

Important issues for Management (Materiality)

Approach to Materiality

Fuji Electric is committed to contributing to prosperity, encouraging creativity, and seeking harmony with the environment, as outlined in our corporate philosophy. Our core management policy is to contribute to a sustainable society through our energy and environment businesses, and we proactively promote sustainability-focused management.

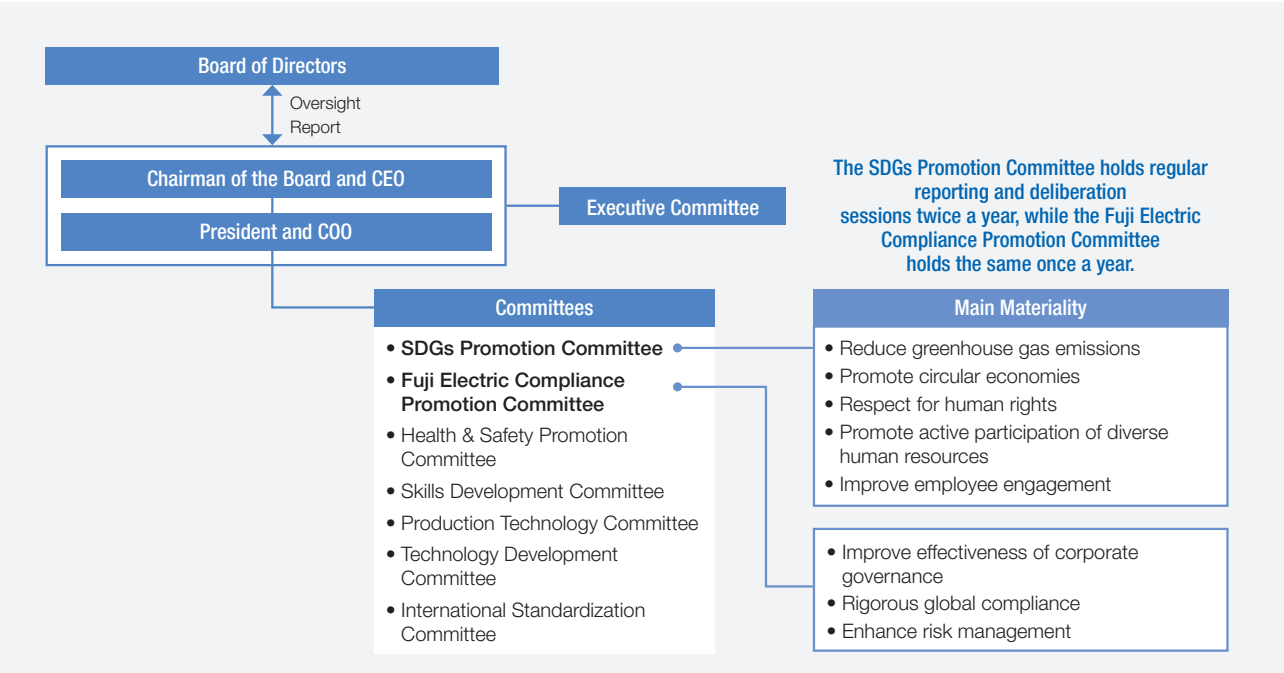
As the world changes—driven by the accelerated shift toward a decarbonized society, the advancement of digitalization, and rising geopolitical risks as well as domestic

challenges such as the declining birthrate, aging population, and shrinking workforce—we have identified the following materialities related to sustainability: The promotion of the Environmental Vision 2050, achievement of well-being, and further strengthening of governance. These initiatives are part of our efforts to promote our energy and environment businesses, which is stated in our management policies, and to enhance our management foundation aimed at sustainable corporate value growth.

Materiality Promotion System

The materiality is deliberated on by committees comprised of executive officers and others from business, sales, and corporate divisions and by the divisions subject to the issues,

and as necessary they are reported and deliberated on in the Executive Committee and Board of Directors.



SDGs to Be Addressed through Companywide Activities

By assessing the link between the value created by our energy and environment businesses (clean energy, stable energy supply, energy saving, and automation) and contributions to the accomplishment of the SDGs, Fuji Electric selected five priority goals. Furthermore, four additional goals were designated as priorities in relation to the reinforcement of our operating foundation to be pursued through overall corporate activities, making for a total of nine goals.

