



This mark symbolizes the commitment of the Fuji Electric Group to environmental protection.

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For a design using colors easy to see for people regardless of individual differences, we obtained certification from NPO Color Universal Design Organization (CUDO).



Fuji Electric Group CSR Report Corporate Social Responsibility

2010



Note to Readers

This Report's Characteristics

The Fuji Electric Group reports each year on its diverse efforts to achieve a sustainable society.

This report addresses a variety of concerns voiced by stakeholders in response to questionnaire distributed by Fuji Electric. It also includes coverage of one important theme for the Fuji Electric Group in a special feature, "Steps toward Achieving Environmental Vision 2020," and contains sections under the titles of "Social Report," "Environmental Report" and "Management Framework," dealing with other crucial aspects of our operations.

Furthermore, the Fuji Electric Group formally pledged its conformance with the objectives of the United Nations Global Compact's ten principles in February 2010. For the Fuji Electric Group, amid its global promotion of businesses in the field of "energy and the environment," these ten principles are in accordance with its policy on major activities. Accordingly, the report includes as much coverage as is possible on measures relating to these ten principles. "CSR Activities Targets and Results" (see page 25) is cross-referenced through a "Contrast with GC10 Principle" column, clarifying the relationship between reported items and the UN Global Compact's ten principles.

UN Global Compact's Ten Principles

Human Rights

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2:** make sure that they are not complicit in human rights abuses.

Labor

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:** the elimination of all forms of forced and compulsory labor;
- Principle 5:** the effective abolition of child labor; and
- Principle 6:** the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Editorial Process

Scope of the Report

This report, in principle, covers the entire Fuji Electric Group (54 consolidated subsidiaries, of which 19 are overseas). However, certain sections refer to a specific range within the Group and not to the Group in its entirety.

Period of the Report

This report covers fiscal 2009 (April 1, 2009, to March 31, 2010). Although the report focuses on the results of fiscal 2008 business activities, descriptions of some earlier and some more recent initiatives are also included from the standpoint of continuity of activities.

Forward-Looking Statements

This report contains information pertaining to future forecasts based on management directions and plans of the Fuji Electric Group. These statements are based on information available at the time of publication. Please be advised that actual results may vary from forecasts, due to changes in the management environment.

Reference Guidelines

- Global Reporting Initiative (GRI): Sustainability Reporting Guidelines, Third Edition (G3)
- Ministry of the Environment of Japan: Environmental Reporting Guidelines (2007 edition)

Publication Date

This report: September 2010 (Previous report: August 2009)
Next publication: August 2011 (scheduled)



About the Cover

The Fuji Electric Group takes part in social action programs in Japan and overseas that meet pressing societal and community needs.

The cover shows a photograph of New Forestry Conservation Activities in Azumino, Nagano, featuring children carrying logs into which they will insert fungi that will grow into shiitake mushrooms. Please refer to page 39 for an introduction of these New Forestry Conservation Activities.

P.7



Michihiro Kitazawa, President and Representative Director, converses with Professor Motoyuki Suzuki on the theme of CSR in a phase of innovation.

P.13



An introduction to measures to expand geothermal power generation, which is gaining attention as a renewable energy source

P.21



An introduction to activities to reduce the environmental impact at the Matsumoto factory, which primarily manufactures semiconductors

P.30



An introduction to social contribution activities in economically deprived regions

P.43



An introduction to our efforts to create products that contribute to the reduction of environmental load

P.55



An introduction to compliance training for Group executives and employees

Contents

- 3 The Fuji Electric Group in Society
- 5 A Message from the President

Conversation with a Stakeholder

- 7 **CSR in a Phase of Innovation**
Michihiro Kitazawa and Professor Motoyuki Suzuki

Special Feature

- 11 **Steps Toward Achieving Environmental Vision 2020 Advancing Toward the Leading-Edge in the Field of "Energy and the Environment"**
 - 1. Stop Global Warming
 - 13 Expansion of Geothermal Power Generation
 - 15 Increased Photovoltaic Power Generation
 - 17 Energy Conservation at Data Centers
 - 18 Support for Energy-Saving Initiatives in Factories and Buildings
 - 19 Research and Development for the Future
 - 2. Create a Recycling-Oriented Society
 - 21 Reducing the Environmental Load at Our Own Factories
 - 3. Meet our Corporate Social Responsibilities
 - 23 Preservation of Biodiversity

CSR Activity Report 2009

- 25 CSR Activities Targets and Results

Social Report

Major Theme

- 27 **1. Ensuring Customer Safety and Security**
- 29 **2. Developing Human Resources at Overseas Operational Sites**
- 30 **3. Social Contributions in Deprived Areas**
 - 31 Together with Customers
 - 33 Together with Suppliers
 - 34 Together with Shareholders and Investors
 - 35 Together with Employees
 - 39 Together with Local Communities

Environmental Report

Major Theme

- 43 **Reducing Environmental Impact Through Fuji Electric Products**
 - 45 Environmental Management
 - 47 Environmental Management Targets and Results
 - 49 Interplay Between Business Activities and Environmental Impact
 - 50 Preventing Global Warming
 - 52 Recycling of Resources
 - 53 Management of Chemical Substances
 - 54 Environmental Risk Management

Management Framework

Major Theme

- 55 **Strengthening Compliance**
 - 56 Corporate Governance
 - 57 Compliance
 - 58 Risk Management

- 59 An Independent Perspective
- 60 Fuji Electric Group Outline

Supporting Various Industries and People's Lifestyles Through Technology to Unlock the Potential of Electricity

Creating Energy

Controlling Energy

At various facilities:



Power monitoring systems



Power stabilization systems

Optimizing Energy Use

In offices:



Energy management systems (EMSs)



Elevator-control inverters

At data centers:



Local air-conditioning systems



Uninterruptible power supply systems (UPSs)

At supermarkets and convenience stores:



Refrigerated and freezer display cases



Terminals for electronic money settlement

In the home:



Power supply semiconductors for LCD TVs



Watt-hour meters

On the railroads:



Drive motors



Main converters

In cars:



IGBT modules



Intelligent power switches

At factories:



Power distribution equipment



Power semiconductors for industrial robots



Motors, inverters



Power monitors

At power plants:



Power generation turbines

At various facilities:



Solar cells



Phosphoric acid fuel cells



Lithium ion capacitors

Aiming to be a global player in the fields of energy and the environment, we are strongly promoting CSR management to contribute to the realization of a sustainable society.

Accomplishing this Mission with Sincerity as a Good Corporate Citizen in Global Society

The Fuji Electric Group's corporate philosophy is underpinned by the idea: "we, Fuji Electric Group, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners," and while valuing our founding traditions of "quality manufacturing" and "honest, open and hardworking attitude," to diligently fulfill our Corporate Social Responsibility (CSR).

There is currently growing concern over issues facing the planet, such as global warming and climate change, and to help solve these problems and to meet our greater responsibility to society, the Fuji Electric Group is developing its business in the fields of energy and the environment globally, at the same time as strengthening CSR management (management that emphasizes firms' social responsibility).

Shifting our Business Focus to Energy and the Environment, Aiming to Contribute to Local Society as a Global Company

Worldwide environmental problems, led by global warming and climate change, are vital issues in determining the future of mankind. For the Fuji Electric Group, committed to an existence that is friendly to people and the environment, resolving these issues is a paramount social responsibility. Since the financial and economic crisis that commenced in the autumn of 2008 we are seeing

continued sluggishness in the world economy, but expectations are rising for energy and environmental businesses to emerge as new growth industries, and the reality is that in China and the United States, as well as in emerging nations, we are seeing demand expanding all over the world.

In such times as these, the Fuji Electric Group is leveraging its core technologies in such fields as power electronics, control systems and semiconductors, making full use of "technology to unlock the potential of electricity," to focus its business on energy and the environment. Specifically, we are focused on providing customers with products and technology that offer solutions to global environmental problems, including such clean-energy-related products as geothermal power generation systems, photovoltaic power generation systems and fuel cells; inverters, which help in realizing energy savings for various types of machinery and electrical equipment; power semiconductors and so on.

Also, for the expansion of our overseas business, we are promoting thorough localization in our main markets of China, Asia, Europe and the United States through setting up local affiliates with autonomous head-office functions to attain local development, procurement, production and sales.

Furthermore, at the same time as dispatching talent from Japan, we are also focusing on aggressive recruitment and human resource development in the locality. We seek to contribute to the local society by building a working environment where ambitious and capable staff can actively participate, regardless of nationality, race, age or gender. In other words, we wish to promote a diverse and inclusive local workplace in the countries where we do business.

Rallying Groupwide Power to Reduce Environmental Impact and Conserve Biodiversity

Companies need to inaugurate environmental-impact alleviation measures across all aspects of their business to fulfill their responsibilities with regard to the environment. Accordingly, in order that each and every employee of the Fuji Electric Group can begin to take tangible action toward environmental preservation, we have formulated Environmental Vision 2020 as a directive for our activities.

Based on this vision, we are promoting the reduction of environmental impact at our production and other corporate facilities (green factories and green offices) and the manufacture of products with low environmental impact (green products).

Furthermore, in recent years there is growing concern over the impact on biological ecosystems of various human activities. Fuji Electric Group aims to contribute to the conservation of biodiversity with its "Biodiversity Action Guidelines," offering products and services that have a reduced impact on ecosystems, and through collaboration with local communities.

Committed to Responsible Management as a Global Citizen, Participating in United Nations Global Compact

As a company developing its global business, in February 2010 the Fuji Electric Group signed the UN-sponsored Global Compact (GC).

Under the GC, companies are responsible for making voluntary efforts with the aim of building a sustainable society to demonstrate creative leadership while acting as a good member of society. Companies that sign the GC endorse 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption, and agree to continue working toward their realization.

Upon signing the GC, as a global company we are looking to strengthen our CSR management and carry out our contribution to a sustainable society.



To Enact the "Fuji Electric Group Code of Conduct" the Company and Its Employees Working Are Together Toward the Realization of the Corporate Philosophy

In September 2010 we progressively revised what we called our "Charter of Corporate Behavior" from a CSR perspective and established the "Fuji Electric Group Code

Fuji Electric Group Code of Conduct

The Fuji Electric Group and its employees, from a global perspective always strives to meet our corporate mission of "We, The Fuji Electric Group, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners,"

- 1. Respect and value our customers
- 2. Respect and value all people
- 3. Respect and value the global environment
- 4. Respect and value our shareholders and investors
- 5. Respect and value interaction with society
- 6. Respect, value and conform with all applicable laws and regulations

Michihiro Kitazawa
President and Representative Director
Fuji Electric Holdings Co., Ltd.

of Conduct." At the heart of this code of conduct is the sharing of values between employees and the Company and working together toward the realization of the Fuji Electric Group corporate philosophy.

In promoting CSR management, to begin with it is essential for Fuji Electric Group to grow dynamically and to raise corporate value to a global level, and to that end, we believe it is of key importance to provide maximum satisfaction to our customers around the world in the fields of energy and the environment.

Further, from here on we believe that to accomplish our CSR goals we must value people, the environment, shareholders and investors, and interaction with society. At the same time, we place the highest priority on compliance, which underlies all of our activities.

Communication is instrumental in a CSR management framework. The Fuji Electric Group is active in nurturing communications with regional communities, employees, customers, partners and other stakeholders. We bolster our communications with regional communities through participation in community events and environmental conservation, activities that serve to deepen our relationships of trust with communities in the regions where we operate.

Through this shared awareness of CSR, all members of the Group will work together to enhance corporate value, earn the trust of society and become a respected corporate group.



Ongoing Personal Transformations with the Aim of Bolstering the Company's Contributions to Global Society

Society is facing a number of acute universal issues, such as the problems of climate change and population growth.

The Fuji Electric Group, in its drive to promote its solutions business in the field of “energy and the environment,” is adopting a progressively greater social role in solving these issues.

Accordingly, Professor Motoyuki Suzuki, appointed an outside director of Fuji Electric Holdings in June 2010, discussed the Company's stance on CSR management with Michihiro Kitazawa, President and Representative Director of Fuji Electric Holdings.



Michihiro Kitazawa
President and Representative Director,
Fuji Electric Holdings Co., Ltd.

Professor Motoyuki Suzuki
Chairman, Central Environmental Council; Professor, The
Open University of Japan; Professor Emeritus, University of
Tokyo; Former Vice Rector, United Nations University; Outside
Director, Fuji Electric Holdings Co., Ltd.

“The deepening problems of global warming and climate change can be referred to as the “environmental revolution.” This reflects the extent of the bold measures required to deal with these issues. (Suzuki)”

Kitazawa: In response to changes in social conditions, led by the global recession that began in 2008, rising environmental awareness and greater infrastructure demand in developing countries, the Fuji Electric Group has been striving to effect a business restructuring transformation, adopting the field of “energy and the environment” as its corporate growth engine. In April 2010, we shifted to a new organization of segments in this field, comprising two solution areas (energy solutions and environmental solutions) and four product groups (semiconductors, electric distribution & control components, vending machines and magnetic disks). Based on this new framework, we are planning a course of global business development responsive to the global issues of “energy production through less environmentally demanding means” and “CO₂ reductions through promotion of energy conservation.” We aim to achieve this by leveraging our solutions business in the field of “energy and the environment,” which equates to utilizing power electronics and other core technologies that we have accumulated over the long haul.

Suzuki: United Nations estimates indicate that the global population of approximately 2.6 billion in 1950 will rise to 9.2 billion by 2050. Consumption of energy and natural resources will grow in step with the population. Accordingly, if we continue along the path we are currently following, aggravated problems of global warming and climate change are unavoidable. For mankind to overcome the dangerous conditions it faces, truly radical measures, worthy of being called an “environmental revolution,” are indispensable, such as drastic cuts in CO₂ emissions in both developed and developing nations. This being the nature of the age, the Fuji Electric Group is displaying prudent judgment ahead of the times by taking the hugely significant step of getting to grips with reinforcing its solutions in the field of “energy and the environment.”

Kitazawa: This year marks 87 years since the establishment of the Fuji Electric Group. There are indications that the societal role of certain parts of our infrastructure and other operations that have been an important part of this history could be drawing to a close. However, the Green New Deal initiative for economic and environmental transformation, which originated in the United States with influence that has spread worldwide, implies that changes in social conditions, such as the spread of social infrastructure in developing countries and

the progress of industrial growth, have brought about an age where the Fuji Electric Group's accumulation of unique technologies can once again be effectively utilized. For example, the Group's solar cells, geothermal power generation systems and other products provide solutions to the creation and efficient supply of renewable energy. Furthermore, utilizing power semiconductors, inverters, control systems and so forth promotes energy savings in offices, plants and commercial facilities and for transportation equipment and other aspects of industry and infrastructure, which in turn facilitates provision of solutions that contribute to CO₂ emissions reductions. To wit, the requirements of the age for an “environmental revolution” represent enormous possibilities for the Fuji Electric Group.

Suzuki: Global business development is another important point. Currently, the explosive population growth is focused in developing regions and emerging nations. Sustainable development in these areas requires finely tuned solutions involving us joining with these countries and regions in the construction of energy infrastructure that incurs a lower environmental burden and is attuned to their actual conditions.

Kitazawa: Geothermal power generation systems are one example of energy infrastructure that contributes to the creation of such sustainable societies. Recently, the world's largest geothermal power generation plant went on line in New Zealand. The Fuji Electric Group was engaged for the entire project, other than the basic construction of the plant. Geothermal power generation, in comparison to other forms of renewable energy, has the merit of stable energy supply, irrespective of weather and time. In Japan, many such suitable heat sources are located in national parks, rendering development problematic. However, considering only those geothermal resources that can be physically developed, there is the potential to supply all Japan's power needs. Globally speaking, we can anticipate vast demand from Iceland, New Zealand, Indonesia, the Philippines, the United States and other countries.



The world's largest single-unit geothermal power generation facility (1x140MW) in New Zealand, delivered by the Fuji Electric Group

“We are working to establish firm roots of the Fuji Electric Group’s corporate DNA by thoroughly localizing operations, hingeing on the establishment of overseas headquarters in each region. (Kitazawa)”

Kitazawa: To drive our efforts for expanding the Fuji Electric Group’s operations into the rest of the world, in April 2010 we introduced an overseas headquarters system. The holding company in Japan handles overall control of overseas operations, and the area headquarters we have established for China, Asia, Europe and the Americas have self-contained headquarters functions. This four-pronged global structure promotes thorough localization of aspects of operations ranging from marketing to design and development, procurement, manufacturing and services. In each of these areas, we will focus on developing the solutions business, meeting market needs through reduced energy consumption, new energy development and the water environment. Through business activities that are closely attuned to regional communities, we are working to establish firm roots of the Fuji Electric Group’s corporate DNA overseas.

Suzuki: In the past, the mainstream overseas strategy for Japanese manufacturers was centered on exports. In recent years, it has become more commonplace for companies to develop manufacturing and sales overseas, engaging in extremely innovative initiatives for the thorough localization of self-contained headquarters functions. However, for a local company to establish deep roots and function effectively, it is essential that business and cultural differences among local and Japanese employees be systematically resolved.

Kitazawa: I agree wholeheartedly. Both sides must communicate closely and openly, and it is vital that the

Japanese employees act in the background and support local employees. It is important the local employees understand that company activities are not intended to benefit Japan or headquarters, but are intended to enhance the lifestyles of people in the local community. To this end, we will assign motivated Japanese employees to the overseas headquarters, while conducting ongoing recruitment activities locally, and plan to focus efforts on employee training.

Suzuki: In this way, creating an environment of collaboration among employees of different races and nationalities with diverse cultural backgrounds will inject a tremendous amount of vitality into our organization.

Kitazawa: That’s right. Respect for diversity is something we are also focusing efforts on here in Japan. The Fuji Electric Group started out as a heavy electric industry manufacturer, and at present, we still have very few women in the organization. To rectify this situation, the Promoting Women’s Job Opportunities Department was organized to create measures that will expand opportunities for women in the workplace. We will continue to make use of motivated and skilled employees regardless of gender, nationality, age and number of years employed.

“It is important that the Fuji Electric Group’s thoughts on CSR are internalized by every employee. (Suzuki)”

Suzuki: In February of this year, Fuji Electric signed the UN Global Compact. Why did you decide to participate in this initiative?

Kitazawa: To promote CSR management going forward, we felt it was important to participate in the Global Compact international initiative, which is involved with a wide variety of CSR topics including human rights, labor, the environment and the prevention of corruption and to create opportunities for dialogue with external stakeholders.

Suzuki: Even at the United Nations University, where I serve as vice rector, a zero emissions forum was conducted where the idea of a recycling-based zero emission society brought into existence through the cooperation of industry, government, and academia was discussed. Similarly, collaboration between the United Nations and private corporations is one critical aspect of Global Compact activities, and rather than stopping at abstract psychological discussions, we hope to develop effective activities.

Kitazawa: Also, in recent years, there has been much debate regarding global environmental and biodiversity



issues. The Fuji Electric Group positions these as priority issues, and in March 2010, we formulated an action plan for the preservation of biodiversity.

Suzuki: At present, Japan is home to roughly the same number of plant species as Madagascar. Compared to a European country of the same size, this represents the conservation of a wealth of biodiversity. As a result, there are fewer endangered species than in Europe. However, the reality is that this more a factor of woodland preservation than maintenance of biodiversity. I think Fuji Electric should be highly commended for formulating a voluntary action plan to heighten the level of consideration for biodiversity. I want each employee to internalize the Fuji Electric Group CSR idea that the Company is obliged to foster an existence that is friendly to people and the environment that underpins these activities. As a result, by cultivating employees equipped with a high awareness and behavior regarding environmental and social contributions, and conducting these activities in Japan and overseas, harmony with local communities will advance smoothly.

“Challenging your own intentions helps to create a growth-oriented corporate culture. (Kitazawa)”

Kitazawa: To develop CSR management globally, I think the first area for the Group to focus on is the cultivation of its human resources. However, I do not mean simple inculcation, but instead the personal transformation of every employee. For example, instead of the job I do, I should target the job I want to do, or a job in the Group I consider to be appealing. Striving to attain these positions will enable me to grow. In fiscal 2010, the Fuji Electric Group introduced a self-declaration system based on this independently focused way of thinking. All Group employees declare what job they prefer and wherever possible, we will assign employees to their preferred position. Even if only a few motivated employees come forward with their requests, and activities in various Group workplaces were to begin, this would be enough to stimulate other employees.

Suzuki: Sounds like an interesting experiment. Recently the values of working people are diversifying, with an increase in the number of people who prefer satisfaction over success in the workplace. The new self-declaration system is a good opportunity for employees to take a fresh look at their jobs and work styles.

Kitazawa: Moreover, in addition to the self-declaration system, we will also start an internal recruiting system. For example, we plan on sending about 80 Japanese employees to the new headquarters in China, and we are thinking about selecting the employees via this internal recruiting system. We feel confident that people who want to make the most of this chance and move up the ladder have the potential to advance the Fuji Electric Group’s global business in the future.

Suzuki: I think it is extremely important to send motivated employees overseas to learn. Recently, the number of young university and institutional researchers who go overseas has dwindled. There are also indications that they assume that they have an accurate understanding of the world just because of the Internet and exchanging information via email. However, unless they actually go overseas and interact with people who think differently and have a different cultural background, they cannot fully understand their foreign counterparts, and will likely be unable to improve their awareness.

Kitazawa: I think you are right. Even if they do not go abroad, the challenge of pursuing one’s own goals is critical, and connected to self-improvement. For the Fuji Electric Group to achieve an even bigger contribution to society, I think we first must change ourselves.

Suzuki: I look forward to seeing the changes that come about as a result of the Fuji Electric Group’s new initiatives.



Steps Toward Achieving Environmental Vision 2020

Advancing Toward the Leading-Edge in the Field of "Energy and the Environment"

Reducing the load on the global environment is a priority social responsibility for the Fuji Electric Group, as a corporation endeavoring to make businesses in the field of "energy and the environment" its driving force.

Accordingly, we formulated the Fuji Electric Group Environmental Vision 2020 in April 2009 to serve as a directive for our medium- to long-term environmental activities.

In addition to our endeavors to reduce the environmental burden, we aim to be a corporation on the leading-edge of business in the field of "energy and the environment" by helping to lessen the environmental impact of society as a whole through our products.

Environmental Vision 2020

The Fuji Electric Group aims to help realize prosperous and bountiful society in the field of "energy and the environment"

1 Stop Global Warming

- Reduce CO₂ emissions during production 20% (compared with fiscal 2006 levels).
- Raise the energy efficiency of products, reducing CO₂ emissions by 2.4 million tons through energy-conserving and energy-creating products.

2 Create a Recycling-Oriented Society

- Increase our number of eco-products by promoting the 3Rs (reuse, reduce, recycle) in our products.
- Achieve zero emissions at operational sites by reducing waste and the use of energy and chemical substances.

3 Meet our Corporate Social Responsibilities

- Strive to enhance environmental awareness through environmental citizen movements, activities to protect the natural environment and environmental education.

1 Stop Global Warming

Expansion of Geothermal Power Generation Creating Electricity for the World from the Heat of the Earth

Geothermal power generation is gaining attention worldwide as a renewable, clean energy source with low environmental impact. Fuji Electric, a top manufacturer in this field, is striving to boost geothermal power usage.



