

Our Initiatives for ESG

February 29, 2024
Fuji Electric Co., Ltd.

1. Overview

- Overall Landscape of Continued Enhancement of Operating Foundations
- Materiality and the Promotion System
- Global Sustainability Timeline and Our Initiatives

2. Promotion of Business Growth and Environmental Contribution

- Business Performance and Reduction of CO₂ Emissions by Products
- Our Initiatives for TCFD

3. Human right and Human Resource

- Our Policies on Human Resources
- Evolution of Initiatives for Human Rights and Human Resource
- Initiatives for Human Resources
- Initiatives for Respect for Human Rights
- Overview of Employee Awareness Surveys

4. Governance

- Evolution of Initiatives for Governance
- Improving Board Effectiveness
- Reduction of Cross-Shareholdings

Corporate Philosophy

Established:1991
Revised:2011

We, Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners.

■ Contribute to prosperity ■ Encourage creativity ■ Seek harmony with the environment

Slogan

To be enthusiastic, ambitious and sensitive.

Management Policies

Established:2010
Revised:2011 and 2015

1. Through our innovation in energy and environment technology, we contribute to the creation of responsible and sustainable societies.
2. Achieve further growth through our global business expansion.
3. Maximize our strengths as a team, respecting employees' diverse ambition.

Corporate Code of Conduct

Established: 1992
Revised: 2010 and 2019

1. Respect and value all people
2. Respect and value our customers
3. Respect and value our business partners
4. Respect and value our shareholders and investors
5. Respect and value the global environment
6. Respect and value interaction with society
7. Make global compliance a top priority
 - 7-1. Thorough compliance
 - 7-2. Thorough risk management
8. Top management will thoroughly practice this standard

Fuji Electric's Target and SDGs

Our Target

By putting this corporate philosophy and management policies, Fuji Electric and its employees will aim to resolve social and environmental issues, and contribute to achieve the SDGs through creation of customer value.

SUSTAINABLE DEVELOPMENT GOALS



Resolution of Social and Environmental issues

Creation of Customer Value

Corporate Philosophy

Contribute to prosperity

Encourage creativity

Seek harmony with the environment

Management Policies

Fuji Electric's Energy and Environment Businesses

Fuji Electric Code of Conduct

Realizing clean energy, stable energy supply, energy saving, and automation by pursuing synergies between our core technologies of Power Semiconductor and Power Electronics

Clean energy Stable supply of energy

Energy saving Automation

Energy



Power Generation



Energy Management



Transmission and distribution system



Power Supply and facility system

Industry



Factory Automation



Process Automation



Social Solution

Food & Beverage Distribution



Vending Machine & Store Distribution

System solution

Engineering Service



Steam turbines



Power conditioning system



Transformers



Switchgear and controlgear



Uninterruptible Power supply system



Power distribution and control equipment



Inverters



Motors



Servo systems



Measuring instruments



Smart meters



Door systems for railcar



Vending Machine

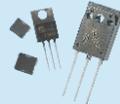


Store equipment

Semiconductor



Industrial field



Automotive field

Priority SDGs to be Addressed through Our Businesses



Spread of renewable energy use
Improvement of energy efficiency



Reduction of CO₂ emissions from industrial processes
Reinforcement of social and industrial infrastructure



Building safe and secure urban infrastructure services
Development of sustainable transport systems



Efficient use of natural resources
Rigorous management and reduction of emissions of chemical substances and waste



Reducing society's CO₂ emissions through products
Reducing GHG emissions during production

Establishment of foundation for sustainable growth

Promotion of growth strategies

- **Concentration of resources on growth fields**
Power electronics systems and power semiconductors
- **Expansion of overseas businesses**

Further improvement of profitability

- **Augmentation of global manufacturing capabilities**

Ongoing reinforcement of operating foundations

Environment

Human resources

Governance

Evolution of Companywide Pro-7 Activities

Identified the materiality based on “ongoing reinforcement of operating foundations,” a key issue in the FY2023 Medium-Term Management Plan.

Field	Materiality	Key issues
Business	Promote energy and environment businesses	Promotion of business growth and environmental contribution
Environment	Realize Environmental Vision 2050	Environmental changes and recognition of issues concerning the achievement of FY2030 Targets
	Realize a decarbonized society	Reduce greenhouse gas emissions throughout the supply chain Reduce greenhouse gas emissions during production Reduce society's CO ₂ emissions from products
	Achieve a recycling-oriented society Achieve a society that is in harmony with nature	Review of goals to achieve a recycling-oriented society and a society that is in harmony with nature
Social	Create a supply chain that supports a sustainable society	Continued implementation of CSR procurement self-assessment Business partner CSR on-site audits
	Respect for human rights	Continued implementation of human rights awareness activities
	Active participation of diverse human resources	Hiring and stimulating Human Resource Discovering and developing human resources with high potential Developing Global human resource
Governance	Improve effectiveness of corporate governance	Enhancing the effectiveness of BOD Reduction of cross share holdings
	Promote compliance	Ensure effective implementation of the Fuji Electric Compliance Program
	Enhance risk management	Improve product quality / Strengthen business continuity management/ Strengthen information security

