Research and Development / Intellectual Property

We will challenge ourselves to create new products and acquire new technologies that will drive Fuji Electric's growth strategies.

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

Even as the business environment becomes more uncertain, we believe that trends such as the transition to a decarbonized society, the shift to a circular economy, and expanded investment in digitalization will continue. To solve the new challenges our customers face as a result of these trends, we are refining our core technologies and strengthening development of global products, and new products that contribute to green transformation (GX) and digital transformation (DX). Furthermore, we are challenging ourselves to acquire innovative new technologies through collaboration and co-creation with partner companies and academia, aiming to create new products that meet new needs by anticipating how social issues will change.

We are also working to build an intellectual property portfolio to ensure competitive advantages for our new products and technologies, and we are engaged in international standardization activities, which are essential to expanding our business globally.

Progress of Medium- to Long-Term R&D

As our R&D strategy in the FY2026 Medium-Term Management Plan, which began in fiscal 2024, we are promoting the development of new products in our existing fields (1) and growth fields (2), as shown in the R&D portfolio (on the next page), while engaging in R&D in new fields (3) that will contribute to growth from 2030 onward.

To realize this R&D strategy, we have set our R&D expenditures for fiscal 2025 to ¥39.7 billion, an increase of ¥1.8 billion year on year. Building on our efforts in fiscal 2024, we will expand investment in R&D in growth and new fields that support our growth strategies. Furthermore, for new product net sales (within five years of launch), which we position as our most important R&D KPI, we have set a target for fiscal 2026 of at least 1.2 times the level of fiscal 2023.

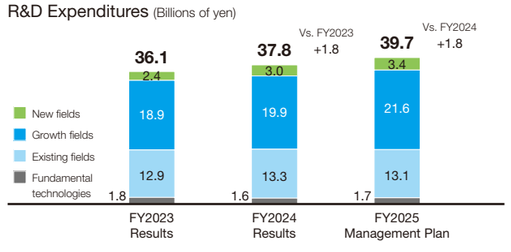
Main Development Progress in FY2024

In our existing fields of business (1), we have launched the next-generation model of programmable controllers and inverters for elevators, expanded our series of servo systems and natural ester transformers, and are developing products such as small-capacity UPSs and ultrasonic flowmeters.

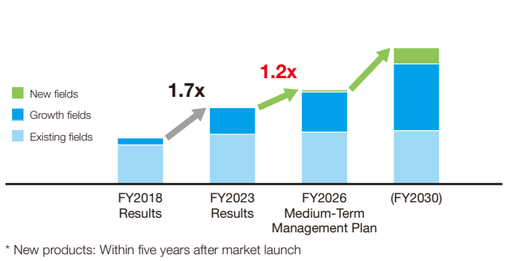
In the GX-related growth fields (2), we completed the development of new power semiconductor modules for electrified vehicles and renewable energy. In the mobility field, we launched a shoreside power supply system for harbors, and in the energy management field, we advanced the development of products such as string-type PCS for solar power. In DX-related areas, we completed the enhancement of engineering functions for plant monitoring and control systems and the development of an EMS platform, and we are developing equipment for digital substations. Furthermore, as global products, we have launched drive systems for plants in industries such as steel and cement, and are advancing the development of dry-air C-GIS, VCB panels, and beverage servers.

In the new fields (3), we have worked to create new products that will contribute to growth from fiscal 2030 onward and to acquire the new technologies necessary to do so.

R&D Expenditures (Billions of yen)



New Product Net Sales Transition (Relative value)



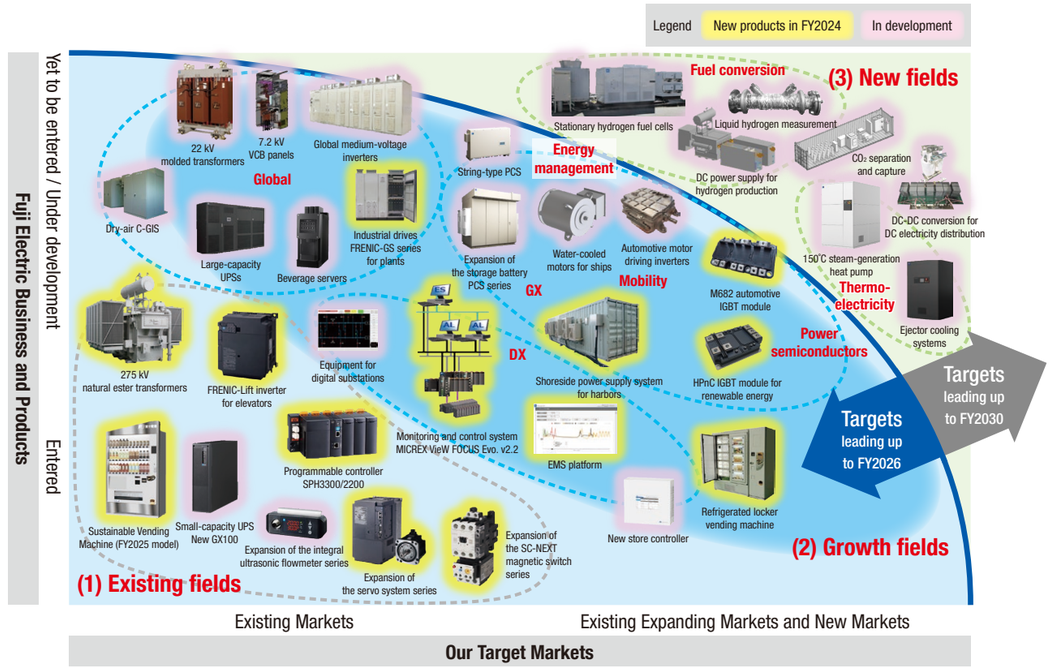
* New products: Within five years after market launch

R&D Portfolio and Main Progress Items

(1) Existing fields "Develop next-generation models, strengthen competitiveness, and expand platform development" to maintain and expand our existing businesses

(2) Growth fields "Launch GX, DX, and global new products by fiscal 2026" to drive our growth strategies

(3) New fields "Challenge ourselves to acquire new GX technologies and create new products" in anticipation of market expansion from fiscal 2030 onward



Strengthening New Product Creation and New Technology Acquisition

As we proceed with creating new products and acquiring new technologies in fields that are new to our company and that are expected to see market expansion from fiscal 2030 onward—such as "fuel conversion," "thermoelectric systems" (see Industry, P32), and "CO_2 separation and capture"—we are expanding our co-creation with partner companies.

