

Research and Development/Intellectual Property



We will take on the challenge of creating new products and acquiring new technologies that will drive our growth strategy.

Kazuya Nakayama  
Executive Officer  
Corporate General Manager, Corporate R&D Headquarters

Changes in the business environment surrounding us include the accelerating shift to a decarbonized society, evolving digital technologies, and expanding infrastructure investment in emerging countries. In response to these changes, we will strengthen the development of new products that realize Green Transformation (GX) and Digital Transformation (DX) as well as global products that contribute to solving new challenges for our customers. In addition, we will gain insights into how future social issues will change and, through

co-creation with partner companies and academia, aim to create new products that meet new needs and take on the challenge of acquiring innovative new technologies that will contribute to the realization thereof.

We will also focus on strengthening our intellectual property portfolio to ensure our new technologies and products enjoy a competitive advantage, and on rulemaking activities to make our technologies into industry standards in order to advance our business.

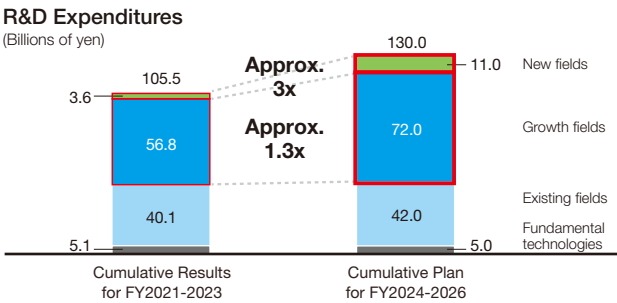
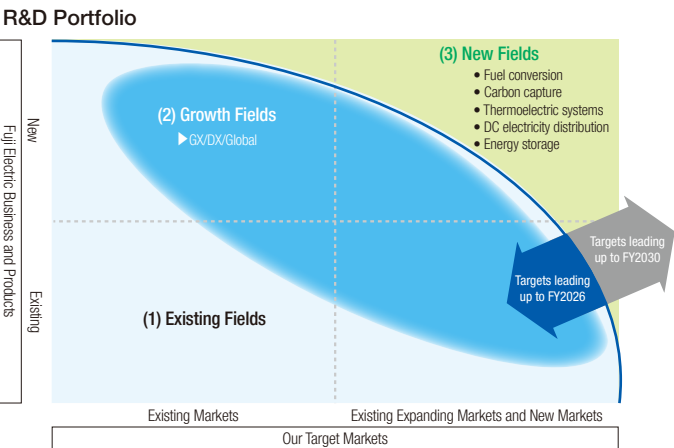
Medium- to Long-Term R&D Initiatives

The new R&D strategy in the FY2026 Medium-Term Management Plan incorporates R&D themes related to new fields that will contribute to growth in 2027 and beyond while keeping the same priority investment in growth fields as in the past (see the figure on the right).

In the existing fields (shown in (1) on the right), we will develop next-generation development projects that contribute to the maintenance and expansion of our existing businesses, develop technologies to enhance competitiveness, and develop platforms to reduce costs and development time.

In the growth fields (shown in (2) on the right), we will accelerate the development of new products such as GX and DX as well as global products that will drive our growth strategy, aiming to bring them to market by fiscal 2026. We will invest 1.3 times as much in R&D as during the three-year period starting in fiscal 2021, or 55% of total R&D expenditures, as a priority.

In the new fields (shown in (3) on the right), we will strengthen R&D to create new products and acquire new technologies in areas such as “fuel conversion,” “thermoelectric systems,” and “carbon capture,” all of which are expected to experience market expansion after 2030. We plan to significantly increase R&D expenditures for these new fields by approximately three times compared to the three-year period starting in fiscal 2021.



Key research themes in growth and new fields

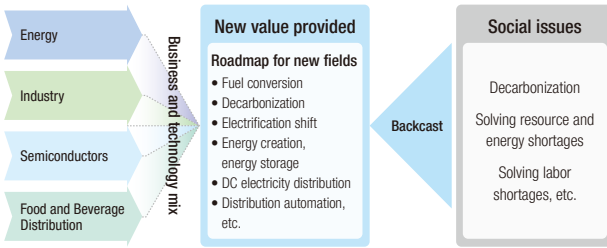
Growth fields	GX	Storage battery systems, Products for data centers, Products for ships and harbor, Automotive power electronics, Automotive IGBT, Automotive SiC, Modules for renewable energy
Growth fields	DX	Factory DX, Vending machine DX, Store DX
Growth fields	Global	VCB panels, Mold transformers, Large-capacity UPSs, New compact inverters, High-voltage inverters, Coffee machines
New fields	Thermoelectric systems	Exhaust heat recovery heat pumps, Ejector cooling systems
New fields	Fuel conversion	Water electrolyzing apparatus system for hydrogen production, Ammonia gas leak sensors
New fields	Carbon capture	Carbon separation and capture equipment
New fields	Energy storage	Long-term energy storage systems
New fields	DC electricity distribution	DC/DC transformers, Semiconductor circuit breakers

Enhancement of New Product Creation

To accelerate the creation of new products in new fields and growth fields, we have established the New Products Development Office. This project office plans new product development themes based on analysis of customer and market trends from a medium- to long-term perspective, and promotes development in collaboration with the business and sales divisions, the R&D division, and partner companies.

In addition, we have begun formulating a “roadmap for new fields” to create new value offerings that will contribute to solving future social issues. In addition to megatrends, we are also working on the creation of new product concepts and the identification of technologies to be acquired, which we are doing by envisioning social issues in 2030 and beyond based

on the future visions of our customers and partner companies, backcasting from there, and identifying the new value that we can provide by leveraging synergies with our business and technologies.



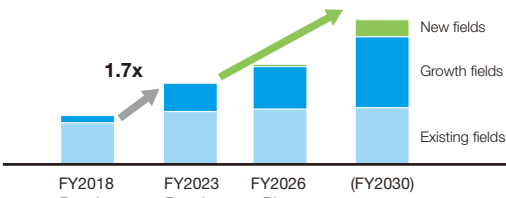
New Product Net Sales

Fuji Electric positions new product net sales as the most important KPI for R&D. In our fiscal 2023 results, sales of energy, industry, and semiconductors grew 1.7 times compared to fiscal 2018, reaching a record high and contributing to the achievement of consolidated net sales of 1 trillion yen under the FY2023 Medium-Term Management Plan.

In the FY2026 Medium-Term Management Plan, in addition to launching new products in GX, DX, and Global, which we have designated as growth fields, we aim to create new products in new fields to achieve further business expansion in 2030 and beyond, and to increase net sales of new products.

We will continue to bring new products to market and drive Fuji Electric’s growth strategy.

New Product Net Sales Transition (relative value)



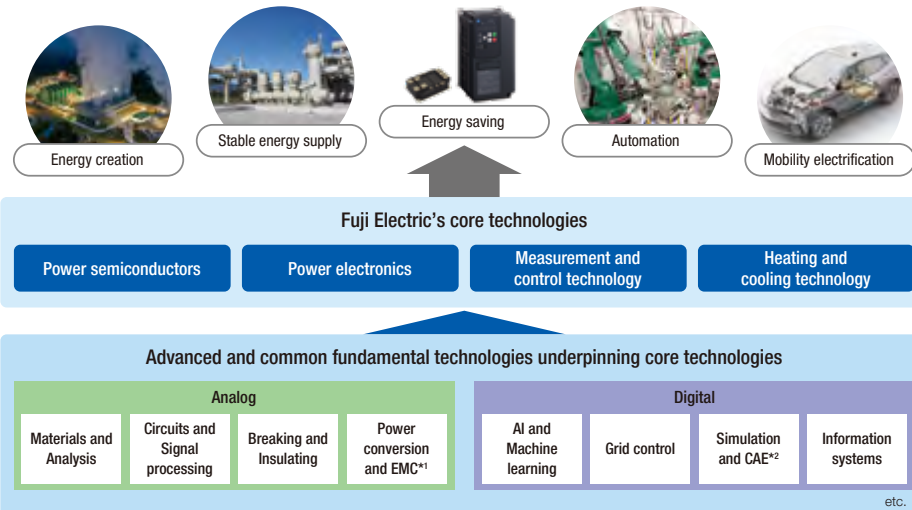
\* New products: Within five years after market launch

Fuji Electric’s core technologies

Fuji Electric has four core technologies, centered on power semiconductors with the industry’s top-of-the-line power conversion efficiency and power electronics to convert and utilize electric power freely and without waste, as well as measurement and control technology, which supports industrial automation and energy saving, and heating and cooling technology cultivated in our industry-leading

vending machines. These core technologies are supported by both analog and digital advanced technologies and common fundamental technologies, including power conversion and EMC\*1, and AI and machine learning.

In addition to these, we will acquire new technologies to realize new value provided in the GX-related market and expand our technology domain.