Materiality and the Promotion System

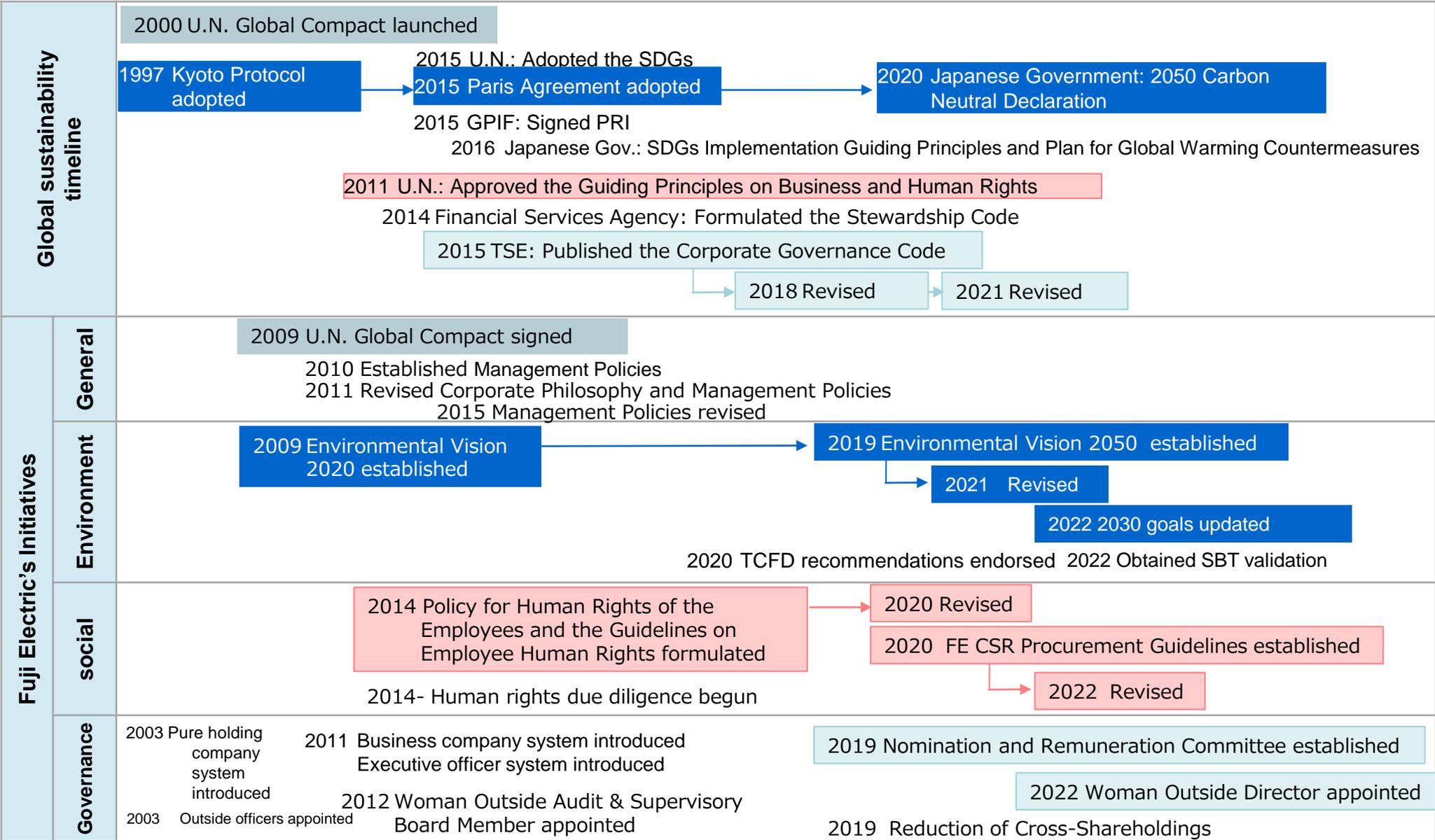
Materiality is reported and deliberated on in the Board of Directors.



The SDGs Promotion Committee meets bi-annually and the Fuji Electric Compliance Promotion Committee meets annually for regular reporting/deliberation

Field	Materiality
Environment	<ul style="list-style-type: none"> • Realize a decarbonized society • Realize a recycling-oriented society • Realize a society in harmony with nature
Social	<ul style="list-style-type: none"> • Respect for human rights • Active participation of diverse human resources • Create a supply chain that supports a sustainable society
Governance	<ul style="list-style-type: none"> • Improve effectiveness of corporate governance • Promote compliance • Enhance risk management