Aiming to realize fuel conversion from fossil fuels to ammonia, we and ITOCHU Corporation are participating in the "Development of Peripheral Equipment in the Construction of a Supply Chain for Ammonia-Fueled Ships," one of the Green Innovation Fund projects of the New Energy and Industrial Technology Development Organization (NEDO). By combining the measurement technologies we have cultivated to date with new high-sensitivity technologies, we are working to develop leakage sensors for safely handling hazardous ammonia and equipment for recovering residual ammonia.

Residual ammonia recovery equipment

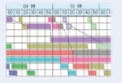
In-pipe residual ammonia measuring instrument

Ammonia leakage sensor

In addition, in fiscal 2024, we invested in the following two startups and began collaborating with them. Going forward, we will continue to actively promote acquisition of new technologies by investing in promising partner companies.

Hutzper Inc.

— On-Site-Oriented AI Services for the Manufacturing Industry —



Hutzper's strength lies in its ability to provide its proprietary AI technology, which realizes visual inspections through image analysis and optimal personnel allocation on production lines, in a high-quality package. By creating solutions that generate synergies when combined with our products, we aim to strengthen our smart factory business.

Illuminus Inc.

— Proprietary Solid-Solution Alloy Nanoparticle Manufacturing Technology —

Illuminus possesses technology for stably producing solid-solution alloy particles with a diameter of 10 nm or less, that are composed of multiple elements. By utilizing this technology to develop high-performance new materials such as catalysts applicable to the power semiconductor and clean energy fields, we aim to create competitive new products that contribute to realizing a decarbonized society.

Intellectual Property Initiatives

We position intellectual property as a key management resource and, under our intellectual property policy, we secure competitive advantages for our products by strategically acquiring and utilizing intellectual property rights, while promoting compliance with the international standards required in the global market.

Over the medium to long term, in addition to strengthening our intellectual property and international standardization activities for businesses and products in growth fields, we are utilizing intellectual property analysis to improve our market analysis capabilities in order to create new products.

Intellectual Property Policy

- Develop and implement intellectual property strategies by analyzing intellectual property.
- Strengthen each business's intellectual property portfolio and reduce risks.
- Strengthen strategic international standardization activities.

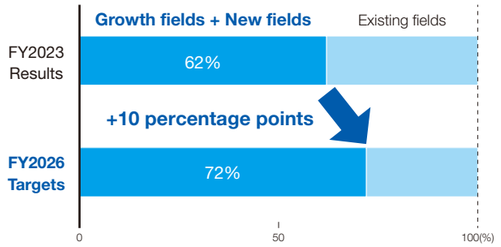
Strengthening Our Intellectual Property Portfolio

The intellectual property rights we hold are managed as per-business intellectual property portfolios (our intellectual property is categorized by major technology), and we continuously perform maintenance, such as deciding whether to keep or abandon rights, by taking into account changes in the business situation.

In fiscal 2024, we also began activities to support the growth strategies for each field set forth in the Medium-Term Management Plan. Specifically, we have set a goal of increasing the total number of invention proposals in growth fields (e.g., GX and DX) and new fields (e.g., fuel conversion and thermoelectricity) defined in the plan by 10 percentage points by fiscal 2026. To do so, we are working closely with the R&D division and jointly proceeding with activities to extract invention proposals.

We will continue these initiatives and support our growth strategies from an intellectual property perspective.

Target for Strengthening Invention Proposals

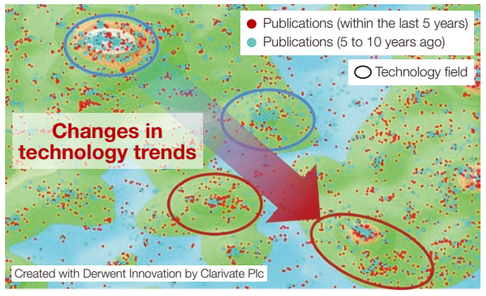


Utilizing Intellectual Property Analysis (IP Landscapes) for New Product Creation

To create highly competitive new products, we actively utilize IP landscapes from the initial stages of product development. IP landscaping is a method that supports strategic decision-making by analyzing technology trends and key industry players based on published patents and academic papers.

In fiscal 2024, we applied the IP landscaping process to over 30 projects. For example, in business fields that we have yet to enter, we are promoting initiatives for strategic new product creation, such as formulating new development themes based on technology trend analysis (see the figure on the right).

Example of Technology Trend Analysis Using an IP Landscape



Strengthening International Standardization and Rulemaking Activities

We systematically promote compliance with international standards and the acquisition of certifications necessary for overseas business expansion. Policies and strategies are decided by the International Standardization Committee, on which the Corporate General Managers of each Business Group serve as members, and based on these policies and strategies, working groups formed for each business field carry out international standardization activities.

Furthermore, in new fields such as GX, we are developing "rulemaking activities" in which we proactively participate in standardization activities in Japan and overseas from the formulation stage based on market trends, aiming to contribute to our business. As part of this, in fiscal 2024 we participated in a demonstration experiment in collaboration with an industry association (see TOPICS on the next page).

R&D TOPICS

Establishment of the "Fuji Electric × Tohoku University Advanced Technology Co-creation Research Center" to Strengthen Basic Research in Power Electronics and Power Semiconductors

Tohoku University and Fuji Electric established the "Fuji Electric × Tohoku University Advanced Technology Co-creation Research Center" in November 2024 to promote research activities in the fields of power electronics and power semiconductors with the aim of realizing a decarbonized society.