\*1 EMC: Electromagnetic Compatibility \*2 CAE: Computer Aided Engineering

+

GX New Technology

Medium- to Long-Term Intellectual Property Activity Initiatives

Fuji Electric regards intellectual property as an important management resource, and under the intellectual property policy shown on the right, we ensure our products' competitive advantage through the strategic acquisition and utilization of intellectual property rights. We are also working to comply with the international standards that are required to participate in the global market.

Over the medium- to long-term, we will strengthen our intellectual property activities and international standardization

activities that target businesses and products in our growth fields. We will also promote the use of intellectual property analysis to enhance our market analysis capabilities during the source stage of new product creation.

Intellectual Property Policy

1. Develop and implement intellectual property strategies by analyzing intellectual property.

2. Strengthen each business's intellectual property portfolio and reduce risks.

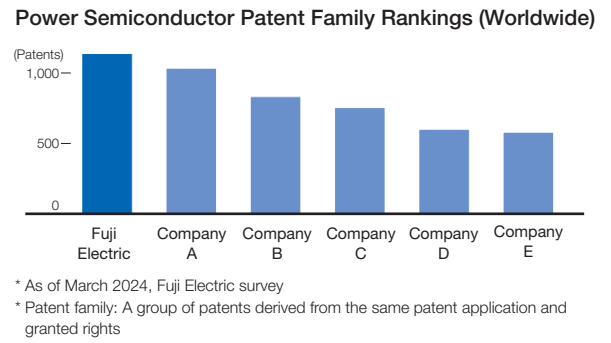
3. Strengthen strategic international standardization activities.

Business Support by Strengthening the Intellectual Property Portfolio

The company manages its intellectual property as an intellectual property portfolio (intellectual property holdings organized by key technologies) per business and continuously carries out its maintenance, including retention and abandonment, in consideration of changes in business conditions.

To achieve further growth, we are strengthening this intellectual property portfolio. Specifically, we are clarifying our strengths and weaknesses based on comparative intellectual property analysis with our competitors to strengthen the scope of our rights, to increase the number of patent applications, and to promote selection of countries where filing applications is advantageous for our business. As a result of our recent strengthening activities, in the field of power semiconductors, which is one of our core businesses, as shown in the figure we

hold the highest number of patent families among our Japanese and overseas competitors, thereby supporting the growth of our business.



Support for New Product Creation by Utilizing Intellectual Property Analysis (IP Landscape)

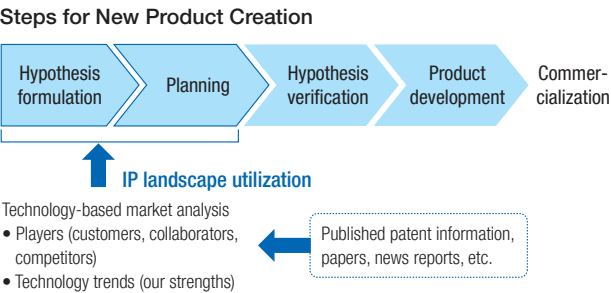
As part of activities to create new products, we are promoting the use of IP landscapes during the source stage of product development (hypothesis formulation and planning).

Specifically, in addition to our traditional analysis of customer needs and market trend forecasts, we are now using IP landscapes for technology-based market analysis. We use market player analysis, which mainly examines published patents and papers, to identify customers, competitors, and collaborators. We then combine this with technology trend analysis to discover the Company's strengths.

As a recent example, in developing a locker vending machine for vegetables and processed foods, we analyzed Japanese and overseas companies, including startups, to identify relevant technology trends and potential needs, which

we used for planning purposes.

In the future, we plan to expand the use of IP landscapes to create more new products while working to improve the sophistication of analysis with AI.



Strengthening of International Standardization Activities

Fuji Electric is systematically promoting compliance with international standards and the acquisition of certifications necessary for overseas business development. The International Standardization Committee, of which the Corporate General Manager of Business Groups are members, determines policies and strategies. Based on these policies and strategies, working groups that have been formed for each business field conduct international standardization activities. We continuously strengthen these activities.

Over the medium to long term, we will focus on rulemaking activities with the aim of entering new markets ahead of our

competitors, demonstrating our strengths, and contributing to the expansion of the market itself.

One key element in any rulemaking activity is to secure a leadership position. For example, we are leading standardization activities in key international positions in the electronics industry, such as serving as the Japanese representative to the Conformity Assessment Board (CAB), an upper-level committee of the International Electrotechnical Commission (IEC). We will continue to strengthen our human resource development so that we can produce suitable human resources to serve in key positions.

TOPICS (Research and Development)

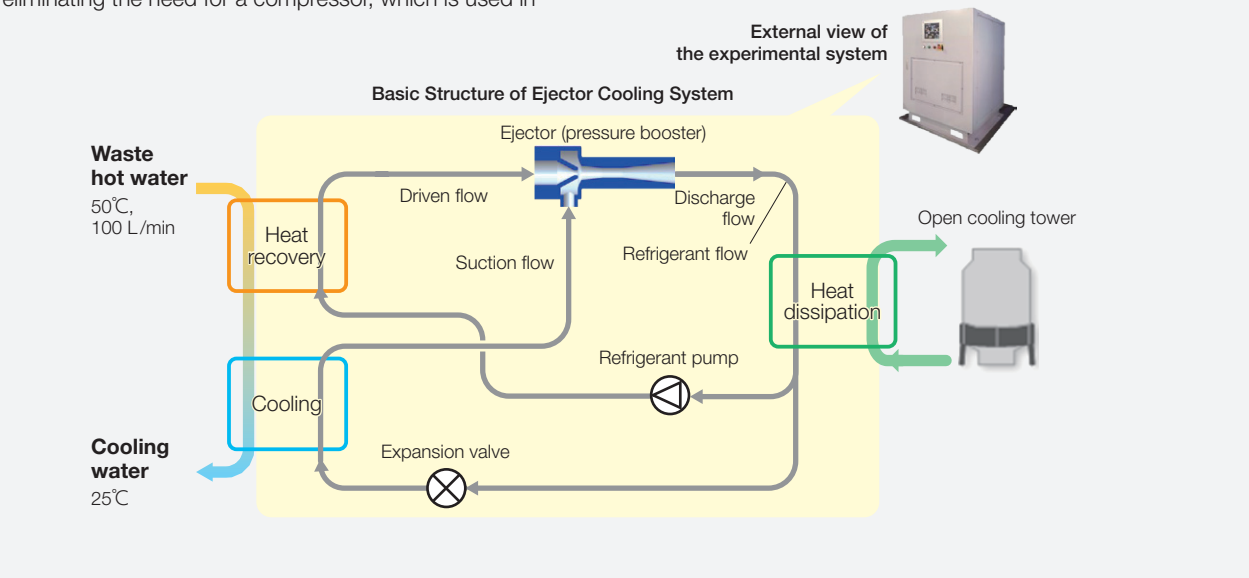
Ejector cooling systems that halves power consumption during cooling water generation through effective use of waste heat energy

About 2/3 of primary energy used in Japan is disposed of as heat instead of being used effectively. For example, it is difficult to effectively use low-temperature (40°C to 70°C) waste hot water from cooling equipment at factories, etc., so such water has been discharged directly into the atmosphere. Fuji Electric is developing an ejector cooling system that effectively utilizes low-temperature waste heat to generate cold heat.

A proprietary high-efficiency ejector (pressure booster) circulates refrigerant using thermal energy recovered from waste heat, significantly reducing power consumption and eliminating the need for a compressor, which is used in

conventional chillers (cooling water circulators). Verification using last year's experimental system (see the figure below) confirmed that the power consumption for recovering thermal energy from 50°C waste hot water to generate 25°C cooling water can be reduced by 55% compared to the conventional method.

We are working to commercialize this ejector cooling system for potential applications in beverage factories (cooling after heat sterilization), semiconductor factories (e.g., cooling of film forming equipment), and data centers (cooling of water-cooled servers).



TOPICS (Intellectual Property Activities)

Strategic rulemaking activities in the growth fields of GX and DX

The Global Business Strategy Office, which was established in August 2022, develops and promotes business strategies for GX, carbon neutrality, and DX. In these new fields, we obviously require a "competitive axis" of differentiation through technology development and intellectual property. To build a new, unprecedented social system, it is necessary to establish "standards" (e.g., green value definitions, common data definitions, and security requirements) in cooperation with various companies, organizations, and countries, which is the axis of cooperation. To promote the two axes needed in the new fields, we must first develop a business strategy and then consider both simultaneously. Toward our carbon-neutral goal of 2050, we have started to develop long-term human resources capable of building business strategies in new

fields. This program, the International Business Strategy Skills Personnel Development Program (IBSP), is designed for young personnel around the age of 30 who will lead the next generation. IBSP participants, in addition to acquiring skills pertaining to international standards (including certification and regulation), learn business strategies and acquire rulemaking strategy skills.