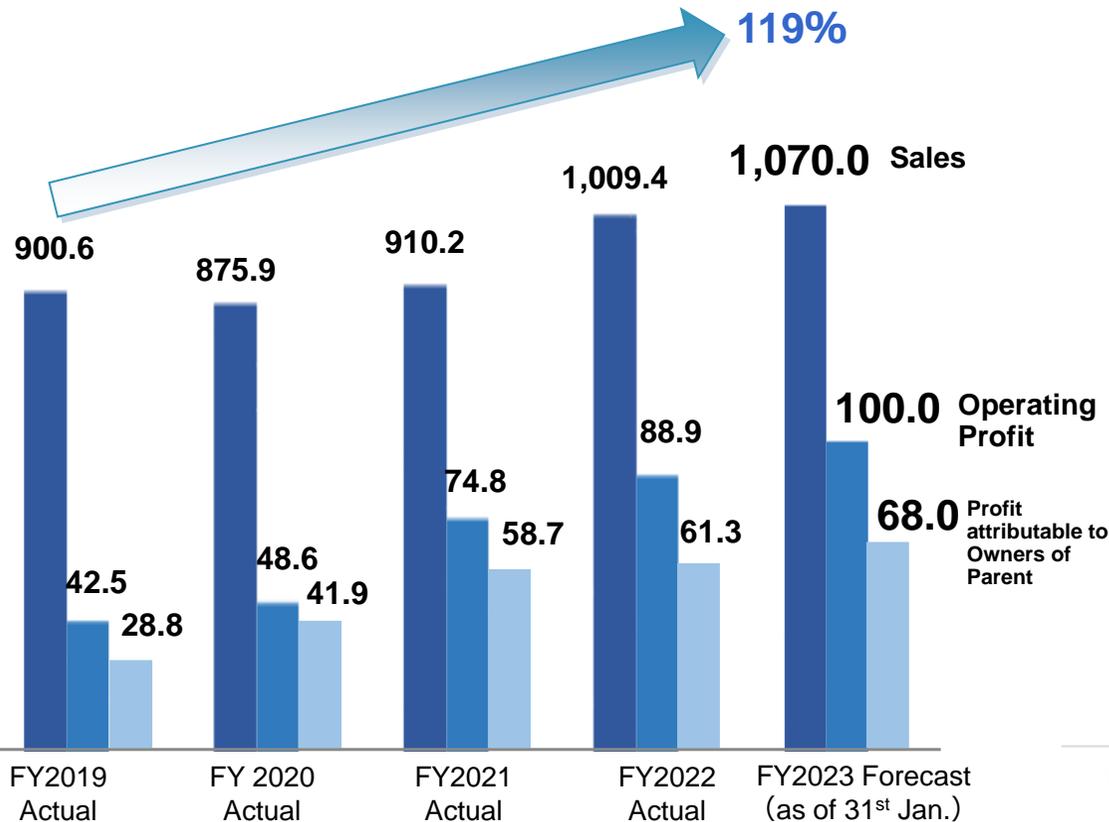
Global Sustainability Timeline and Our Initiatives



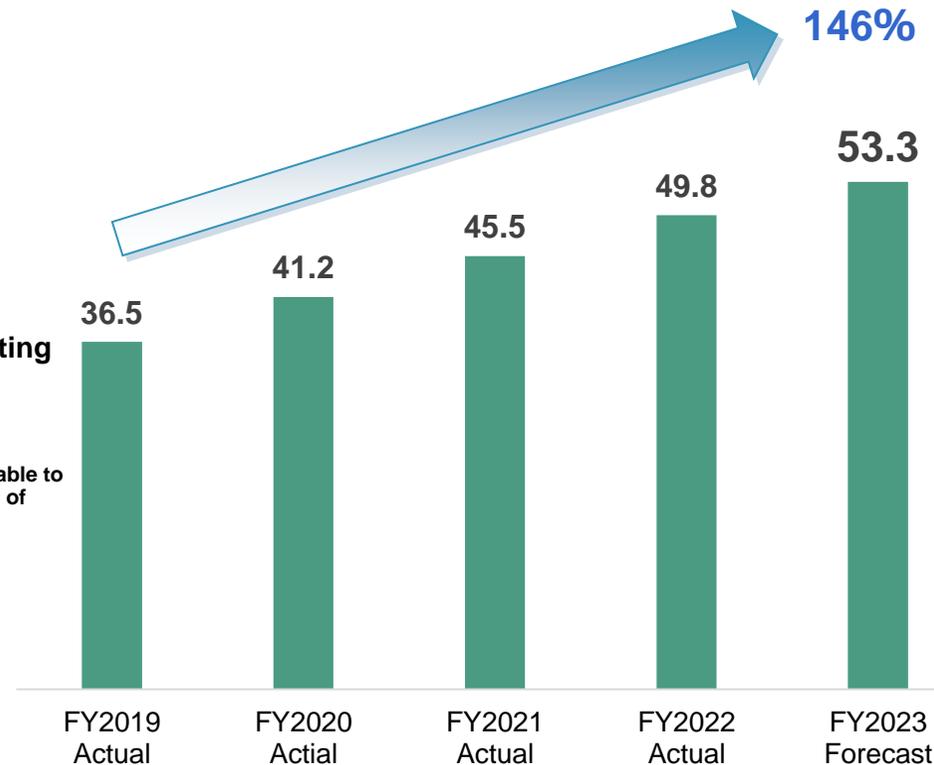
Promotion of Business Growth and Environmental Contribution