At this co-creation research center, we will fuse our technologies in the power electronics and power semiconductor fields with Tohoku University's advanced research capabilities across a wide range of areas, including materials, processes, devices, circuits, equipment, and systems. By doing so, we will accelerate research into high-efficiency, compact power modules and power supply and drive systems, while working to explore joint research themes for creating new value to contribute to the realization of a decarbonized society.

Tohoku University President Tominaga and President & COO Kondo (right photo)

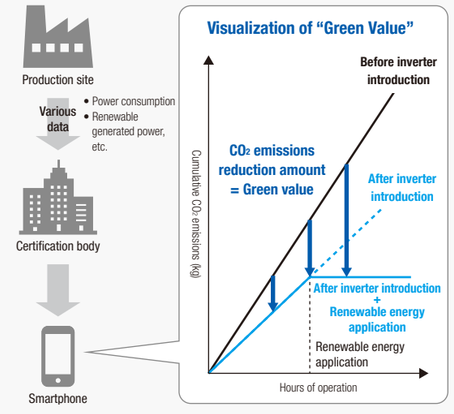
Tohoku University's "Co-creation Research Center" system promotes a variety of activities, including planning and promotion of joint research, human resource cultivation, and collaboration with university-launched ventures. It does so by establishing bases for collaboration with companies within the university, enabling cross-departmental access to the university's faculty, knowledge, and facilities.

Intellectual Property TOPICS

Strategic Rulemaking Activities in the GX Field

In fiscal 2024, in collaboration with the Japan Electrical Manufacturers' Association (JEMA) and three JEMA member companies, we constructed and verified a new system to certify and display CO_2 emissions reduction amounts at production sites. Specifically, we built and verified a system that sends various data to a certification body when introducing inverters for motor drives and when applying renewable energy (solar power), and then visualizes the third-party-certified CO_2 emissions reduction amounts on devices such as smartphones. By presenting the amount of CO_2 emissions reduction as the "green value" of a product in this way, we can enhance the added value of energy-saving products and make an appeal to environmentally conscious customers.

We are participating in rulemaking activities, including the development of guidelines, with the aim of promoting the adoption of this new system. Through these initiatives, we will advance our business strategically, capture new GX demand, and contribute to the medium- to long-term expansion of our business and profits.



Verification of a new system to certify and display CO_2 emissions reduction amounts

Manufacturing and Procurement

Improving productivity and strengthening the supply chain by utilizing digitization and AI technologies

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

We have been promoting high-efficiency, high-quality manufacturing driven by our strong on-site capabilities and advanced production technologies; a stable supply system based on optimal global production centered on local production for local consumption; and the enhancement of the human resources and teamwork that form the foundation for these strengths.

Today, the manufacturing industry faces an increasingly uncertain environment, including labor shortages and the risk of supply chain disruptions. The advancement of digitization and AI technologies; the shift to a decarbonized, circular economy; and the challenge of controlling the associated administrative costs have also become key issues.

To solve these issues, in our FY2026 Medium-Term Management Plan, we are working to improve productivity by utilizing digital technology. We will optimize the entire value chain from development and design, production management, and manufacturing to sales and after-sales services in order to promote business process reform, while aiming to further strengthen profitability by building a production system that can respond to changes in demand and by reducing costs. Furthermore, we are working to strengthen our global business continuity plans (BCPs) to ensure stable material procurement over the medium to long term, and we will also promote the optimization of material inventories and improve operational efficiency through digital collaboration with our business partners.

The Strengths of Fuji Electric's Manufacturing

(1) Strong On-site Capabilities and Advanced Production Technologies

- We achieve high-efficiency, high-quality manufacturing by combining improvement capabilities driven by the high level of technology and skills at our manufacturing sites with our production and automation technologies.
- We advance our production systems and optimize quality, cost, and delivery (QCD) across the supply chain through real-time visualization of factory management indicators and on-site data, and through improvement activities.

(2) Optimal Global Production Collaboration

- We strengthen our community-based production systems by transferring and passing down cutting-edge technologies, equipment, and production management systems from our mother factories in Japan to our overseas production bases.
- We strengthen our global production systems through collaboration between production bases, thus building a resilient, flexible, and stable supply chain.

(3) Human Resource and Team Capabilities by Cultivating Engineers and Skilled Workers

- We are increasing the number of engineers with the ability and teamwork skills for autonomously innovating production technologies by providing practical global training on production technology, skills, and manufacturing expertise, as well as digital human resource cultivation, for young engineers and mid-level leaders at our bases in Japan and overseas.

The Evolution of Manufacturing to Respond to Change

We have begun efforts to improve development efficiency by digitally integrating PLM*1 and SCM*2. By utilizing digitization and AI technology, we will dramatically increase the productivity of work processes that were previously difficult to automate, and achieve advanced automation technologies that can foresee and predict equipment abnormalities. We will deploy these production technologies globally to improve operating rates at our production sites and increase our product supply capacity, while aiming for further improvements in productivity, cost reduction, and quality.

*1 PLM: Product lifecycle management
*2 SCM: Supply chain management

Concurrent Development Through PLM Reform and SCM Integration

We aim to reform our business processes, shorten delivery times, and improve product quality through concurrent development that links PLM (which covers the product lifecycle from planning, development, and design to maintenance) with SCM (which covers the process from order receipt to manufacturing and shipment). In addition to promoting design standardization and business system construction, we aim to realize highly efficient, compact lines by reducing operational rework (i.e., work to confirm mistakes or ambiguities in instructions from previous manual processes) through integration with procurement data, and by utilizing AI simulation technology for optimal process design and verification.

Furthermore, by using 3D design data to digitally verify product configurations and assembly feasibility (e.g., interference and clearance) in a virtual space and then making design changes or corrections based on the verification results, we are working to reduce losses during the production stage and to improve product quality.

Improving Productivity by Advancing Production Technologies

In response to the launch of new products in growth markets and to the expansion of overseas businesses, we are working to increase our production capacity by advancing our production technologies, executing timely plant and equipment investments, and further strengthening our global production systems.