► P.13

Increased Photovoltaic Power Generation Generating Electricity at Any Location from the Light of the Sun

Photovoltaic power generation is being promoted as a renewable energy source that takes us a step toward prevention of global warming. We are contributing to the realization of a low-carbon society through the development of technologies that extend the scope of solar energy use.



► P.15

Energy Conservation at Data Centers Promoting Greener Performance at Data Centers, Which Support Information and Communications Technology

Fuji Electric is contributing to cutting electricity consumption by society as a whole, which is growing in step with the advent of information and communications technology, through eco-friendly data centers that utilize an array of energy-saving technologies.



► P.17

Support for Energy-Saving Initiatives in Factories and Buildings Aiding Conservation of Energy in Factories and Buildings Through the Visualization of Energy

We are contributing to the realization of highly efficient, zero-waste energy consumption by developing systems to analyze and manage a diversity of data relating to energy use.



► P.18

Research and Development for the Future Developing Next-Generation Technologies That Propel Us Toward the Realization of a Low-Carbon Society

Fuji Electric is striving to develop new technologies that hasten the realization of next-generation energy infrastructure and the resolution of global environmental issues.



► P.19

2 Create a Recycling-Oriented Society

Reducing the Environmental Load at Our Own Factories Promoting Energy Conservation and Water Recycling at Semiconductor Plants

Fuji Electric's Matsumoto factory uses large quantities of energy and water in its semiconductor fabrication processes. We are aggressively promoting energy- and resource-saving strategies at this facility.



► P.21

3 Meet our Corporate Social Responsibilities

Preservation of Biodiversity Paying Consideration to Nature in the Environs of Operating Sites

Based on a newly formulated action plan that recognizes the benefits of biodiversity and the impact of our business activities, we are endeavoring to preserve biodiversity.



► P.23

Expansion of Geothermal Power Generation

Creating Electricity for the World from the Heat of the Earth

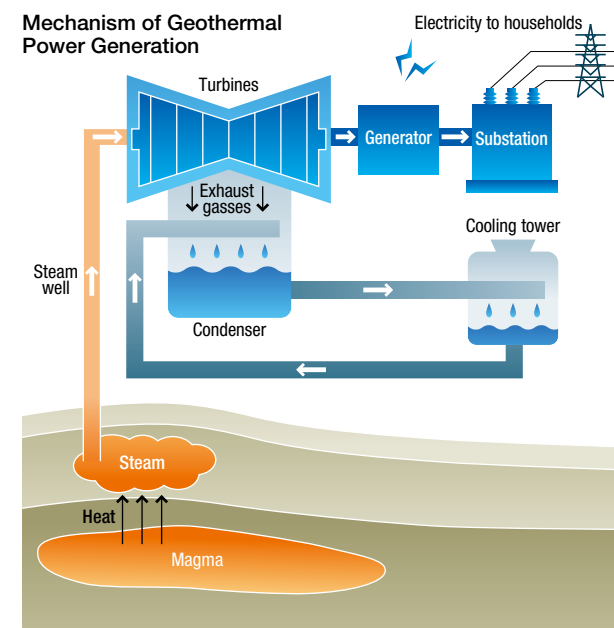
Geothermal power generation is gaining attention worldwide as a renewable, clean energy source with low environmental impact. Fuji Electric, a top manufacturer in this field, is striving to boost geothermal power usage.

Geothermal Power Generation—Gaining Attention Worldwide as a Renewable, Clean Energy Source

Geothermal power is generated using steam taken from the depths of the earth to drive turbines.

There is no need for the incineration of such fossil fuels as oil and gas because it facilitates the use of this naturally abundant resource. Moreover, CO₂ emissions per unit of generated electricity are only one-twentieth those of thermal power generation. Accordingly, against a background of aggravated global warming, we are witnessing renewed recognition of the importance of geothermal power generation as a clean energy.

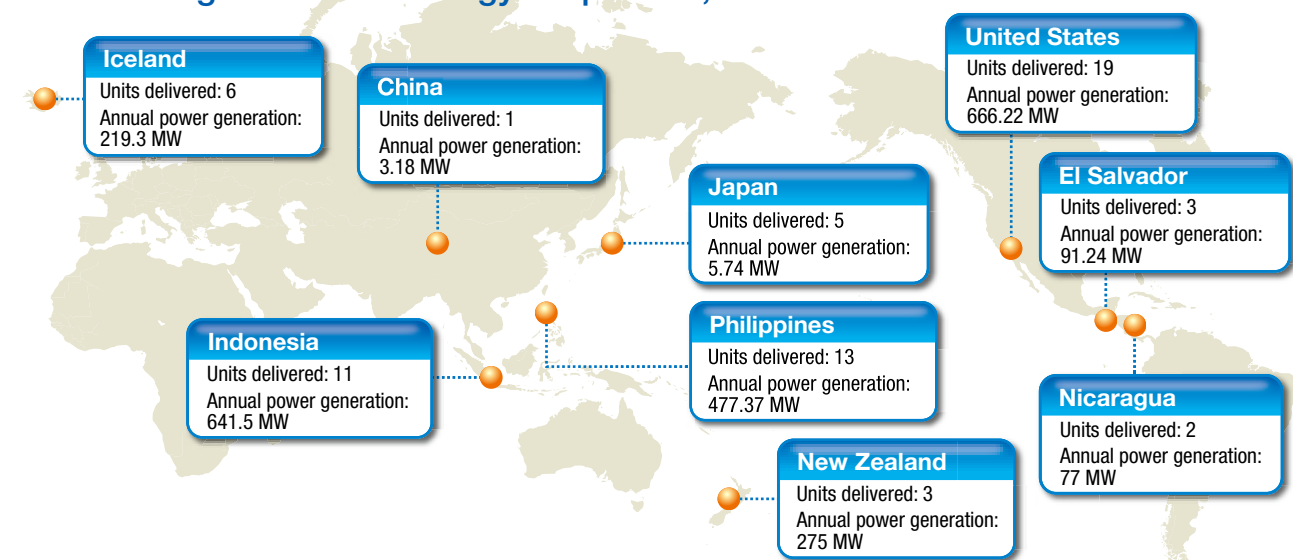
In contrast to oil and other exhaustible resources, geothermal power contributes to solving global energy problems as it derives from natural energy that is usable on a semipermanent basis. Moreover, it also differs from such other renewable energy sources as wind and solar power in that utilization is stable and independent of weather and climate.



Fuji Electric Geothermal Power Generation Facilities in Operation Worldwide

As of March 31, 2010; From Fuji Electric's delivery records

Contributing to a Global Energy Output of 2,456 MW



Nga Awa Purua Geothermal Power Station (New Zealand)

One of the World's Top Manufacturers in the Field of Geothermal Power Generation

In 1960, the Fuji Electric Group delivered practical geothermal power generation equipment in Japan. We have been supplying equipment to Indonesia, the Philippines, New Zealand, the United States, Iceland and other countries around the world since the 1970s. Currently, we number among the top manufacturers of geothermal power generation equipment. As of 2010, the global capacity of geothermal power stations stood at 10,715MW, of which geothermal turbines delivered by Fuji Electric accounted for 2,456MW, or approximately 23%.

Leveraging this extensive experience, Fuji Electric is now engaged in comprehensive plant construction, extending beyond delivery of geothermal turbine generators to power generation system design to civil engineering and construction, installation work and field tests, establishing the Company as a total coordinator in



Geothermal turbines

the field of geothermal power generation. In May 2010, we delivered the world's largest single unit geothermal power generation facility, with a capacity of 140MW, to the Nga Awa Purua Geothermal Power Station in New Zealand.

Promoting Technological Development That Helps Expand the Utilization Range for Geothermal Power

The Fuji Electric Group is developing technologies that will open up new applications and encourage more widespread adoption of geothermal power generation.

In May 2010, we commenced sales of Binary Power Generation System that facilitates power generation from previously unusable low-temperature geothermal sources. Further, we are pursuing generation methods utilizing other untapped energy sources, such as hot dry rock geothermal generation, which involves introducing water to a high-temperature rock environment, devoid of ambient water, to generate steam.

In the future, Fuji Electric will focus on broader ranges of generation capacities and heat source temperatures and on hybrid generation techniques in its drive to expand the utilization range for geothermal power generation.

Report by an Onsite Manager Expansion of Geothermal Power Generation in New Zealand

Meeting Globally Evolving Geothermal Power Generation Needs Through Total Solutions, Spanning Design Through Construction

In recent years, there have been great expectations over the potential of geothermal energy use in countries blessed with the requisite resources.

Specifically, New Zealand has an ambitious national strategy aimed at bolstering the ratio of renewable energy used to 90% by 2025 from its 2007 figure of 65%. In step with the country's energy needs, Fuji Electric signed a package contract for an order that incorporates design through procurement and construction, spread over three years, for two geothermal power plants: Kawerau, with a capacity of 100MW and Nga Awa Purua with 140MW. We completed both projects on schedule, contributing to the promotion of geothermal power in New Zealand.

In the future, we will continue to provide total solutions and services to countries with geothermal resources, led by New Zealand and Indonesia. This also boosts the Company's contributions to the prevention of global warming.



Tadao Horie
Energy Solutions Headquarters
Fuji Electric Systems Co., Ltd.

Increased Photovoltaic Power Generation

Generating Electricity at Any Location from the Light of the Sun

Photovoltaic power generation is being promoted as a renewable energy source that takes us a step toward the prevention of global warming. We are contributing to the realization of a low-carbon society through the development of technologies that extend the scope of solar energy use.

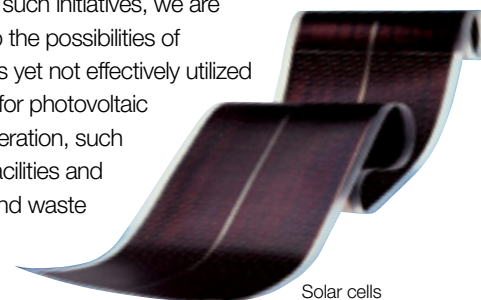
Promoting Technological Developments That Extend the Installation Possibilities for Photovoltaic Power Generation

Photovoltaic power generation attracts great attention as a high-potential renewable energy source. Improvements to power generation performance and stability, in addition to technological developments relating to installation and construction methods that provide flexibility for universal installation, are vital to foster its broader use.

Film-type solar cells are thin, lightweight, flexible and resistant to cracking. Utilizing these merits, Fuji Electric is promoting their commercialization with emphasis on ease of installation and working to realize wall-mounting and other new configuration methods.

In addition, we are progressing with development of integrated photovoltaic power generation systems in cooperation with construction materials manufacturers that combine waterproof sheets and roofing, wall and other materials with the Company's flexible modules.

Through such initiatives, we are opening up the possibilities of locations as yet not effectively utilized as spaces for photovoltaic power generation, such as public facilities and buildings and waste land.



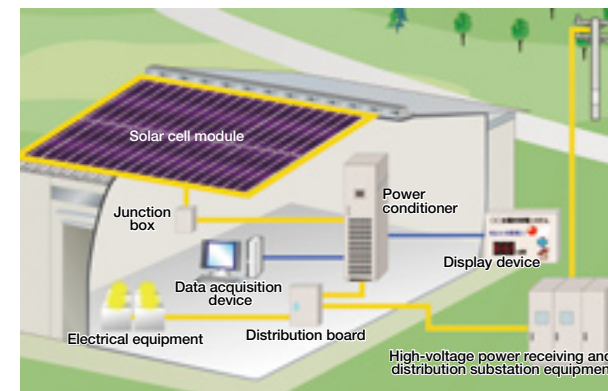
Solar cells

Providing Photovoltaic Power Generation System Solutions

Drawing on its engineering capabilities gleaned in the field of power control, Fuji Electric supplies photovoltaic power generation system solutions that incorporate high-efficiency power conditioners and secondary batteries.

In addition to our specialty area of electric power system and grid connection technologies, in the future we intend to develop systems that control the unstable balance of supply and demand in solar and wind power generation and control systems that visualize power supply and demand in real time to realize such dispersed power network systems as micro grids and smart grids.

Mechanism of Photovoltaic Power Generation



Installation at Kumamoto Prefectural College of Technology (Case Study 1)



Installation at Saitama Super Arena (Case Study 2)

Case Study 1 Kumamoto Prefectural College of Technology

Experimental Studies Leading to Expansion in the Scope of Solar Cell Usage

Fuji Electric Systems, Kumamoto Techno Industrial Foundation and Kumamoto University carried out experimental studies into mounting methods utilizing the lightweight properties of film-type solar cells and new installation configurations. This project serves as a model for the realization of a low-carbon society through expanded applications for film-type solar cells.

For example, at Kumamoto Prefectural College of Technology we mounted a lightweight solar cell module using wires to the glass façade of a monument, which was designed in the image of the somma that encloses the caldera on Japan's largest active volcano, Mt. Aso. Other cases include a rooftop arch-type installation and another attached using wires to the outer wall of an existing building. We are investigating other leading-edge construction forms that remain untried to date.

Further, this enterprise was adopted by Japan's Ministry of Economy, Trade and Industry as the fiscal 2009 demonstration model of technological innovation and social systems that promote the realization of a low-carbon society.

Case Study 2 Saitama Super Arena

Delivery of One of Japan's Largest Amorphous Solar Cells for Building Installation

In April 2010, Fuji Electric Systems provided an amorphous silicon solar cell to Japan's showcase Saitama Super Arena, which serves as a hub for music, sports and cultural exchange. With a capacity of 214.2kW, this is the largest such unit for building installation in Japan.

The installation took into account the weight burden on the existing building and design of the roof, utilizing specialist technologies to mold the film-type cell on steel plate into an integrated laminate. With help from the advanced installation technologies of Yodogawa Steel Works, Ltd., which undertook the construction, we accomplished the mounting of a module with excellent safety and durability characteristics.

Comments from a Fuji Electric Business Partner High Expectations of Fuji Electric's Photovoltaic Power Generation Systems

Hoping for Further Collaboration Incorporating Yodogawa Steel Works' Construction Expertise and Fuji Electric's Solar Cell Technologies

Accommodating a large internal space is one structural feature of the Saitama Super Arena, so light weight was an essential prerequisite of the solar cells to be installed. Molding the Fuji Electric solar cells on steel plate into an integrated laminate ensured lightness and strength. In addition, the module itself bends, creating a sense of cohesion with the roof.

On actually performing the installation, we realized an array of merits: The work was relatively easy because of the lightness of the unit; the reflected sunlight was slight, so its aesthetic impact on the surroundings was minor; and, in contrast to glass structures, it was not susceptible to breakage by typhoons and other strong winds.

This project can truly be said to represent a fusion of Yodogawa Steel Works' construction expertise and Fuji Electric's solar cell technologies. Amid rising environmental awareness, there has recently been a surge in requests for installations of solar cells on the roofs of existing buildings. Accordingly, I anticipate scope for greater collaboration between the two companies in the future.



Yoshiyuki Murabayashi
Assistant Manager
Sales Division
Yodogawa Steel Works, Ltd.

Energy Conservation at Data Centers

Promoting Greener Performance at Data Centers, Which Support Information and Communications Technology

Fuji Electric is contributing to cutting electricity consumption by society as a whole, which is growing in step with the advent of information and communications technology, through eco-friendly data centers that utilize an array of energy-saving technologies.

Supporting the Construction of Eco-Friendly Data Centers Using Energy-Saving Technologies

Currently, information and communications technology (ICT) services are indispensable for our lives and for our businesses. Helping ensure the stability of these services are data centers—specialized facilities where servers and other ICT equipment is located and managed.

In the operation of servers, large-scale air-conditioning installations are necessary to prevent overheating, in addition to power sources and network circuits. Some individual corporations opt to concentrate their operations in data centers instead of installing servers. This facilitates a reduction in power consumption arising from ICT use for society as a whole. However, the advent of cloud computing* and other moves toward the advancement of ICT services in recent years has led to a rise in server installation and concentration, which has in turn caused a surge in electrical power consumption by data centers. The majority of this is accounted for by power supply, air-conditioning and other facilities. This trend renders energy savings extremely important for these prime consumers.

Fuji Electric provides technologies jointly developed with Fujitsu Limited to realize energy savings at data centers, such as energy-saving operation management systems, spot air conditioning systems and photovoltaic power generation systems. Fujitsu's New Annex of Tatebayashi

System Center, which opened in November 2009, deployed these technologies, aiming to achieve a 40% reduction in electrical power consumption by facilities compared with conventional data centers.

* Cloud computing involves storage of data and access to software through a network, rather than by companies managing their own servers.

Customer Comments Energy Savings at Data Centers Bringing Glowing Acclaim for Fuji Electric

Pursuing Eco-Friendly Data Centers with Client Understanding of Energy Conservation

While pursuing safety and stability, Fujitsu is also aiming to construct data centers that gain the understanding of its customers in terms of energy savings. Fujitsu's New Annex of Tatebayashi System Center incorporates an energy-saving operation management system that was jointly developed with Fuji Electric and a spot air conditioning systems that deploys Fuji Electric's cooling control expertise as a mechanism for efficient dissipation of heat accumulated by the server. Through the application of these technologies, we have gained highly favorable assessments of the environmental consideration of our data centers.



Satoru Yagi
General Manager
Green Data Center Project Office
Business Process Innovation Div.
Outsourcing Business Unit
FUJITSU LIMITED

Fujitsu's New Annex of Tatebayashi System Center

The server room at the new annex



Support for Energy-Saving Initiatives in Factories and Buildings

Aiding Conservation of Energy in Factories and Buildings Through the Visualization of Energy

We are contributing to the realization of highly efficient, zero-waste energy consumption by developing systems to analyze and manage a diversity of data relating to energy use.

Providing Energy Management Systems That Offer Powerful Support for Customers' Energy-Saving Activities

With ongoing aggravation of environmental problems, Energy Management Systems (EMSs) are gaining much attention as a means to promote efficient, waste-free energy use through the visualization of energy use conditions.

Fuji Electric has applied its software package technologies, accumulated in the production management field, to the development of a unique EMS that aids the analysis and verification of energy-use data. This is now being supplied to companies, led by the manufacturing industry. The new system organically combines energy measurement data with information on the operation of utility and production facilities and production performance. This facilitates more practical, effective energy analytical control.

In addition, we have developed and begun to provide a Building and Energy Management System (BEMS) as an EMS for offices and other buildings. Fuji Electric's BEMS targets EMSs that manage energy-use data and provide powerful support for customers' energy-saving activities. It encompasses a broad range of facilities, from heat sources



The Nissan Advanced Technology Center, which is equipped with Fuji Electric's BEMS

through transportation, air-conditioning, lighting and power points, and is equipped with energy consumption analysis, system operation verification, performance verification for facilities and systems, and other assay evaluation templates. This facilitates simple construction of systems attuned to the characteristics of the buildings in which they are installed. Moreover, addition to contents and maintenance following installation can be performed simply by the customer, which enables support for ongoing energy-saving activities.

Customer Comments High Expectations for Fuji Electric's Energy Management Systems

BEMS—A Flexible System That is a Useful Tool in Promoting Energy-Saving Activities

At the Nissan Advanced Technology Center, which opened in May 2007, Nissan Motor Co., Ltd., has introduced various facilities to reduce the environmental burden from the construction stage onward. This has gained the company a CASBEE* top-grade "S" rating.

We introduced Fuji Electric's BEMS at these facilities as a management tool to ensure efficient use of energy during operation. This enabled us to investigate, analyze and verify all data relating to energy use, from the overall building to individual facilities and thus to uncover hitherto unperceived optimal operating methods. At regular meetings using BEMS, we have steadily benefited from applying the PDCA cycle to energy-saving activities.

Another advantage of Fuji Electric's BEMS is that it can be used in Excel, with which staff are well acquainted, so employees can promptly make operational improvements themselves. We hope to see further functional upgrades to this system, which has proved indispensable to our energy-saving activities.

* CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is an assessment system for environmental performance by buildings developed by the Institute for Building Environment and Energy Conservation in 2001 under an initiative by the Ministry of Land, Infrastructure, Transport and Tourism.



Yoshihiro Makuta
Facilities Planning and Maintenance Section
R&D Administration Department
R&D Engineering Management Division
NISSAN MOTOR CO., LTD.

Research and Development for the Future

Developing Next-Generation Technologies That Propel Us Toward the Realization of a Low-Carbon Society

Fuji Electric is striving to develop new technologies that hasten the realization of next-generation energy infrastructure and the resolution of global environmental issues.

Promoting the Development of Next-Generation Power Devices to Support Smart Grids

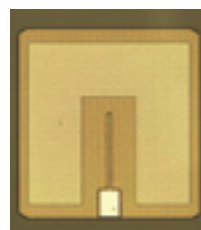
Smart grids are the next-generation energy infrastructure that will help to realize a low-carbon society. They ensure an electrical power supply attuned to energy use conditions by applying information and communications technology to the electrical power network (grid), which boosts the efficiency of energy use for society as a whole. Power devices that carry out the conversion and control of electrical power energy are of central importance in this realization.

Fuji Electric leads other companies in the field of power devices in its research and development. Specifically, in recent years we have focused on the development of SiC (silicon carbide) devices that are expected to play a leading role among next-generation power devices. Compared with conventional devices that deploy silicon as a material, SiC devices drastically cut electrical power loss during power conversion, raise energy efficiency, and contribute to reducing size and weight of control devices. Fuji Electric, in cooperation with industry, academia and the government, is using its vanguard technologies in the aggressive promotion of industry-wide measures to step up the pace of SiC device development in the industry as a whole.

In May 2009, the Company, in collaboration with the National Institute of Advanced Industrial Science and Technology, established the National Institute of Advanced Industrial Science and Technology Industrial Innovation Research Initiative to promote the development of SiC device mass-production and application systems. The rate of development has been considerably accelerated by combining Fuji Electric's device mass-production technologies and the institute's SiC device expertise.

Furthermore, we participated in the August 2009 foundation of the Next-Generation Power Electronics Research and Development Agency along with affiliated corporations, led by other companies in the same industry. This body has commenced R&D as part of the Next-Generation Power Electronics Technology Development (Green IT Project) commissioned by the New Energy and Industrial Technology Development Organization (NEDO).

Through such initiatives, Fuji Electric is speeding up R&D toward the practical utilization of next-generation power devices and contributing to the realization of smart grids.



SiC switching device

Comments from a National Institute of Advanced Industrial Science and Technology Researcher

The Possibilities of SiC Devices and the Role of Fuji Electric in Realizing This Potential

Promoting Technological Cooperation as a Step Toward the Practical Realization of SiC Power Semiconductors That Contribute to Energy Savings for Society as a Whole

Japan holds a long-term vision of cutting 60% to 80% from current greenhouse gas emissions by 2050 in its drive to realize a low-carbon society. Curtailing electrical power consumption throughout society is vital to achieving this goal; power electronics technologies will be instrumental in effecting this reduction.

Adopting power semiconductors using SiC (silicon carbide) instead of the currently deployed Si (silicon) devices will lead to a drop in electrical power loss. Accordingly, mass-production and practical application of SiC power semiconductors have become pressing issues. Technical issues regarding long-term reliability and other functions first need to be resolved, and we are presently engaged in various verification processes that should lead to commercial viability. The associated research is being conducted in cooperation with private companies. This includes our joint efforts with Fuji Electric over pre-mass-production trials and performance verification for SiC power semiconductors.

To maintain the pole position of Japanese electronics technologies in the global market, I think it is of prime importance that we step up the pace of R&D, combining the national technological capabilities of industry, academia and government. Therefore, I hope to draw further on cooperation over the promotion of development in the future.