Reduction of CO₂ emissions by products steadily increasing

Business Performance (Billions of yen)



Reduction of CO₂ emissions by products (Million t-CO₂)



Promotion of Energy and Environment Businesses

Providing broad-ranging products from the supply side to the demand side of energy
Contributing to the realization of carbon neutrality

Suppliers

Users



Power companies Power generators



Factories



Facilities



Railways



Automobiles



Port

Energy

(¥ 333.3 billion)

Industry

(¥369.8 billion)

Semiconductor

(¥206.2 billion)

Food and beverage

(¥95.3 billion)

※ () is sales in FY2022

Making clean energy mainstream

Stabilizing the electricity

Spreading energy-efficient equipment and systems

Improving the electrification rate



Geothermal power



Hydraulic power



Environmentally friendly Substation equipment



Energy management systems (EMS)



Inverters



Motors



Power semiconductors for electrified vehicles



Electric propulsion systems for vessels



Solar power



Wind power



Uninterruptible power systems



Power conditioning systems



Vending machines



Semiconductors

Reduction of CO2 emissions (FY2022 Actual)

16.6 million t-CO₂

Reduction of CO2 emissions (FY2022 Actual)

33.2 million t-CO₂

Identifying critical risks and steadily implementing actions

■ Selected initiatives against critical risks

- 4°C scenario: Promote measures designed to minimize damage at bases with flooding risk
- 1.5°C scenario: Implement environmental management to reduce GHG emissions during production

	Risks	Selected initiatives in FY2023
4°C	<p>Frequent extreme weather events</p> <ul style="list-style-type: none"> - Flooding risk at production bases <p>Targets: All 44 bases worldwide Findings: 6 bases (3 each in Japan and overseas) are at risk</p>	<ul style="list-style-type: none"> - Reviewed and formulated anti-flooding measures to minimize damage - Created a timeline for anti-flooding measures/actions - Continued evaluation of flooding risk across the supply chain, checked BCP readiness, transitioned to multi-sourcing
1.5°C	<p>Increased environmental investments and expenses</p> <ul style="list-style-type: none"> - Equipment investments and expenses associated with initiatives for decarbonization 	<ul style="list-style-type: none"> - Total environmental investments and expenses associated with reduction of GHG emissions during production: Approx. ¥2.3 billion (estimate) - Introduced solar power systems to our factories (Tokyo Factory, Fuji Electric Philippines) - Replaced equipment (production equipment, A/Cs, lighting equipment, etc.) - Began purchasing electricity and credits derived from renewable energy sources

■ Agenda for FY2023

Review of risks, opportunities, and adaptation measures based on the next Medium-Term Management Plan

Human Right and Human Resources

Our Policies on Human Resources

With management putting employees first, creating a virtuous cycle of employees' growth bringing prosperity to the company, which in turn benefits the employees



Management Policies

Maximize our strengths as a team respecting employees' diverse ambition.