We are automating bottleneck processes that were conventionally difficult to automate (e.g., welding, attachment of soft parts, and visual inspection) using control technology for multi-axis 3D robots and digital processing technology that combines image recognition with CAD. Furthermore, by utilizing multivariate analysis of process data and AI technology to foresee and predict equipment abnormalities, we are working to improve productivity and increase our global product supply capacity.

By advancing these production technologies, we are aiming to achieve a 20% improvement in productivity in fiscal 2026 (compared to FY2023). We achieved a 6% improvement in fiscal 2024 (compared to FY2023).

Shortening Production Lead Time (LT) by Halving the Production Line Length

Before Improvement　　After Improvement

Automated assembly line for magnetic switches (Fukiage Factory)
By optimizing parts supply, assembly, and conveyance, we shortened the line length by 45% and improved productivity by 40%.

Automated line for sheet metal parts for can vending machines (Mie Factory)

Initiatives to Improve Quality

As for quality, each year we formulate the High Reliability Activities Policy and apply it to each business division and factory to promote improvement activities. To enhance the degree of product refinement at the development and design stages, we are incorporating plans to acquire new technologies into our design reviews, in addition to the technologies our factories already possess. Furthermore, we are working to strengthen our quality management framework by re-examining our operational procedures.

In addition, at our production sites, we are automating visual inspections using image diagnosis powered by AI technology and are proceeding to digitize quality records. We utilize this data for statistical process control (SPC) and other methods to eliminate human error and the risk of equipment defects.

For process quality, regarding the management status of our manufacturing processes, in addition to the internal audits conducted at each factory, we also carry out mutual diagnoses by experts from other bases. To improve our quality control standards, we reflect the results and findings in our frameworks and rules.

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.

CSR Procurement Initiatives

Based on our basic policy of co-existence and mutual prosperity with our business partners, we work to deepen their understanding of our CSR approach and the initiatives they should observe and implement according to the "Fuji Electric CSR Procurement Guidelines," thereby reducing CSR risks and creating business opportunities.

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

Fuji Electric CSR Procurement Guidelines
https://www.fujielectric.com/company/box/doc/guideline_csr_e.pdf

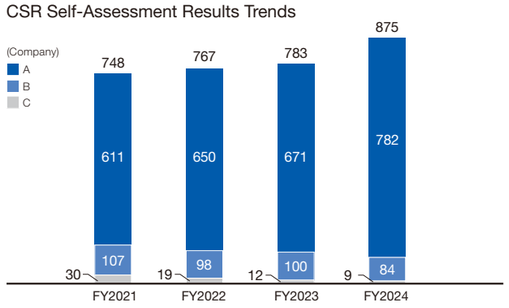
CSR Briefing for Business Partners (Held on August 2, 2024 at the Tokyo Factory)

Self-Assessment of CSR Procurement

To understand the status of our business partners' CSR initiatives and improvements, we conduct an annual CSR self-assessment. We also hold CSR briefings and interviews with business partners to share the issues we face and implement PDCA cycles for collaborative improvement activities. In fiscal 2024, we conducted assessments of 875 business partners, which covered 80% of our purchases over the last three years. As a result of these activities, the percentage of Rank A business partners has been increasing by the year, reaching 89%, a three-percentage-point increase from the previous fiscal year. In fiscal 2025, we plan to assess 880 business partners, and we will promote thorough implementation and reinforcement of CSR in our supply chain by sharing issues and making continuous improvements collaboratively.

Rating	Definition
A	Recognizes its social responsibility as an organization and takes concrete measures.
B	Recognizes its social responsibility as an organization and considers measures.
C	Recognizes its social responsibility as an organization.
D	Recognizes its social responsibility as an organization and needs to improve.

CSR Self-Assessment Results Trends



Additional and Improved Assessment Items

- Based on social conditions, (1) added a survey on greenhouse gas emissions reduction activities to the environment section. (2) added the Declaration of Partnership Building to the fair trade and ethics section.
- Improved the wording of questions to avoid misunderstandings, based on the content of interviews with business partners.

CSR Audit Initiatives

To improve the effectiveness of CSR procurement, we conduct on-site CSR audits of our business partners. In fiscal 2024, we conducted on-site audits of 17 companies, focusing on business partners with Rank B and C evaluations. We confirmed their understandings of the importance of CSR activities and the statuses of their actual activities. At the same time, we communicated with our business partners to ensure alignment with respect to evaluation criteria and improvement methods for each activity, and we shared issues with each other. Furthermore, to expand our on-site audits, we also trained our own auditors; in fiscal 2024, the number of auditors increased by 12 to a total of 19. In fiscal 2025, we plan to conduct more on-site audits and to further increase the number of auditors, and we will strengthen our CSR procurement by communicating directly with business partners that handle single-source items and critical components.

On-site audit at a business partner

Contributing to Business Continuity through Stable Procurement

Initiatives for Purchasing from Multiple Suppliers to Prepare for Emergencies

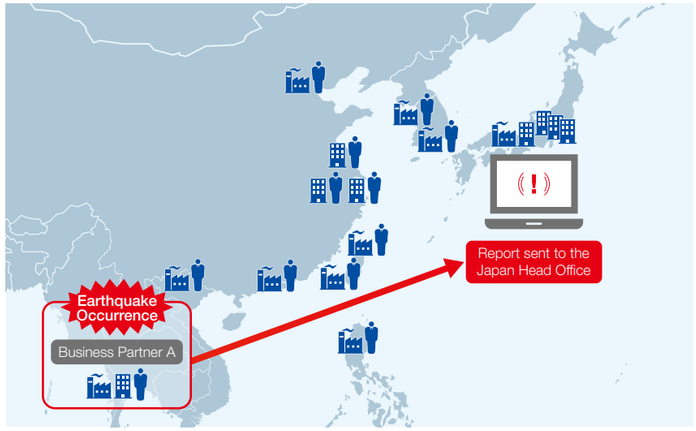
We conduct risk assessments for the approximately 200,000 parts and materials that we order on an ongoing basis and are promoting visualization of single-source items and transitioning to multi-sourcing. In fiscal 2024, we established multi-sourcing for approximately 85% of our procured items (a five-percentage-point increase from the previous fiscal year). In fiscal 2025, we will aim for a 90% multi-sourcing rate and promote the development of new suppliers to eliminate single-source items, aiming to build a resilient supply chain.