Hajime Okumura
Director
Advanced Power Electronics Research Center (ADPERC)
NATIONAL INSTITUTE OF ADVANCED INDUSTRIAL SCIENCE AND TECHNOLOGY (AIST)



Promoting Joint Research on a Global Basis, in Tune with the Actual Conditions in Various Countries

Measures sensitized to the social conditions and economic trends of individual countries and to regional environments are indispensable to the realization of a recycling-oriented society. Accordingly, Fuji Electric utilizes its diverse accumulated technologies to provide solutions in step with conditions in different countries worldwide and promotes R&D to hasten commercial realization of these technologies.

For example, we commenced a technological exchange program with Zhejiang University in Hangzhou, Zhejiang Province, China, in 2004. Through this initiative we are promoting R&D into fundamental and applied technologies in collaboration with Japan-China industrial and academic organizations.

In April 2006, we established the Zhejiang University-Fuji Electric Systems R&D Center to reinforce synergies by leveraging a combination of Fuji Electric's technological accomplishments and operational experience and Zhejiang University's wealth of technologies and human resources. This facility is conducting 10 R&D projects focused on high-voltage inverter technology, methane fermentation systems, stack gas analysis systems and other areas of benefit to the development of China's domestic social and industrial infrastructure. Of these, four have been rewarded

with patents, while three others have progressed to sample production. In addition, academic staff and students from Zhejiang University have visited Fuji Electric R&D facilities as part of a promotion drive for active personnel exchange.

We also founded the Zhejiang University-Fuji Electric Innovation Center in February 2010 to strengthen the cooperative framework between Zhejiang University and Fuji Electric in pursuit of the development of products for the Chinese market and creation of new business operations. Located within the campus of Zhejiang University, the center is promoting R&D in an array of areas to contribute to the creation of a recycling-oriented society in China, including construction of smart grid, establishment of efficient transportation systems, purification of the water environment and development of IT solutions.

Fuji Electric is promoting such collaborative R&D with offshore research organizations in other regions throughout the world in a bid to contribute to the formation of recycling-based societies.



Ceremony to mark the establishment of the Zhejiang University-Fuji Electric Innovation Center

Comments from the Director of the Zhejiang University-Fuji Electric Innovation Center

R&D Themes and Future Ambitions

Creating Products and Business Operations That Contribute to the Resolution of Environmental Problems Through Cooperation with Industry and Academia

The Zhejiang University-Fuji Electric Innovation Center is a cooperative body established on the basis of the Zhejiang University-Fuji Electric Systems R&D Center's management achievements.

The innovation center promotes joint R&D and technological innovation utilizing the collaborative strengths of industry and academia in such areas of common focus for the Fuji Electric Group and Zhejiang University as energy, traffic systems and the environment. We aim to translate the results of this R&D to new products and business operations in the future. Our planned R&D agenda for fiscal 2010 spans smart grids, the water environment, electric cars and other themes.

From here on, we expect the Zhejiang University-Fuji Electric Innovation Center will also fulfill a major role in terms of education and human resource development at Zhejiang University.



Zhejiang University



Zhao Rongxiang
Director
Zhejiang University-Fuji Electric Innovation Center

Reducing the Environmental Load at Our Own Factories

Promoting Energy Conservation and Water Recycling at Semiconductor Plants

Fuji Electric's Matsumoto factory uses large quantities of energy and water in its semiconductor fabrication processes. We are aggressively promoting energy- and resource-saving strategies at this facility.

Promoting Pioneering Measures at the Matsumoto Factory, a Semiconductor Plant with High Environmental Impact

As semiconductor fabrication necessitates clean rooms and other advanced facilities, it also involves substantial energy use. Accordingly, the Matsumoto factory of Fuji Electric Systems, which manufactures power semiconductors and other similar devices, is the Fuji Electric Group's prime emitter of greenhouse gases.

Aggressive countermeasures to reduce greenhouse gasses drove down total emissions including energy-derived CO₂, during fiscal 2009 to less than 10% of fiscal 2000 levels.

Promoting Reduction Measures for Greenhouse Gases Emitted during the Semiconductor Fabrication Process

Perfluorocarbon (PFC) gas is used as a process gas during semiconductor etching and other manufacturing stages. Its global warming potential runs to several thousand times that of CO₂, rendering emission reductions a priority issue for the Company. By situating within the factory equipment designed to remove harmful substances, we are working to lower emissions.

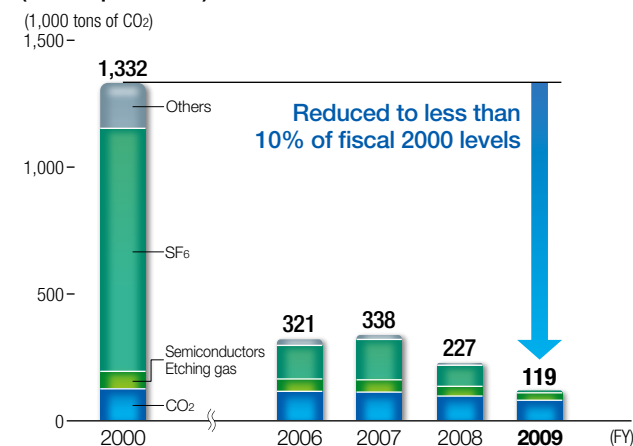
Furthermore, SF₆ (sulfur hexafluoride, with global

warming potential 24,000 times that of CO₂), which was used in insulation gas in the power semiconductor testing process, has been replaced with HFE (hydrofluoroether). This switch has realized the total elimination of SF₆ in this process.



HFE vaporization equipment

Total Greenhouse Gas Emissions at the Matsumoto Factory (CO₂ Equivalents)



Clean room at the Matsumoto factory

Reducing CO₂ Emissions by 10,000 Tons Through the Introduction of Cogeneration Equipment

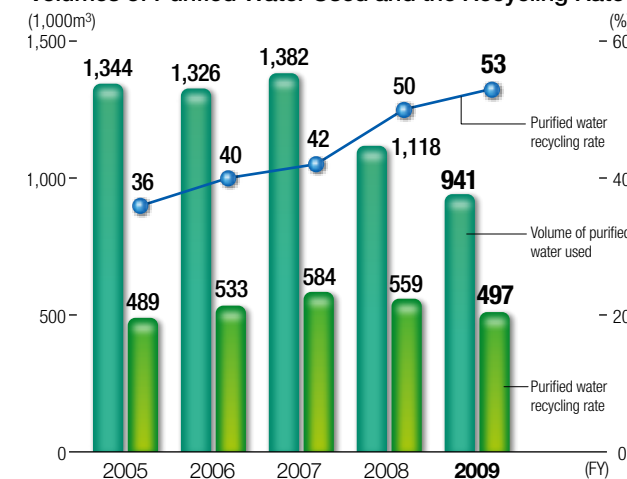
Formerly, hot steam for air-conditioning during the winter was supplied from oil boilers. However, in step with the conversion of utility gas supply to natural gas, we have introduced cogeneration equipment, with consequent improvements to overall electrical power and thermal energy efficiency. Various measures to realize effective use of exhaust heat and steam from cooling have boosted total energy use efficiency to between 75% and 81%, which represents an annual CO₂ emissions reduction effect of approximately 10,000 tons compared with levels prior to the introduction of cogeneration equipment. This corresponds to approximately 10% of CO₂ emissions at the Matsumoto factory.

Recycling Vast Quantities of Water Used in the Cleaning Process

In addition to energy, large volumes of water are used as purified water for the cleaning process in semiconductor production. At the Matsumoto factory, we are working aggressively toward effective use of such water resources.

Specifically, in the manufacture of purified water for use

Volumes of Purified Water Used and the Recycling Rate



in wafer fabrication, we have switched to an ion-exchange resin method that requires large volumes of cleaning water during maintenance. By expanding the introduction of electrical deionized water units, we have drastically reduced this consequent water consumption.

In addition, we separate wastewater from the manufacturing process according to its degree of contamination, fully recovering the recyclable portion. Currently, we are achieving a recovery rate of more than 70% from some production lines. Moreover, we collect and reuse as materials the silicon particles suspended in recovered wastewater from the polishing process, which contributes to a reduction in waste.

Report by the Head of the Matsumoto Factory Results of Activities and Future Developments

Aiming to be a Front-Line Facility in Terms of Environmental Activities Befitting the Generation of Energy-Saving Products

The Matsumoto factory manufactures power semiconductors, which are a key device in our portfolio of energy-saving equipment. However, this has rendered us a large-volume consumer of electrical power and water. Accordingly, we have been promoting thorough environmental measures in a bid to be a front-line plant in terms of energy and resource conservation, as appropriate for a creator of energy-saving products.

In recent years, we have faced harsh capital investment conditions. However, we have achieved substantial results by implementing successive innovations through increases in the number of improvement initiatives and by strengthening management. In the future, we plan to extend such innovations implemented at the Matsumoto factory to Group companies in Japan and overseas to contribute to energy and resource savings and to greenhouse gas reductions on a global scale.



Kuniaki Yanagisawa
General Manager, Semiconductor Business Headquarters, and Head of the Matsumoto Factory
Executive Officer, Fuji Electric Systems Co., Ltd.

Case Study of Initiatives at an Overseas Factory Wastewater Treatment at the Shenzhen Factory in China

Introducing and Operating Unique Water Treatment Facilities in Light of Water Environment Conditions in China

Rapid economic growth in China in recent years has precipitated societally problematic pollution levels of the water environment arising from factory effluent.

Fuji Electric (Shenzhen) Co., Ltd., introduced wastewater treatment equipment and a recycling system in April 2007 to control the increase in industrial water use and effluent generated as a consequence of growth in the production of photoconductive drums. We are still implementing ongoing improvement activities to ensure the achievement of controlled and stable operations, while boosting the daily recycling rate.

In October 2007, we installed domestic wastewater treatment facilities in a bid to extend thorough treatment of effluent beyond the factory premises. This equipment enables collective treatment of wastewater from the plant, employee accommodation, dining and other facilities. Moreover, we are promoting stabilization of wastewater quality through the introduction of constant monitoring equipment.



Wastewater treatment equipment

Preservation of Biodiversity

Paying Consideration to Nature in the Environs of Operating Sites

Based on a newly formulated action plan that recognizes the benefits of biodiversity and the impact of our business activities, we are endeavoring to preserve biodiversity.

Formulation of Action Guidelines to Promote Biodiversity Preservation Activities

Amid rising global environmental awareness on a worldwide scale, the range of environmental problems facing corporations is expanding and diversifying. The Fuji Electric Group has long fought against global warming, promoted resource recycling and chemical substance control, and conducted various other activities to reduce the environmental burden. In addition to these initiatives, in recent years we have also aspired to incorporate consideration for biodiversity into this agenda.

Based on its recognition that its “business activities are both blessed by and exert an influence on biodiversity,” the Group is working to minimize the impact of its operations on biodiversity and to contribute to the conservation of biodiversity through the provision of products and services and cooperation with society.

In order to share this consciousness throughout the Group and to promote supportive measures, we formulated the Fuji Electric Group Biodiversity Action Guidelines in March 2010.

Fuji Electric Group Biodiversity Action Guidelines

1. Reduce the Environmental Burden in the Field of Energy and the Environment and Contribute to the Preservation of Biodiversity

The Fuji Electric Group contributes to reducing the environmental burden of society as a whole and to the preservation of biodiversity through aggressive measures to develop technologies geared to saving and creating energy throughout the energy supply chain, from production through use.

2. Minimize the Impact of Our Business Activities on Biodiversity and Strive to Promote Sustainable Use

The Fuji Electric Group endeavors to minimize the impact on biodiversity in all aspects of its business activities and throughout the lifecycle of its products and strives to promote sustainable use.

3. Cooperate with Society and Aggressively Promote Activities that Pay Due Consideration to Preservation of Biodiversity

The Fuji Electric Group collaborates with its diverse group of stakeholders and actively promotes business activities that are considerate of biodiversity and social contribution activities.

Case Study 1 Factory Wastewater Purification

Returning Purified Water Used Within the Otawara Factory to the Local Community

Our Otawara factory in Tochigi Prefecture is located on a green site amid abundant natural beauty. Accordingly, consideration for the surrounding environment is absolutely essential. Since the facility went on line in 1973, we have consistently endeavored to keep its environmental burden to a minimum through thorough factory wastewater purification and water quality management.

Following purification, water used for air-conditioning and other applications passes through a fishpond in the factory grounds and on to rice paddies in the surrounding area, where it is effectively used for agricultural irrigation. Further, the quality of wastewater is monitored annually in cooperation with the City Office and local farmers and subjected to regular voluntary inspections and maintenance. Safety is ensured through management of data gleaned from water quality measurements and other processes, which in turn aids our efforts to conserve the ecosystems that support natural life forms indigenous to the local rice paddies where it is used for irrigation.



A fishpond supplied with water that is ultimately used for irrigation of rice paddies

Case Study 2 Restoration Projects for Forested Areas

Contributing to the Preservation of Biodiversity in the Environs of the Kumamoto Factory Through the Regeneration of Satoyama and Tanada

As part of our environmental preservation program, in 2006 we joined forces with local residents around the Kumamoto factory to instigate the Satoyama restoration project for forested areas. During 2009, the fourth year of this initiative, there is clear evidence of recovery among the species of wildlife in the area.

In the forested area located in the higher reaches of Satoyama, we cut back undergrowth, thinned out bamboo and removed dead and fallen trees. This cleared the way for a healthy growth of new saplings. Furthermore, as a result of the organic regeneration of Tanada without recourse to agrochemicals, we have been able to confirm the reappearance of loach, freshwater crabs, newts, toads and other wildlife. Participants also reported an increase in the types of wild birds that could be seen in the area. In the future, we shall continue with these activities to contribute to the preservation of biodiversity in the environs of our factories.



Regeneration of Tanada as part of the Satoyama restoration project for forested areas



Freshwater crabs and newts in the regenerated Tanada area

Forestry Conservation Activities in Azumino, Nagano



Message from an Expert

Vital for Each and Every Employee to Deepen Understanding and Raise Awareness of Biodiversity

The global environment is made up from the interaction of various types of natural life forms. The impact of human intervention has exceeded the tolerance levels of the global environment, which is devastating biodiversity in regions around the world. Recognizing this crisis situation, it is vital that governments, corporations, citizens and other groups strive to preserve biodiversity in their respective domains and substantiate measures to realize recycling-oriented, symbiotic societies.

Electronics manufacturers have been prone to treat biodiversity as an alien theme. However, the tenth meeting of the Conference of the Parties, COP10, to be held in Nagoya in October 2010, may be the event that triggers changes to the future approach of companies. In February 2010, I participated in the Fuji Electric Group-Wide Environmental Seminar as a guest lecturer. I believe that providing such opportunities to deepen understanding and raise awareness of biodiversity in the future will serve as an important first step toward the preservation of biodiversity.



Shiro Wakui
Professor, Landscape Architect (J.R.L.A.); Professor, Faculty of Environmental and Information Studies, Tokyo City University; Professor, Chubu University; Chair of the Committee for Promotion of Biodiversity Participation and Public Relations, Ministry of the Environment

CSR Activities Targets and Results

2009 Targets and Results and Fiscal 2010 Targets

SP = Significant progress; Y = Target achieved; PA = Partially achieved; N = No progress

Item		Initiative Theme	Fiscal 2009 Targets		Major Results of Activities in Fiscal 2009	Assessment	Fiscal 2010 Targets	Page	Contrast with GC10 Principle*
Strengthen relationship of trust with stakeholders	Together with customers	Improving customer satisfaction Strengthening solution proposal activities	Build an optimal sales system		Merged sales subsidiaries in June 2009, thus completing construction of a sales system capable of swift, comprehensive response	Y	Upgrade solution sales training contents Boost service quality by shortening failure response time Improve operational quality through business improvements	P31-32	—
			Improve service quality (30% up)		Reduced failure response time (system introduction and cultivation of human resources) and improved service quality by 35%	Y			
		Strengthening quality improvement activities	Implement solution sales training (600 participants)		Carried out sales training to strengthen solution sales (646 participants)	Y			
			Implement Group QC Diagnostic Investigative Committee meetings (planned for 10 operational sites)		Japan: Held Group QC Diagnostic Investigative Committee meetings at 10 sites	SP			
	Promoting manufacturing site activities to ensure product safety	Ascertain quality status at manufacturing sites in China (eight sites)		Ascertained quality status at Chinese manufacturing bases (eight sites)	Y				
		Conduct product safety educational courses (22 operational sites)		Conducted product safety courses (e-learning and on-demand) at 22 operational sites (600 participants)	SP				
	Together with suppliers	Promoting CSR, including among suppliers	Sign a Memorandum for the Exclusion of Antisocial Forces with suppliers	Signed the Memorandum for the Exclusion of Antisocial Forces, with four operating companies, covering almost all suppliers	Y	Investigate and assess the status of CSR measures at the four operating companies	P33	Principle 10	
	Together with shareholders and investors	Expanding dialog with shareholders and investors	Carry out presentation meetings, factory tours and other events for shareholders and investors	Announced the Medium-Term Management Plan; conducted presentation meetings Held small meetings for domestic institutional investors (10 times) Paid visits to institutional investors in Japan and overseas (26 times) Offered factory tours for shareholders (Kawasaki and Kobe) Organized seminars for individual investors (Fukuoka, Nagoya and twice in Tokyo)	Y	Strengthen IR with overseas institutional investors and with individual investors	P34	—	
	Together with employees	Respecting diversity	Promote greater employment of disabled workers (employment rate for people with disabilities of 1.8% or more)		Achieved an employment rate for people with disabilities of 2.03%	SP	Maintain the employment rate for people with disabilities at 2.0% or more	P29, P35-38	Principles 1-6
			Promote improved awareness of women's career development among all Group employees Support women's career development Strengthen communication between supervisors and subordinates		Released messages from the presidents of major Group companies Held training sessions on working styles and communications (three operational sites) Conducted training for managers (six times for newly appointed managers, once for newly appointed executive officers) Hosted factory tours for female employees (five times) and exchange events inside and outside the Group (five times) Conducted training for employees returning from childcare leave on communications between supervisors and subordinates (five times)	Y	Promote improvements in diversity awareness among all Group employees Support career development for diverse human resources Strengthen communications between supervisors and subordinates		
		Building a better working environment	Promote work-life balance		Revised extended working hours Fortified systems for repeated childcare leave and shorter working hours and extensions to periods of childcare leave and nursing support	Y	Conduct final investigations to systemize the findings of the Labor and Management Investigative Committee to promote a better work-life balance among employees		
Hold Communications Activation Workshops (13 times)			Hosted Communications Activation Workshops at 18 model worksites (15 times)	Y	Promote the stimulation of workplace communications				
	Enhancing health and safety in the workplace	Promote safety and health activities at manufacturing sites		Strengthened risk avoidance measures and health and safety management systems at manufacturing sites in Japan and overseas Conducted safety diagnostics at three overseas manufacturing bases	Y	Strengthen risk avoidance measures and health and safety management systems at manufacturing sites in Japan and overseas Conduct safety diagnostics at four consolidated overseas manufacturing bases Promote risk assessment at domestic manufacturing sites			
Communication	Strengthening communication with stakeholders	Strengthen information provision via the Company website		Strengthened information dissemination by revamping the CSR website; Received the Tokyo Stock Exchange's 15th Disclosure Award	Y	Strengthen information provision via the Company website	—	—	
Social contribution activity initiatives	Together with local communities	Protecting the natural environment	Continue restoration activities of forested areas in the Kumamoto region Begin employee-participation environmental preservation activities in the Kanto region		Carried out the 11th restoration project for forested areas, with 489 participants (from April 2009 to March 2010); Received an Agricultural Contribution Award in the Kumamoto Agricultural Contest in recognition of activities to date in February 2010 Conducted two agricultural experience events for employees and their families (approximately 100 participants each); Determined to continue to focus activities to address problems with fallow land on Uenohara, Yamanashi Prefecture	SP	Continue restoration project for forested areas in the Kumamoto region Continue agrarian regeneration activities in the Uenohara region, Yamanashi Prefecture Continue forestry conservation activities in Azumino, Kumamoto	P30, P39-42	Principles 8
		Promoting global contribution activities	Support the Children's Forest Program in India Support regional health and education centers in Indonesia		Supported the Children's Forest Program, organized by NPO, OISCA India Provided ongoing support for regional health and education centers in Indonesia	Y	Continue to support the Children's Forest Program in India Support the construction of regional health and education centers with maternity facilities in Indonesia Donate Fuji Electric solar power generation systems to areas without electricity		
		Communicating with local communities	Promote exchange with local communities at all operational sites		Carried out community cleanups and other regional contribution activities at all operational sites (33 events)	Y	Stimulate communications with local communities		
		Supporting youth development	Host Fuji Electric Environmental School events Conduct science classes for teachers and manufacturing experience classes for children		Opened the Fuji Electric Environment School, which was attended by 38 sixth-year elementary school pupils from Nagomi-machi and Nankan-machi, in Kumamoto Prefecture, under the tutelage of Mr. Ken Noguchi, in November 2009 Held science classes for elementary school teachers at a school (Hino Municipal Fifth Elementary School, Hino City) near the Tokyo factory in August 2009; Conducted science classes for children at three locations, in Mie, Kobe and Tokyo	Y	Hold further Fuji Electric Environmental School events Organize science classes for teachers and for children and manufacturing experience classes		
Environmental management	Please see pages 47-48							P43-54	Principles 7-9
Management	Corporate governance	Stepping up corporate governance	Strengthen Group governance in line with business restructuring		Revised basic policy to strengthen corporate governance amid moves to consolidate functions relating to business in the field of "energy and the environment"	Y	Strengthen governance in step with Group restructuring	P56	—
	Compliance	Implementing thorough compliance	Implement director training, rank-based training (general managers, managers and new hires), compliance training at overseas subsidiaries, and other programs		Held director training (20 participants), general manager and manager training (120 participants), sales and administrative division training (700 participants) and overseas subsidiary training (42 participants from four companies)	Y	Ensure thorough global compliance Implement director training, rank-based training, training at overseas subsidiaries, and other programs	P55, P57	Principles 1-6 Principles 10
	Risk management	Strengthening acquisition of patent rights and examination of third-party patents	Promote activities for the prevention of patent infringements against third-parties (other companies)		Held briefings at meetings for intellectual property rights officers in 11 regions (eight companies) and carried out publicity activities through intellectual property education Highlighted prevention of third-party patent infringements through intellectual property education Promoted monitoring and follow-up activities for the prevention of patent infringements against third-parties (other companies)	Y	Promote activities for the prevention of patent infringements against third-parties (other companies) Upgrade the intellectual asset management system at overseas R&D facilities	P58	—
			Complete adjustments to conditions, such as systems, registers and employee education, that underpin endeavors at overseas bases (excluding China)		Provided improvement guidance and related materials to 17 consolidated and nonconsolidated subsidiaries	Y	Strengthen auditing and supervision functions to consolidate and upgrade measures at all overseas bases		

* GC10 principle: See page 1



Major Themes 1: Ensuring Customer Safety and Security

Providing Total Safety Solutions for Customers' Facilities and Systems

Amid ongoing globalization of safety and security standards, with corresponding rises in expectations toward corporations, the Fuji Electric Group provides solutions aligned to the safety lifecycle, which ranges from risk assessment and consulting through repairs and maintenance.