Leveraging Digital Technology to Maximize Value across the Entire Value Chain

Takashi Obinata  
Managing Executive Officer  
Corporate General Manager, Production & Procurement Group

In recent years, rapid changes in the social environment and increasing uncertainty have created management and operational challenges for the manufacturing industry, including supply chain disruptions, reduced productivity due to labor shortages, and increased management costs associated with such disruptions.

To solve these issues, it is necessary to realize a transformation that encompasses both “digital solutions” and “manufacturing,” both of which have been advancing. We believe that we must optimize not only the manufacturing division but the entire value chain—from development and design to production control, manufacturing, sales, and service—and promote productivity improvement, business process reform, and the development of human resources capable of implementing such reform.

Under the medium-term management plan starting in fiscal 2024, we will utilize digital technology to increase productivity (20% improvement over fiscal 2023), strengthen profitability through cost reductions, and promote environmentally friendly manufacturing to maximize the value of the entire value chain.

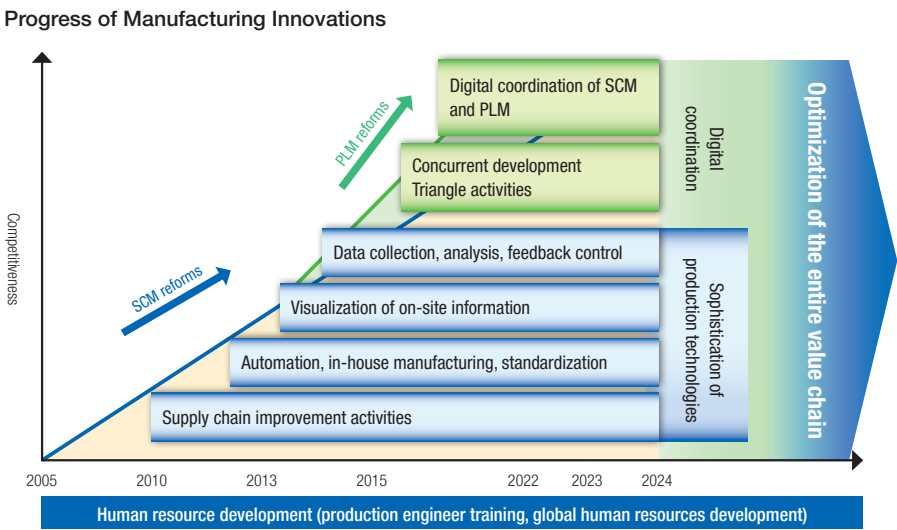
Progress of Manufacturing Innovations

Under the previous medium-term management plan, we improved productivity by expanding in-house manufacturing, automation, and standardization at production bases as part of supply chain management (SCM) reforms. Meanwhile, we have promoted manufacturing innovations by introducing dashboards at factories in Japan to visualize on-site production progress, operational loads, and facility operating statuses, and by establishing a system to procure parts and materials from multiple business partners (multi-sourcing).

Furthermore, we have strengthened the following: linkage between SCM and product lifecycle management (PLM) reforms in the development and design divisions;

concurrent development to realize product design that considers manufacturability from the initial stage of product development; and triangle activities in which business partners, the design development division, and the procurement division collaborate. Based on these activities, we have promoted cost reductions.

Based on the concept of local design and local production for local consumption, we strengthened our manufacturing overseas by reinforcing local production systems and quality control linked to our overseas business strategy, and by promoting human resource development of production engineers.



FY2026 Medium-Term Management Plan

Constructing IoT-Linked Smart Factories

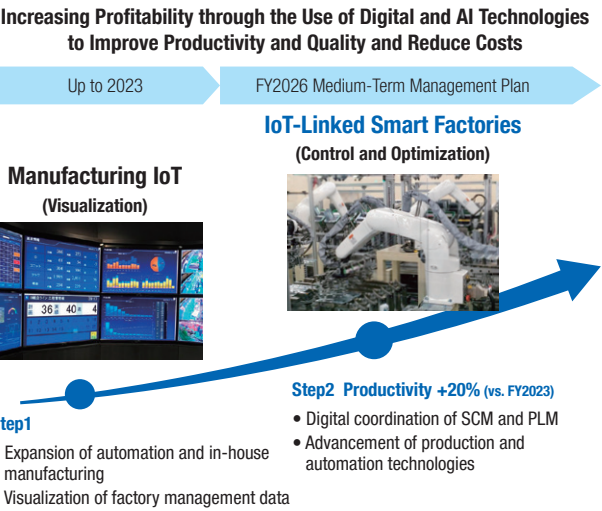
In constructing IoT-Linked Smart Factories, we will implement initiatives for visualization and automation using our existing manufacturing IoT. In addition, we aim to further improve productivity (20% improvement in fiscal 2023), reduce costs, and improve quality by increasing development efficiency

through digital linkage of SCM and PLM information, improving the availability of manufacturing floors by upgrading production and automation technologies using AI technology, and expanding the scope of automation application.

Digital coordination of SCM and PLM

We will enhance the digital linkage between SCM and PLM to continuously improve our development efficiency and business processes in design, production, and procurement.

By centralizing data using 3D models of designs, we reduce data duplication and discrepancies, minimize the impacts of design changes on the production side, and reduce rework and changes to production plans. In addition, digitization of concurrent development promotes information sharing and parallel work between divisions, shortens design lead times, and contributes to productivity improvement by enabling early design of optimal manufacturing processes through simulation.



Advancement of production and automation technologies

In response to expanded sales resulting from the launch of new products and global products in growth markets, we will enhance our production capacity by upgrading our production and automation technologies as well as establish an optimal production system on a global basis.

With regard to technological advancement, we aim to improve efficiency by automating visual and sensory testing processes as well as manual work performed by skilled workers through 3D robot control, AI technology, and other means, and by analyzing workers’ movements.

At manufacturing floors, we strive to achieve “non-stop lines” by means of condition monitoring that collects and analyzes equipment and process data in real time, and through feedback control using equipment operating data and quality data.

Augmenting Global Manufacturing Capabilities

To expand our overseas business, we will promote the strengthening of manufacturing capabilities on a global basis. Particularly in Southeast Asia and India, we will develop local leaders, production engineers, and other engineers through practical leadership training and e-learning on basic management knowledge in order to make overseas bases self-sustaining and self-driven. We will also focus on reducing costs through the expansion of local production models, in-house manufacturing of parts and materials, and development and purchasing in conjunction with local design. In addition, by sequentially expanding the visualization of management indicators using IoT to our overseas bases, we will strengthen both SCM reform, production technology, and quality control as well as build a robust global operation system.

Quality Improvement Initiatives

With regard to quality, we formulate the High Reliability Activities Policy annually and implement it in each of our business divisions and factories to promote improvement activities.

To improve quality in the development and design stages, we are strengthening verification of new technologies and design changes as well as reinforcing the design review system during product planning. We are also digitizing quality information in manufacturing processes and utilizing digital data from automated outgoing inspections and tests for statistical process control (SPC control) and other purposes to eliminate human error and to eliminate equipment failure risks.

To improve process quality, in addition to internal audits conducted at each factory on manufacturing process management statuses, we implement mutual diagnosis by experts from other bases. The results and insights obtained are reflected in mechanisms and rules to improve quality control standards.


Sustainable Procurement

By identifying, assessing, and addressing supply chain risks, we aim to build stable material procurement and CSR\* procurement over the medium and long terms.

\* Corporate Social Responsibility

CSR Procurement Initiatives

Based on the Fuji Electric CSR Procurement Guidelines, we are working to reduce CSR risks and to create business opportunities by ensuring that our business partners in Japan and overseas deepen their understandings of our CSR approach as well as the initiatives that they should observe and implement.



Fuji Electric CSR Procurement Guidelines

[https://www.fujielectric.com/company/box/doc/guideline\\_csr\\_e.pdf](https://www.fujielectric.com/company/box/doc/guideline_csr_e.pdf)



Subjects in the Fuji Electric CSR Procurement Guidelines		
1. Human Rights and Labor	4. Fair Trade and Ethics	7. Business Continuity Plan
2. Health and Safety	5. Quality and Safety	8. Establishment of Management Systems
3. Environment	6. Information Security	9. Social Contribution

Self-Assessment of CSR Procurement

To understand the statuses of our business partners' CSR initiatives, we conduct a CSR self-assessment every year. We also hold CSR briefings and interviews with business partners to share the issues we face, and we implement PDCA cycles for improvement activities in cooperation with them. In fiscal 2023, we conducted assessments of 783 business partners, which covered 80% of our purchases in the last three years.

Evaluation criteria	Rating	Definition
5.0-4.0	A	Recognizes its social responsibility as an organization and takes concrete measures.
3.9-3.0	B	Recognizes its social responsibility as an organization and considers measures.
2.9-2.0	C	Recognizes its social responsibility as an organization.
1.9-0.0	D	Recognizes its social responsibility as an organization and needs to improve.