Procured Material Risk Rating Definitions

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

Response to Natural Disaster Risks

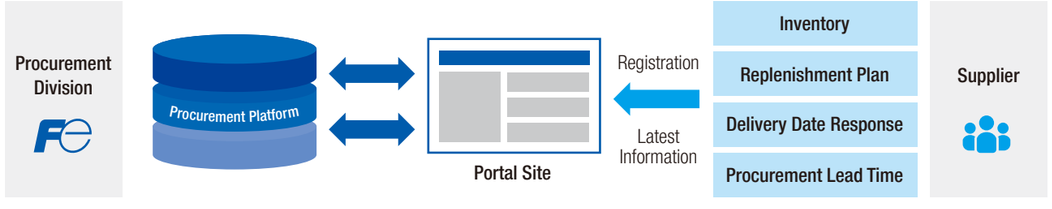
In Japan, we utilize a disaster prevention system that can identify business partners located in areas where special warnings on earthquakes or weather have been issued. We have established a system for quickly ascertaining whether our business partners have been affected and the impacts on our company, enabling us to promptly formulate countermeasures. We are expanding the scope of registration of this disaster prevention system to include secondary business partners, with the number of registered bases reaching approximately 12,000 in fiscal 2024. Meanwhile, in response to disasters occurring overseas, we conducted a trial of this same system in fiscal 2024. In fiscal 2025, we will proceed with a full-scale introduction targeting 200 bases, increase registration of overseas business partners, and further strengthen our global BCP.



Number of BCP Alerts in FY2024
Japan: 7
Overseas: 1
(6 for earthquakes of intensity 5-upper or higher, 2 for heavy rain emergency warnings)

Improving the Efficiency of Procurement Operations through Digital Collaboration

By digitally linking procurement-related data with our business partners, we aim to reduce material inventory balances by shortening procurement lead times, respond flexibly to fluctuations in production volume, and achieve stable procurement that does not affect production processes. In addition, by digitally linking the corporate information of our business partners, including CSR and BCP data, we will build a procurement system that facilitates real-time information sharing, thereby transforming operations that were previously handled by email or phone to improve speed and efficiency.



Environment

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. Furthermore, as a result of past mass consumption and mass disposal activities, a global environmental crisis is progressing, including the loss of biodiversity, pollution, and resource depletion. To address these problems, it is necessary to accelerate initiatives for decarbonization and for the transition to a circular economy, and the role that we as a company must play is becoming increasingly important.

Under the Fuji Electric Basic Environmental Protection Policy, we have positioned global environmental protection as an important issue for management, and we formulated Environmental Vision 2050 in fiscal 2019. In fiscal 2022, we revised our fiscal 2030 greenhouse gas emissions reduction target to align with the 1.5°C level for temperature rise set by the Paris Agreement, and in fiscal 2024, we established promotion of a circular economy as a Fiscal 2030 Target. The results of our fiscal 2024 periodic review of our Fiscal 2030 Targets (environmental KPIs), which was based on our current medium-term management plan, confirmed that we are expected to be able to achieve each target and that major initiatives are progressing as planned.

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 the environmental impact throughout the supply chain.

Furthermore, we will prepare to disclose information appropriately in accordance with nature-related information disclosure schemes (TNFD) and the newly published Japanese sustainability disclosure standards (SSBJ).

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 contribute to the achievement of a decarbonized society, a recycling-oriented society, and a society that is in harmony with nature by expanding the use of Fuji Electric's innovative clean energy technologies and energy-saving products.	
Achieve a Decarbonized Society	Target carbon neutrality across the supply chain
Achieve a Recycling-Oriented Society	Promote green supply chains to reduce the environmental impact to zero throughout the entire life cycle
Achieve a Society That is in Harmony with Nature	Aim for zero impact on the ecosystem through corporate activities that contribute to biodiversity

Fiscal 2030 Target

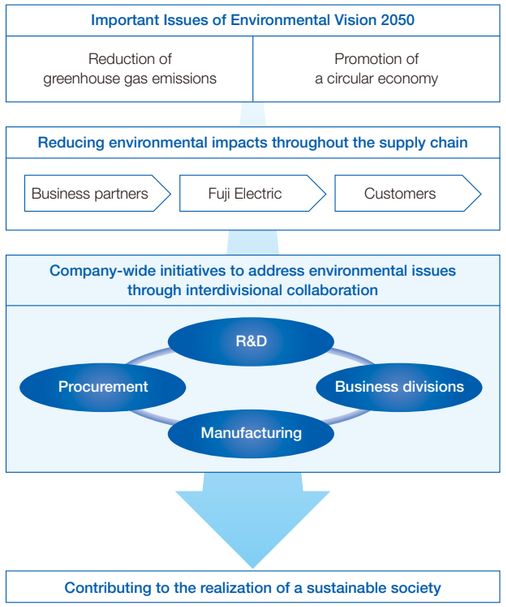
We aim to achieve the following goals in order to limit the temperature increase to 1.5°C above pre-industrial levels.
Greenhouse gas emissions throughout the supply chain (Scope 1+2+3): Reduction of over 46% (compared to FY2019)
Greenhouse gas emissions through production (Scope 1+2): Reduction of over 46% (compared to FY2019)*
Contribution to CO_2 reduction in a society through our products: Over 59 million tons/year

* Reduction of over 54% compared to FY2013

We will promote a circular economy while complying with environmental regulations around the world.
Transitioning to environmentally friendly products that comply with ecological design regulations
Final waste disposal rate (including plastic waste) less than 0.5%

Reducing Environmental Impacts Throughout the Supply Chain

In its Environmental Vision 2050, Fuji Electric has positioned the reduction of greenhouse gas emissions and the promotion of a circular economy as important issues, and the company is working to achieve this environmental vision from a medium- to long-term perspective in order to solve challenges common to all its business activities, including in the R&D division, procurement division, and various factories.