SDGs to Be Addressed through Fuji Electric's Companywide Activities
























Priority SDGs to Be Addressed through Energy and Environment Businesses

- 7. Affordable and Clean Energy
- 9. Industry, Innovation and Infrastructure
- 11. Sustainable Cities and Communities
- 12. Responsible Consumption and Production
- 13. Climate Action

Additional SDGs:

- 4. Quality Education
- 5. Gender Equality
- 8. Decent Work and Economic Growth
- 16. Peace, Justice and Strong Institutions

Materiality and Key Issues

	Materiality	Key Measures		Targets/KPIs	Progress (FY2023 results)	Relevant SDGs		
Promote energy and environment businesses	<Promote growth strategies>					    		
	Increase sales by introducing new products 	Launch new green transformation, digital transformation, and global products						
		Net sales	Fiscal 2026: ¥1,250.0 billion	¥1,103.2 billion				
	Expand overseas businesses 	Expand businesses through introduction of global market products and regional priority measures						
		Sales outside Japan	Fiscal 2024: ¥351.5 billion Fiscal 2026: ¥375.0 billion	¥332.4 billion				
<Further improvement of profitability> Improve productivity through the utilization of digital technology 	Improve productivity using sophisticated production technologies							
	Productivity (compared to FY2023)	Fiscal 2026: increased by 20%		—				
Promote Environmental Vision 2050	Reduce greenhouse gas emissions 	Reduce greenhouse gas emissions in the supply chain				   		
		Greenhouse gas emissions in the supply chain (compared to FY2019)	Fiscal 2026: reduce by 45% Fiscal 2030: reduce by more than 46%		Reduce by 54%			
		Reduce greenhouse gas emissions during production						
		Greenhouse gas emissions during production (compared to FY2019)	Fiscal 2026: reduce by 29% Fiscal 2030: reduce by more than 46%		Reduce by 25%			
		Share of renewable energy (as a percentage of total electricity usage)	Fiscal 2026: reduce by 29% Fiscal 2030: reduce by 55%		6%			
	Provide energy-saving products	Reduction of society's CO ₂ emissions by products					56 million tons	
		Fiscal 2026: more than 58 million tons Fiscal 2030: more than 59 million tons						
		Promote circular economies 	Established product design standards in compliance with eco-design regulations (from fiscal 2024 onwards)		—			
		Achieve well-being	Achieve well-being 	Effective development and dissemination of various initiatives, along with continued implementation of employee awareness surveys				  
	Satisfaction with the company			Fiscal 2026: 3.8 pt or more / 5 pt			3.8 pt / 5 pt	
Well-being indicators	Fiscal 2026: 3.6 pt or more / 5 pt			3.5 pt / 5 pt				
Respect for human rights	Implement human rights due diligence (every other year)				Based on the results from fiscal 2022, improvement guidance for unresolved issues was provided at one Japanese and 10 overseas sites			
	Fiscal 2024: Conduct at 89 locations (22 operating sites and 67 Japanese and overseas consolidated subsidiaries)							
Promote active participation of diverse human resources Improve employee engagement	Promote contributions of female employees				General employees: Selection rate for the Selective Retirement Extension System : 85.5% Managers: Selection rate for the Senior Task System: 94.8%			
	Number of female employees in supervisory positions		Fiscal 2026: 450			336		
	Develop and strengthen management human resources in Japan and overseas							
	Future executive officer talent pool		Fiscal 2026: 50			38		
	Promote active participation of senior employees							
Career development support				Enhanced the content of career training programs				
Expanded career training programs								
Strengthen corporate governance	Improve effectiveness of corporate governance 	Continued third-party evaluation of the effectiveness of the Board of Directors and incorporated this evaluation into operations			Continuous implementation			
		Reduce cross-shareholding			Number of listed stocks held: 6 stocks (A reduction of 11 stocks compared to the end of fiscal 2022)			
	Rigorous global compliance 	Expand Fuji Electric Compliance Programs				 		
		Ongoing compliance education Level-specific training: New directors and auditors of affiliated companies, newly appointed managers, and new employees Job-specific training: Sales divisions in Japan, overseas sales companies			Compliance education results (example) Level-specific: 379 trainees Job-specific: 3,328 trainees			
		Promote the Business Ethics Whistle-Blowing Systems						
		Number of reports submitted through the Business Ethics Whistle-Blowing Systems	—		43			
	Enhance risk management 	Enhance risk responsiveness through ongoing improvements to business continuity plans (BCPs)			Developed training programs			
		Strengthen project management			Established practical guidelines to prevent risks related to losses at overseas sales companies			
		Strengthen information security			• Strengthened cyberattack countermeasures • Obtained certification for international standards on control system security (at two factories in Japan)			

Details about important issues for management are available on our website:
<https://www.fujielectric.com/csr/material-issues/material-issues.html>