"Total Safety Solutions" symbol

One-Stop Support for Customers' Facilities and Systems

Over the past few years, there has been an increase in the incidence of serious industrial accidents, such as explosions and fires at major plants and disasters relating to machinery and equipment. This has led to heightening societal concerns over safety and security and stimulated calls for more stringent demands to be made of corporations. Against this background, European safety regulations have been adopted worldwide as part of broader ranging moves to enhance the safety of products and systems. In Japan, this has been manifest in the application of Japanese Industrial Standards (JIS) as a benchmark for

safety regulation. Moreover, the chemical, petroleum, iron and steel, automobile, power generation, rail and other industries have consequently stepped up initiatives to set new safety standards.

These operating conditions have strengthened the Fuji Electric Group's acknowledgement that delivering safety and security to customers is a prime corporate social responsibility. In response, we provide total safety solutions and are developing one-stop services attuned to the safety lifecycle, from risk assessment and consulting through safety conservation and maintenance. In addition, we offer original safety products and systems that fuse IT solutions, control technologies and sensor technologies.

The Safety Lifecycle of Customers' Facilities and Systems



Comments Total Safety Solutions manager

Providing Optimal Safety Solutions and Post-Installation Support That Includes Operational Improvements

An array of skilled personnel work at our customers' operational sites, which comprise a broad range of facilities, housing a variety of machinery and equipment. Accordingly, there is a rising interest in systems that build security through technologies, moving away from total dependence on staff.

In response to this trend, the Fuji Electric Group proposes total safety solutions, from components to systems. In order to cater to the dual needs for productivity and safety, we propose optimal client-specific solutions, which we aim to connect to capital investment efficiency upgrades through a full range of support services, from installation to operational improvements.



Madoka Shimizu
Sales Headquarters
Fuji Electric Systems Co., Ltd.

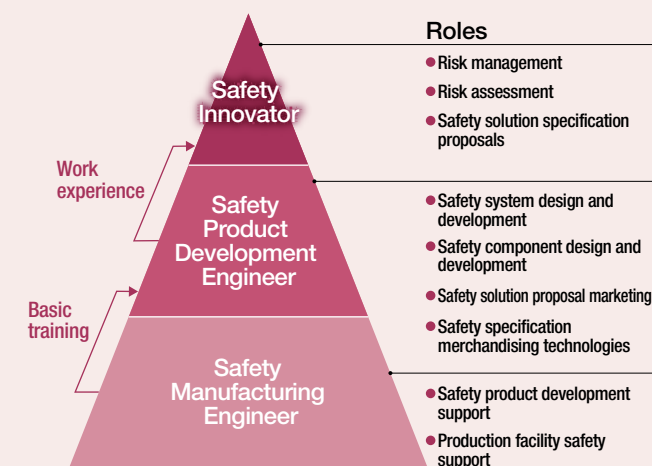
Focus on Safety Engineer Training to Support Customers' Safety

Our Safety Engineers are a group of dedicated professionals that support customers' safety through solutions provided by Fuji Electric.

Depending on their roles, which span risk assessment and consulting, safety system design and development support for safety products, Safety Engineers are classified into three levels. Of these Safety Innovator is in the foremost position in terms of requisite levels of knowledge and expertise. Safety Innovators are specialists in the field of machine safety, who work toward Safety Assessor® certification*. As of 2009, there were 144 qualified Safety Assessors throughout the Fuji Electric Group, with more than 80 planning to sit the necessary professional examinations during fiscal 2010.

* Safety Assessors conduct risk assessments of machinery, equipment and production systems at manufacturing facilities. This involves providing users with explanations and reports and advising on safety protection policies. The Safety Assessor® qualification is accredited by the Nippon Electric Control Equipment Industries Association (NECA).

Levels and Roles of Safety Engineers



Risk Assessments Together with Customers

Risk assessment is an effective means of visualization of the existence and scale of risks to ensure the safety of facilities and systems.

The Fuji Electric Group introduced risk assessments relatively early on as a method of preventing occupational accidents within the Group and has accumulated significant know-how in this field. Leveraging this expertise, we carry out risk assessments together with our customers as part of our safety solutions provision.

For example, since March 2010 we have conducted risk assessments in conjunction with Fuji Electric client, JP Steel Plantech Co., to determine potential dangers in facilities for the production of iron. Steel Plantech has praised this initiative as "helpful in training inexperienced staff and passing on technologies," "key to facilitating quantitative and qualitative assessment of the scale of risks," and "useful in verifying sufficient consideration for safety in the company's products."

As such, this cooperative arrangement contributes to the visualization of latent risks.



Carrying out risk assessments together with JP Steel Plantech Co.

Customer Comments

High Expectations of Fuji Electric's Role in Our Response to International Safety Specifications

Although food machinery in Japan maintains the world's highest levels in terms of the production of foodstuffs, awareness of conformance with international safety specifications is still lagging on an industry-wide basis. Accordingly, we are carrying out investigations and research into the inherent safety and hygiene of food machinery and into control systems, applications and other functional safety components in collaboration with academic staff from universities and safety experts. Through this approach, we are aggressively advancing responses to international safety specifications.

Fuji Electric has a pivotal role in the investigation and research activities we are currently conducting into safety control panels, and is thus making a significant contribution to recovery for the food machinery industry. In the future, we have great expectations of Fuji Electric as one of Japan's few manufacturers that also provides total safety systems.



Hiroyuki Ohmura
Manager, Technical Division Business Department
The Japan Food Machinery Manufacturers' Association



Major Themes 2: Developing Human Resources at Overseas Operational Sites

Reinforcing Training of Offshore Employees in Preparation for Business Expansion in China

We are stepping up training of local employees to keep up with the escalating pace of business development in the Chinese market and to promote localization.

Promoting Training That is Finely Tuned to Rank and Position

Amid rapid operational expansion in China, the Fuji Electric Group is strategically focusing on local employee training as an important management theme.

Based on this policy, we are prioritizing on-site training and have been improving and enhancing our range of courses since fiscal 2005. These are led by level-specific training,



Training for managers

and extend to selective training for managers and job-specific training for general affairs, financial and other staff. Between fiscal 2005 and fiscal 2009, Fuji Electric's training programs in China extended to 2,078 participants.

In the future, we shall plan and implement additional training geared to cultivation of Chinese managers and reinforcement of sales and technological development skills as part of our bid to further promote localization.



Training to hone fundamental work skills



On-the-job training

Comments Management Training Course Participant

Training Program Bolstered Cooperation in the Workplace and Efficiency in the Execution of Duties

I joined Fuji Electric in July 2008 and am currently General Manager of the Finance Division. This involves overall administration of funds and formulation of and upgrades to finance-related rules and regulations, in addition to responsibility for measures to promote employee training and in-house technological exchange.

In September 2009, I participated in manager training hosted by Fuji Electric Holdings (Shanghai) Co., Ltd. The element of the course that impressed me most focused on the exercise of leadership. When putting this into practice myself, I found that it boosted cooperation among the members of the division. In addition, work efficiency was raised through improvements to the workplace atmosphere.

In the future, I hope to cultivate my own abilities and advance my professional standing by participating in a variety of training programs.



Shen Li
Shanghai Fuji Electric Switchgear Co., Ltd. and
Shanghai Fuji Electric Transformer Co., Ltd.

Major Themes 3: Social Contributions in Deprived Areas

Various Support Activities in Economically Disadvantaged Countries and Regions

In step with the globalization of business activities, we are conducting ongoing social contribution activities across a broad range of regions, led by Asia, spanning such themes as conservation of the environment and support for economically disadvantaged areas.

Supporting the Children's Forest Program in India

The Fuji Electric Group is backing the Children's Forest Program, organized by OISCA North India for the promotion of environmental education and

treeplanting activities by schools in India. On November 12 and 13, 2009, four Fuji Electric Group employees visited two elementary schools in the suburbs of Delhi to make donations of personal computers, microscopes and water purifiers, in addition to planting commemorative saplings.

In addition, we began selling beverages in Fuji Electric



Children at a ceremony to mark the start of Fuji Electric's support activities

OISCA North India Comments

Aiming to Love Nature and Cultivate the Next Generation, while Improving the Environment

In India, the progress of urbanization and industrialization, and accompanying deforestation, has been running unchecked as a result of explosive population growth and economic development. Against this background, OISCA India has been striving to cultivate love of nature and resolve to value indigenous flora, in addition to promoting regional greenery, through the Children's Forest Program.

At an elementary school supported by the Fuji Electric Group, pupils now have free access to personal computers, a supply of safe drinking water and an enhanced educational environment thanks to these endeavors.

In the future, OISCA India would like to extend these activities to other elementary schools with help from the Fuji Electric Group and other supportive bodies.



Ritu Prasad
Secretary-General, OISCA North India

branded PET bottles to Group employees in November 2009. Part of the sales from these purchases has been used to build a framework for the Children's Forest Program.

A Community Health and Education Center in Indonesia That also Serves as a Social Hub

The Fuji Electric Group has supported the activities of non-profit organization PH-Japan in the construction of a community health and education center, which was completed in April 2009. Currently, this facility serves as a childcare center and clinic, carrying out weight checks, vaccinations and performing other tasks, in addition to serving as an educational base for PH-Japan and a regional community hub.

As a participant in the United Nations Global Compact platform, the Fuji Electric Group is doing its utmost to contribute to the UN's Millennium Development Goals of reducing the infant mortality rate and improving health during maternity. In May 2010, we held presentations to enlighten employees as to conditions in economically disadvantaged regions that are deprived of adequate medical care, support activities for PH-Japan, the status of the community health and education center backed by the Fuji Electric Group, and other issues. These activities serve to deepen employee understanding of these issues.



Presentation to employees (May 18, 2010)

A community health and education center, supported by the Fuji Electric Group, in use as a childcare center



Together with Customers

We strive to improve quality and safety throughout the product lifecycle—planning, manufacturing, sales and services—in an ongoing drive to make products that render customers satisfied.

Enhancing Customer Satisfaction

Thoughts and Initiatives Regarding Customer Satisfaction during Fiscal 2009

The Fuji Electric Group advocates a commitment to its customers: “With innovative technologies and a dedication to customer service, we strive to satisfy the needs of our customers and to anticipate their future requirements.” We continue to endeavor to bolster customer satisfaction based on this approach.

Fuji Electric Systems Co., Ltd., supplies component equipment and system products. The company offers two services that have gained high acclaim from customers: a repaired product information management system that facilitates onsite confirmation of completion schedules and repair progress to update customers with information; and the Fuji Maintenance Information Service (FMains), which allows each customer to view data relating to their facilities, such as maintenance plans and history, on a dedicated subscriber website.

In July 2009, Fuji Electric Systems absorbed the semiconductor sales division of Fuji Electric Device Technology Co., Ltd., and five sales subsidiaries as part of a restructuring initiative to enable direct communications with customers.

In addition, to enhance understanding of its inverters, servomotors and other component products, the company has been hosting product study sessions since 1998. These events comprised 80 sessions over three locations during fiscal 2009, with 457 participants drawn from 178 companies.

Product Improvements Stemming from Customer Comments

The Fuji Electric Group utilizes opinions and requests from customers to upgrade and improve its products.

For example, the View Series of Glass Front Vending Machines, marketed by Fuji Electric Retail Systems Co.,

Ltd., was criticized by customers for difficulties in viewing displayed products, a complicated operating procedure and problems in extracting dispensed items. Accordingly, we implemented the improvements outlined below during fiscal 2009, to the acclaim of our customers.

Further, in recent years local authorities and other bodies have called for vending machines that are considerate of the needs of elderly and disabled customers. Fuji Electric Retail Systems has responded with barrier-free and universal design solutions to provide appropriate dispensing systems.

In March 2010, the Japanese Industrial Standards Committee formulated guidelines for design that take into account elderly and disabled people, such as in the operability of vending machines. We plan to make ongoing improvements to our lineup attuned to this directive.

Examples of Improvements to the View Series of Glass Front Vending Machines

Improvement 1: Enhanced Viewing of Displayed Products

Boosted visibility of products on display, adding an LED that lights up during dispensing, etc.

Improvement 2: Simplified Operating Procedure

Introduced universal design colors, moved the operational buttons and display panels to a height compatible with the line of vision of children and customers in wheelchairs, etc.

Improvement 3: Easier Extraction of Dispensed Products

Redesigned vending machines so that products are dispensed immediately in front of customers and installed lighting to illuminate the dispensing section.



Developer of the View Series of Glass Front Vending Machines

In Continual Pursuit of Designs That Result in Vending Machines That Are Easy to Use for Customers

A dominant characteristic of the View Series is that products can be perused directly through the glass façade of the vending machine. Accordingly, customers can make their purchases with absolute peace of mind as to their product selection.

The current batch of improvement activities continued to prioritize product visibility, but with a design that ensures an easier view for customers. This feature is combined with a control panel that is inclined at 30° to enhance operability. In addition, a new configuration facilitates collection of dispensed items from immediately in front of the customer.

In the future, we shall continue in our pursuit of designs that enhance ease of use.



Masakazu Hirata
Design Division
Fuji Electric Retail Systems Co., Ltd.

Product Quality Assurance

Promotion System for Quality Assurance Activities

The Fuji Electric Group recognizes quality as an integral element of production technology. In November 2005, we established a Production Technology Committee, comprising four subcommittees, as part of our bid to promote production technologies across the Group.

Groupwide quality improvement activities are centered on the Quality Assurance Working Group and carried out in liaison with the other subcommittees. We also strive to enhance customer satisfaction through pursuit of stable and consistent levels of quality.

During fiscal 2009, we selected 10 key operational sites based on the previous year's data for QC diagnostics by a group of cross-organizational members. Other sites conducted self-assessments using a common check sheet.

The results of diagnostics and assessments revealed room for improvements to the evaluation and verification framework at the product development stage. Accordingly, we plan to repeat the checking and correction cycle to a more detailed level during fiscal 2010 in ongoing pursuit of greater refinement.

Furthermore, we carried out investigations and conducted hearings regarding conditions at operational sites in China during fiscal 2009, taking corrective action as needed. During fiscal 2010, we aim to import quality control technologies and frameworks from Japan to construct a system that works to a higher degree of perfection.

Ensuring Product Safety

Formulation and Implementation of an Autonomous Code of Practice for Product Safety

The Fuji Electric Group is aware that providing customers with safety and peace of mind is one of a corporation's social responsibilities. Based on this recognition, we comply with the stipulations of Japan's Product Liability Act, Consumer Products Safety Act and other pertinent jurisdiction. Moreover, in June 2008 we formulated the Voluntary Action Plan for Product Safety as part of a concerted drive to ensure product safety.

During fiscal 2009, we established assessment standards pertaining to the progress of our efforts to implement the Voluntary Action Plan for Product Safety and carried out diagnostics and assessments at nine operational sites based on these standards. The Fuji Electric Group intends to extend this initiative to other operational sites during fiscal 2010 and beyond.

Fostering Awareness of Product Safety

Based on its Voluntary Action Plan, the Fuji Electric Group carries out activities to promote staff awareness of product safety. During fiscal 2009, we held Product Safety Basic Courses at 22 operational sites, attended by approximately 800 employees. In addition, we offer an e-learning platform for members of design, development, manufacturing and quality assurance divisions, which has attracted some 3,000 participants.

In the future, we will select candidates from among the participants in Product Safety Basic Courses to train for Safety Assessor® certification, a qualification that recognizes attainment relating to product safety design and technologies. The product safety professionals who will conduct diagnostics and assessments at each operational site will subsequently be reared from among the successful Safety Assessor® graduates.



General Manager of the Quality Control Division

Ongoing Improvement Activities for Customers—The True Product Quality Assessors and Evaluators

The Fuji Electric Group conducts its quality improvement activities based on a thorough quality management system. This concept involves building a total optimized framework across all production activities, spanning orders, development, manufacturing, inspection and shipment, and installation and operation. Quality is then maintained through resolute implementation of selected frameworks and rules.

In the future, we shall continue with our efforts to provide products worthy of customer satisfaction by taking a course of action based on three principles: 1) Perpetual investigation of defects and deficiencies in rules and frameworks, always correcting identified problems; 2) Accurate reflection of expertise gleaned from past experience in current endeavors; 3) Implementation of promotional activities based on a plan-do-check-act (PDCA) cycle. This approach is supplemented by our premise that customers are the true product quality assessors and evaluators.



Kazuro Shibata
MONOTSUKURI Strategy Division
Fuji Electric Holdings Co., Ltd.



Together with Suppliers

We aim to conduct transactions in Japan and overseas with fairness in accordance with laws and regulations, while building sound, trusting relationships with our suppliers and pursuing mutual harmony and benefits.

Fair-Minded Procurement

Thoughts and Actions Regarding Suppliers

In the Fuji Electric Group Purchasing Policy, fair trade transactions are clearly stated as the Group's plan of action for procurement activities. Accordingly, we seek suppliers in Japan and around the world that offer highly competitive quality, prices, delivery and services and pay due attention to their corporate social responsibilities.

Further, we make an effort to promote mutual understanding while creating and maintaining good partnerships through transactions conducted on equal terms with suppliers chosen through fair and free competition.

Thorough Compliance with Procurement Laws and Regulations

Each year, the Fuji Electric Group carries out an internal audit and staff training regarding procurement-related laws and regulations.

Specifically, we acknowledge Japan's Subcontract Act* as an important ordinance that governs our procurement activities, and since 2005 we have, in principle, conducted an annual internal audit to monitor responses to the Subcontract Act. This audit is carried out through mutual checking by corporate auditors from each Group company. During fiscal 2009, the internal audit to monitor responses to the Subcontract Act revealed no issues that could be deemed problematic.

Our educational activities target employees engaged in the procurement divisions of Group companies and focus on the Subcontract Act and other procurement-related laws and regulations. During fiscal 2009, we carried out 10 such training sessions, attended by some 200 employees.

* Formally, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. The purpose of this act is, by preventing a delay in payment of subcontract proceeds, to ensure that transactions with subcontractors are fair and, at the same time, protect the interests of the subcontractors.



Staff training in procurement-related laws and regulations

Selection of Fair-Minded Suppliers

When selecting suppliers, the Fuji Electric Group's fundamental policy is to make its decisions in a spirit of free competition, regardless of whether suppliers are from Japan or overseas. Based on this approach, we respond to all enquiries with sincerity, promptly dispatching any necessary information and taking an open and welcoming stance toward new suppliers.

In the selection of new suppliers, we carry out comprehensive investigations of such factors as quality, price, lead times, stability of supply and environmental considerations. Moreover, we conduct reassessments of our existing suppliers on an annual basis, providing guidance and urging improvements in areas that fall below our exacting standards.

Promoting CSR Activities with Suppliers

Memorandum for the Exclusion of Antisocial Forces

The Fuji Electric Group is actively engaged in CSR activities with its suppliers and incorporates items for consideration in the promotion of CSR into its procurement policy. We believe that this approach enables us to continue to provide useful products and services and heightens the trust of people and society surrounding the companies of the Fuji Electric Group.

During fiscal 2009, we focused on the abatement of antisocial forces. In recent years, activities by antisocial forces to solicit funds have been become increasingly sophisticated. The Japanese Government announced guidelines to counter this trend in June 2007. The Fuji Electric Group and the majority of its suppliers sign a Memorandum for the Exclusion of Antisocial Forces to reinforce its damage limitation position. In addition, we always respond to requests from customers to sign corresponding agreements or otherwise cooperate to this effect.

In the future, we aim to cultivate harmony and mutual prosperity while continuing to step up collaboration with suppliers.

Together with Shareholders and Investors

The Fuji Electric Group takes communication with its shareholders and investors seriously and makes an effort to disclose information in a timely, appropriate and easily comprehensible manner.

Information Disclosure and Communication

Basic Policies Regarding IR Activities

In order to gain the appropriate understanding and trust of its shareholders and investors, Fuji Electric Holdings Co., Ltd., discloses information as required by laws and regulations. In addition, we strive to disclose information in a timely and fair manner in situations not required by law when material information about the Group is expected to have an influence on investment decisions.

We will continue to expand our IR activities focused on bilateral communications.

Dialog with Shareholders and Investors

In May 2009, Fuji Electric Holdings Co., Ltd., held a management policy presentation meeting to outline a recovery scenario that will return the Group to profitability and to explain future strategies for growth. We also host quarterly results briefings to report on business restructuring measures, progress with overall expense reductions and other matters. In February 2010, we made a public announcement of our Medium-Term Management Plan—the vision that will guide us from fiscal 2009 to 2011 in becoming a corporation that contributes to society through its “energy and the environment” business.

Moreover, we organize small meetings for institutional investors in Japan, visit overseas investors, and participate



Seminar for individual investors at the Nagoya Stock Exchange

in individual investor seminars and other events to boost opportunities for dialog with investors. Approximately 200 investors also participated in factory tours in Kawasaki and Kobe conducted during the fiscal year.

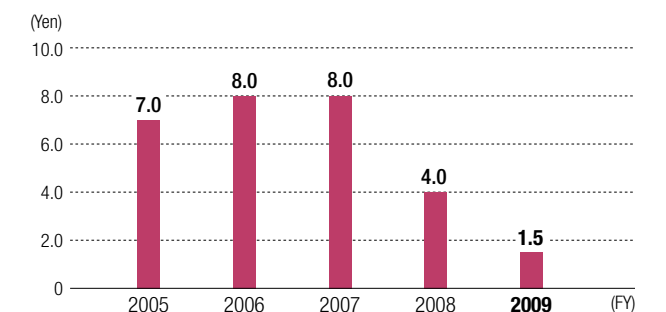
Through such initiatives, we continue to promote consistent IR activities, regardless of the severity of our business performance, in a drive to maintain relationships of trust with shareholders and investors.

Returning Profits to Shareholders

Fuji Electric strives to implement stable, continuous dividend distribution of retained earnings after taking into account medium- to long-term cyclical factors. Cash dividends for the year are determined after comprehensive consideration of the term's business results, R&D and capital investment plans for future growth, the management environment and other factors.

Purchase of treasury stock is carried out as part of a flexible policy on profit returns to supplement dividend distribution of retained earnings in response to the status of cash flows and other factors.

Cash Dividend per Share



TOPICS

Widespread Acclaim for Timely, Appropriate and Easily Comprehensible Information Disclosure

Fuji Electric Holdings Co., Ltd., received the Tokyo Stock Exchange's 15th Disclosure Award in fiscal 2009. This prize is given annually in recognition of disclosure of corporate information in a fashion that is timely, appropriate and easy to understand by investors through such IR publications as financial statements, annual reports and shareholders' reports, in addition to IR tools, CSR reports and the Internet. Fuji Electric Holdings was selected from a shortlist of seven companies.

Furthermore, we gained recognition for our disclosure efforts in the 12th Nikkei Annual Report Awards, in which the company was chosen from an initial selection of 12 companies.



The prize-giving ceremony for the Tokyo Stock Exchange's 15th Disclosure Award



Together with Employees

We promote the creation of comfortable workplaces through measures that enable workers to excel while enhancing their skills.

Respect for Human Rights

Human Rights Education and Promotion System

In addition to creating a company that does not ignore the rights of foreigners or individuals with mental or physical disabilities or intractable diseases, the Fuji Electric Group strives to address issues of social discrimination and prevent all forms of harassment.

In fiscal 2003, we established a Group Human Rights Advisory Committee, with a membership drawn from the heads of the personnel departments of operating companies and major affiliates, and formulated a Group Human Rights Awareness Policy. Furthermore, operating companies have each founded their own human rights education and promotion committees.