R&D Initiatives

We are carrying out research and development aimed at creating new products that meet new needs related to green transformation (GX), and we are taking on the challenge of acquiring new technologies to reduce CO_2 in a society through our products in areas such as fuel conversion to hydrogen and ammonia, CO_2 recovery, and the electrification of heat processes.

Regarding the circular economy, we are carrying out development of technologies to reduce our environmental impact, such as evaluation and application technologies for recycled materials, in response to international regulatory trends, as well as creating new products to realize new business models. In addition, by participating in rulemaking activities for standards and regulations, we aim to harmonize efforts to reduce environmental impacts with economic activities.

Furthermore, we are formulating a GX strategy and roadmap to serve as guidelines for these activities.

Procurement Initiatives

In collaboration with our business partners, we are promoting the construction of a green supply chain.

Among our activities to reduce greenhouse gas emissions throughout the supply chain, we are currently calculating each business partner's greenhouse gas emissions for procured goods. For business partners with high emissions, we will identify collaborative items for reduction through interviews and formulate action plans. Meanwhile, to calculate the carbon footprint (CFP)*1 on a per-material basis, we have formulated the Fuji Electric CFP Procurement Guidelines, are deepening business partners' understandings by holding study sessions for them, and are collecting calculation data.

In addition, regarding the chemical substances used in our products, we are promoting environmental impact reduction by requesting that our business partners comply with the Fuji Electric Green Procurement Guidelines.

*1 CFP: A system to indicate the amount of greenhouse gas emissions in a product's lifecycle.

Manufacturing Initiatives

To achieve the Fiscal 2030 Target (a reduction of over 46% from fiscal 2019) for greenhouse gas emissions through production (Scopes 1+2), we are reducing environmental impacts by switching from greenhouse gases to electrification (renewable energy) through innovation in production technologies, reforming manufacturing processes, improving production efficiency, optimizing facility energy control, and upgrading to energy-efficient equipment. In reforming manufacturing processes, we will promote the development of underlying technologies such as those for lower-temperature operation and electrification of fuel-consuming equipment used in painting processes, including drying and baking. To improve production efficiency, we will promote DFM*2, which achieves manufacturing efficiency from the design stage, and aim to expand the production volume per hour. We will also achieve energy savings by monitoring and optimizing equipment operation. At our factories, we are systematically promoting the installation of solar power generation equipment and are expanding renewable electricity procurement to advance planned initiatives to achieve our goals.

Regarding the promotion of a circular economy, we will reduce our environmental impacts by improving material yields, promoting reuse, aiming for zero emissions to minimize waste and its amount sent to landfills, and managing and reducing use of chemical substances.

*2 DFM (Design for manufacturing): Designing for ease of manufacturing.

Business and Product Initiatives

We contribute to society's CO_2 emissions reduction through our environmentally friendly products. For inverters, a representative contributing product, we participated in a verification test by the Japan Electrical Manufacturers' Association to visualize the actual amount of CO_2 emission reduction. By controlling motor torque and rotation speed, we reduced energy use and visualized the resulting reduction effect on CO_2 emissions (Scope 3). Through this initiative, we expect to contribute to more effective CO_2 emissions reduction measures for companies and to the decarbonization of the entire industrial sector.

Regarding the promotion of a circular economy, our R&D, manufacturing, and business divisions will collaborate to advance the transition to environmentally friendly products that comply with ecological design regulations and CFP.

Initiatives to Achieve a Decarbonized Society

Fiscal 2024 Results and Progress

Environmental Vision Fiscal 2030 Indicators	FY2023 Result	FY2024 Target	FY2024 Result	FY2024 Measures	FY2030 Target
Greenhouse gas emissions throughout the supply chain (Scope 1+2+3) (million tons)	58	62	56	•Increase percentage of 7th-generation IGBTs	67 or less
Reduction rate (compared to 2019)	-53%	-50%	-55%		Over -46%
Greenhouse gas emissions through production (Scope 1+2) (thousand tons)	338	361	331	•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_2 greenhouse gas emissions	250 or less
Reduction rate (compared to 2019)	-25%	-20%	-27%		Over -46%
Contribution to CO_2 reduction in a society through our products (thousand tons)	56,220	50,000	57,690	•Increase net sales of contributing products	Over 59,000

Major Initiatives in FY2024

As part of our initiatives to reduce greenhouse gas emissions through production, we promoted installation of solar power generation equipment at our production bases as part of an effort underway since fiscal 2022. In fiscal 2024, we installed and began operating a total of approximately 5,300 kW at five bases in Japan and two bases overseas. We also engaged in cross-functional energy-saving initiatives at all factories and promoted systematic activities such as selecting the most energy-efficient equipment when replacing infrastructure and production facilities. At our semiconductor production bases, which consume large amounts of electricity, we have signed three 20-year off-site PPA*1 contracts to expand our purchasing of renewable electricity.

Regarding emissions during product use (Scope 3, Category 11), which account for approximately 95% of greenhouse gas emissions throughout the supply chain, we curbed emissions by increasing the ratio of high-efficiency products, such as 7th-generation IGBT power semiconductors.

*1 Off-site PPA: A system for purchasing electricity via the power grid facilities from renewable energy generation facilities installed off-site.

Initiatives toward 2030

We have verified the feasibility of our greenhouse gas reduction plan based on the projected production increases through fiscal 2030, in line with the FY2026 Medium-Term Management Plan.

We have confirmed that we are making progress toward achieving our targets for each indicator, including reducing greenhouse gas emissions throughout the supply chain—which covers our own factory production activities (Scopes 1+2) as well as material procurement, product shipment, and post-delivery emissions (Scope 3)—and contribution to CO_2 reduction in a society through our products.