Fuji Electric Code of Conduct

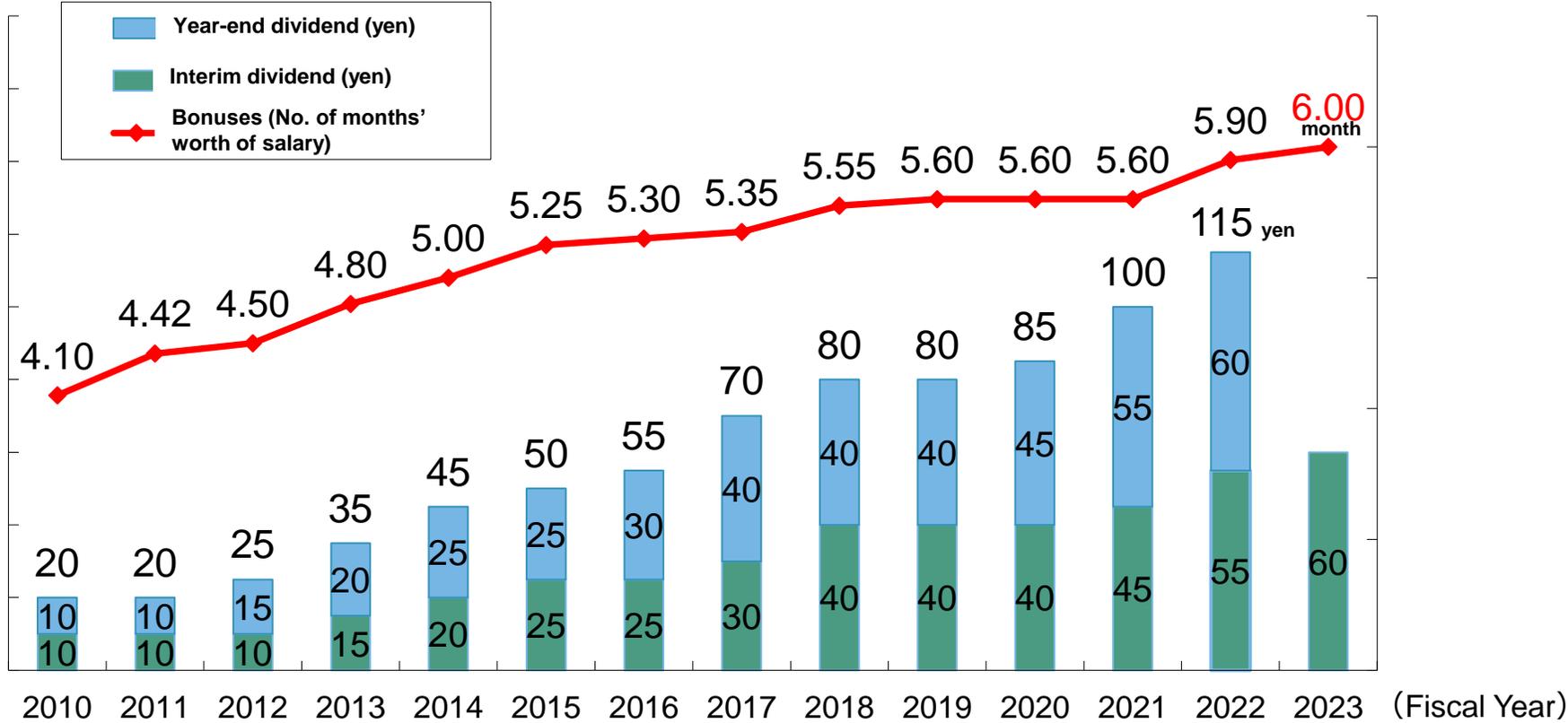
Respect and value all people

Respect human rights

Promote the activities of diverse HR

Take employees' health and safety into consideration

Returning profit gained from business activities to employees and shareholders



Note: Dividend figures reflect the stock consolidation conducted on October 1, 2018.

Evolution of Initiatives for Human Rights and Human Resource

Key issue	Target	
Respect human rights	—	2014 Policy for Human Rights of the Employees and the Guidelines on Employee Human Rights formulated 2014 Human rights due diligence begun (operating sites and affiliates in Japan and overseas) 2020 Guidelines on Employee Human Rights revised
Promote the activities of diverse HRs	All	2010 Employee awareness surveys begun (annualized in 2018) 2012 Job responsibility and performance-based treatment for managerial employees 2017 Global HR Development Program introduced 2019 Career/Work Goals Systems introduced 2020 Monotsukuri Meister System introduced 2022 Smart Work Incentives introduced 2011 Pair Work Training for Parents Returning from Childcare Leave commenced 2017 Flexible Location Work System (work-from-home, work in satellite offices) introduced 2017 Rehiring of former employees who resigned for reasons related to childcare 2017 Long-Term Care Consultation Desk established
	Female	2011 Sister System (mentorship for women employees) commenced 2012 Project to hire women STEAM students commenced 2017 Priority career development commenced 2021 Training for female managers commenced
	Aged 60 or over	2000 Selective Retirement Age System (up to age 65) introduced 2020 Senior Task System introduced for managerial employees 2020 Employment Guidelines for Employees aged 65 or over formulated for all employees
	Persons with disabilities	1994 Fuji Electric Frontier (special-purpose subsidiary) established. Hiring and work areas expanded (now 12 bases)

Ratio of Female hired, managers, supervisory position

	FY2011	FY2022	FY2023 Target
Ratio of female hired*	12%	21%	20%
Ratio of female managers*	0.74%	3.2%	3.0%
No. of female employees in supervisory positions*	83	316	400

Employee ration who took childcare leave

	FY2018	FY2022
Childcare leave (male)	107 (6)	131 (43)
% of females taking leave	100%	100%
% of males taking leave	3.1%	21.1%

Employees aged 60 or over

	FY2001	FY2022
% of employees choosing Selective Retirement Age System	7.8%	82.1%

Employment ratio of persons with disabilities

	FY2011	FY2023
Ratio at Fuji Electric	1.94%	3.02%
(Ref.) Stationary ratio	1.8%	2.3%

※Data collected from the Company and its six subsidiaries in Japan that adopt same personnel system