We instituted Group Sexual Harassment Guidelines in April 2008, have established in-house consultation helpdesks, and carry out staff training relating to harassment issues on an ongoing basis.

Human Rights Education for Employees

The Fuji Electric Group conducts an array of courses to raise employee awareness of human rights issues among its workforce.

In 2009, we operated a rank-based training program for department heads, business leaders and others members of the managerial stratum to equip them to deal with discrimination and harassment issues. Furthermore, Fuji Electric corporate officers responsible for labor relations, heads of personnel departments, and recruitment and human rights specialist staff attend various workshops and other events hosted by human rights organizations. We also conduct various other types of training, including courses tailored to operating company employees in their first two years of service, and instruction on harassment and compliance. In the future, we intend to broaden the scope and increase the number of employees reached through our human rights training and education programs.

Human Rights Education Program Participant Numbers during 2009

Type of course	No. of participants
Fuji Electric Group	
Rank-based training	767
Workshops by human rights organizations	9
Operating companies	
Training for employees in their first two years of service	200
Harassment training	553
Compliance training	415
Training by human rights and local government organizations	102

Making the Most of a Diversified Workforce

Recruitment and Appointment of Employees That Respect Diversity

The Fuji Electric Group recruits and employs a diverse workforce and aims to cultivate corporate management that capitalizes on the variegated qualities and strengths of its employees.

We recruit new graduates and mid-career professionals without regard for gender or nationality. Moreover, we have created a system that makes use of veteran workers who elect to extend their career beyond the age of 60 years old.

Promoting Employment of People with Disabilities

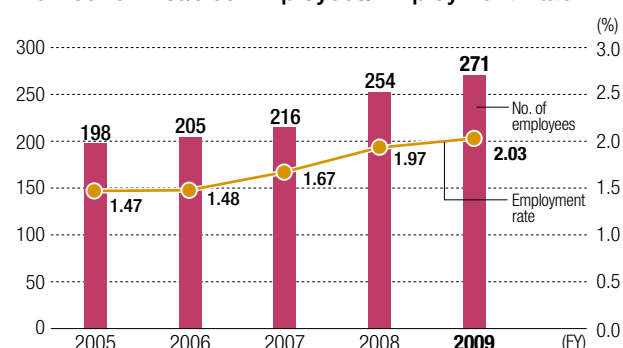
The Fuji Electric Group established a plan for the expansion of employment for the disabled in fiscal 2006, which called for each operating company and affiliate to set its own target employment rates and to promote opportunities groupwide. As a result of these efforts, as of June 1, 2009, we had 271 employees with disabilities, representing an employment rate for people with disabilities of 2.03%, which exceeds the legally mandated rate of 1.8%.

Fuji Electric Frontier Co., Ltd., established in 1994 as a special-purpose subsidiary focused on employment for the disabled, currently engages 67 people. The company is aggressively working to expand the number of people with disabilities it employs and the range of occupations to which it caters. During fiscal 2009, we organized visits for pupils from schools for the disabled to experience the work environment at four of our operational sites and hosted factory tours, to which we also invited the families of disabled employees, allowing them to witness their invigorating working conditions. Moreover, staff from the company have also exhibited their remarkable accomplishments at the Abilympic vocational skills contest, held by the Japan Organization for Employment of the Elderly and Persons with Disabilities.



Disabled employees taking one silver and two bronzes at the Abilympic Kanagawa vocational skills contest

Number of Disabled Employees/Employment Rate



* Scope: 11 major domestic companies

Supporting the Advancement of Female Employees

In February 2006, the Fuji Electric Group established a new working group reporting directly to the president of Fuji Electric Holdings Co., Ltd., setting fiscal 2008 and fiscal 2011 as target years in providing support for female employees in their career development and the dual demands of workplace and home.

During fiscal 2009, we carried out awareness and skills development training for female employees, backed by supportive training for male managers. In addition, we introduced a communications support system for female employees taking childcare leave and their line managers, facilitating discussions on their return to work and subsequent career path, in addition to starting up a training program specifically targeting managers, which covers communications with women on childcare leave regarding their return to the workplace.

As a result of these endeavors, the percentage of managerial positions, including heads of departments and sections, occupied by women stood at 0.45% at March 31, 2010, compared with 0.14% for fiscal 2006. The ratio of female employees working primarily in high-grade planning positions



Training to enhance communications between managers and female employees on childcare leave, held at five operational sites nationwide and attended by 54 participants

Participant in Training to Bolster Communications Between Managers and Female Employees Taking Childcare Leave

Through Enhanced Communications, Working to Build an Environment That Facilitates an Easy Transition Back to Work from Childcare Leave



Miyuki Kurisaki and Takashi Ozawa
Finance and Accounting Department, Administration Division
Fuji Electric Systems Co., Ltd.

* This training was filmed by NHK and broadcast as "Corporate Measures to Fully Utilize Female Employees."

(assistant managers and supervisors) was 17%, up from 10% in fiscal 2006.

During fiscal 2010, we shall focus on allocating the right people to the right places, conducting selective courses for staff in planning roles, promoting male sharing of household duties and childcare, and other courses of action to support various aspects of the advancement of female employees. Moreover, we plan to carry out a third survey by questionnaire, using the results to further improve support systems and the working environment.

Promotion of a Work-Life Balance

Inauguration of the Labor and Management Investigative Committee

During fiscal 2008, the Fuji Electric Group established a Labor and Management Investigative Committee to promote a better work-life balance among employees. The committee comprises eight company representatives and nine members of the Fuji Electric labor union.

This body facilitates the sharing of ideas between labor and management and identifies potential problems in the promotion of future activities. Currently, the Labor and Management Investigative Committee is dealing with two major issues: work-style reform and enhancement of a support system to provide fulfillment in and outside of work. Its endeavors also include the expansion and improvement of various systems and innovations to workplace awareness and climate.

Kurisaki: When taking part in the training program, I had just returned to work from childcare leave, so was going about my duties in a state of anxiety. However, listening to others in the same boat as me regarding the juggling of childcare with work or with more experience than myself did much to lighten my angst. Building a support network and consequently having a channel for information exchange were particularly beneficial steps. In the future, I would like to continue to be proactive in terms of communications with my line manager.

Ozawa: Respect for diversity is vital to gain the optimum skills deployment from the staff I manage, and not only with regard to childcare leave. This training prompted me to keep this in mind in the future with a view to raising workplace productivity. At the same time, I also sensed the difficulty in fulfilling these roles properly.



Together with Employees

Promoting Work-Style Reform

Work-style reforms were launched in the second half of fiscal 2008, primarily redressing holiday work and extended working hours in an attempt to improve productivity and time value.

During fiscal 2009, we focused on thorough overtime management, with labor and management reaching a concerted decision on a cap to the monthly overtime hours worked.

In light of the April 2010 revisions to the Japanese Labor Standards Act, we shall continue our drive to reduce excessive working hours in the future.

Supporting Fulfillment In and Outside Work

In terms of enhancing fulfillment in and outside the company, we improved and expanded our childcare leave and nursing support systems during fiscal 2009 and fortified our systems for repeated childcare leave and shorter working hours and extensions to periods of childcare leave and nursing support.

In addition, we implemented training geared to support employees on childcare leave on their return to work in order to create an environment conducive to easy utilization of these systems (see page 36).

We will focus in the future on building a comfortable workplace environment for all employees while expanding currently implemented systems.

Comments

Employee Taking Shorter Working Hours for Childcare

Grateful for the Opportunity to Combine Work with Childcare

Up until my return to work, I was filled with anxiety as to whether I could resume my post in the same way as before. However, with my current limit on working hours I have been able to find a means of working efficiently.

For a working mother, it is a tremendous assurance to have a system of shorter working hours for childcare in place. With the help of my colleagues, I hope to continue to balance the dual responsibilities of company and family into the future.



Megumi Endo (front row, left)
Control & Safety Solutions Center
Fuji Electric Systems Co., Ltd.
(pictured with other members of the Exchange Use Support Center)

Number of Participants in Childcare and Nursing Support Systems					
	FY05	FY06	FY07	FY08	FY09
Childcare leave	150	144	150	143	152
Shorter working hours for childcare	71	72	74	94	110
Nursing leave	2	6	3	3	4

* Scope: 18,700 employees in major domestic companies

Human Resource Cultivation and Fair Evaluation

Education and Training System

The Fuji Electric Group divides employee education and training into three main categories: courses for employees at different levels within the organization; selective courses designed to train the next generation of business leaders, targeting younger potential leaders and department and section heads; and specialist courses for technical staff, salespeople and staff in administrative roles.

Since their introduction in 1995, selective courses have successively targeted department heads, section heads and younger potential leaders. Each year, approximately 90 employees complete selective courses, with a total of approximately 1,000 benefiting from this training to date.

Technical training is provided on the job, along with a curriculum geared to boosting our technological prowess as a manufacturer. The program includes basic technology training, core technology training courses targeting engineers, who are a major source of competitive advantage for the Group, and Company-wide technology seminars and other events aiming to supply young engineers with greater insight into various technical issues.

Since 1991, a technical training center based in Yokkaichi, Mie Prefecture, with dedicated training facilities and staff, has conducted 12-month intensive training courses for new recruits. During fiscal 2009, 100 participants attended five courses. Moreover, training is strategically conducted at each manufacturing site in line with the skill requirements and levels of individual employees to maintain and upgrade workers' technical skills on an ongoing basis.

Safety and Health Management for Employees

Promoting Occupational Health and Safety

The companies and employees that make up the Fuji Electric Group are united in a drive to ensure that safety and health activities are effective.

Measures at Domestic Sites

At operating sites in Japan, we have introduced the danger prediction and risk assessment method to eliminate risks that have the potential to cause occupational accidents. This grass-roots safety approach toward machinery and equipment has been highly successful.

During fiscal 2009, we formulated targets and plans based on steady establishment and implementation of risk assessment and systematically put this approach into action. As a result, our frequency ratio of days lost to accidents or disasters in Japan was 0.22, lower than the all-industry average of 1.62 and the 0.46 average for the electrical equipment industry.

During fiscal 2010, we shall continue our aggressive application of risk assessment and reinforce our occupational health and safety activities.

Overseas Initiatives

As a corporate group with global business interests, we work in collaboration with overseas bases to ensure the safety and health of all employees.

During fiscal 2009, we conducted safety diagnostics at three factories among our offshore facilities: Fuji Electric (Shenzhen) Co., Ltd.; Fuji Electric Semiconductor (Malaysia) Sdn. Bhd.; and Fuji Electric (Malaysia) Sdn. Bhd. Moreover, we carry out regular health checks for the maintenance and improvement of the physical and mental wellbeing of employees at overseas bases and their families.

Health Management and Mental Healthcare

The Fuji Electric Group is working to enhance its line-care/self-care education for Group employees.

During fiscal 2009, we carried out educational programs spanning 2,700 employees at 14 operational sites. These included training to heighten basic awareness of stress and depression, study sessions for managers to highlight proper response to those with mental health problems and groupwork for employees in the 30 to 35 age bracket. In addition, our Health Management Center and Personnel Division, in cooperation with external healthcare and other organizations, has upgraded our consultation and guidance system to complement efforts to facilitate a smooth return to work and prevention of recurrence for employees taking time off due to illness.

Comments

Industrial Physician

Aiming to Provide Comprehensive Support for Mental and Physical Wellbeing, Attuned to the Circumstances of Individual Employees

Recently, in step with changes in social conditions and living environments, there was an increase in the number of people receiving outpatient treatment at hospitals while continuing to work. Further, this growth was accounted for by patients with psychiatric maladies as well as long-term physical illnesses.

In order to bolster knowledge of mental health issues, obviously it is imperative to carry out ongoing educational activities for employees and managers. However, beyond this I believe that measures are also necessary that are attuned to the circumstances of individual employees to prevent mental illness, or to avoid aggravation or recurrence.



Masako Akahane
Head of Matsumoto Factory Health Management Center
Fuji Electric Systems Co., Ltd.

Workplace Communications

Two vital elements for a workplace that supports a diverse employee base are good ventilation and lively communications. In particular, as communications also form the foundation for various corporate and CSR activities, the Fuji Electric Group is striving to invigorate workplace communications through the eSmile (initiative) and other initiatives.



Employees from Fuji Electric Systems' Okinawa Branch participating in the Okinawa Marathon as part of the eSmile (initiative)

Together with Local Communities

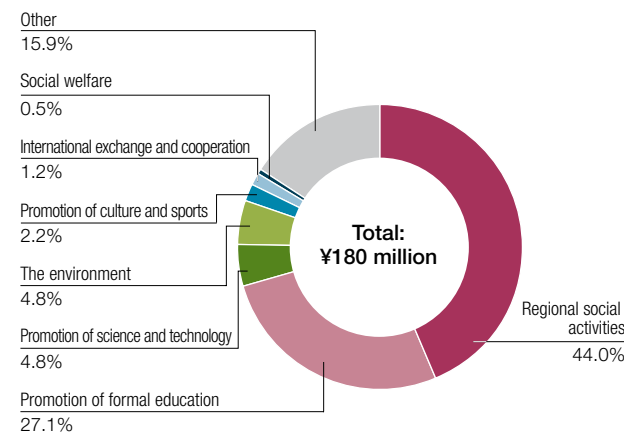
Focusing on social contribution activities in Japan and overseas, centered on four key activity areas with high societal and regional needs.

Policy on Social Action Programs

The Fuji Electric Group considers the expansion of social action programs important. We take part in social action programs in Japan and overseas that meet pressing societal and community needs, such as protection of the natural environment, global contribution activities, communications with regional communities and support for youth development.

We provide pertinent information to employees and their families, encouraging them to volunteer for community programs and other social action programs in their vicinities, and support them when they do so.

Breakdown of Donations for Social Action Programs by Activity Type



Key Social Action Programs Areas

1. Protection of the Natural Environment

- Restoration projects for forested areas
- Forestry conservation
- Agrarian regeneration
- Cleanup activities



Forestry conservation activities

2. Global Contribution Activities

- Poverty relief
- Environmental conservation



Commemorative tree planting as part of the Children's Forest Program in India

3. Communications with Regional Communities

- Social welfare
- Sports promotion
- Hosting and sponsoring festivals and events

4. Support for Youth Development

- Manufacturing experience classes
- Science classes for teachers
- Environmental School for elementary school pupils



Manufacturing experience classes

Protection of the Natural Environment

Restoration Projects for Forested Areas in Kumamoto Prefecture

In February 2007, the Fuji Electric Group started a restoration project for forested areas near Nagomi, a town in Kumamoto Prefecture adjacent to Nankan, where the Group operates a solar cell plant. Although purchased by the town of Nagomi, the scrub and forested land had subsequently been left undeveloped. The purpose of these activities was to regenerate the countryside* to facilitate the coexistence of people, flora and fauna.

Residents of Nagomi, students from the Prefectural University of Kumamoto and employees of the Fuji Electric Group joined forces to work on this project, cutting back scrub and planting trees, reestablishing fields on land lying fallow, creating compost from cattle manure and fallen leaves, clearing undergrowth and carrying out other tasks.

The site came to serve as a forum for exchange with the local populace and an important center where younger participants could learn about the importance of nature.



Rice planting as part of a restoration project for forested areas

* Countryside in this context refers to a region between urban areas and primary natural land that is shaped by the hand of man. It is principally made up of secondary forest, agricultural land, ponds and reservoirs.

New Forestry Conservation Activities in Azumino, Nagano

In August 2009, the Fuji Electric Group signed an agreement with Azumino City over a new forestry restoration project. The city municipal authorities are taking an intermediary role in this new collaborative undertaking between regional bodies in Nagano and private companies.

Initially, approximately 32 hectares of city-owned land has been cleared and otherwise prepared. With sessions planned four times a year, we anticipate that the scope of activities will expand in the future.



Clearing and preparing land for forestry conservation activities

TOPICS

Agrarian Regeneration Activities in Uenohara, Yamanashi Prefecture

The Fuji Electric Group commenced agrarian regeneration activities in Uenohara City, Yamanashi Prefecture, in fiscal 2009 in a bid to make effective use of agricultural land and to preserve traditional farming methods. These activities were instigated at the request of Yamanashi Prefecture, which is aiming to reduce the amount of fallow land*. Accordingly, we resolved to take on the project as a long-term undertaking that facilitates easy participation by employees and their families.

The two activity sessions carried out to date, in November 2009 and February 2010, each attracted approximately 100 volunteers.

* Land that has not been sown with crops for one year or more, with no plans for cultivation over the subsequent few years.



Planting watermelons on redeveloped land



The full team of participants, along with representatives of regional government and local residents, in front of the site targeted for regeneration

Comments from a Yamanashi Prefectural Government Representative

High Expectations of This New Means of Stimulating the Agricultural Community

In the future, I hope that these activities by the Fuji Electric Group, utilizing former agricultural land to preserve traditional farming methods, will provide opportunities for abandoned elementary school in this area, will support the management of fences for wildlife damage prevention and will find other applications linked to regional development. Measures such as these are almost unprecedented in Japan and present significant possibilities for a new form of stimulation of the agricultural community.

I am delighted that this project may facilitate preservation of the region's heritage of wheat and millet cultivation.



Masaaki Chino
Senior Staff
Agricultural Entrant Office
Agriculture Department
Yamanashi Prefectural Government

Comments from a Yamanashi Uenohara Sakurai Farm Worker

Grateful for Fuji Electric's Support and Cooperation in Reducing the Amount of Uncultivated Land

The Sakurai Settlement in Uenohara City, Yamanashi Prefecture, includes many uncultivated plots. We have had serious concerns as to the best possible course of action for this land in the future.

Aided by the positive approach of prefectural government employees and the assistance of the Fuji Electric Group, we have been able to commence agrarian regeneration activities. The members of the Sakurai Settlement would like to offer their thanks for this achievement. Through these activities, we hope to reduce the amount of uncultivated land and revitalize the settlement as a hub for local communications.



Suehiro Omata
Head of the Yamanashi Uenohara Sakurai Farm

Comments from an Agrarian Regeneration Activities Participant

A Wonderful Experience for Children—And for Adults, Too!

Although the primary objective of participating in these activities is to provide children the broadest possible range of experiences, in fact there was much involved that was new for parents, too. It was a truly educational and satisfying experience, with such activities as making manure and binding straw into rope, in addition to offering an opportunity to enjoy traditional cuisine and relax at a hot spring.

I expect Sakurai Farm to bring us all great pleasure into the future, for participants of any age!



Kuniko Kojima
Fuji Electric Systems Co., Ltd.

Together with Local Communities

Global Contribution Activities

Charity Work in the Holiday Season (Fuji Electric Corp. of America)

Fuji Electric Corp. of America participates in the Toys for Tots charity activities carried out by the U.S. Marine Corps. In addition, we gather canned, dried and other preserved foods via local churches for distribution to families in need.

During fiscal 2009, we collected considerable amounts of toys and foodstuffs through these channels.



Donna Munley (left) and Gerri Boomer of Fuji Electric Corp. of America participating in global contribution activities

Share an Hour Activities (Fuji Electric Philippines, Inc.)

Since fiscal 2004, Fuji Electric Philippines has carried out Share an Hour activities, which are based on the theme of "sharing an hour's happiness."

Employees, serving as volunteers, pay visits to homes for orphaned or abused children, refuge facilities for women, old people's care facilities and other such establishments. Funds, gathered from employees company wide at the rate of one hour's remuneration are used to buy toys, clothes, study materials, medicines and food, which are donated to these causes in an atmosphere lightened by fun and games with the volunteers.



Children delighted with gifts from employees carrying out volunteer activities

Share an Hour Activities Participant

Ever-Conscious of Providing Support and Giving Presents to Disadvantaged People

Through my involvement with these activities, I renewed my awareness of just how lucky we really are. The smiles of innocent children and the terminally ill can't help but fill me with humility and thoughts about the depth and meaning of life. I am so grateful to Fuji Electric Philippines for developing these CSR activities.

In the future, I intend to do my utmost to be of service to others.



Rose P. Gerona
Fuji Electric Philippines, Inc.

Communications with Regional Communities

Invitations to Watch Professional Sporting Events

Fuji Electric Holdings Co., Ltd., became the official partner of J-League soccer club, JEF United Ichihara Chiba, in fiscal 2007. The company has cosponsored one home game per season and taken that opportunity to invite pupils from elementary schools in Ichihara and Chiba and children with disabilities to attend the match as spectators.

During fiscal 2009, we extended an invitation to 505 youth soccer team members and 254 students with special needs and their carers to spectate the JEF United Ichihara Chiba versus Shimizu S-Pulse match on July 25, 2009.

Exchange Event at the Chiba Factory

In August 2009, we invited JEF United Ichihara Chiba players and children from a special needs school to visit the Fuji Electric Chiba Factory. The event included a factory tour and a chance to meet and exchange information for guests and employees.



J-League soccer players exchanging information with children at the Chiba Factory

Comments from a Participant in the Exchange Event at the Chiba Factory

Making Fuji Electric More Accessible Through JEF United Ichihara Chiba

"Fuji Electric? They're the ones with their names on the back of the JEF United Ichihara Chiba strip, right?" For the children at Shiinoki Special School for the Mentally Retarded, this is what makes Fuji Electric a familiar name. On the day that they were invited to the Chiba Factory, the children were overwhelmed throughout—by their first meeting with JEF United Ichihara Chiba players and by the scale of the machinery in operation on the shop floor.

When all was over, the consensus was "Great, we'll be back for another look!", which leads me to believe that on that day the factory served as a stage for valuable social experiences.



Naoya Yamamoto (center)
School teacher
Shiinoki Special School for the Mentally Retarded
(Ichihara, Chiba)

Support for Youth Development

Science Classes for Elementary School Teachers

Fuji Electric Holdings Co., Ltd., aggressively pursues activities to communicate the wonders of science and technology to children. As part of this initiative, we responded to the call by the Board of Education of Hino City for "training for elementary school teachers to help them deliver science lessons that are interesting for pupils" by dispatching technical staff to the Hino Municipal Education Center Summer Workshop in August 2009.

The training itself featured "motor drive principles and their applications to driving railway stock" in the morning sessions and "practical experience in making and storing electricity and related industrial applications" in the afternoons. The course was attended by 45 participants, with the technician delivering the course evaluating its reception as "surprisingly more responsive than expected; I want to stimulate children's interest and concern in the technologies around them."

In the future, we would like to expand from this initial event in Hino City to respond to similar requests from other regions.



Teachers absorbed in making a motor



A Fuji Electric employee, serving as the course instructor, fielding questions from a class of teachers

Comments from a Science Training Organizer

Aiming to Communicate the Fascination of Science and Physics

Although people say that children are drifting away from the sciences, a survey suggests that some 70% of elementary school pupils are interested in science. Rather than this, current concerns should focus on the motivation of teaching staff. We want to bring teachers who are tied up in the business of education into closer contact with a far broader range of actual science- and physics-related events.

We have high expectations of the role of Fuji Electric, which deals in energy-creating and energy-conserving products, in communicating the fun of science through its leading-edge technologies.



Masato Osawa
Education Center, Hino City Board of Education
Kuniko Kobayashi
Department of Education, Hino City Board of Education

Introducing Environmental Technologies and Products to Local Elementary Schools

We began conducting Fuji Electric full-display tours at the Tokyo Factory of Fuji Electric Systems Co., Ltd., in fiscal 2009. Through introductions to Fuji Electric technologies and products, these tours are designed to teach local elementary school pupils the relationship between manufacturing and society.