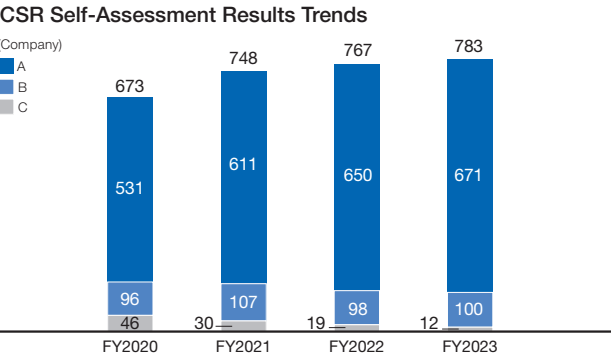
CSR Audit Initiatives

To improve the effectiveness of CSR procurement, we have trained CSR auditors at each base and in fiscal 2023, we started on-site CSR audits of business partners with a third-party certification organization. In fiscal 2023, we conducted on-site audits of two companies having different corporate

Responding to Natural Disaster Risks

The Company utilizes a disaster prevention information system that can identify business partners located in areas where special warnings regarding earthquakes and weather have been issued in Japan. In fiscal 2023, in our disaster prevention information system, we expanded the registration of secondary suppliers and registered data to cover a total of approximately 11,000 primary and secondary suppliers. In

As a result of our activities, the number of Rank A business partners has been increasing year by year. In fiscal 2024, we are scheduled to assess 883 business partners, and we will promote thorough implementation and reinforcement of CSR in our supply chain by sharing issues and making continuous improvements collaboratively.



sizes. We confirmed evidence for critical items and items with low evaluation scores and then implemented improvements with the business partners. In fiscal 2024, we will increase the scope of audits to 17 business partners and promote training of auditors at each base to further expand the scope of audits.

fiscal 2024, we aim to register about 100 overseas business partners in order to establish a system for identifying suppliers located in the same types of areas where warnings are issued in Japan. Through these activities, we will quickly gather information on whether risks to our production activities have manifested, and we will continue to aim to further visualize risks in the supply chain.

Efforts Aimed at Purchasing from Multiple Suppliers

To reduce the risk of relying on a single supplier (single source), the Company conducts risk assessments for approximately 200,000 parts and materials that are ordered on an ongoing basis and is working to achieve multi-sourcing\*1 of parts and materials that are currently single-sourced. As of fiscal 2023, we have established multi-sourcing for approximately 80% of procured parts and materials. From 2024, in preparation for procurement risks due to national risks (e.g., lockdowns, natural disasters, and conflicts), among the components for which multi-sourcing has already been established, we will promote procurement risk avoidance through multi-country\*2 procurement for electronic and electric parts and materials. We will continue to evaluate and study the items in Category D, for which multi-sourcing has not yet been achieved, and the items in Category E, for which no substitutes are available, and we

Procured Material Risk Rating Definitions

Risk	
Low ↓ High	A Multi-sourcing complete (ordering complete)
	B Multi-sourcing preparation complete (ordering possible)
	C Material evaluation complete
	D Candidate selection complete / not yet evaluated
	E Specified customer, no alternative, discontinued, alternative unknown

will further strengthen measures such as concluding long-term contracts and maintaining a stock of such components.

\*1 Multi-sourcing refers to a system in which materials are procured from multiple business partners.  
\*2 To establish a system that allows procurement from multiple manufacturing countries (Japan + overseas, multiple overseas, and the like).

Digital Linkage of Procurement Information

Through digital linkage of procurement-related data between our business partners and the Company, we aim to speed up measure implementation and improve mutual operational efficiency. This system is intended to visualize and optimize the corporate information of business partners, including that related to CSR and BCP, and production information, such as our production plans and inventory statuses as

well as business partners' delivery statuses and production load statuses, on the information collaboration system, a procurement platform called My Page. By sharing information in real time instead of conventional business communication via e-mail and telephone, we will continue to transform our operations to speed up and improve efficiency.

TOPICS

Strengthening Profitability through Triangle Activities

We promote triangle activities in which business partners, our development and design divisions, and our procurement division jointly conduct value analysis (VA), which increase the value of a product or reduce costs while maintaining its functionality by changing the constituent materials or construction methods. We discuss cost, delivery, and technical issues while confirming the actual products and materials used, and we link these to cost reductions and stable procurement through VA activities with business partners, standardization of parts and materials for joint development, and consideration of alternatives.

In fiscal 2023, we shared an idea within the Company to reduce the use of copper materials, which are soaring in price, by using alternative materials. As a result of examining the feasibility of substitutions through triangle activities at each factory, alternative materials were adopted for transformers at the Chiba Factory and Fuji Tasco Co., Ltd. (Thailand) and for circuit breaker parts at the Fukiage Factory, thus achieving significant cost reductions while maintaining the required performance and quality.

In addition to internal collaboration, we will continue to strengthen and leverage our relationships with our business partners to promote enhanced profitability.



Members of the Chiba Factory's Triangle Activity





Through our initiatives toward Environmental Vision 2050, we will promote decarbonization and the transition to a circular economy, and contribute to the creation of a sustainable society.

**Takashi Obinata**  
Managing Executive Officer  
Corporate General Manager, Production & Procurement Group

In recent years, climate change has had a variety of impacts at global scale. The frequent occurrence of natural disasters such as torrential rains and heat waves as well as their impacts on ecosystems have become a threat that cannot be overlooked in nature and the social economy surrounding us. In addition, as a result of past mass consumption and mass disposal, a global environmental crisis is progressing, including the loss of biodiversity and pollution. Addressing these issues will require accelerating the transition to a circular economy in conjunction with decarbonization, and businesses have an increasingly important role to play in solving such environmental challenges.

Fuji Electric has positioned global environmental protection as a key management issue under Fuji Electric Basic Environmental Protection Policy, and we formulated our Environmental Vision 2050 in 2019. In 2022, we revised our fiscal 2030 greenhouse gas emissions reduction target to be consistent with “limiting the temperature rise to 1.5°C above pre-industrial levels,” and we are working to achieve this target. In fiscal 2023, in conjunction with the formulation of the FY2026 Medium-Term Management Plan, we verified the feasibility of the Fiscal 2030 Target, and we confirmed that all indicators are expected to be achievable as well as that we are making progress according to the plan. In conjunction with global trends related to the circular economy, we have also set Fiscal 2030 Target to achieve a recycling-oriented society and a society in harmony with nature.

Future issues include the promotion of specific initiatives to transition to a circular economy. We will continue to shift to environmentally friendly products that comply with the EU Ecodesign Regulation, and we aim to achieve zero emissions, which will minimize environmental impacts throughout the entire supply chain.

We will continue to contribute to the creation of a sustainable society by utilizing the technologies we have developed in the energy and environmental fields.

**Fuji Electric Basic Environmental Protection Policy**

1. Offering products and technologies that contribute to the global environmental protection
2. Reduction of environmental burden throughout product life cycles
3. Reduction of environmental burden in business activities
4. Compliance with laws, regulations and standards
5. Establishment of environment management systems and continuous improvements of the systems
6. Improvement of employees’ environmental awareness and social contribution
7. Promotion of communication

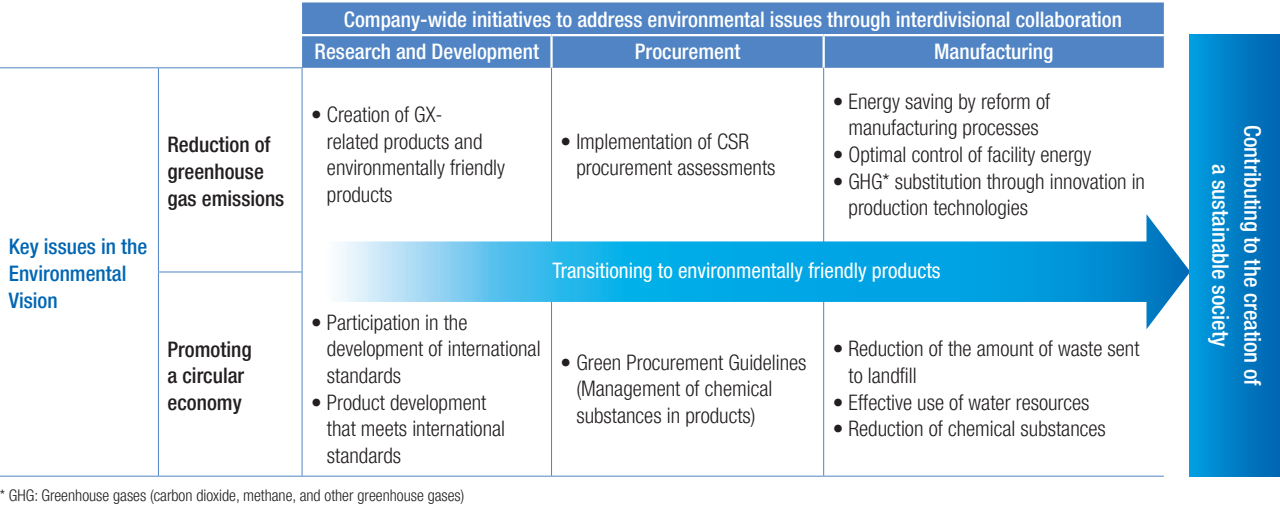
Environmental Vision 2050	
We aim to achieve a “Decarbonized Society,” “Recycling-Oriented Society,” and “Society in Harmony with Nature” by expanding use of Fuji Electric’s innovative clean energy technology and energy-saving products.	
Achieve a Decarbonized Society	Target carbon neutrality across the supply chain
Achieve a Recycling-Oriented Society	Aiming for zero environmental impacts throughout the lifecycle, we are working to establish a green supply chain
Achieve a Society in Harmony with Nature	Aim for zero influence on the ecosystem by corporate activities contributing to biodiversity