Initiatives for Human Resources

Materiality	Key measures	Events -What we implemented-	Mid-term issues
Promote activities of diverse HRs	Stimulating HRs <ul style="list-style-type: none"> • Creating career building foundations 	<ul style="list-style-type: none"> • Career/Work Goals Systems expanded • Monotsukuri Meister System introduced (2020) 	<ul style="list-style-type: none"> • Strengthening training of the next-generation line personnel in anticipation of changes in workforce composition • Increasing the number of female managers • Further improving a workplace environment that empowers diverse HRs
	<ul style="list-style-type: none"> • Promoting diversity <ul style="list-style-type: none"> - Women - Senior employees - Employees with disabilities 	<ul style="list-style-type: none"> • Ratio of women female: 3.2% (FY2022) • Senior Task System and Employment Guidelines for Employees Aged 65 or Over established (2020) • Employment ratio of persons with disabilities: 3.02% (FY2023) 	
	<ul style="list-style-type: none"> • Workstyle reform 	<ul style="list-style-type: none"> • Flexible work system • Smart Work Incentives introduced (2022) 	
	Discovering/developing high-potential HRs <ul style="list-style-type: none"> • Developing next-generation managerial HRs 	<ul style="list-style-type: none"> • Total number of registered next-generation managerial HRs: 504 (Japan) (FY2022) 	
	Developing global HRs <ul style="list-style-type: none"> • Assigning Japanese employees overseas • Assigning international employees to Japan 	<ul style="list-style-type: none"> • Planned assignments/development implemented 	<ul style="list-style-type: none"> • Promoting training for autonomous management of overseas bases
Recruit HRs	<ul style="list-style-type: none"> • Significantly expanding recruitment • Expanding internships 	<ul style="list-style-type: none"> • Number of new recruits: FY2018: Approx. 500 → FY2023: Approx. 800 (Mid-career personnel) FY2018: Approx. 170 → FY2023: Approx. 300 	<ul style="list-style-type: none"> • Hiring diverse HRs

Initiatives for Respect for Human Rights

Establishing a sustainable corporate culture that is “never involved in or complicit in human rights violations”

Promotion structure for human rights awareness

Corporate

SDGs Promotion Committee

Human Rights Promotion and Human Resources Empowerment Subcommittee

Deliberate/evaluate the following policies/measures

- Activities to reflect respect for human rights into management measures

- Gender equality, enhancing job satisfaction Etc.

Business sites and subsidiaries

Human Rights Promotion Committee

- Strict observation of human rights
 - Promotion of human rights education/awareness-raising programs
 - Establishment of consultation venues

Selected initiatives

<So far>

- Conducted human rights due diligence (bi-annually)
- Promoted human rights awareness-raising programs
 - Conducted level-specific education
 - Conducted human rights development education programs (at each business site) Etc.

<FY2023>

	Featured training programs
Corporate	《Fostering awareness of the need to respect human rights》 e-learning added to conventional programs (all employees)
Business sites	《Ensuring recurrence prevention》 Individualized programs offered at workplaces to prevent recurrence by encouraging reports via the helpline, etc.
External	《Enhancing human rights awareness literacy》 Persons in charge of human rights/recruitment at Fuji Electric and subsidiaries participate in external training programs
Level-specific	Level-specific training continued for new recruits, team leaders and managers, mid-career recruits, new directors, etc.

Overview of Employee Awareness Surveys

Analyzing trends in survey findings to locate issues/risks and act early

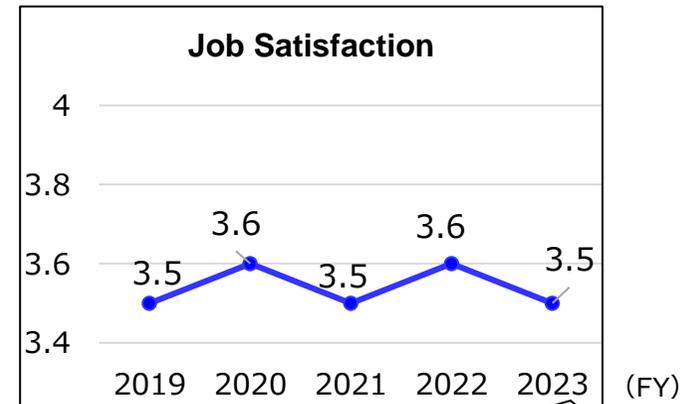
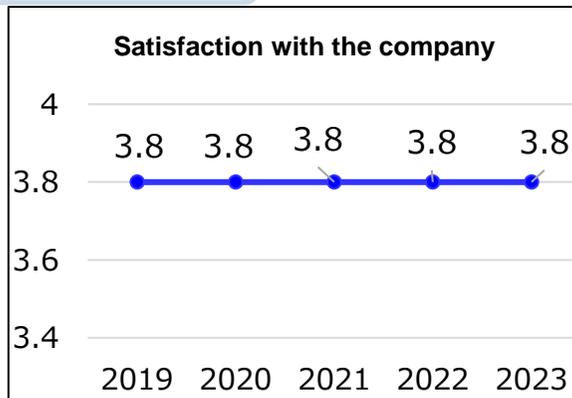
Overview

- Purpose : 1) Track levels of management policy understanding and employee satisfaction
2) Review organizations and improve organizational management
- Target : Fuji Electric and Fuji Electric's affiliated company in Japan and overseas (except Fuji Furukawa E&C)