The Fuji Electric Full-Display Tour on August 21, 2009, was joined by 200 children. It embraced four themes; the mechanism of solar cells, water purification methods, diagnostics of household electricity consumption and the mechanism of cup-type vending machines. The tour was supported by booths with such features as how to make a model move using a solar cell and a dramatic interpretation of energy-saving techniques. By deploying such ingenious means to hold the pupils' interest, we ensured that their studying was carried out in an atmosphere of fun.



Children watching with great interest as a film-type solar cell drives a model train

Opening of an Environmental School

We opened the Fuji Electric Environmental School near the Kumamoto factory in November 2008 to impart understanding of environmental protection to children, who will bear the responsibility of the next generation, and to cultivate human resources to carry on our woodland preservation endeavors. At the location of the plant and the site of woodland preservation activities, we carried out a range of programs for children of employees in the sixth grade of elementary school, spanning forest and land workshops and courses on making bamboo rice cookers, chopsticks, cups and other items.

One important point of the activities is to communicate the fact that protection of nature is an ongoing process. Accordingly, we held a second event in November 2009, with 38 participants. The children's enjoyment was kindled through various nature games to enhance their woodland observation. They also listened enthralled to a talk on the impact of global warming on our lives by Mr. Shinohara of the Prefectural University of Kumamoto.



Ken Noguchi, Principal of the Fuji Electric Environmental School, with children eating rice prepared on a bamboo rice cooker



Major Theme: Reducing Environmental Impact Through Fuji Electric Products

Promoting Manufacturing That Contributes to Lowering the Environmental Burden for Customers and Society

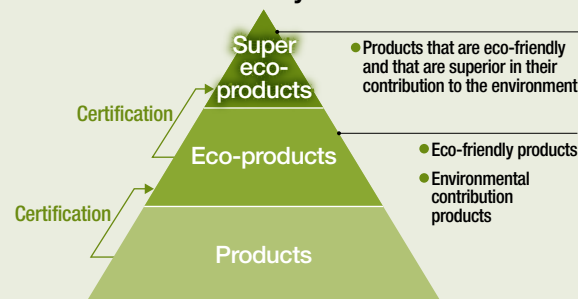
Fuji Electric is striving to develop and is promoting the widespread adoption of eco-products, which boost energy efficiency, cut chemical substances contained in products and take various other environmental factors into account, and products that help to alleviate the environmental burden of society as a whole.

Revisions to Certification Regulations to Facilitate Expansion of Our Eco-Products Lineup

The Fuji Electric Group evaluates the environmental contribution of products and consideration for the environment on a groupwide platform. Products meeting fixed criteria are certified as "eco-products" and "super eco-products."

Our environmental medium-term plan during the three years up to fiscal 2011 includes expansion of the proportion of eco-products in the overall Fuji Electric portfolio to 40%.

Eco-Product Certification System



During fiscal 2009, we revised certification regulations in a groupwide effort to enhance usability and to propel us toward this target.

Reinforcing the Management System for Chemical Substances Contained in Products

The Fuji Electric Group conforms to laws and regulations in regions in which it operates, worldwide, with regard to chemical substances contained in products. To achieve this, we promote the sharing of information on legislative trends and other issues through regular liaison meetings and companywide seminars, while building optimal control systems for each operating site.

During fiscal 2009, we constructed and went online with a universal Group database for chemical substance control in response to the REACH* Regulation. We organized explanatory briefings to provide an outline of this database and its operating procedures spanning five areas in November 2009. These events were attended by approximately 300 participants.

In the future, we will consider introducing a system to gather information through the supply chain on chemical substances in procured products and a framework to provide customers with data in a swift and accurate fashion.



Briefing held in the Suzuka area

* REACH Regulation: A comprehensive regulation concerning the registration, evaluation, authorization and restriction of chemicals that calls for information management in the supply chain as well as companies that manufacture products.

Start-up of Quantitative Assessment of Contributions to CO₂ Emission Reductions by Products

Fuji Electric's Environmental Vision 2020 cites a target of reducing societal CO₂ emissions by 2.4 million tons by 2020 through the provision of energy-saving products and energy-creating products.

During fiscal 2009, we classified products that can contribute to CO₂ emissions into four groups and devised quantitative CO₂ reduction calculation methods for each.

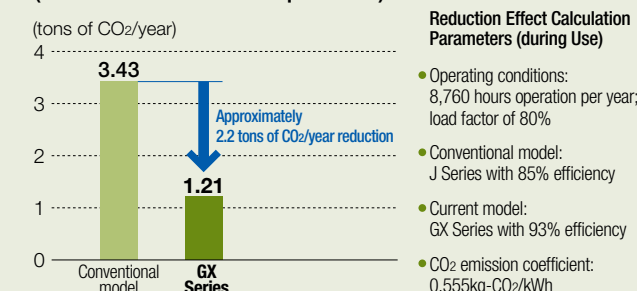
We were thus able to sum up total CO₂ emissions reductions from products sold during fiscal 2009 using these calculation methods. For example, the generation capacity of shipped geothermal power systems totaled 86.6MW, which contributed 280,000 tons to CO₂ emissions reductions during the year.

Example of a CO₂ Reduction Effect Calculation

We ascertained an annual CO₂ emissions reduction effect of 2.2 tons for a 10kVA system from our Global Mini UPS GX Series of uninterruptible power supplies compared with a conventional model.



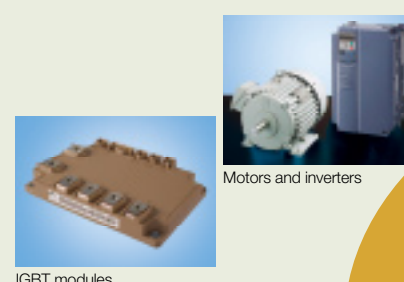
Comparison of CO₂ Emission Volumes (Lost Electric Power Equivalent)



Types of Products That Contribute to CO₂ Emission Reduction

Mainstay Products

- Uninterruptible power supplies (UPS)
- High-frequency induction furnaces
- Molded-case transformers
- Plant-derived dielectric-oil-immersed transformers
- Vending machines
- Open display cases
- Synchronous motors
- Inverters
- Power supply ICs
- MOSFETs
- IGBT modules



IGBT modules



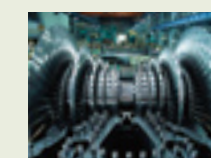
Motors and inverters

Energy-Saving Products

Products that achieve reduced CO₂ emissions compared to conventional products during use through higher efficiency and lower loss

Mainstay Products

- Micro hydroelectric power generation
- Hydroelectric generation
- Solar cells
- Geothermal power generation
- Fuel cells
- Steam turbine generators



Turbines



Solar cells

Energy-Supplying Products

Products that realize CO₂-emissions-free power generation or low CO₂ emissions during power generation through use of renewable energy or effective energy utilization

Energy-Visualization Products

Products that support energy-conservation activities and contribute to CO₂ emission reduction activities through the visualization of energy

Mainstay Products

- Energy management systems
- Energy plant optimal operation systems



Energy management systems

Information and Communication Technology (ICT)

Products that contribute to CO₂ emission reductions by boosting business efficiency or labor-saving

Mainstay Products

- Work flow (Exchange/USE)
- Document management systems for local government
- General affairs administrative systems for local government
- Mobile agricultural management guidance and support systems



Mobile agricultural management guidance and support systems

TOPICS

Nikkei Superior Products and Services Awards for Industrial Fuel Cells

Fuji Electric is currently upgrading the performance and promoting widespread use of a unique phosphoric acid fuel cell (PAFC) that it has commercially realized. The latest version, FP-100 i, achieves power generation efficiency that surpasses conventional models and, when running on utility gas, can save 394 tons in CO₂ emissions per year of continuous operation.

In recognition of this environmental performance, Fuji Electric received an outstanding performance award in the Fiscal 2009 Nikkei Superior Products and Services Awards.



Cup-Type Beverage Vending Machine Gains Japan Machinery Federation Award for Energy-Conserving Machinery

Non-CFC vending machines developed by Fuji Electric are the world's first to be mass-produced with an installed icemaker that features CO₂ refrigerant, with lower greenhouse effect impact than with CFC models. Compared with existing models, power consumption is down 1,077kWh/year, representing a 44% energy saving.

The new vending machine gained the Japan Machinery Federation Chairman's Prize in the Fiscal 2009 Japan Machinery Federation Awards for Energy-Conserving Machinery in light of its environmental performance.





Environmental Management

The Fuji Electric Group—from R&D through production, sales and services—is uniting in an ongoing drive to tackle global environmental problems.

Message from the Executive Officer Responsible for Environmental Management Administration
Aiming to be a Company That Contributes to Society in the Field of “Energy and the Environment”



Michio Abe
Director and Senior Executive Officer
Executive Officer Responsible for Group Environmental Management Administration
Fuji Electric Holdings Co., Ltd.

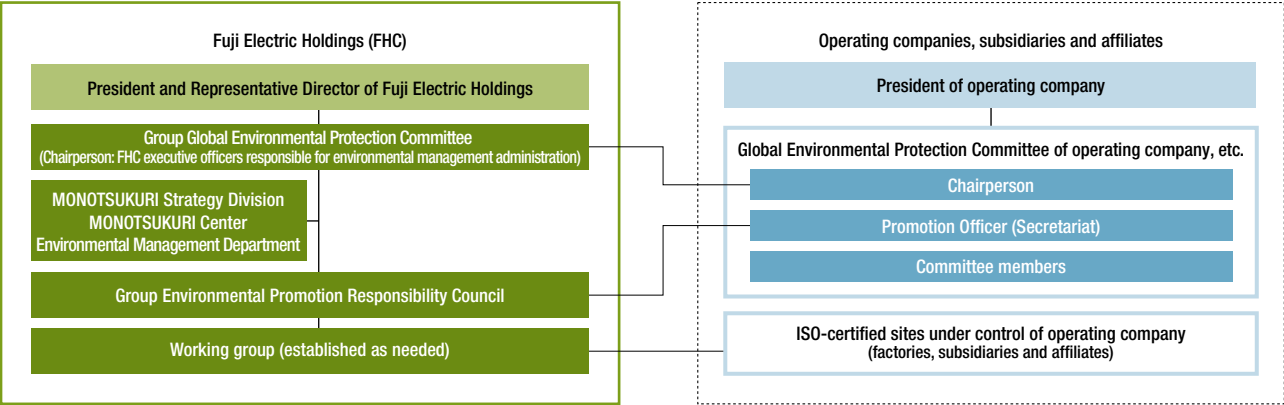
The 21st century has been described as the “century of the environment,” with increasing focus on a host of issues, including global warming, the construction of a recycling society, control of chemical substances and consideration for biodiversity.

In its Medium-Term Plan (fiscal 2009–2011), the Fuji Electric Group states its target corporate image as “a corporation that contributes to global society through its ‘Energy and the Environment’ businesses.” To realize this vision, based on the Environmental Vision 2020, formulated in 2009, we have launched energy-saving equipment that aids global warming countermeasures, boosted the contribution made to net sales by energy-creating products that do not use fossil fuels, reduced CO₂ emissions associated with energy use during production, and carried out various other environment-oriented activities.

Further, in our drive to be a company of high intrinsic value that can contribute to society in the environmental field, we worked together with all the business partners that make up our supply chain to implement a plan-do-check-act (PDCA) approach based on environmental management that incorporates environmental measures into business activities.

From fiscal 2010, environmental risk assessment becomes an integral element of the stipulations of ISO 14001. We will continue to work to reduce risk and to strive to be the industry frontrunner in the environmental sector through the introduction of a Green Factory and Green Office certification system.

Environmental Management Promotion Organization and Framework



Environmental Management in Accordance with ISO 14001 Certification

The Fuji Electric Group has created environmental management systems throughout its production operations and at all its sales bases and is pursuing third-party certification. By fiscal 2007, all domestic sites had gained ISO 14001 certification, and we currently practice environmental management that incorporates environmental initiatives into business operations.

ISO 14001 Certification Status (as of March 31, 2010)			
Consolidated businesses and operational sites		Japan	Overseas
Number of sites		32	9
	Acquired	32	8
	Not acquired	0	1

Group Environmental Internal Audit
Since 2003, the Group has conducted annual environmental site inspections of sites certified under ISO 14001. In fiscal 2007, we began establishing a proprietary checklist for compliance to relevant environmental laws and regulations and evaluating environmental risk to boost the effectiveness of our environmental management.

During fiscal 2009, we revised this checklist in response to the previous year’s results, streamlining the number of items to 120.



Environmental site inspection at the Kobe factory

Environmental Accounting

The Fuji Electric Group introduced environmental accounting in fiscal 2000 as a key means of assessing environmental management performance.

Using the 2005 guidelines released by Japan’s Ministry of the Environment as a base, we established in-house calculation methods for environmental preservation costs and benefits. Each year, we ascertain and analyze these costs and benefits quantitatively and disclose this information to the public. To expand our number of eco-products, we also calculate and total the “estimated benefits” of products when used by customers.

Fiscal 2009 Results
Environmental preservation costs totaled ¥9.10 billion, consisting of ¥1.78 billion in investments and ¥7.32 billion in expenditures. Total environmental preservation effects came to ¥9.34 billion, including ¥1.01 billion in proceeds from the sale of valuable items, ¥0.25 billion in energy savings and other reductions in costs and ¥8.08 billion in estimated benefits.

Principal environmental investments during fiscal 2009 included the installation of photovoltaic power generation equipment at the Tokyo and Mie factories. In the future, we will continue our course of systematic investments and expansion of our eco-product portfolio.

Environmental Policy

The Fuji Electric Group formulated its basic policies on environmental protection in 1992, declaring within and outside the Group its efforts to address diverse global environmental problems. We also began working to reduce the environmental impact of our business activities.

The Group revised these policies in 2003, clarifying ways in which it contributes to society through its business operations.

- Basic Policies of the Fuji Electric Group on Environmental Protection**
- The Fuji Electric Group is keenly aware of its social responsibilities as a good corporate citizen and regards efforts to protect the global environment as one of its most important management tasks. We will strive to achieve a sustainable, recycling-based society in compliance with the following basic policies:
1. Provision of products and technologies that contribute to global environmental protection
 2. Reduction of environmental impact throughout the product lifecycle
 3. Reduction of environmental impact in business activities
 4. Compliance with environmental laws, regulations and standards
 5. Establishment and continuous improvement of environmental management systems
 6. Elevation of employees’ awareness of environmental issues and contributing to society
 7. Promotion of communications about our environmental activities

Environmental Management Framework

Environmental Management Organizational Framework
The Fuji Electric Group considers its environmental endeavors to be part of its CSR activities. In July 2008, we created a structure to promote environmental management as a global response to societal needs.

At the core of this structure and with overall responsibility for deliberating and determining measures for the Fuji Electric Group is the Global Environmental Protection Committee, which reports directly to the president.

In addition, the Group Global Environmental Promotion Responsibility Council is in place to cascade policies determined by the management, study measures for resolving new problems and serve as a platform for the exchange of information among Group companies. Special committees and working groups are formed to address environmental issues according to theme. During fiscal 2009, we convened a working group to assess our contributions to the reduction of CO₂ emissions, supplementing the ongoing functions of such permanent bodies as the Energy Saving Team and Environmental Risk Management Working Group.



Environmental Management Targets and Results

To realize Environmental Vision 2020, which sets forth clearly the Group’s goals for 2020, we are steadily promoting our Medium-Term Plan (fiscal 2009–2011).

Medium-Term Plan Objectives (Fiscal 2009–2011), and Fiscal 2009 Objectives and Performance

Target achieved Partially achieved (70% or more) Not achieved (less than 70%)

		Medium-Term Plan Objectives (Fiscal 2009–2011)	Fiscal 2009 Targets	Fiscal 2009 Results	Assessment
Promotion of environmental management		• Promote global environmental management	• Obtain environmental ISO certification at all consolidated subsidiaries in Japan and production companies overseas	• Completed environmental ISO certification for all newly consolidated subsidiaries in Japan • Certification not yet obtained at one production company overseas	
		• Improve environmental management evaluation	• Maintain inclusion in Dow Jones Sustainability Index • Increase ranking in the Corporate Environmental Management Level Survey by the <i>Nihon Keizai Shimbun</i> (target: top 70 companies)	• Included in the Dow Jones Sustainability Index for the fifth consecutive year • Ranked 40th in the Corporate Environmental Management Level Survey by the <i>Nihon Keizai Shimbun</i> (92nd in fiscal 2008)	
		• Promote Environmental Vision 2020	• Publicize Environmental Vision 2020 inside and outside the Company	• Submitted articles to external magazines (<i>Environmental Management</i>), included coverage in the CSR Report and on the Company and external websites, and hosted inhouse environmental seminars	
		• Respond to environmental obligations compliant with international accounting standards	• Respond to asset elimination obligations in the environmental field	• Calculated total asset elimination obligations (asbestos and soil)	
Reduction of product/technology/service environmental impact	Expand range of eco-products	• Increase the proportion of eco-products in full Fuji Electric portfolio (40% or more)	• Formulate certification regulations and a quantitative calculation framework for eco-products	• Formulated and developed certification regulations and a quantitative calculation framework for eco-products	
		• Improve the functions of management systems for controlling harmful chemicals used in products	• Maintain or improve systems for managing RoHS-regulated and other chemical substances	• Maintained and improved the systems for managing RoHS-regulated and other chemical substances at target operating sites	
		• Construct a system to respond to new environmental regulations (EuP ^{*1} and REACH ^{*2})	• Promote compliance with the REACH Regulation (construct a management system)	• Constructed and began operating a REACH database • Developed EuP information	
	Expand range of technologies/services that help in the saving and generation of energy	• Expand businesses that contribute to environmental protection and promote the development of environmental technologies • Promote initiatives in new businesses, including emissions trading	• Expand businesses and services that contribute to environmental protection	• Strengthened photovoltaic power engineering technology • Installed photovoltaic power generation systems for energy-conservation PR use at two domestic factories	
Reduction of business activities’ environmental impact	Prevention of global warming	• Comply with revisions to the Law Concerning the Rational Use of Energy and the revised Act on Promotion of Global Warming Countermeasures • Respond to post-Kyoto framework, including emissions trading	• Prepare for revisions to the Law Concerning the Rational Use of Energy • Respond to emissions trading and other measures	• Developed policies on response to revisions to the Law Concerning the Rational Use of Energy • Formally participated in the Ministry of Economy, Trade and Industry’s mock emissions trading scheme	
		• Reduce domestic energy-derived CO ₂ emissions by 6% by fiscal 2010 relative to fiscal 2006 levels • Semiconductor device manufacturing operations to reduce six greenhouse gases, including energy-derived CO ₂ , by 70% by fiscal 2010 relative to fiscal 2000 levels • Promote the energy inefficiency elimination campaign	• Introduce an energy inefficiency elimination campaign	• Held review meetings to consider items for operational site energy inefficiency elimination • Forecast a 17.8% reduction in domestic-energy-derived CO ₂ emissions for fiscal 2010 • Reduced domestic-energy-derived CO ₂ emissions by 21.1% relative to fiscal 2006 levels • Reduced six greenhouse gases including CO ₂ emissions for semiconductors by 87.8% compared with fiscal 2000 levels, achieving targets ahead of schedule	
		• Promote energy conservation at offices	• Enhance information systems to support environmental management (FeSMART) at offices	• Established FeSMART at sales bases	
		• Promote energy conservation in logistical operations	• Assume shipper obligations in response to revisions to the Law Concerning the Rational Use of Energy	• Fuji Electric Retail Systems submitted notification of designated shippers to the Ministry of Economy, Trade and Industry (designated shipper no. 048713) and other operating companies and continued activities to assume shipper obligations	
	Resource recycling	• Achieve zero waste emissions at all sites (landfill waste as a ratio to total waste of 1% or less) and implement standards for total waste emissions • Preserve water resources (reduce water usage and promote reuse)	• Achieve zero waste emissions at all operational sites	• Achieved zero waste emissions at all operational sites but one	
	Chemical substance control	• Reduce total emissions of chemical substances (reduce by 40% by fiscal 2010, compared with fiscal 2000 levels)	• Reduce total emissions of chemical substances by 37% relative to fiscal 2000 levels	• Reduced VOCs by 72.2% and PRTR-designated substances by 59.2%	
Reduction of environmental risk		• Achieve full compliance with statutory regulations through environmental audits	• Implement environmental risk management audits	• Implemented environmental audit at all operational sites using a 118-item checklist centered on drainage and waste management	
		• Reduce soil and groundwater risks at production plants in Japan and overseas • Reduce waste risk	• Formulate soil risk management plans and investigate usage history of designated substances • Introduce an electronic manifest for waste products	• Implemented risk management using a Company-wide soil risk map • Introduced and promoted an electronic manifest for waste products	
		• Implement a decontamination program for polychlorinated biphenyl (PCB) equipment	• Implement decontamination plans for high-concentration PCB equipment	• Carried out decontamination at Kobe and Hokuiku factories	
		• Ensure implementation of asbestos waste countermeasures	• Eliminate asbestos-containing products and complete the decontamination of production facilities and buildings	• Eliminated asbestos-containing products and completed the decontamination of production facilities and buildings	
Promotion of social contribution activities and environmental communications		• Implement measures for the protection of biodiversity	• Develop biodiversity activities	• Formulated and established the Fuji Electric Group Biodiversity Guidelines	
		• Promote community engagement programs, such as corporate citizen activities	• Participate actively in local environment fairs and promote factory tours • Expand application of the Ministry of the Environment’s environmental house-keeping book	• Continued Kumamoto woodland preservation activities • Increased the number of participants in the Ministry of the Environment’s environmental house-keeping book	
		• Continue to publish the CSR Report	• Issue CSR Report	• Issued the CSR Report, including coverage of Environmental Vision 2020	

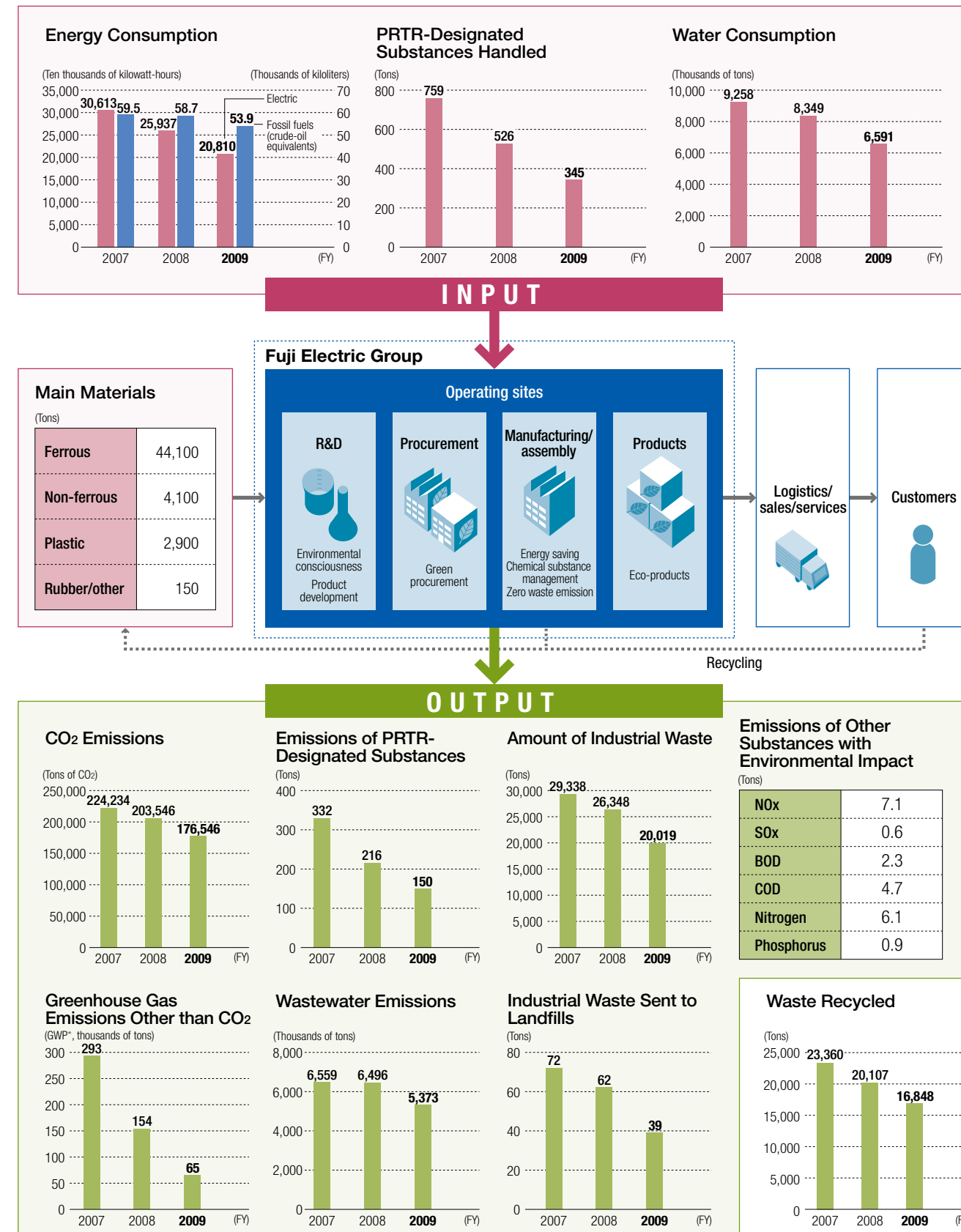
^{*1} The Energy-using Product (EuP) directive mandates that all energy-consuming devices have eco-friendly designs, and is one of the directives with which a product must comply to be labeled with a CE mark.