Fiscal 2030 Target	
We aim to achieve the following goals in order to limit the temperature rise to 1.5°C above pre-industrial levels.	
Greenhouse gas emissions throughout the supply chain (Scope 1+2+3): Reduction of over 46% (compared to FY2019)	
Greenhouse gas emissions during production (Scope 1+2): Reduction of over 46% (compared to FY2019)	
Contributions to CO <sub>2</sub> emissions reduction in society through products: Over 59 million tons/year	
Promoting the circular economy while complying with global environmental regulations	
Transition to environmentally friendly products adapted to ecodesign regulations	
Ratio of waste sent to landfills (including waste plastics) less than 0.5%	

Company-wide Initiatives toward Environmental Vision 2050

In its Environmental Vision 2050, Fuji Electric has positioned the reduction of greenhouse gas emissions and the promotion of a circular economy as key issues, and the company is

working to achieve this vision from a medium- to long-term perspective by addressing these issues in all of its business activities, including R&D, procurement, and factories.



\* GHG: Greenhouse gases (carbon dioxide, methane, and other greenhouse gases)

Research and Development Initiatives

We are carrying out research and development aimed at creating new products to meet new needs such as those related to Green Transformation (GX). Specifically, we are taking on the challenge of acquiring new technologies to reduce society’s CO<sub>2</sub> emissions by providing products in areas such as fuel conversion to hydrogen, ammonia, and other gases; carbon

capture; electrification of heat processes; and energy storage. With regard to the circular economy, we are carrying out research and development, such as evaluation and application technologies for recycled materials in resin materials, to reduce environmental burdens in order to respond to international regulatory trends.

Procurement Initiatives

Of the greenhouse gas emissions throughout the supply chain (Scopes 1+2+3), the procurement portion (Scope 3 Category 1) is currently calculated using the basic unit (secondary data) common to procured goods. In the future, we will continue to calculate greenhouse gas emissions per unit of procurement (primary data), which can reflect the effects of reductions in procurement by business partners, and further promote the calculation of greenhouse gas emissions per unit of product (carbon footprint: CFP\*). We will work together with our business partners to reduce our greenhouse gas emissions.

We are working to reduce environmental impacts by asking our business partners to comply with the Fuji Electric Green Procurement Guidelines with respect to the chemical substances used in our products. In the future, in further collaboration with our business partners, we will expand our initiatives to visualize environmental traceability, including CFP, and to promote the circular economy throughout the supply chain.

\* CFP (Carbon footprint of products): A system to clearly indicate the amount of greenhouse gas emissions in a product’s lifecycle.

Manufacturing Initiatives

Toward the Fiscal 2030 Target (a reduction of over 46% from fiscal 2019) for greenhouse gas emissions (Scopes 1+2) during production, we are promoting energy saving by switching away from greenhouse gases through production technology innovation, reforming manufacturing processes, improving production efficiency, optimizing facility energy control, and upgrading to energy-efficient equipment. As for energy creation, we are promoting the installation of solar power generation equipment at our production bases, and we are systematically working to achieve our goals by procuring

electricity from renewable sources. With regard to the transition to a circular economy, we have set a target of zero emissions (less than 0.5%) in fiscal 2030, which is an enormous reduction in the amount of waste sent to landfill. Together with initiatives to prevent air pollution through the effective use of water resources as well as the management of and reduction in the use of chemical substances, we aim to achieve a recycling-oriented society as well as a society in harmony with nature.

Initiatives to Achieve a Decarbonized Society

Fiscal 2023 Results and Progress

Environmental Vision Fiscal 2030 indicators	FY2022	FY2023			FY2030
	Result	Target	Result	Measures	Target
Greenhouse gas emissions throughout the supply chain (Scope 1+2+3) (million tons)	177	72	58	• Increase percentage of 7th-generation IGBTs	67 or less
Reduction rate (compared to 2019)	+42%	-42%	-54%		Over -46%
Greenhouse gas emissions during production (Scope 1+2) (thousand tons)	334	380	338	• Expand installation of solar power generation equipment at the Company's production bases • Upgrade to energy-efficient equipment • Expand purchasing of renewable electricity • Reduce non-CO <sub>2</sub> GHG emissions	250 or less
Reduction rate (compared to 2019)	-26%	-16%	-25%		Over -46%
Contributions to CO <sub>2</sub> emissions reduction in society through products (thousand tons)	49,790	50,000	56,220	• Increase net sales of contributing products	Over 59,000

Major Initiatives in FY2023

As part of our initiatives to reduce greenhouse gas emissions during production, we promoted installation of solar power generation equipment at our production bases, which we have been working on since the previous fiscal year. In fiscal 2023, we installed and began operation of solar panels providing approximately 1,200 kW at our Tokyo Factory in Japan and 1,900 kW at our factory in the Philippines. We also engaged in cross-sectional energy-saving activities at all factories and promoted systematic activities such as saving energy through operational improvements and selecting the most energy-efficient facilities when updating infrastructure and production facilities.

Initiatives toward 2030

Based on the FY2026 Medium-Term Management Plan, we verified the feasibility of the GHG reduction plan according to the projected increases in production through fiscal 2030. We have confirmed that we are making progress toward achieving our Fiscal 2030 Target for greenhouse gas emission reductions in in-house production activities (Scopes 1+2)

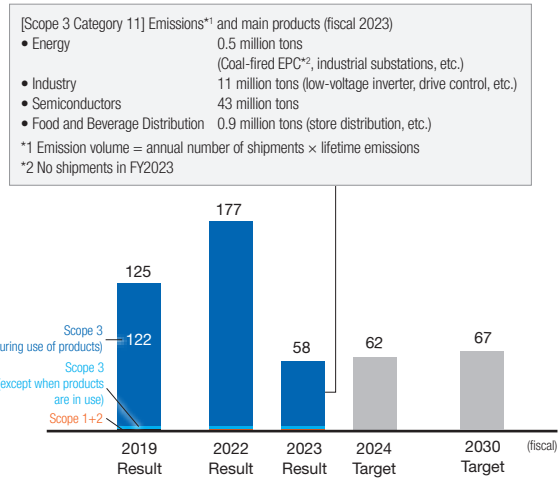
Supply chain GHG emissions (Scope 1+2+3) reduction

Greenhouse gas emissions generated in the supply chain are calculated based on the GHG Protocol, an international standard. Category 11 (emissions during product use), which accounts for the majority of greenhouse gas emissions in Scope 3, is expected to decrease in power semiconductors due to expanded sales of 7th-generation IGBT modules, which feature low power loss, and the shift to silicon carbide (SiC) products. In addition, there are no expected delivery of EPC projects for coal-fired power plants that do not include carbon capture equipment, and we aim to reduce greenhouse gas emissions throughout the supply chain in order to achieve the Fiscal 2030 Target (67 million tons or less, over 46% of the fiscal 2019 level).

Regarding emissions during product use (Scope 3 category 11), which account for approximately 98% of the total greenhouse gas emissions in the entire supply chain, we were able to curb emissions by increasing the ratio of high-efficiency products, such as new semiconductor modules. Additionally, in fiscal 2023, there were no delivery of EPC (a business form in which design, procurement, and construction are undertaken in an integrated manner) projects for coal-fired power plants without carbon capture equipment, which significantly impacts total emissions, resulting in a significant decrease compared to the previous year.

and that throughout the entire supply chain, from material procurement to product shipment and post-delivery emissions (Scope 3), as well as for the contributions to CO<sub>2</sub> emissions reduction in society through products. We will continue our initiatives to achieve a decarbonized society.

