

Condensed Transcript of Q&A Session Regarding FY2023 ESG Meeting

Date/Time: Thursday, February 29, 2024, 13:00 – 14:07

Q. How do you assess the effect of the organizational change of October 2023 (integration of the power generation segment and the power electronics segment) in propelling the energy and environment businesses?

A.

- At this moment, we don't have any quantitative data on the integration effect that we can share, but we expect orders to expand as we should gain higher proposal capabilities in the field of renewable energy through strengthened cooperation between the renewable energy business of the former power generation segment and the energy management business.
- We are aware of the losses from increased costs on large-scale projects of the former power generation business, but we now recognize that the organizational change of October 2023 has facilitated a review of various procedures, including that for project management, thus expediting improvement.

Q. While demand for the introduction of renewable energy and carbon neutrality-related equipment remains robust, there are some concerns about your business, particularly in Japan, such as labor shortages and resultant delays in related projects. How is Fuji Electric responding to them, for instance, by prioritizing orders received?

A.

- We make such decisions by considering plant utilization, workload on on-site installation engineers, future growth potential of relevant businesses, customer relations, and others.
- Labor shortages and overtime work are challenges the entire industry faces. In our case, we have similar challenges mostly in the equipment construction field of the Industry segment.

Q. What are some of the reasons why you expect products from the Industry and Energy segments (excluding the former power generation business) to significantly reduce CO₂ emissions in society? Also, are there any measures to further ramp up CO₂ emissions reduction?

A.

- Low-voltage inverters and UPSs contribute significantly to CO₂ emissions reduction. As the number of projects involving plants and systems using these products increases, they help ramp

up the reduction.

- Going forward, we aim to further reduce society's CO₂ emissions by products by expanding our lines of products and businesses with high CO₂ emissions reduction and further promoting eco-friendly product development and design.
- In more concrete terms, we expect such reduction to continue due to the development of SiC power semiconductors and a resultant increase in their sales.

Q. What is behind the substantial decline (improvement) in the amount (ratio) of waste sent to landfills in FY2022?

A.

- The principal factor is a decrease in the amount of waste sent to landfills at our Malaysia Factory as a result of the exit from the magnetic disk business.
- We will also continue reducing the amount of waste sent to landfills by enhancing waste sorting and cultivating new recycling manufacturers and services while developing/designing eco-friendly products with a circular economy in mind.

Q. Could you talk about the results of your annual employee awareness survey by region and business segment? Is your management team aware of any issues regarding the survey findings on "job satisfaction," and if so, what measures do you have to solve such issues?

A.

- The survey results (scores) show that we achieved our self-set passing mark of "3.5 pt. or over" overall, but the scores vary from workplace to workplace. Because of this, we have begun closely monitoring score changes over the years, both overall and by workplace, so that we can design and implement measures tailored to the realities of less-than-satisfactory workplaces through collaboration with the human resources department or relevant workplaces. We then verify the effects of such measures in the employee awareness survey of the following year in a continued effort to bring about further improvement.
- Given the experience during the COVID-19 pandemic, we recognize the importance of revitalizing communication in the workplace. One of the things that we are doing to improve the situation is introducing a program designed to stimulate communication between supervisors and subordinates in a training program for line managers.