^{*2} The REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Regulation specifies registration and management requirements for all chemicals within the European Union.



Interplay Between Business Activities and Environmental Impact

The Fuji Electric Group continuously strives for efficient utilization of raw materials and energy and for waste reduction through all its business activities.



* Global warming potential (GWP) measures the relative greenhouse effect caused by a gas compared with CO₂, which is assigned a GWP value of 1.

Preventing Global Warming

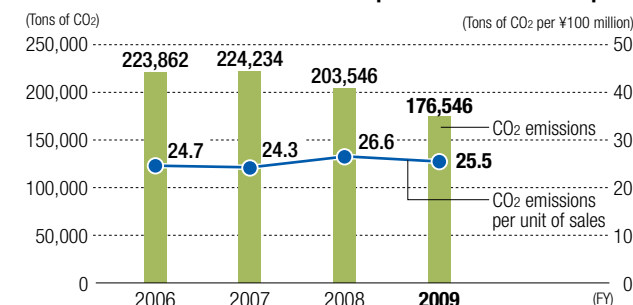
The Fuji Electric Group recognizes the prevention of global warming as an important part of its corporate activities and works aggressively to reduce the energy used in its corporate activities.

Reducing Greenhouse Gases

CO₂ Emission Reduction Targets and Results

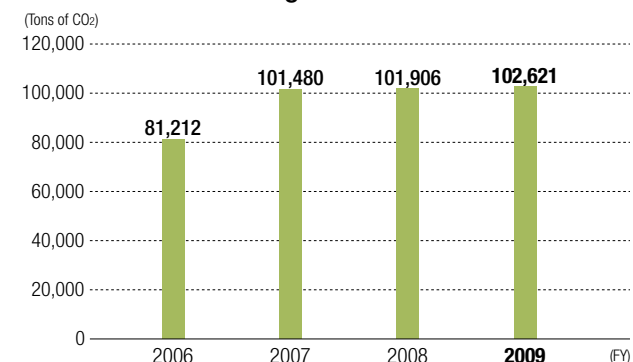
The Fuji Electric Group has participated from the initial formulation process in the voluntary action plans of four electric and electronic industry organizations*. As such, we have contributed to achieving national emissions and other targets. In addition to these production unit targets, since fiscal 2007 we have set a voluntary target of reducing domestic energy-derived CO₂ emissions by 6% by fiscal 2010 relative to fiscal 2006 levels, which we have driven forward through energy-saving activities. Moreover, in step with revisions to the Energy Conservation Law of Japan, we are expanding the scope of CO₂ emissions calculations from fiscal 2010 from production activities only to include offices and all other operational sites. Historical data from fiscal 2006 onward has been retroactively adjusted and is shown in the graphs below.

CO₂ Emissions and CO₂ Emissions per Unit of Sales in Japan



Notes:
1. Totals are calculated using data from the Fuji Electric Group's domestic consolidated subsidiaries, including offices and other facilities.
2. Per unit sales figures are calculated as CO₂ emissions amount over consolidated net sales.
3. Emission estimates use the emissions coefficient for electric power users (3.38 tons of CO₂ per ten thousand kilowatt-hours in fiscal 2009), taking into account the goal of a 20% emissions cut relative to 1990 levels by 2010, as specified by the Federation of Electric Power Companies of Japan.

Overseas Manufacturing Subsidiaries' CO₂ Emissions



Note: Overseas energy and electric power conversion coefficients obtained from the Japan Electrical Manufacturers' Association website (Ver. 3, March 2006).

During fiscal 2009, we introduced photovoltaic power generation facilities at two domestic sites and completed energy saving diagnostics of all factories in Japan, a process which was instigated in fiscal 2008. In addition to these endeavors, production volumes declined under the impact of the economic recession. Accordingly, CO₂ emissions for fiscal 2009 were 21.1% down from fiscal 2006 levels, at 176,546 tons. We also cut Group overall energy costs approximately 3% through energy-saving activities.



Photovoltaic power generation equipment installed at our Tokyo factory

* The Japan Electronics and Information Technology Industries Association, the Communications and Information Network Association of Japan, the Japan Business Machine and Information System Industries Association, and the Japan Electrical Manufacturers' Association

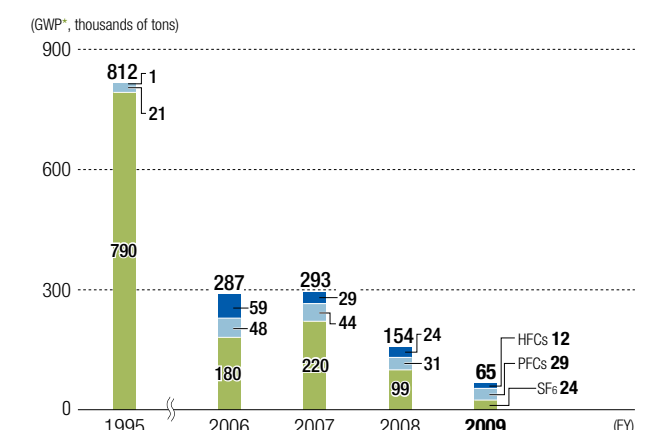
Reducing SF₆ and Other Greenhouse Gases

Six types of gases, including CO₂ and alternative chlorofluorocarbons, are considered greenhouse gases, as they contribute to global warming.

Of all the greenhouse gases, sulfur hexafluoride (SF₆) is the most potent. The Fuji Electric Group has completed the transition from SF₆ to alternative gases in the insulation testing processes at its semiconductor fabrication facilities. As a result, during fiscal 2009 emissions of greenhouse gases other than CO₂ dropped 58% from fiscal 2008.

In addition to reduction activities targeting production processes, we are developing alternative technologies to eliminate greenhouse gases during product use and otherwise contributing to alleviation of the environmental impact of products.

Breakdown of Emissions of Greenhouse Gases Other Than CO₂



Note: After detailed investigation of in-house data, we have recalculated emissions values. Accordingly, figures differ from those given in the previous fiscal year's report.
* Global warming potential (GWP) measures the relative greenhouse effect caused by a gas compared with CO₂, which is assigned a GWP value of 1.



Preventing Global Warming

Energy Conservation Initiatives in Logistics

To reduce CO₂ emissions in the area of logistics, shippers are required to measure and improve their energy consumption.

The Fuji Electric Group developed Group Guidelines on Shipper Obligations to facilitate smooth and appropriate response by its operating companies and sites to legislation that came into force in April 2006. It is also striving to enhance understanding of and to publicize the measurement range and computational procedures for CO₂ emissions, methods of reporting, roles of key personnel and other factors. In order to ascertain the environmental impact of logistics activities, we have implemented the FeSMART

environmental management support system for centralized data management.

In addition, Fuji Retail Systems, which manufactures vending machines and other such products, has been designated a specified shipper by the Ministry of Economy, Trade and Industry, and is continuing to reinforce its energy-conservation activities.

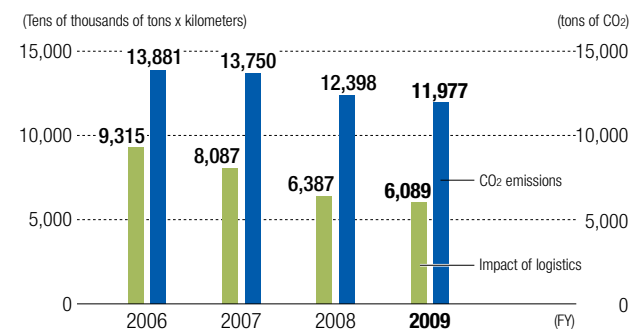
* FeSMART (Fuji Electric Sustainable Management Support System) enables registration of and access to all environmental data relating to the Group's factories and operating sites using a Web browser on the Company's Intranet.

Boosting Environmental Awareness in Offices and Homes

The Fuji Electric Group participates in the national "Team Minus 6%" activities for the prevention of global warming. In addition, all our workplaces, including offices, are promoting energy-saving activities. These measures evolved into the Challenge 25 Campaign from January 2010. We have registered as a Group to continue our participation in this repackaged initiative.

Further, since fiscal 2009 we have been encouraging employees to use the Ministry of the Environment's environmental house-keeping book to raise their awareness of energy conservation at home. We are offering a range of incentives to stimulate participation in this program.

Environmental Impact of Logistics



Energy-Saving Activities Promoter

Successfully Slashing Electricity Consumption Through Concerted Companywide Energy-Saving Activities

At the Iiyama factory of Fuji Electric Power Semiconductor, we place great importance on energy-saving activities as a focus for our ongoing efforts. However, the significant impact of social conditions during fiscal 2009 rendered energy-saving activities alone to be insufficient, highlighting the need for further drastic measures.

Accordingly, the head of the factory, in concord with all employees, made a thorough examination of a procedure manual for the switching off of electrical power sources as a means to identify unnecessary electrical power usage. As a result, we dramatically reduced the use of unnecessary electricity. Further, such improvement activities as research into cases of energy saving by using inverters and application of these devices linked to motion sensors enabled reductions in the use of superfluous lighting, which in turn facilitated annual reductions in electrical power consumption of 10,000 kWh. In addition, we constructed a surveillance system to monitor the factory's overall power use and are working toward the visualization of electrical power consumption.

As a result of these activities, we achieved a 12% cut in electrical power use on a crude oil equivalent specific consumption basis (kl/million units) during fiscal 2009.



Promoting the use of inverters in extractor fans at the Iiyama factory
Nago (left), Ogasawara (right)



Hirofumi Uehara
Manager of the Manufacturing Engineering Department, Production Division
Iiyama Factory
Fuji Electric Power Semiconductor Co., Ltd.

Recycling of Resources

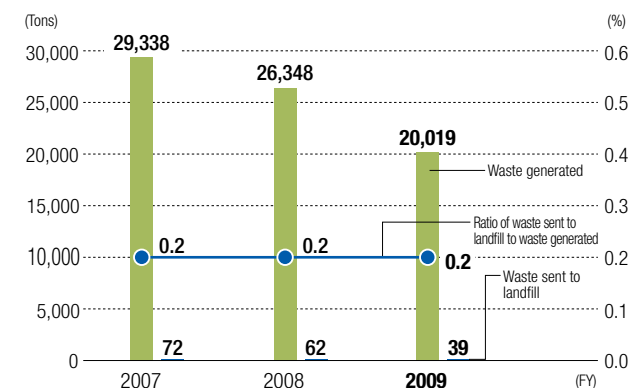
The careful use of limited resources is considered an important step toward realizing a resource-recycling-based society. Accordingly, the Fuji Electric Group is promoting zero waste and the efficient use of water resources.

Reducing Waste

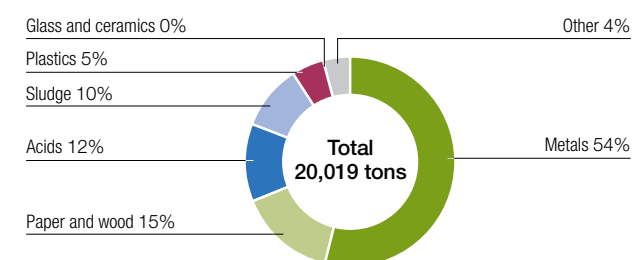
The Fuji Electric Group has been promoting the recycling of waste to attain the goal of zero waste—a ratio of waste sent to landfills to waste generated of no more than 1%. Since reaching this goal of zero waste in fiscal 2004, we have continued to improve our results each year.

During fiscal 2009, total waste was approximately 6,000 tons less than in the previous year, at 20,019 tons, and landfill waste dropped 20 tons, to 39 tons. This led to a landfill ratio of 0.2%, the same as the past year's ratio. We aim to maintain this zero waste ratio in the future, as we strive to help create a resource-recycling-based society.

Waste Emitted and Sent to Landfill (Japan)



Composition of Waste Generated (Japan)

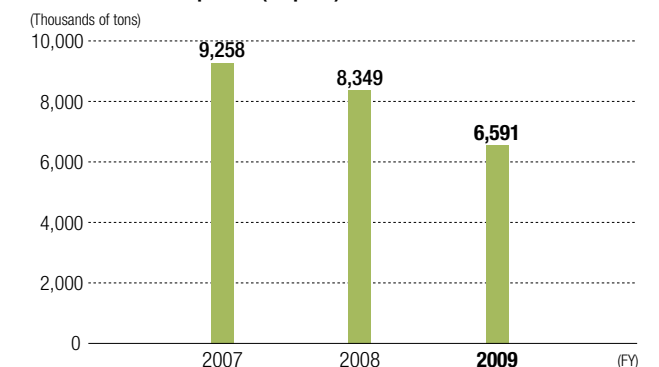


Efficient Use of Water Resources

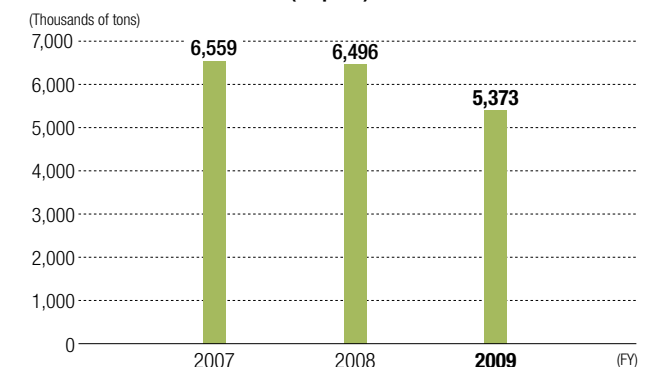
Water resources are an essential part of a resource-recycling-based economic system. Along with the saving of species, the preservation of water resources was one of the important issues raised in the biodiversity convention.

Based on its Biodiversity Guidelines, the Fuji Electric Group is working to preserve aquatic environments. We aim to reduce our water consumption, decrease wastewater emissions and step up our efforts to manage the quality of wastewater emissions.

Water Consumption (Japan)



Wastewater Emissions (Japan)



TOPICS

Strengthening Waste Disposal Management in Response to the Introduction of an Electronic Manifest

Shinshu Fuji Electric Co., Ltd., meticulously separates combustible trash, plastics and other waste generated in its factory and strives to reduce amounts sent to landfill by promoting recycling.

In fiscal 2008, the company introduced an electronic manifest system to control waste disposal status as part of a bid to strengthen management of waste treatment.



Collection point for separated waste
(Shinshu Fuji Electric)



Management of Chemical Substances

All chemical substances have certain excellent properties. At the same time, however, if misused they can harm people's health and have negative effects on the environment. The Fuji Electric Group endeavors to manage chemical substances appropriately and reduce their emissions.

Management and Reduction of Chemical Substances

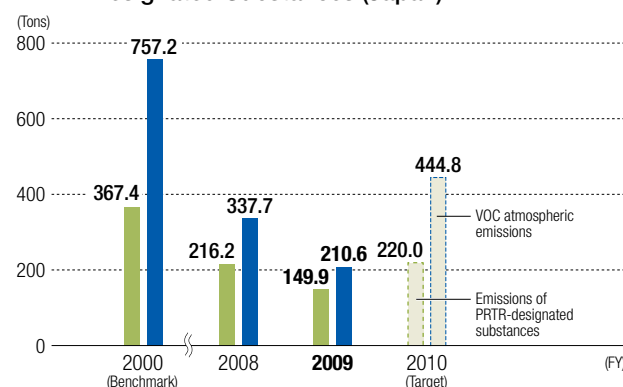
The Fuji Electric Group has set a fiscal 2010 target of reducing by 40% its emissions into the environment of substances designated by the Law Concerning Pollutant Release and Transfer Register (PRTR), as well as its atmospheric emissions of volatile organic compounds (VOCs), relative to fiscal 2000 levels.

In fiscal 2009, our emissions of PRTR-designated substances came to 149.9 tons, a 59.2% reduction from fiscal 2000 levels. Furthermore, atmospheric emissions of VOCs amounted to 210.6 tons, down 72.2% from fiscal 2000 levels. In both cases, we achieved the targets we had set for fiscal 2009. Part of the reason we achieved these reductions was that production volumes were down, so the amounts of chemicals used decreased accordingly. Other factors included a shift to the use of alternative items and the steady benefits of environmental capital investment to date.

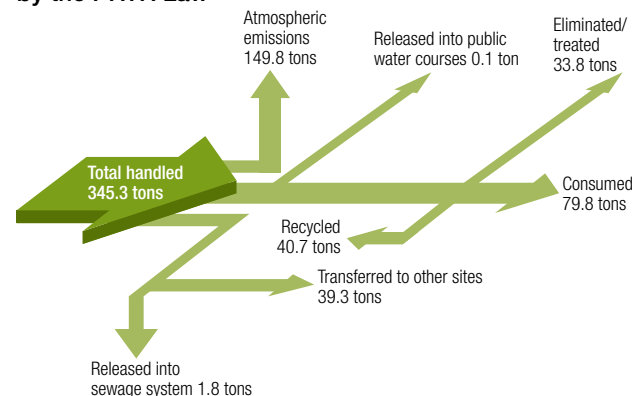
Our policy to prevent emissions from increasing in the future once production volumes recover is to anticipate the amounts of chemicals handled from production volumes and to introduce equipment that employs new technologies and other countermeasures if there are concerns that emissions will exceed target values.

Information on atmospheric emissions of VOCs is reported in the *Voluntary Action Plan by the Electronics and Electrical Industries Regarding Volatile Organic Compounds (VOCs)*.

VOC Atmospheric Emissions and Emissions of PRTR-Designated Substances (Japan)



Material Balance of Substances Specified by the PRTR Law



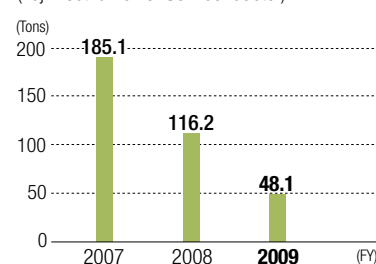
VOC-Reduction Activities Promoter

A Drop in VOC Atmospheric Emissions Through the Introduction of an Alternative Cleaning Process

One type of VOC, dichloromethane, is used in the semiconductor assembly cleaning process at the Omachi factory of Fuji Electric Power Semiconductor. In order to achieve the Fuji Electric Group's fiscal 2010 target of reducing by 40% its atmospheric emissions of VOCs relative to fiscal 2000 levels, it is absolutely necessary to switch to low-environmental-impact alternative substances. Accordingly, we have been working to introduce substitute cleaning solutions since fiscal 2007.

Specifically, we selected hydrocarbon system alternative cleaning solutions, but this presented tremendous difficulties for our staff. The company's products feature high voltages, so impurities arising from insufficient washing are directly linked to product failures, leading to a succession of technical problems regarding safety, cleaning performance, treatment times and so forth that needed to be solved. After continuous endeavors, we introduced cleaning equipment using alternative solutions for part of the semiconductor assembly cleaning process during fiscal 2009, which led to a drastic cut in the amount of VOCs used and enabled us to meet Group reduction targets ahead of schedule. In the future, we shall progress with our efforts to extend alternative cleaning solutions to the remainder of the semiconductor assembly cleaning process.

Amounts of Dichloromethane Used (Fuji Electric Power Semiconductor)



Akihiro Yamagishi
General Affairs Department,
Administration Division
Omachi Factory
Fuji Electric Power Semiconductor Co., Ltd.

Environmental Risk Management

We are surveying the current situation to determine what environmental risks, such as soil and groundwater pollution and the aftereffects of using PCBs and asbestos materials, may be present as a result of past business activities. We also are working to counter these risks.

Soil and Groundwater Purification

Since the Soil Contamination Countermeasures Law of Japan went into effect in February 2003, the Fuji Electric Group has conducted soil surveys when discontinuing operations at facilities specified by the Water Pollution Control Law and when improving the soil for new facilities.

The Fuji Electric Group began conducting soil and groundwater surveys on the land it owns in 1998 to determine pollution risks, and these had been completed by fiscal 2007 at all sites in Japan. Of these sites, four that still exceed the environmental limit have begun cleanup measures and the effectiveness of their cleaning has been confirmed. As of fiscal 2009 we have not yet driven down figures to below benchmark levels and are continuing our ongoing measurement and surveillance.

Furthermore, no new polluted sites were discovered during fiscal 2009.



Groundwater pumping equipment at the Kawasaki factory

Status of Soil Surveys at Group Companies and Plants

Group companies and plants subject to surveys						
Not surveyed	Surveys complete	Below benchmark levels	Above benchmark levels		Cleaning complete	Cleaning in progress
28	0	28	18	10	6	4

Note: Cleaning is in process at four locations, the Kawasaki, Mie, Matsumoto and Azumi Fuji plants

Storage and Decontamination of Equipment Containing PCBs

Throughout the Fuji Electric Group, there are 5,000 pieces of equipment that contain PCBs. We strictly manage and store these units at the respective operating sites and have provided appropriate notification of this equipment.

In fiscal 2007, the Group began its first commissioned treatment of PCB waste by the Japan Environmental Safety Corporation (JESCO). During fiscal 2009, we completed treatment for condensers at the Hokuriku factory of Fuji Electric Power Semiconductor and some of the equipment at the Kobe factory of Fuji Electric Systems.