Supply Chain GHG Emissions and Reductions (million tons)



GHG emissions reduction during production (Scope 1+2)

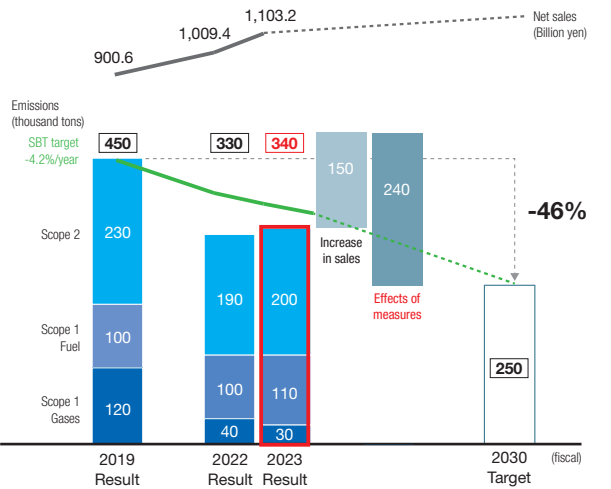
Based on the forecasted increases in production, especially that of semiconductors, we are studying the necessary measures to achieve a reduction of over 46% (compared to fiscal 2019) in greenhouse gas emissions during production. Our main measures are as follows.

Measures	Overview
Expand installation of solar power generation equipment at the Company's production bases	Operations began at two bases in fiscal 2023; operations are scheduled to begin at five bases in Japan and overseas in fiscal 2024
Updating to energy-efficient equipment	Replace production facilities, air conditioning, and lighting equipment with the latest energy-saving models
Expand purchasing of renewable electricity	Increase purchasing of renewable electricity

We are also reviewing our plans for purchasing electricity sourced from renewable energy, aiming to increase renewable electricity's share of company-wide electricity consumption\* (6% in fiscal 2023) to 55% by fiscal 2030.

\* Electricity consumption: Electricity purchased + solar power generated internally

Trends in GHG Emissions during Production

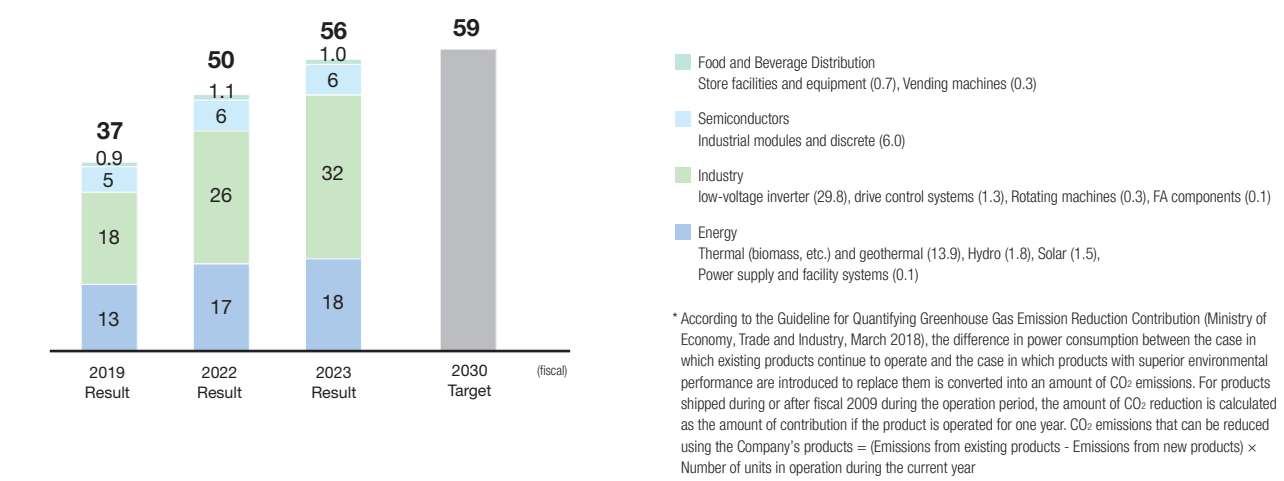


Contributions to CO<sub>2</sub> emissions reductions in society through products

The Company has designated the energy and environmental fields as its business domain, and in fiscal 2009, we began calculating the contributions to CO<sub>2</sub> emissions reduction in society through products, which helps to realize carbon

neutrality, as an indicator. We intend to increase the amount of contribution by expanding sales of equipment that generates clean energy and by offering new products that maximize reduction of power loss.

Contributions to CO<sub>2</sub> emissions reduction in society through products (million tons)



Sales Composition Ratio of Contributing Products (Fiscal 2023)

	Energy	Industry	Semiconductors	Food and Beverage Distribution	Total
Net sales of contributing products	21.5	48.9	175.0	68.5	313.9
Total net sales	342.8	419.9	228.0	107.3	1,103.2
Composition ratio	6%	12%	77%	64%	28%

Initiatives to Achieve a Recycling-Oriented Society and a Society in Harmony with Nature

Fiscal 2023 Results and Progress

Reduction of waste, water consumption, and chemical substance emissions during production

Fiscal 2030 indicators	FY2022	FY2023			FY2030 Target (after revision)
	Result	Target	Result	Key measures and activities	
Ratio of waste sent to landfills* (%)	0.5	Less than 1.0	0.2	Reinforcement of waste sorting, mainly at overseas production bases, and development of processing companies	Less than 0.5
(Reference) Of which, plastics	0.8	—	0.2	Improved by reinforcing waste sorting	
Water consumption per unit of sales (1,000 m³/100 million yen)	0.9	1.8 or less	0.9	Recycling at a semiconductor factory	1.2 or less
Volatile organic compounds (tons)	625	1,694 or less	480	Substitution of dichloromethane at the Fukiage Factory	800 or less

\* Ratio of waste sent to landfills: Waste sent to landfills ÷ Total waste

Major Initiatives in FY2023

We have been working to reduce the amount of waste sent to landfill, and we have significantly improved the ratio of waste sent to landfill by strengthening waste sorting and developing processing companies, especially at our overseas production bases. Furthermore, in response to laws related to promoting

resource recycling of plastics in Japan, we have been reinforcing waste sorting of plastics and developing processing companies, resulting in a significant improvement in the ratio of waste sent to landfill, which is now 0.2%.

Initiatives toward 2030

As the regulatory trend toward the transition to a circular economy spreads, particularly in Europe, companies are being required to implement initiatives to reduce the environmental impacts generated throughout their supply chains and to disclose information.

The Company has newly formulated Fiscal 2030 Target for achieving a recycling-oriented society and a society in harmony with nature, and aims to minimize the burden imposed on nature by, for example, targeting a near-zero level (less than 0.5%) of the amount of waste sent to landfill during

production. Specifically, in addition to reducing the amount of waste sent to landfill during production and reducing the water consumption per unit of sales, we have begun to work toward manufacturing products that do not generate environmental impact throughout their entire lifecycles. In response to demands for disclosure of resource traceability and of the environmental impacts of each product, we are working to create a system that complies with the Carbon Footprint (CFP) and the EU Digital Product Passport (DPP).\*

\* Digital Product Passport (DPP): A mechanism to provide information on topics such as product sustainability in the form of an electronic record.

Promoting a circular economy

<Environmentally friendly products>

We will promote conformity to the standards stipulated in Japan and overseas environmental regulations as well as increase the ratio of new products that are “environmentally friendly products” over the medium to long term. We will establish evaluation items and standards at the product development and design stages, and build a system to evaluate our products’ environmental impacts and work to reduce such environmental impacts.

<Environmental traceability>

To visualize whether our products are produced in a sustainable manner, we will promote the visualization of environmental traceability on a per-product basis using DPP. In cooperation with our business partners, we will disclose information on our products’ raw materials, CFP, and recyclability to customers and society at large, and we will

work to create a system that enables customers to choose our products with confidence.

Diagram of environmentally friendly products



Approach to Disclose Information in Accordance with TCFD Recommendations

Since declaring support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in June 2020, we have been reflecting the results of our analysis of risks and opportunities arising from climate change in our business strategies and have updated our information disclosures in line with TCFD recommendations.

In fiscal 2023, we reviewed the impacts of increased

production, and we reviewed our environmental investments and expenses in light of the FY2026 Medium-Term Management Plan. The reviewed risks, opportunities, and adaptation measures and their financial impacts are reflected in the 1.5°C scenario for “Production” and “Customers and Markets,” and we utilize this information in our business strategies after it is reported to the Board of Directors.

Major Risks and Opportunities Identified by Fuji Electric and Adaptive Measures to Be Taken (1.5°C/4°C scenarios)

\* The areas inside the red boxes are the main areas reviewed.