Result

Target : Maintain a level of 3.5 pts or higher, a level that can be evaluated as sound

※5 point scale from 1 to 5 pts, with higher scores indicating a more positive stance



- Challenges: Stimulating HRs, strengthening workplace management
- Key measures: Career/Work Goals Systems Introduced (FY2019)
introduced Monotsukuri Meister System (FY2020)
Continue line manager training
Reinvigorate boss-subordinate communication and others

The score supposedly temporarily dropped due to increased workload for accelerated achievement of the Medium-Term Management Plan. (Detailed analysis underway and measures under consideration at each workplace)

Governance

Evolution of Initiatives for Governance

Key issues				
Improving the effectiveness of corporate governance	2003 Pure holding company system introduced 2003- Outside officer system introduced	2011 Business company system introduced Faster decision making by management (Executive officers: 53 →18) 2012 Woman Outside Audit & Supervisory Board Member appointed	2019 Nomination and Remuneration Committee established 2019 Evaluation of the effectiveness of the BOD by a third-party 2021 Directors' skill matrix disclosed 2022 Woman Outside Director appointed 2019 - Cross-shareholdings continuously reduced	
Promoting compliance	2004 Business Ethics Helpline System (present Business Ethics Whistle-Blowing System) introduced 2007 Compliance Regulations and Compliance Program formulated	2012 Partner Hotline established (for business partners)		
Enhancing risk management	2006 Fuji Electric Risk Management Rules formulated 1970 Quality Control Rules formulated 1981 Product Safety Rules formulated	2011 Information Security Policy formulated 2016 - Cyber security measures/activities commenced (CSIRT formed, etc.) 2013 Business Continuity Management (BCM) Rules formulated 2013 Business Continuity Plan (BCP) Formulation Manual established	2020 Cyber Security Standards formulated 2022 High-Reliability Working Group established	

Improving Board Effectiveness

**Continuously implementing training designed to enhance understanding of Fuji Electric
 Identifying issues and stimulating discussions based on effectiveness assessment results**

Initiatives to enhance understanding

- Visits to factories and business sites
- Participation in presentation meetings on business strategies, R&D, etc.
- Participation in product exhibits Etc.

At the Suzuka Factory



Actions taken on issues found in effectiveness evaluation

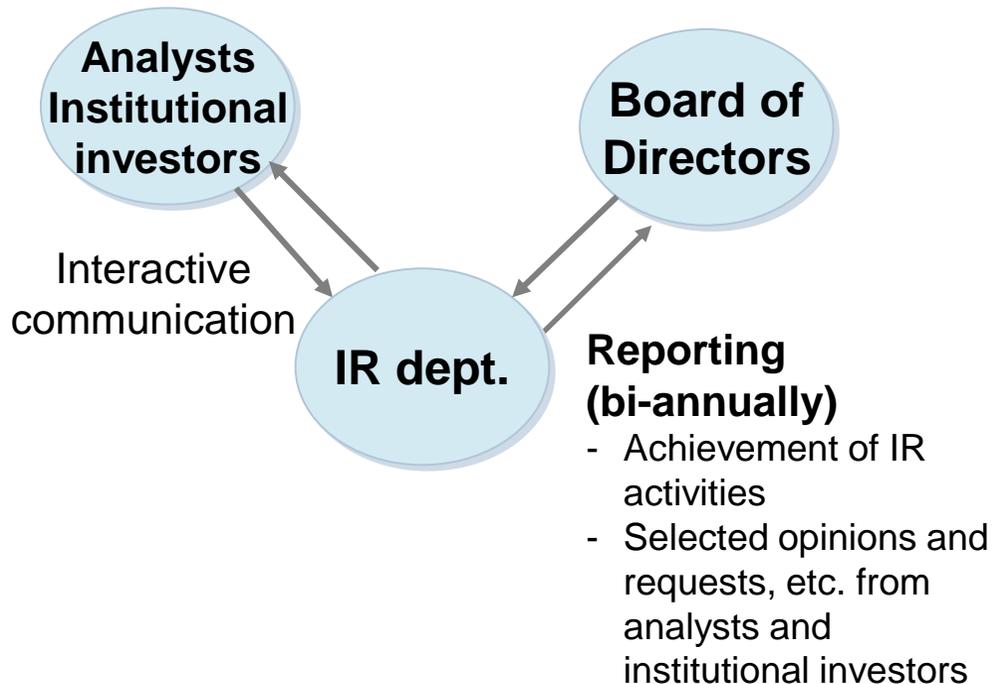
Main issues for FY2022 effectiveness evaluation: Report/discuss important tasks over the mid- to long-term ▼

Reflected in FY2023 Board meetings: Discussions of mid- to long-term strategies

<Selected comments from outside officers on the environment and society>

- Company-wide GX and DX promotion systems
- Gather information from new fields, such as carbon credits, and aggressively involve said information in the formulation of international rules
- Business opportunities under the 1.5°C scenario
- Plan procurement of renewable energy, reduce procurement costs
- HR strategies for consolidated subsidiaries in Japan and overseas
- Strengthen recruitment of HRs (engineers, women, etc.)
- Develop next-generation managerial HRs Etc.