Our Fiscal 2030 Target is a higher reduction goal than the decarbonization target set by the Japanese government (NDC*2), and we will continue to advance our initiatives toward realizing a decarbonized society.

*2 NDC (Nationally Determined Contributions): The contributions set by a country.

Reduction of Greenhouse Gas Emissions throughout the Supply Chain (Scopes 1+2+3)

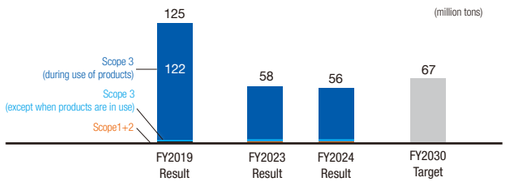
We calculate the greenhouse gas emissions generated in our supply chain based on the GHG Protocol, an international standard. For power semiconductors, Category 11 (emissions during product use), which accounts for the majority of Scope 3 greenhouse gas emissions, is expected to decrease due to expanded sales of 7th-generation IGBT modules with low power loss and the shift to silicon carbide (SiC) products. In Category 1 as well, which covers upstream emissions in the supply chain, we are carrying out activities to collaborate with and support our business partners. We aim to reduce greenhouse gas emissions throughout the supply chain to achieve the Fiscal 2030 Target (a reduction of over 46% from fiscal 2019, to 67 million tons or less).

Greenhouse Gas Emissions and Reductions throughout the Supply Chain

[Scope 3 Category 11] Emissions* and main products (fiscal 2024)

Energy	0.8 million tons (thermal power, industrial substations, etc.)
Industry	10.0 million tons (low-voltage inverters, drive control, etc.)
Semiconductors	42.1 million tons
Food and Beverage Distribution	0.7 million tons (store distribution, etc.)

* Emission volume = annual number of shipments × lifetime emissions



Reduction of Greenhouse Gas Emissions through Production (Scope 1+2)

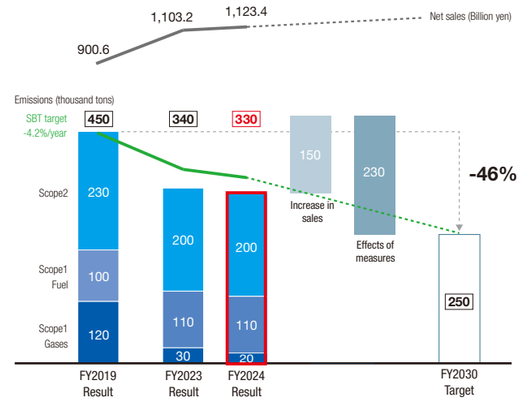
Based on the projected production increases centered on semiconductors, we are advancing the necessary measures to achieve a reduction of over 46% in greenhouse gas emissions through production (compared to fiscal 2019).

To expand our purchasing of renewable electricity, we are securing a stable supply through long-term contracts, and we aim to increase renewable electricity's share of total company-wide electricity consumption*3 from 9% in fiscal 2024 to 55% by fiscal 2030.

*3 Electricity consumption: Amount of purchased electricity + Amount of solar power generated internally

Main Measures	Overview
Expand installation of solar power generation equipment at the Company's production bases	Operations began at seven bases in Japan and overseas in FY2024; operations are scheduled to begin at three bases in Japan in FY2025
Updating to energy-efficient equipment	Replace production facilities, air conditioning, and lighting equipment with the latest energy-saving models
Expand purchasing of renewable electricity	Long-term contracts for renewable electricity

Trends in Greenhouse Gas Emissions through Production

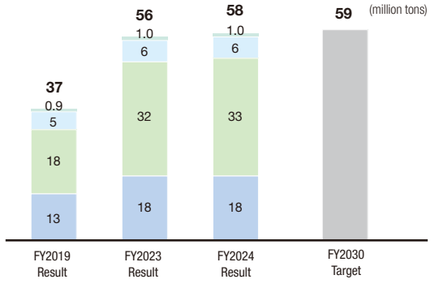


Contribution to CO_2 Reduction in a Society through Our Products

Having defined our business domain as the energy and environmental fields, we began calculating the contribution to CO_2 reduction in a society through our products in fiscal 2009, using this as an indicator of our contribution to achieving carbon neutrality. Each year, we have expanded the range of contributing products, and their sales composition ratio reached 30% in fiscal 2024; the increase is primarily centered on inverters in the industry business and the clean energy field.

Contributions to CO_2 Reduction in a Society through Our Products and Main Contributing Products

(Calculated on a stock basis, targeting all products now in operation in society)



Food and Beverage Distribution
Store facilities and equipment (0.3), Vending machines (0.3)

Semiconductors
Industrial modules and discrete devices (5.7)

Industry
Low-voltage inverters (30.5), Drive control (2.1), Rotating machines (0.3), FA components (0.1)

Energy
Thermal and geothermal (14.1), Hydro (2.0), Solar (1.5), Facility power supplies (0.1)

* According to the Guideline for Quantifying Greenhouse Gas Emission Reduction Contribution (Ministry of Economy, Trade and Industry, March 2018), the difference in power consumption between the case in which existing products continue to operate and the case in which products with superior environmental performance are introduced to replace them is converted into an amount of CO_2 emissions. For products shipped during or after fiscal 2009 during the operation period, and for products newly under scope after the scope of calculation expansion in 2022 (such as drive control systems and ED&C component products), the amount of CO_2 reduction is calculated as the amount of contribution if the product is operated for one year.
CO_2 emissions that can be reduced using the Company's products = (Emissions from existing products - Emissions from new products) × Number of units in operation during the current year
Plant systems in the Energy and Industry segments are excluded from calculation because operating conditions (load factor, operating hours, etc.) differ by project.