We plan to carry out decontamination of equipment that contains PCBs in the Matsumoto and Suzuka areas and at the Kobe and Azumi Fuji plants during fiscal 2010.



Confirmation of documentation during shipment of equipment that contains PCBs

Asbestos Countermeasures

In accordance with the Fuji Electric Group asbestos countermeasure policy, no asbestos is used in production goods. We also have completed measures to eliminate asbestos from facilities and buildings.

We will continue to promote measures to dispose of asbestos waste, in accordance with Group guidelines for the treatment of this waste.

During fiscal 2009, we specified and calculated asset elimination obligations in compliance with international accounting standards.

TOPICS

Risk Sensitivity Improvement Training in the Matsumoto Area

The Matsumoto factory invited members of the Environmental Risk Management Study Group of four electric and electronic industry organizations to carry out Risk Sensitivity Improvement Training in October 2009. This event targeted 30 participants from the Environmental Facilities Management Division and the EMS Secretariat.

The training was conducted using risk sensitivity improvement tools recommended by the study group to bolster risk sensitivity (the capacity to sense and deal with potential risks) and to enhance the ability to recognize and commoditize risks within the organization. Working members of Group environmental risk management also attended the session to hone their skills and knowledge.

In the future, we plan to repeat this training on an annual basis to further strengthen risk management.



Risk Sensitivity Improvement Training

Management Framework



Major Theme: Strengthening Compliance

Promoting Training and Awareness-Enhancing Activities for Group Executives and Employees

Fuji Electric conducts compliance training throughout the year for domestic Group companies and is expanding educational programs for employees at overseas subsidiaries in a bid to bolster compliance throughout the Group.

Developing a Compliance Education Framework in Japan and Overseas

The Fuji Electric Group Compliance Program was established to clarify the roles and responsibilities of each compliance-related organizational unit (see page 57). We have also developed training programs that incorporate items that Group company executives and employees need to abide by and factors for consideration in the practical execution of business activities. These compliance training programs are conducted throughout the year.

Compliance training comprises level-specific and job-specific courses. The former are tailored to executives, general managers, managers or new employees and consist of classroom sessions lasting a half to one full day, focused on the Fuji Electric Group compliance framework and the Fuji Electric Group Compliance Program. The latter are divided to meet the needs of sales staff, managers and other professional roles, featuring items for consideration in practical business situations in half-day classroom-based sessions.

In addition, we promulgate information as needed to executives and employees of Group companies to raise



Training for newly appointed directors

awareness of compliance issues through Company magazines and other channels.

In the future, we plan to implement real-time compliance training via the Internet, local training at overseas subsidiaries, and training utilizing teleconferencing systems. These initiatives will ensure the thoroughness of Group compliance on a global basis.

Comments from a Member of the Fuji Electric Group Compliance Promotion Committee

Anticipating a Concerted Effort by Group Employees for Thorough Compliance Enforcement

The Fuji Electric Group is developing a compliance framework, spanning Japan and other countries, to support a concerted drive for globalization by all employees.

To step up promotion of these efforts, the Fuji Electric Group Compliance Promotion Committee, on which I serve, convenes twice a year to deliberate on enforcement results and plans. Infringements of laws and regulations and other incidents are reported to the committee; confirmed violations are promptly dealt with by a process in which I am also involved, spanning, as needs dictate, appropriate corrective measures, steps to prevent recurrence, in-house disciplinary action and public disclosure.

In the future, I firmly believe that the Fuji Electric Group can become a corporate group with even higher levels of societal trust through its endeavors to ensure thorough compliance, leveraging the currently promoted compliance training structure.



Akira Nishiyama
Attorney at Law
Hokuto Law Office

Corporate Governance

As part of our drive to be global corporate group that provides optimal solutions in the field of “energy and the environment,” we are transforming our Group management structure. Through this initiative, we aim to create appropriate corporate governance and internal control systems.

Innovative Changes to the Group Management Framework

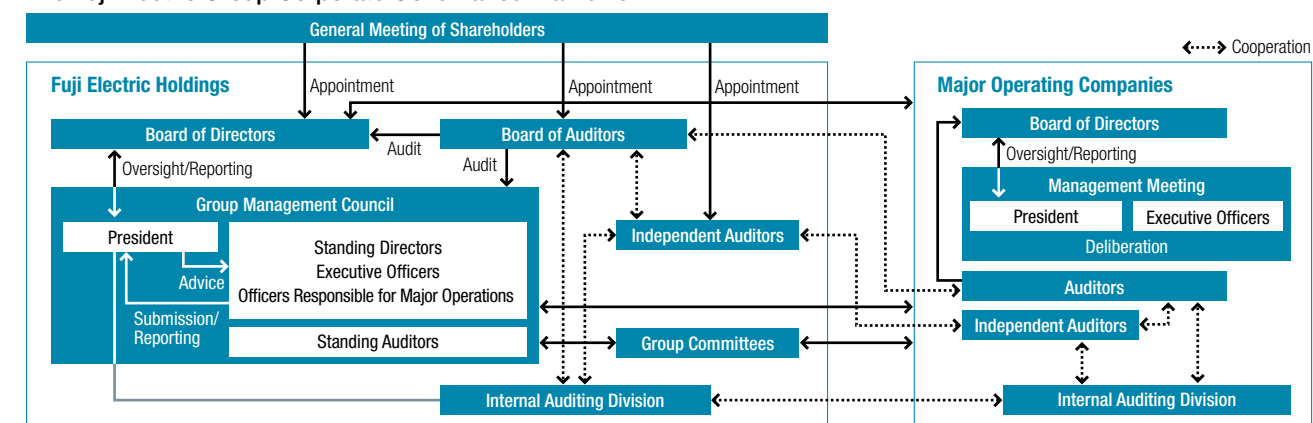
The Fuji Electric Group's Medium-Term Management Plan (fiscal 2009-2011) cites three important strategies: focusing on businesses in the field of energy and the environment, strengthening solutions businesses, and expanding global operations. To ensure a fitting Group management framework to facilitate this shift in emphasis, we need to focus management resources in the business domains of “energy and the environment,” while pursuing synergies from the perspective of overall optimization. Accordingly, Fuji Electric Systems, which takes primary responsibility for energy and the environment businesses, and Fuji Electric Holdings, the principal control-holder for Group corporate functions, resolved to commence preparations for integration in May 2010.

Internal Control Initiatives

The Fuji Electric Group adopted a resolution at a meeting of the Board of Directors in 2006 on fundamental policy related to the establishment of an internal control system regulated by the Companies Law. The Group has subsequently publically disclosed this policy. We are able to respond swiftly and precisely to the operating environment in which the Group functions through ongoing reviews of the internal control system.

In response to reforms to the Group management framework outlined above, in fiscal 2010 we will reinforce the Group management supervisory function. To ensure the appropriateness of management decision-making, we have expressed our intention to actively encourage the participation of outside executives.

The Fuji Electric Group Corporate Governance Framework



(1) Directors and Board of Directors

The Directors and Board of Directors fulfill Groupwide management supervision and decision-making functions. Fuji Electric proactively appoints outside directors with a view to strengthening the management supervisory function from a customer-centric perspective and maintaining the fairness and appropriateness of decision-making pertaining to business execution. Of the total of 11 directors, three are outside directors as provided in the Companies Act and of these, two meet the criteria for independent executives stipulated by the Tokyo Stock Exchange.

(3) Group Management Council

The Group Management Council serves as an advisory body to the president of Fuji Electric Holdings, conducting deliberations regarding the entire Group and reporting on issues relating to monitoring of Group management. During fiscal 2010, the council implemented operational revisions to stimulate discussions and to clarify the decision-making process.

(2) Auditors and Board of Auditors

The Auditors and Board of Auditors are responsible for auditing Group management. Of the five auditors, three are outside auditors, as provided in the Companies Act, and all meet Tokyo Stock Exchange criteria for independent executives. In addition, the Company's standing auditors concurrently serve as auditors for major operating companies, while working to strengthen the management audit function within the Group.

(4) Group Committees

We have established and run committees for each operational area to carry out Group-wide investigations into issues relating to seven specialist fields: compliance promotion, global environmental protection, human rights guidance, health and safety promotion, production technology, human resources development, and reinforcement of technical expertise.



Compliance

We ensure full abidance with statutory regulations and corporate ethical standards at all Group companies, in Japan and overseas, based on the Fuji Electric Compliance Regulations and the Fuji Electric Group Compliance Program.

Compliance Policies and Systems

The Fuji Electric Group's Medium-Term Management Plan, announced in fiscal 2009, proclaimed its objective of becoming a company that contributes to society through expansion of businesses in the field of "energy and the environment" and promotion of localization. We aim to achieve this goal as a feature of the regenerated Fuji Electric Group by leveraging the technologies accumulated to date. As we aggressively promote this policy, we are strategically emphasizing compliance and CSR as a foundation to attain sustained corporate growth.

Based on this Group policy, we formulated the Fuji Electric Compliance Regulations and the Fuji Electric Group Compliance Program, which incorporates four perspectives— in-house rules, surveillance, auditing and education—on relevant domestic and overseas rules and regulations. By practicing compliance along these lines at each Group company in Japan and overseas, we are ensuring thorough-going global compliance.

Specific compliance initiatives undertaken include the establishment of the Fuji Electric Group Compliance Promotion Committee, presided over by the director for compliance from Fuji Electric Holdings and comprising external experts (attorneys at law) and various responsible officers from within the Group. This committee meets twice a year to deliberate on compliance implementation results and plans.

Moreover, we are aggressively promoting global compliance through such steps as the formulation of the Fuji Electric Group Code of Conduct in September 2010. This directive provides basic action guidelines for the concerted efforts of all employees to promote globalization.

Notwithstanding, the above we have received a claim from the Tokyo Regional Taxation Bureau for adjustments to Corporate taxes on the Group's consolidated income for the years ended March 31, 2005, to March 31, 2008, which we paid in July 2009. The Fuji Electric Group, regarding this situation with the utmost seriousness, took remedial measures at the first possible juncture with recourse to in-house disciplinary action or public disclosure against those responsible and their supervisors. Moreover, as a result of this incident we have instituted in-house rules, reinforced day-to-day supervision and auditing, stepped up educational activities, and implemented other measures for the prevention of recurrence in a renewed drive to concentrate our efforts on thorough compliance.

Strengthening Compliance at Overseas Subsidiaries

Amid overseas business expansion, the Fuji Electric Group is promoting localization of management and construction

of partnerships with offshore enterprises, while bolstering its overseas compliance program. Specifically, we classify our offshore bases into three regions and have tailored our compliance programs accordingly through formulation of the Fuji Electric Group European and U.S. Compliance Program, the Fuji Electric Group China Compliance Program and the Fuji Electric Group Asian Compliance Program. In particular, we are stepping up monitoring, auditing and education regarding the prohibition of acts of discrimination and human rights violations, as a common issue to be addressed throughout global society.

Further, we have extended our Business Ethics Helpline system to overseas subsidiaries and taken other steps for the early detection and prevention of violations of laws and ordinances.

In the future, we aim to raise the compliance awareness of each and every Group employee through local compliance education initiatives, while improving and expanding our compliance system as needs evolve.

Business Ethics Helpline

The Fuji Electric Group operates a Business Ethics Helpline to promote the prevention and early detection of legal and in-house rule violations as one aspect of its compliance structure.

Group employees worldwide can make use of the helpline to report actual or suspected legal and regulatory compliance violations or any breaches of internal rules. The helpline provides a route of communications, independent from regular business channels, of reporting directly to the president of Fuji Electric Holdings, who holds ultimate responsibility for Group management.

Employees may use telephone, facsimile, e-mail, written documents or other forms of reporting created exclusively to communicate relevant information. In addition, reports are received by the Fuji Electric Group department responsible for compliance as the best possible course from the perspectives of protection of helpline users, ease of reporting and swiftness of response. Action is then taken, with possible recourse to attorneys at law, as appropriate for the case in question. If reported violations are confirmed, depending on the severity of the case, we implement corrective measures, steps to prevent recurrence, in-house disciplinary action and public disclosure.

Furthermore, The system guarantees that through such reporting of information, employees will not suffer any prejudicial treatment, reprisals, internal discrimination or other punishment for their actions. Any words or deeds perceived as reprisals or discrimination shall be treated with the utmost severity by the Fuji Electric Group.

Risk Management

Strengthening management of a broad range of risks, through disaster countermeasures, protection of intellectual property, information security and other initiatives.

Risk and Crisis Management Systems

The Fuji Electric Group manages Group-related risks (strategic, financial, operational, hazard and other risks) in an organized and systematic fashion, based on the Fuji Electric Group Risk Management Codes, formulated in May 2006.

Of these, large-scale natural disasters, serious product-related incidents, accidents that cause severe personal injury, the spread of infection and certain other risks are treated as specified Groupwide risks. We clearly designate the responsibility for each of these specified risks to respective departments and have prepared response manuals for guidance in their management. During fiscal 2009, we established the Group Emergency Countermeasures Headquarters to provide protection against the ramifications of new strains of influenza, formulated action guidelines prioritizing the safety of all employees, and implemented measures to prevent the spread of infection and group infection.

Furthermore, the Fuji Electric Group formulated a Contingency Plan for Emergency Situations in 2005, designating a director with crisis management responsibilities, empowered to establish communication channels and task forces in the event of any emergency.

Information Security

To protect personal and confidential information, the Fuji Electric Group has formulated internal rules, instituted training programs for employees and implemented various other measures.

As part of this drive, Group companies requiring high-level information security management have acquired Information Security Management System (ISMS) or Privacy Mark certification. One department newly gained ISMS certification during fiscal 2009 and seven departments (spread over five companies) completed certification procedures. Two companies were awarded Privacy Mark certification.

During fiscal 2009, we conducted local audits of affiliated companies in China in an ongoing drive to boost information security levels that was instigated in fiscal 2007. As of December 2009, we had covered 17 companies, ascertaining their information security status and providing guidance as needed. Each company is promoting corrective action and improvements based on the results of these audits.

Leveraging experience gained in China, Fuji Electric carried out compliance status evaluations and individualized instruction at 17 companies spread across nine countries, spanning Southeast Asia, Taiwan, South Korea, Europe and the United States (with the exclusion of China). As a

result, each of these companies was able to implement initial upgrades to management documentation, training systems and other operational facets.

In the future, we will continue to strive to entrench and to make ongoing improvements to Groupwide activities that include the overseas regions in which we operate.

Intellectual Property Protection

The Fuji Electric Group has formulated coherent business, R&D and intellectual property strategies with the aim of creating and maximizing intellectual property assets. Activities in this area are conducted to contribute to overall business development.

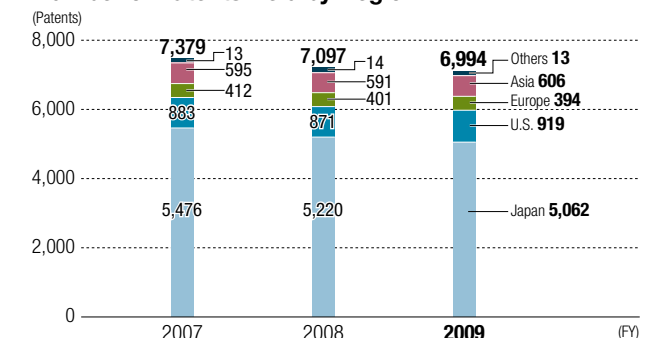
We formulated an Intellectual Property Medium-Term Plan in March 2009, to strengthen our patent portfolio* and to reduce litigation risk by bolstering investigations into patents held by third parties (other companies).

During fiscal 2009, Fuji Electric focused on evaluating and expanding its patent portfolio, developing acquisition of patent rights in strategic areas and preventing infringements against patents held by third parties (other companies). We also highlighted potentially problematic issues through meetings for employees responsible for intellectual property, attended by intellectual property officers from Group companies and staff from related departments, and our intellectual property education program, supported by some 500 technicians and other employees. In addition, our existing patent information news support system was superseded by a new system that went online from December 2009. This upgrade enables more efficient confirmation of patents held by other companies.

In the future, we plan to strengthen the intellectual property protection systems and activities for our expanding overseas business and R&D operations.

* Patent portfolio: This overall approach to understanding patents held by the Group is useful in evaluating our competitiveness and establishing business strategy, while improving the awareness of the Fuji Electric Group's technological position (weaknesses and strengths) compared to other companies.

Number of Patents Held by Region



An Independent Perspective



Eiichiro Adachi
Research Chief, The Japan Research
Institute, Limited
Head of the ESG Research Center

Mr. Adachi graduated from the Department of Economics at Hitotsubashi University in 1986. He is currently Research Chief at the Japan Research Institute, Limited, where he also holds the position of head of the ESG Research Center. His responsibilities are mainly focused on industrial surveys and company evaluations from the perspective of corporate social responsibility. Mr. Adachi also provides corporate data to financial institutions for the purpose of socially responsible investment and eco-friendly financing. Books coauthored by Mr. Adachi include *A Graphic Representation of Environmental Problems Corporate Management* (published by Toyo Keizai, Inc.; 1999), *An Introduction to Socially Responsible Investment* (Nihon Keizai Shimbun Inc.; 2003), *CSR Management and SRI* (Kinzai, 2004), *Growing Businesses for the Global Warming Period* (Toyo Keizai, Inc.; 2007), and *An Introduction to Environmental Management* (Nikkei Publishing Inc.; 2009).

Mr. Adachi served as a Japanese Expert on the ISO 26000 Standard's Working Group until May 2009, and is currently a member of the Japan Standards Association's ISO/SR National Committee.

These third-party opinions regarding my perception of the Fuji Electric Group, as gleaned from this report, are given from the viewpoint of analyst providing corporate information to financial institutions for the purpose of socially responsible investment.

The Fuji Electric Group's CSR activities and related disclosure have achieved dramatic progress over the past few years. The Group's endeavors are sufficiently comprehensive, based on an approach of contributing to solutions for global environmental problems through its businesses in the fields of energy and the environment. Moreover, from a global perspective, Fuji Electric is also mindful of its activities at overseas bases.

However, simply being committed to achieving the items, themes and targets listed in "CSR Activities Targets and Results" is not *ipso facto* sufficient.

First, I would like to make clear whether or not the Group's business activities always incorporate consideration of social and environmental impact. Pointing out that the businesses in the fields of energy and the environment contribute to solving global environmental problems displays recognition of positive impacts, but, conversely, sufficient awareness of the negative impacts of its activities is also necessary. The report refers to the environmental burden of the Group's factories, but there is no clear indication of analysis and awareness of the exact nature of the whole impact, for example, in terms of damage to biodiversity. Similarly, the coverage of mental healthcare could include a cause analysis centered on the workplace, and not only post-test remedial measures. Consideration of such points could render the Group's disclosure more credible.

Second, there are, of course, issues and problems to be solved even in the case of activities that generate a positive impact. As such, I would like to see an indication of Fuji Electric's

course of action when faced with such a situation. For example, why is it that there is no sweeping trend toward geothermal power generation in Japan? Often cited causes include overdue improvements to the legal system and opposition from certain interested parties. Hitherto, the solutions to such problems were probably considered outwith the sphere of a facilities and equipment manufacturer. However, if Fuji Electric has confidence in its claims that geothermal power generation contributes to solving global environmental problems, it also has a major social responsibility to make policy proposals for the expansion of its use. In the future, I think that Fuji Electric could include those kinds of activities, supported by simultaneous promulgation of information.

Third, I think that there needs to be further evolution of CSR understanding in terms of global context. Signing up to the UN Global Compact in February this year simply represents a declaration of Fuji Electric's commitments to avoidance of human right violations, realization of decent work, preservation of the environment, and avoidance of corruption and other global agenda. The United Nations is focusing on specific problems, such as those that arose at the end of the supply chain in recent years. Further, it is warning about cases of corporations indirectly involved in cases of human rights violations. In the future, when Fuji Electric orientates toward full-scale localization, each of its overseas bases should make meticulous efforts to be at the forefront of discussions on CSR.

These comments do not represent any assertion of a judgment as to the accuracy of measurements and calculations in this report based on generally accepted standards for the preparation of environmental reports and other publications, nor to the comprehensive inclusion of all significant items.

A Final Word

The Fuji Electric Group, aiming to be a global corporation in the fields of "energy and the environment," is working aggressively to prevent global warming and preserve biodiversity, while promoting CSR management, to contribute to the realization of a sustainable society. We shall strive to intensify our endeavors from a triad of perspectives: analysis of the negative impact incurred by our business operations, activities geared to solving problems arising amid overall positive impact, and promotion of finely tuned CSR management on a global basis. In the future, we will continue to bolster communications with stakeholders to become a corporate group that is trusted and respected by society.

Toshihiko Ishihara
General Manager
Group CSR Promoting Dept.
Fuji Electric Holdings Co., Ltd.

Fuji Electric Group Outline

Company Outline

Company Name:	FUJI ELECTRIC HOLDINGS CO., LTD.	Capital Stock:	¥47.5 billion
Established:	August 29, 1923 (changed into a pure holding company in 2003)	Consolidated Net Sales:	¥691.2 billion (fiscal 2009)
Head Office:	Gate City Ohsaki, East Tower, 11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan	Number of Employees (Consolidated Basis):	23,524 (as of March 31, 2010)
		Number of Group Companies:	Consolidated companies: 53 Equity-method affiliates: 5 (as of March 31, 2010)

Business Outline

	Business Segment	Operating Sector	Operating Companies
Solutions	Energy Solutions	Thermal power plant equipment, geothermal power plant equipment, hydroelectric power plant equipment, nuclear power-related equipment, photovoltaic power generation systems, fuel cells, energy management systems, power transmission and distribution systems	Fuji Electric Systems Co., Ltd.
	Environmental Solutions	Control and drive systems, inverters, measurement systems, industrial information systems, measurement/sensors, electrical machinery for facilities, industrial power supplies, transportation systems (rail, road, airport, railcars), transfer systems, power supply systems, social information systems, stores/distribution solutions, water environment systems	
Products	Semiconductors	Power ICs, IGBT modules, power discrete devices, hybrid devices, pressure sensors, photoconductive drums for printers and copying machines	Fuji Electric Retail Systems Co., Ltd.
	Vending Machines	Vending machines, beverage dispensers, tea servers	
	Electric Distribution & Control (ED&C) Equipments	Magnetic contactors, push buttons and indicator lights, molded-case circuit breakers, earth-leakage circuit breakers	Fuji Electric FA Components & Systems Co., Ltd.
	Magnetic Disks	Aluminum and glass substrate magnetic disks, aluminum substrates	Fuji Electric Device Technology Co., Ltd.

Basic Financial Data (Consolidated)



Third-Party Evaluation

Status of Socially Responsible Investment (SRI) Index Inclusion

Fuji Electric Holdings is included in the global SRI indices offered by Dow Jones (United States) and SAM (Switzerland), and has been selected for the Dow Jones Sustainability Index for five years running, since 2005, reflecting the evaluation of our CSR initiatives. Within the SAM CSR ratings, we have been selected as the sector leader, silver class, among the firms ranked. We are also among 150 firms in the SRI index selected by Morningstar Japan to be part of the Morningstar Socially Responsible Investment Index.

Corporate Environmental Management Level Survey

Each year, Nikkei Inc. publishes the results of its Corporate Environmental Management Survey evaluating environmental measures. Of the 484 companies assessed in fiscal 2009, the Fuji Electric Group ranked 40th (last year's ranking was 92nd).