Feeding back concerns and comments/requests by analysts and institutional investors to the Board of Directors To stimulate discussions on management/business



<Selected comments from outside directors>

■ On reporting of IR activities

- Responses to overseas institutional investors
- Enhanced understanding of the power electronics business (factory tours for analysts/institutional investors, etc.)

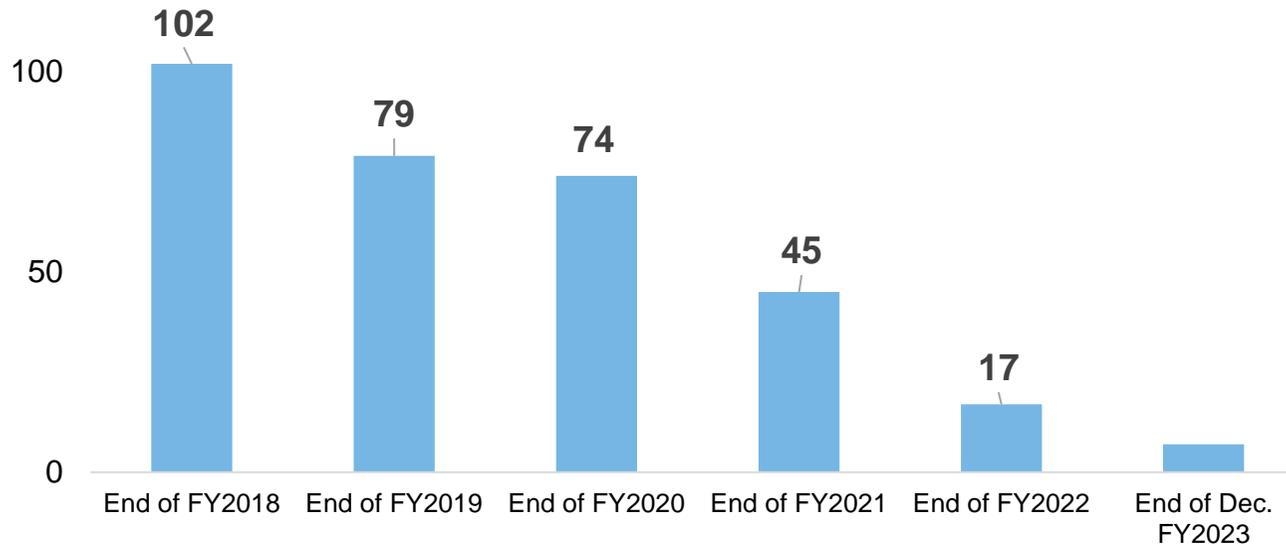
■ On Integrated Reports

- Explanations on the value creation process enhanced and made easier to understand
- Better presentation of initiatives by focus overseas businesses
- Descriptions of company-wide initiatives for DX
- Improved editing (volume of text, photos, easy-to-understand technical terms)

Reduction of Cross-Shareholdings

Under the basic policy of reducing cross-shareholdings, we will seek to reduce cross-shareholdings even when cross-shareholding is rational to a certain degree while paying due attention to its impact on our management and business.

Number of Cross-Shareholdings



External Evaluation

Fuji Electric has been selected as a component of the socially responsible investment (SRI) indexes, as a company with outstanding CSR performance.

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



8 consecutive years
Selected as a component of indexes



6 consecutive years
Selected as a component of indexes

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom Japan Index
7 consecutive years
Selected as a component of indexes

Member of
Dow Jones Sustainability Indices

Powered by the S&P Global CSA
<https://www.spglobal.com/esg/csa/>

19 consecutive years
Selected as a component of DJSI Asia Pacific



FTSE Blossom Japan Sector Relative Index
2 consecutive years
Selected as a component of indexes

In recognition of the efforts to address climate change and the information disclosure, the Company has been selected for the CDP A-List, the world's most prestigious list in the environmental field.



5 consecutive years
Selected

Received the following awards and certification in recognition of our outstanding initiatives to promote diversity.

Diversity Management Selection 100

Acquired Kurumin certification as a company that supports child rearing

Acquired Eruboshi certification based on the Act on Promotion of Woman's Participation and Advancement



1. Statements made in this documents or in the presentation to which they pertain regarding estimates or projections are forward-looking statements based on the company's judgments and assumptions in light of information currently available. Actual results may differ materially from those projected as a result of uncertainties inherent in such judgments and assumptions, as well as changes in business operations or other internal or external conditions. Accordingly, the company gives no guarantee regarding the reliability of any information contained in these forward-looking statements.
2. These documents are for information purpose only, and do not constitute an inducement by the Company to make investments.
3. Unauthorized reproduction of these documents, in part or in whole, is prohibited.