



Fuji Electric (Malaysia) Sdn Bhd **Procurement Policy**

The Company is constantly pursuing research as well as development, of quality products and technologies, while providing first-rate products and services to our customers.

Our Procurement activities are in line with our management principle of fair trade. We are seeking domestic, as well as international suppliers who are competitive in key areas such as quality, price, delivery and service. Our goal is to extend long-term relations with suppliers through open and impartial trade, and maintain a high level of mutual trust, thus allowing for such a partnership to endure for a long period of time.

Selection of Suppliers

Our Procurement activities are based upon open and impartial trade. Our doors are always open to new partnerships with potential suppliers who meet our business needs.

To assure our suppliers with good business opportunities, we will respond to any quotations from suppliers, and are ready to release required corporate information that would help future partners meet their respective business needs.

We will select suppliers objectively according to the results of our evaluations, regarding the product's quality, cost, delivery and supply stability.

Fair Trade with the Suppliers

The Fuji Electric Procurement Policy clearly positions "fair trade" as the underlying principle of its procurement action guidelines. In this context, we seek suppliers, who offer highly competitive quality, prices, delivery lead times, and service while taking into consideration their corporate social responsibilities worldwide.

In addition, we promote mutual understanding by building and maintaining sound partnerships through transactions conducted on equal terms with suppliers selected through free competition.

Fair and Open Selection of Suppliers

The Company responds to all inquiries from suppliers with sincerity, promptly dispatching any necessary information and opening its doors to new potential suppliers.

When selecting new suppliers, we take into consideration a comprehensive range of factors including quality, price, delivery lead times, supply stability, environmental consciousness, and compliance. The Company also evaluates the performance of suppliers against a specific set of criteria on a continuous basis periodically. We provide guidance and urge improvements in areas where performance falls below acceptable standards.

Confidentiality of Information

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

*We have established a “Partner Hotline” system for the Company’s business partners. If the business partner finds an actual or suspected violation of any law or regulation or inappropriate act by the Company’s employees, the system will provide the business partner with a route of communications to report the matters to us.

Green Procurement

The Company will continue to promote procurement of materials with minimum environmental impact through assessment and evaluation of materials for products in accordance to the latest edition of corporate green procurement guideline.

Conflict Minerals

Understanding the complexities of the mineral supply chain, the Company expects our suppliers to take due diligence in their material supply chain to comply with the EICC requirement, and to source materials from “Conflict Free” region or from sources which are certified as “Conflict Free”.

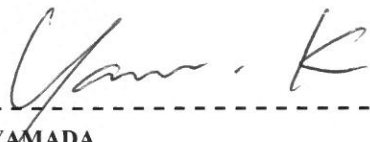
These materials include raw materials used to produce gold, tin, tantalum and tungsten. In the event that any part, component or material is found to contain mineral originated from the “Non-Conflict Free” region, appropriate actions shall be taken to ensure alternative sources are identified and replacement is in place soonest possible.

Strict Compliance of the Procurement Policy

The Company expects strict and uncompromising compliance to the Company’s procurement Policy from our Business Partners. The Company is also subjected to annual internal audit by the Head Office in accordance to the procurement related ordinance in meeting the procurement statutory and regulatory requirements. This includes Japan’s Subcontract Act, stamp Duty Act, Contracts, and Crisis Management.



CHONG NEE HWA
EXECUTIVE DIRECTOR
FUJI ELECTRIC (MALAYSIA) SDN BHD



K.YAMADA
PRESIDENT
FUJI ELECTRIC (MALAYSIA) SDN BHD

(Revision Date: April 4th, 2016)