	Risks	Opportunities	Adaptation Measures & Financial Impacts
1.5°C	Suppliers	• Expanded use of recycled materials in products	• Promote multi-sourcing and standardization and unification of parts • Support for decarbonization of key suppliers
	Development and Design	• Delays in technology development to meet decarbonization requirements	• Accelerate R&D of new technologies related to decarbonization, release them to the market in • Promote building a platform for common product specifications
	Manufacturing	• Cost increases associated with decarbonization of production facilities (plant and equipment investment and other costs, purchase of renewable electricity)  • Increased greenhouse gas emissions due to increased electricity consumption in response to increased production	• Strengthen reduction of greenhouse gas emission at production facilities - Install solar power generation equipment at the company's production bases - Upgrade facilities (production facilities, air conditioning, lighting, etc.) - Purchase electricity and renewable energy certificates derived from renewable sources  • Environmental investments and expenses Fiscal 2023-2030 (cumulative total): Approximately 23 billion yen* <sup>1 to 3</sup> *1 The environmental investments and expenses required to achieve the Fiscal 2030 Target of reducing greenhouse gas emissions in production activities by over 46% (compared to fiscal 2019). *2 The above environmental investment includes replacing equipment with models having energy-saving effects. *3 This financial impact should be reviewed in the event of a revision of the business plan or sudden changes in the environment.
	Logistics	• Increased logistics costs, increased burden from the introduction of a border carbon tax	• Promote “local production for local consumption”
4°C	Customers and Markets	• Decrease in demand for thermal power generation  • Loss of business opportunities due to the failure to use renewable energy completely	• Shift resources to renewable energy business [Power]  • Provide products produced using renewable energy • Promote carbon footprint calculation  • Increased demand for renewable energy and energy-saving products • Decarbonization of the electricity sector • Fuel conversion for mobility  • Provide new technologies and products that contribute to decarbonization and fuel conversion
		• Delays in procurement of parts • Cost increases due to wind and flood damage in response to frequent extreme weather events • Delays in outdoor construction and service work • Delays in product delivery due to the disruption of logistics network and influence to production	• Increased demand resulting from active investment in business continuity plan (BCP) measures by customers  • Promote multi-sourcing of parts (identify parts with high procurement risk due to the disasters, and diversify risks) • Reinforce wind and flood protection measures for buildings at production bases in Japan and overseas located mainly in bay areas and areas covered by hazard maps [Identification of bases at risk of flooding*] Target: All 44 production bases in Japan and overseas Result: 6 bases (3 Japanese and 3 overseas) are at risk • We are implementing flood countermeasures to minimize damage to production bases that are at risk of flooding. • Even at bases that are considered low-risk, we will promote flood countermeasures as necessary. • We will take initiatives to stabilize the supply of parts in the event of a natural disaster by establishing a supply system from multiple bases while identifying flooding risks in the supply chain.

\* Flood risk assessment was conducted by Tokio Marine dR Co., Ltd. and carefully examined internally. For bases with a flood hazard of 0.5 m or more confirmed by official hazard information and bases without any hazard information, we have assessed them as “at risk of flooding” when flooding risk is considered high due to topographical conditions and other factors.

Please refer to our website for detailed disclosure requirements of the TCFD recommendations on Governance, Strategy, Risk Management, and Metrics and Targets.  
[https://www.fujielectric.com/csr/global\\_environment/environment01/management02\\_03.html](https://www.fujielectric.com/csr/global_environment/environment01/management02_03.html)







We will achieve employee well-being and sustainable growth of the Company based on an employee-first approach.

**Takeshi Kadoshima**  
Managing Executive Officer  
General Manager, Human Resources and General Affairs Office

One of Fuji Electric’s management policies is to “maximize our strengths as a team, respecting employees’ diverse ambition,” and the Fuji Electric Code of Conduct states that we will respect and value all people. We consider respect for human rights, health and safety, and the protection of our employees’ health to be the foundation of our business activities and actively invest in people to encourage activities, training, and suitable assignment of human resources, which become the core of our efforts to achieve the sustainable growth of the Company.

In an environment in which the future is not easy to predict and a shift to new values is underway, the most important thing for the Company to continue to grow sustainably is our human resources. In the rapidly changing business environment, we are developing various measures to nurture

human resources who can continue to create new added value while working under our management strategies to adapt to changes in the environment.

The human resource strategy in the FY2026 Medium-Term Management Plan sets forth a vision of realizing a virtuous cycle of employee well-being and sustainable growth for the Company while continuing our employee-first approach. Through human resources management that respects individuality and diversity, we will globally promote the development of a system that enables each employee to feel happy working for Fuji Electric while autonomously increasing productivity, and an environment in which diverse human resources can transcend the boundaries of their divisions and regions as well as demonstrate their collective strengths as a team.



Respect for Human Rights

Based on international human rights norms such as the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, we are working to establish a sustainable corporate structure that is never involved in or complicit in human rights violations. Based on our Policy for Human Rights of the Employees, we implement human rights and labor assessments as a part of our human rights due diligence\* targeting our operating sites and consolidated subsidiaries both in Japan and overseas.

In fiscal 2023, we conducted an e-learning program for employees on the theme of “Business and Human Rights” to deepen their understandings of internationally agreed-upon human rights concepts and the relationship between corporate

activities and human rights. We also reorganized our human rights initiatives to date and disclosed a statement in response to the UK Modern Slavery Act in October 2023.

Fiscal 2024 is the implementation year of the Human Rights and Labor Assessment, and we will inspect and improve the statuses of our initiatives at Japanese and overseas consolidated subsidiaries. Though improvements have been completed for items that were not achieved in previous years, we will re-check the statuses of these items and continue to promote them as ongoing initiatives.

\* Human rights due diligence: Efforts to recognize, prevent, and deal with the risk of human rights violation risks in advance

Promoting Active Participation of Diverse Human Resources

Promoting the Active Participation of Female Employees

We are promoting diversity in accordance with our management policies, to “maximize our strengths as a team, respecting employees’ diverse ambition.” To realize the Company’s sustainable growth through adaptation to change and creation of new value by diverse human resources, we are enhancing our workplaces so that diverse human resources can play an active role. In particular, we are strengthening measures to promote women’s active participation.

We are promoting initiatives from three perspectives—namely, recruitment, career development support, and the creation of a comfortable working environment—and we have established a recruitment project focusing on female employees with science and engineering backgrounds, a mentorship for young employees, and a training system to support career development. In fiscal 2023 we encourage female employees to proactively register for the program (page 55), and thus far, 16 female employees have registered.

Under our medium-term human resource strategy that starts in fiscal 2024, we plan to promote measures to foster female line positions (target for fiscal 2026: 450 managers and above, including 40 line managers) with a view to producing female executives in the future.

Ratio of Female Employees, Ratio of Females Hired, Ratio of Female Managers, and Number of Female Employees in Supervisory Positions (Japan)

	2021 (end of fiscal year)	2022 (end of fiscal year)	2023 (end of fiscal year)	2026 (end of fiscal year) (Target)
Ratio of female employees	13.3%	13.6%	13.8%	—
Ratio of females hired*1	20%	21%	21%	20% or higher
Ratio of female managers*2	2.8%	3.2%	3.6%	4.8%
No. of female employees in supervisory positions*3	295	316	336	450

Data collected from the Company and its six subsidiaries in Japan that adopt the same personnel system  
\*1 Graduates from universities or technical colleges \*2 Managerial positions or above  
\*3 Team leaders or above

Ratio of Female Employees, Ratio of Female Managers (Overseas, as of end of fiscal 2023)

	Overseas consolidated	(Reference) Consolidated Japanese and overseas
Ratio of female hired	39.9%	24.8%
Ratio of female managers	28.0%	9.1%

TOPICS

Promoting the active participation of female employees

Since 2006, Fuji Electric has been focusing on initiatives to promote the active participation of female employees. Through initiatives centered on strengthening recruitment, supporting career development, and creating a comfortable working environment, we have increased both the number of female employees and the number of female employees in supervisory positions, and initiatives to promote the active participation of female employees have become firmly established in our workplaces.

Going forward, we will strengthen training of female line managers, such as senior managers and managers, with a view to producing female directors in the future. In a fiscal 2023 survey of female employees, many voiced concerns

about their own mindset in becoming line managers. Based on these comments, in fiscal 2024, we plan to introduce a mentorship for female employees who will be candidates for line positions.



A female employee’s opinion

“The good thing about Fuji Electric is that I can decide how I want to work and then make adjustments. Although there was no one in my division who had returned to work after childbirth, I was able to create my own work style by utilizing the reduced working hour system, annual paid leave by hour, and the location-flexible work system, which enables me to choose where I work. Though my days are busy, I strongly feel that I am able to do everything I can because of the support of those around me.” (Engineering division, Industry Business Group)

Main Initiatives

Training for female managers	Provide training for female managers to acquire the skills required to participate in management
Cultivation of priority career targets	Education and training for female employees to advance their careers. Support to challenge upper-level positions through lectures to improve basic skills and practical exercises for problem solving
Sister system	Cross-departmental mentorship with senior female employees as advisors
Project to recruit women with science and engineering backgrounds	Initiatives to recruit female employees with science and engineering backgrounds through seminars that provide first-hand accounts of female employees with science and engineering backgrounds who are successful in the workplace



Promoting the Active Participation of Senior Employees

From the perspectives of the aging of our labor force and of securing our workforce, we are focusing on promoting active participation of our senior employees. Senior employees 60 or older who have abundant experience, skills, and knowledge in the Company are a valuable asset. By developing a system that enables employees to work actively even after the age of 60, we are striving to strike a balance between the fulfillment of their lifelong careers and the continuation of our business.

