

Sustainable Procurement

We promote procurement activities with our business partners to ensure fair and equitable transactions and to create a supply chain that supports a sustainable society.

Basic Policies

With corporate activities increasingly globalized and supply chains complicated, companies are under strong pressure to extend their corporate social responsibility (CSR) to supply chains. The Fuji Electric Code of Conduct states that the Company, along with its business partners, "will promote procurement activities aimed at creating

a supply chain that supports a sustainable society." We ensure fair and equitable transactions that comply with laws and regulations in Japan and overseas, and engage in procurement activities that are compatible with the sustainability of the environment, society, and governance.

Fuji Electric Purchasing Policy

● Selection of Suppliers

Our procurement activities are based upon open and equitable trade. Our doors are always open to new partnerships with potential suppliers. To assure our suppliers with good business opportunities, we will respond to any quotations from suppliers, and are ready to release required corporate information that would help future partners meet their respective business needs. We will select suppliers objectively according to the results of our evaluations, regarding the product's quality, cost, delivery, supply stability, and considerations to the environment.

● Confidence in Information

Fuji Electric treats information from suppliers regarding products, estimates and purchasing records, equivalent to our own, thus keeping such information in strict confidence.

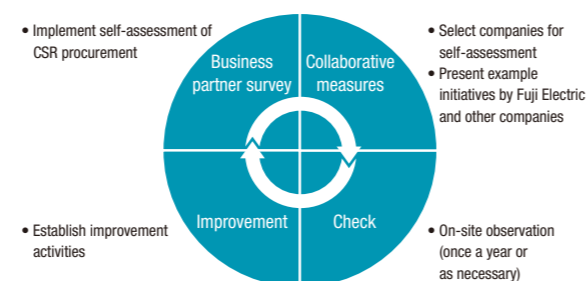
● Promotion of Procurement Activities Compatible with CSR

Fuji Electric works with its suppliers to promote procurement activities compatible with CSR. These activities encompass human rights and labor, health and safety, the environment, fair trade and ethics, quality and safety, information security, business continuity plans, establishment of management systems, and social contributions.

Sustainable Procurement Activities with Business Partners

Fuji Electric asks its business partners to conduct the self-assessment of CSR procurement in accordance with the Fuji Electric CSR Procurement Guidelines. This self-assessment helps us see a clear picture of CSR initiatives in our supply chain. Furthermore, in providing their answers to the questions in the assessment, our business partners gain a better understanding of Fuji Electric's CSR philosophy and what we would like them to comply with and practice. If any business partner seems to need more efforts in terms of CSR, we work with them so that they will achieve a higher level of CSR, thereby reducing risks involved in CSR in a supply chain.

PDCA for Self-Assessment of CSR Procurement



Fuji Electric CSR Procurement Guidelines

Fuji Electric has established the Fuji Electric CSR Procurement Guidelines, which summarize our requests to our business partners in order to reduce risks involved in CSR in a supply chain. We consulted the RBA Code of Conduct, which is published by the Responsible Business

Alliance (RBA) that promotes CSR in global supply chains, and the Guidelines for Responsible Business Conduct, which is published by the Japan Electronics and Information Technology Industries Association (JEITA), while creating the Guidelines.

Subjects in the Fuji Electric CSR Procurement Guidelines

1. Human Rights and Labor

Prohibition of forced labor, child labor, inhumane treatment, and discrimination, etc.

2. Health and Safety

Occupational safety, emergency preparedness, work-related accidents and occupational illnesses, etc.

3. Environment

Reduction in greenhouse gas emissions, management of water, waste, and chemical substances, etc.

4. Fair Trade and Ethics

Anti-corruption, prohibition of improper provision and receipt of advantages, and respect of intellectual property, etc.

5. Quality and Safety

Product safety, quality control, and provision of accurate information about products and services

6. Information Security

Defense against cyber-attacks, protection of personal information, and prevention of leakage of confidential information

7. Business Continuity Plan

Development and preparation of a business continuity plan

8. Establishment of Management Systems

Supplier guidelines, request for compliance, etc.

9. Social Contribution

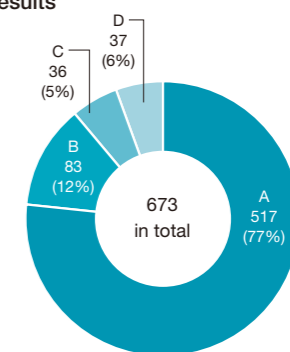
Engagement in social contribution activities

Status of the 2020 self-assessment of CSR procurement

In fiscal 2020, we expanded the target of our survey to include business partners of our consolidated subsidiaries in Japan and overseas. Of about 4,200 business partners in total, 673 major partners in Japan and overseas, which made up the top 80% of our subsidiaries' suppliers in fiscal 2019, cooperated in the self-assessment of their efforts based on the Fuji Electric CSR Procurement Guidelines. We gave them feedback based on their assessment results. The survey found that 37 business partners were rated D, which means they needed to work on improvements in their efforts to fulfill their CSR. We made sure that these partners were interviewed so they would have a deeper understanding of CSR initiatives, and that issues were successfully resolved. We will keep

communicating closely with our business partners so that we will continue to work together to create a supply chain that supports a sustainable society.

Assessment Results



Numbers of Companies That Conducted Self-Assessment

	FY 2019	FY 2020			
		Total	Fuji Electric	Consolidated Subsidiary in Japan	Consolidated Subsidiary Overseas
Business Partners	425	673	528	51	94
Japan	425	572	506	51	15
Overseas	0	101	22	0	79

Ratings

Rating	Description
A	The business partner considers CSR as an organizational challenge and takes specific actions.
B	The business partner considers CSR as an organizational challenge and is planning specific actions.
C	The business partner considers CSR as an organizational challenge.
D	The business partner should consider CSR as an organizational challenge and should work on improvements.