

Supply Chain

We believe it is important to instill corporate social responsibility (CSR) throughout the supply chain, and we are promoting efforts to prevent compliance violations and human rights violations, such as forced labor and child labor.

Sustainable Procurement Activities

In fiscal 2019, we asked 500 major business partners in Japan to cooperate in a CSR survey and provided feedback based on the results. We also created the Fuji Electric CSR Procurement Guidelines for specific items pertinent to our company, based on the Responsible Business Alliance (RBA*) Code of Conduct, which is regarded as the international CSR guidelines and the

industrial standard, and the Guidelines for Responsible Business Conduct of the Japan Electronics and Information Technology Industries Association (JEITA).

We will follow these guidelines as we work with our business partners to build a responsible supply chain in Japan and worldwide.

Fuji Electric CSR Procurement Guidelines

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|---------------------------|--------------------------|--|
| 1. Human Rights and Labor | 4. Fair Trade and Ethics | 7. Business Continuity Plan |
| 2. Health and Safety | 5. Quality and Safety | 8. Establishment of Management Systems |
| 3. Environment | 6. Information Security | 9. Social Contribution |



Further information is available at our website.

https://www.fujielectric.com/company/procurement/csr_procurement.html

Close Up!

Environmental activities with our business partners

We are working with our business partners to strengthen our activities aimed at realizing a sustainable society throughout the supply chain.

In fiscal 2019, the Matsumoto Factory, which produces semiconductors in the Electronic Device Segment, supported environmental protection activities of its main business partners. The factory began by reviewing the status of the environmental management (ISO certification, guideline compliance)

at the partners, and where it was deemed necessary the factory (1) helped partners acquire ISO certification and (2) conducted environmental risk surveys.

In fiscal 2019, on-site audits at two business partners confirmed that the environmental management at both was in good status. In fiscal 2020, we plan to conduct on-site audits at business partners for which environmental risks are a concern.

Promoting RBA at Fuji Electric (Malaysia) Sdn. Bhd.

In the Electronic Device Segment, Fuji Electric (Malaysia) Sdn. Bhd., which produces semiconductors and magnetic disks, underwent an on-site audit of RBA at the request of customers in fiscal 2019. It obtained RBA certification in 2013 and has maintained the certification through external audits every two years.

After the first year's audit indicated that Fuji Electric (Malaysia) had not met the criteria for prescribed work hours and evacuation drills, it mobilized its employees to raise awareness through education. It followed up by creating an annual internal audit

system and conducting thorough in-house training to maintain the positive results of its RBA audits. We plan to apply the measures taken at Fuji Electric (Malaysia) to other factories in Asia.



Fuji Electric (Malaysia) Sdn. Bhd.

Fair and Equitable Procurement Practices

Fuji Electric bases its procurement activities on action guidelines for "fair and equitable transactions" and seeks business partners in Japan and worldwide, which are committed to sustainable procurement activities, as well as quality, pricing, deliveries, and services. We strive to build better partnerships, deepen mutual understanding, and maintain and improve cooperative relationships with all our business partners through free, fair, and equitable competition. The Fuji Electric CSR Procurement Guidelines

outlines the high ethical standards for our trading activities not just for legal compliance but also in the areas of anti-corruption and respect for intellectual property. The divisions responsible for procurement at the head office and other operating sites in Japan provide staff training to support full legal compliance. The procurement departments of overseas affiliate companies formulate rules and standards that comply with the laws and regulations of their respective country.

Employee Training

In fiscal 2019, we held 54 sessions nationwide on the Subcontract Act, internal control system, and procurement CSR, and provided education to more than 1,400 employees, an increase of 40% from the previous year. We also deepened understanding by introducing our first e-learning course on the Subcontract Act, with over 10,000 employees taking the course. In addition, we created the Legal Compliance Working Group to foster a corps of experts on compliance through participation in class lectures and exercises in practical application.

The China and Asia International Procurement Offices* conducted training sessions on internal control system through operation checking at seven sites in China and six sites in greater Asia.

* International Procurement Offices (IPOs) locate new first-rate suppliers in their countries and serve as procurement service bases for the company's overseas business sites.



Asia IPO / Internal control system training



The Legal Compliance Working Group