Since its introduction in fiscal 2000, the Selective Retirement Extension System for general employees, which allows them to choose a retirement age between 60 and 65 according to their individual life plans, has seen wide use. In fiscal 2023, in response to employee needs, we revised the system to increase the flexibility of the timing of determining one's retirement age and of changing the age after determination. The Senior Task System for senior executives includes a system that enables employees to be treated at the same level as before age 60, depending on their performance after age 60, and the Employment Guidelines for Employees over 65 enable employees to demonstrate their advanced skills and

Selection Rate of the Selective Retirement Extension System

	FY2021	FY2022	FY2023
General employees:			
Selective retirement extension system	254	270	301
Number of employees (Selection rate)	(82.5%)	(82.1%)	(85.5%)
Managers: Senior task system	120	142	127
Number of employees (Selection rate)	(96.8%)	(91.6%)	(94.8%)

Initiatives to Cultivate Human Resources

In the Fuji Electric Code of Conduct, we have expressed our commitment to reinforce human resource cultivation to achieve the development of each individual employee as well as the collective strength of the team. We are enhancing

Fostering Next-Generation Management

In the development of future management personnel, there are three main points: first, careful selection of those to be trained while they are young; second, systematic on-the-job training that requires business and job rotation as well as experience in overseas operations; and third, participation in selective training programs. We also operate a Line Successor Planning System aimed at the systematic development of line managers, and we are working to develop management personnel more effectively by linking posts that require succession training with individual development. Once a year, the details of the selection of people to be trained, the status of implementation of training rotations, and the status of participation in selective training are shared and discussed with the executive officers in order to enhance the content.

knowledge and remain active up to age 75. We have thus established a system to promote the active participation of senior employees.

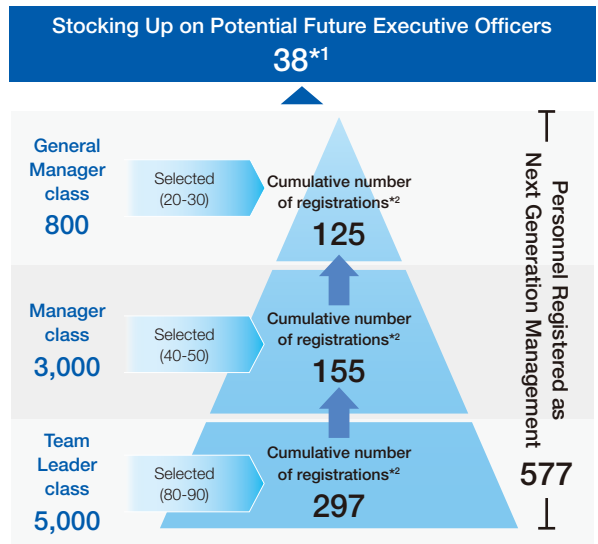
Under our medium-term human resources strategy starting in FY2024, we plan to examine and consider how senior employees should work and how they should be treated after the age of 60, with the aim of further increasing their motivation.

Promoting the Active Participation of Differently Abled People

Fuji Electric established Fuji Electric Frontier Co., Ltd. in 1994 as a special-purpose subsidiary under the Act to Facilitate the Employment of Persons with Disabilities. This Company is working to promote the active participation of differently abled people by gradually expanding the scope of its activities through the hiring of differently abled people and the expansion of their scope of duties. In fiscal 2023, with the start of activities at the Tsukuba Factory, we expanded the scope of activities to 14 major factories in Japan. In addition to the company's assigned major duties of internal document delivery and cleaning, this Company is actively working to expand the scope of duties to include manufacturing support and light-duty work.

As of June of 2024, 457 differently abled people were registered, and the employment ratio of such people was 2.95%, well above the statutory employment rate (2.5%). We will continue striving to hire about 10 differently abled people per year as we secure and expand duties available to them and work on achieving stable employment.

the cultivation of human resources who can demonstrate strong leadership and a high level of expertise by bolstering employee skill development and strengthening our investment in education.



\*1 Number of registered next-generation management human resources  
\*2 Cumulative number of registrations is cumulative from fiscal 2017 to fiscal 2023

Fostering Global Human Resources

To expand our overseas business, we have been working on global human resource development measures. Since fiscal 2017, we have been promoting the development of Japanese employees by dispatching them to our overseas bases under a company-wide global human resource development system (51 employees in total since 2017), providing training in Japan to employees of overseas bases (78 employees in total), and operating and improving language classes in Japan (1,659 employees in total).

Going forward, we will fully implement the management human resource development measures for our overseas bases that we started in fiscal 2023 as well as establish a PDCA cycle.

Reskilling and Cultivating Digital Human Resources

To enable diverse human resources to realize “autonomous

and productive work styles,” we are working on human resource development through reskilling to meet business needs, upskilling to improve productivity, and support for autonomous career development.

In particular, we are actively working to develop digital human resources to solve problems, create new value, and improve productivity in internal operations by utilizing advanced digital transformation (DX) technologies such as AI and IoT. We provide education to improve DX literacy not only to the engineers responsible for development but to the production, sales, and service divisions. A total of more than 9,000 people attended DX-related courses during the three-year period from fiscal 2021 to fiscal 2023.

In addition to operating a career design system and level-specific training, we offer a variety of elective courses in business skills, technology, and other areas to help employees develop their careers, and we actively support the type of growth needed by each employee.

Creating a Motivating Workplace

Workstyle Reforms

We are promoting workstyle reforms in how we work from the twin perspectives of promoting active participation of diverse human resources, including supporting and enhancing work-life balance, and increasing productivity through reforms in how we work that lead to improved work quality and efficiency.

Regarding efforts to reduce long working hours and encourage employees to take leave, since fiscal 2017, we have focused on steady awareness-raising activities and IT-based visualization of actual working hours to realize more balanced work styles. To comply with the maximum overtime limit in the construction industry, which became effective in April 2024, we have established a system for ensuring legal compliance by making work arrangements more flexible and by improving work processes.

Also, in an effort to raise awareness about productivity improvement at the individual level, we have developed Smart Work Incentives, which are a set of rules for providing benefits to employees who achieve a high time value in their work.

The scope of the use of various work systems related to flexible working hours and locations is being expanded in stages based on employee needs. In fiscal 2023, we revised the system to improve convenience for employees who are providing nursing care while working to create a more flexible work environment. We have also established systems to help employees balance work and family life, such as the vacation systems for childcare and family care, reduced working hour system, and leave system for employees whose spouse has been transferred at work.

In addition, we are promoting the use of a free address system (unassigned seating) in the workplace with the aim of improving productivity, starting with productivity in the

workplace. By minimizing the amount of paper documents and enhancing the meeting booths using the space left vacant by reducing the number of seats, we are promoting the development of a highly productive, easy-to-work-in environment. In fiscal 2024, we plan to completely change the head office area to a free address system.

Communication with Employees

In order to understand employee awareness, the Company conducts an annual employee awareness survey consisting of a total of 95 questions for Japanese and overseas consolidated subsidiaries to make fixed-point observations on overall employee awareness, including satisfaction toward the Company, the workplace, and their jobs. The results of the survey are reported at the Executive Committee, and the results of the analysis for each organization are provided to general managers and representatives of subsidiaries for use in improving their respective issues.

The results of the employee awareness survey to date have been directly linked to various human resource measures, such as training to strengthen management of middle managers; support for employee career development and expansion of education and training; and incentives to improve and to streamline initiatives for skilled employees.

The results of the annual employee awareness survey are positioned as an indicator of our human capital initiatives. From fiscal 2024 onward, in addition to the level of satisfaction with the company, we have established a new index for measuring the degree of realization of the human resource strategy vision, the Well-being Index. This index consists of four elements: job satisfaction, work-life balance, mental and physical health, and satisfaction with evaluations.

	FY2018	FY2023
Average overtime hours per month	24.4	19.9
Average number of paid vacation days acquired annually	14.5	18.1
Total number of home/satellite office users	2,397	113,728
Childcare leave system	107	151
Number (%) of male employees who took childcare leave (ratio)	6 (3.1%)	60 (29.1%)

Targets	FY2022 Results	FY2023 Results	FY2026 Targets
Satisfaction with the company*1	3.8 pt	3.8 pt	3.8 pt or higher
Well-Being Index*2	—	3.5 pt	3.6 pt or higher

\*1 The average of responses to the representative prompt, "I am satisfied working at Fuji Electric," indicating overall satisfaction with the company.  
\*2 The average of responses to questions regarding job satisfaction, work-life balance, mental and physical health, and satisfaction with evaluations.  
(5-point scale from 1 to 5, with higher scores indicating a more positive attitude. The survey covers Japanese and overseas consolidated subsidiaries except for the Company and Fuji Furukawa Engineering & Construction Co., Ltd.)