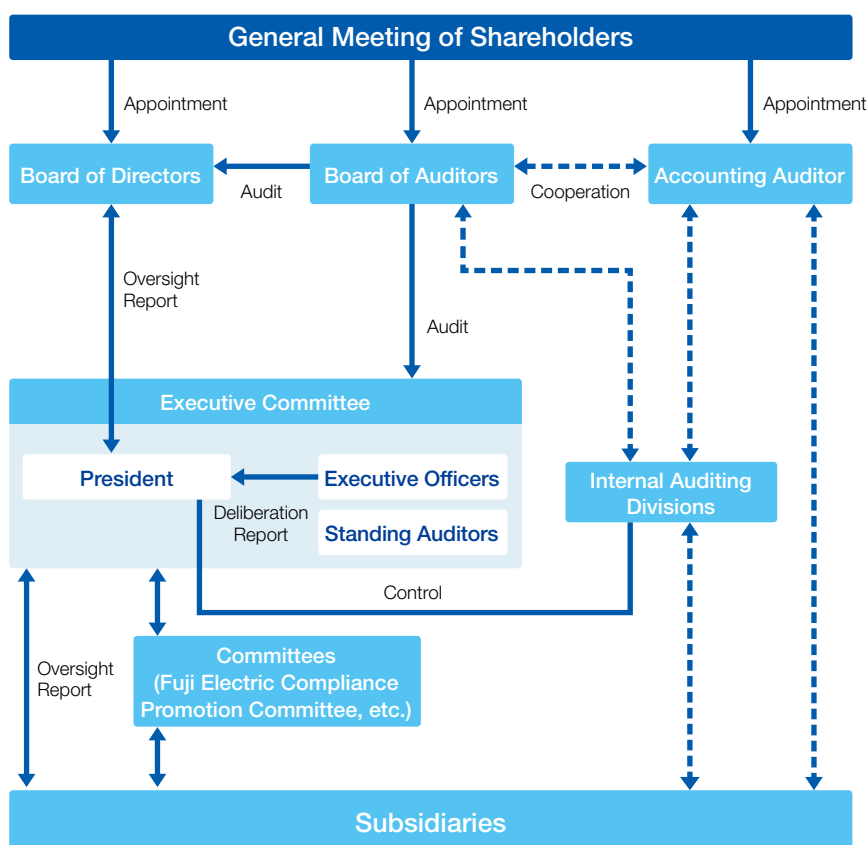
Fuji Electric's corporate governance framework consists of a Board of Directors, which performs the functions of management supervision and making important decisions, and Auditors and the Board of Auditors, which are in charge of the management audit function.

Comprising nine 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.

Corporate Governance Framework



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.

Auditors and Board of Auditors

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

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 Standing Auditors and functions as a consulting system for the president. It fulfills such functions as deliberation of important matters and makes reports to enable monitoring of the status of management. Executive officers control the execution of the business of which they are in charge.

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 2015, 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 91% and 80%, respectively.

Outside Directors (Attendance at Board of Directors)*1

Motoyuki Suzuki (13/13)	Mr. Suzuki offers useful advice and opinions on all areas of Fuji Electric's management based on his professional standpoint and considerable insight in environmental engineering, a field that is closely related to the Company's management policies.
Toshihito Tamba (Appointed in June 2016)	Mr. Tamba is expected to offer useful advice and opinions on all areas of Fuji Electric's management based on his professional standpoint and considerable insight as a manager of listed companies.
Naoomi Tachikawa (Appointed in June 2016)	Mr. Tachikawa is expected to offer useful advice and opinions on all areas of Fuji Electric's management based on his professional standpoint and considerable insight as a manager of listed companies.

Outside Auditors (Attendance at Board of Directors / Board of Auditors)*1

Yoshiki Sato (12/13 / 9/10)	Mr. Sato offers useful advice and opinions concerning the business management of Fuji Electric in general, based on his extensive experience and considerable insight as a manager at financial institutions.
Akiko Kimura (12/13 / 10/10)	Ms. Kimura offers useful advice and opinions concerning the business management of Fuji Electric in general, based on her expert knowledge as an attorney.
Tetsuo Hiramatsu (Appointed in June 2016)	Mr. Hiramatsu is expected to offer useful advice and opinions on all areas of Fuji Electric's management based on his professional standpoint and considerable insight as a corporate manager.

*1 Ratios below the names represent the number of meetings of the Board of Directors and the Board of Auditors over the period from April 1, 2015, to March 31, 2016, attended by that officer.
Notification has been submitted that these outside officers are Independent Directors / Auditors as required by financial instruments exchanges.

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 2015)

	Number of Recipients	Amount of Payment (Millions of yen)
Directors [of which, Outside Directors]	9 [3]	263 [22]
Auditors [of which, Outside Auditors]	5 [3]	80 [22]

Notes 1. The amount paid to Directors does not include performance-linked remuneration for fiscal 2015
2. In addition to the above, ¥85 million was paid as performance-linked remuneration for fiscal 2014 to Standing Directors (six recipients).
3. In addition to the above payment, the Company paid ¥26 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, 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.

Interactions with Investors

The Company takes steps to interact with investors through various activities. The feedback gained through these interactions is relayed to the Board of Directors, management, or relevant divisions as necessary so that this information may be shared and utilized.

Activities for Interacting with Investors (Fiscal 2015)

Private shareholders and investors	Factory tours for shareholders: 6
Analysts and institutional investors	<ul style="list-style-type: none"> • Financial results briefings: 4 • Management plan briefings: 1 • Business strategy briefings: 1 • Small meetings*2: 1 • Factory tours: 2

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