Sales Composition Ratio of Contributing Products (Fiscal 2024 Result)

(Billion yen)

	Energy	Industry	Semiconductors	Food and Beverage Distribution	Total
Net sales of contributing products	38.3	44.4	186.8	63.9	333.4
Total net sales	354.3	400.0	236.8	111.5	1,123.4
Composition ratio	11%	11%	79%	57%	30%

TOPICS

Expansion of GX Products in New Fields That Contribute to the Environment

While working to maintain and expand our existing businesses, we are also focusing on GX, digitalization, and our global business, and we will contribute to decarbonization by launching new products. Over the medium to long term, we will accelerate the development of environmentally friendly products with an eye to GX markets for new fields such as the hydrogen society, fuel conversion, and thermoelectricity. Through these initiatives, we will strive for further business expansion and environmental contribution.

Main Products in Development (subject to change as they are currently under development)

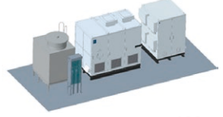
Thermoelectricity

Waste heat recovery ejector cooling systems

- CO_2 emissions: Reduction of up to **85**% (when applied to electronic computing equipment with a waste heat temperature of 45°C and a cooling temperature of 35°C)
- Application examples: Semiconductors, food, data centers, etc.

Hydrogen society

Stationary fuel cell systems (solid polymer)



- CO_2 emissions: Reduction of up to **100**% (for the pure hydrogen-type system)
- Application examples: Factories, ports, plants, etc.

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

Fiscal 2024 Results and Progress

Fiscal 2030 indicators	FY2023	FY2024			FY2030 Target
	Result	Target	Result	Key measures and activities	
Final waste disposal rate* (%)	0.2	Less than 0.5	0.15	Reinforcement of waste sorting, mainly at overseas production bases, and development of waste disposal contractors	Less than 0.5
(Reference) Of which, plastics in Japan	0.2	—	0.12	Improved by reinforcing waste sorting	
Water consumption per unit of sales (1,000 m^3/100 million yen)	0.9	1.2 or less	0.9	Recycling at semiconductor factories	1.2 or less
Volatile organic compounds (tons)	475	800 or less	510	Recovery rate improvement	800 or less
Transition to environmentally friendly products	—	—	—	Creation of internal guidelines, preparations to support DPP/CFP	—

* Final waste disposal rate: Final waste disposal ÷ Total waste

Major Initiatives in FY2024

Regulations for the transition to a circular economy are advancing, particularly in Europe, and companies are required to implement initiatives to reduce their environmental impacts throughout their supply chains and to comply with information disclosure requirements. In fiscal 2024, as part of these efforts, we worked to create a framework and rules for transitioning to environmentally friendly products.

In addition, we worked to reduce the amount of waste sent to landfills, particularly by strengthening sorting and waste disposal contractors at our overseas production bases, and have maintained a high standard with a ratio of 0.15%.

Initiatives toward FY2030

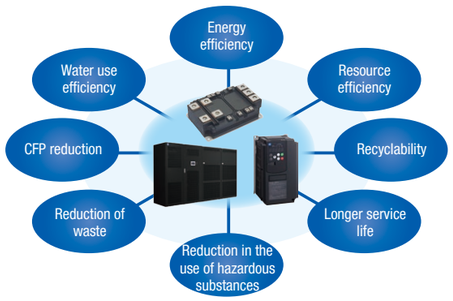
We are preparing to transition to environmentally friendly products that meet the requirements of environmental regulations in Japan and overseas. In response to demands for per-product traceability disclosure, including resources and environmental impacts, we are working to create a framework to support the calculation of carbon footprints (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

Transitioning to Environmentally Friendly Products

To realize “manufacturing with no environmental impacts throughout the entire lifecycle,” we are reviewing the requirements for environmentally friendly products. In product development and design, in addition to conventional requirements such as energy savings and resource savings, we will add requirements such as recyclability, CFP disclosure, waste reduction, and support for biodiversity.

Diagram of Environmentally Friendly Products



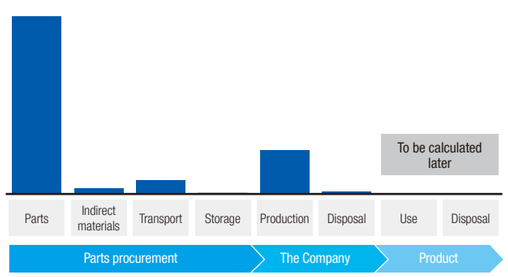
Addressing Carbon Footprint (CFP)

We are implementing initiatives to quantify greenhouse gas emissions over product life cycles as the amount of CO_2 emissions.

In fiscal 2024, we conducted trial calculations from procurement to production for two representative models (magnetic switches and vending machines) and identified challenges for future calculations.

In fiscal 2025, we will expand the range of models subject to calculation to include low-voltage inverters and semiconductors, and we will work to collect primary data in collaboration with our business partners.

Diagram of CFP Calculation for a Magnetic Switch (CO_2 emissions)



Information Disclosure Based on the TCFD and TNFD Recommendations

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

In fiscal 2024, based on the framework of the Taskforce on Nature-related Financial Disclosures (TNFD), we newly evaluated the degree to which our manufacturing bases depend on natural capital, the impact such bases have on natural capital, and risks and opportunities for our business, following the LEAP approach recommended by the TNFD.

Information Disclosure Based on the TCFD and TNFD Recommendations (Excerpts)

Governance

Important environmental issues, including climate change and natural capital, are discussed by Executive Officers at the Sustainability Committee and reported to the Executive Committee and the Board of Directors.

Strategy

The following are excerpts of the main evaluation results regarding our dependence on natural capital and impacts on climate change, as well as related risks and opportunities.

Process	Evaluation Results
Locate interface with nature	<44 Manufacturing Bases in Japan and Overseas> • **Frequent and severe extreme weather events:** Surveyed with Aqueduct*1, identified 3 bases in Japan and 3 bases overseas with high flood risks. • **Proximity to protected areas:** Surveyed with IBAT*2, found 4 bases in Japan and 1 base overseas adjacent to protected areas. However, it was confirmed that all are implementing sufficient environmental management. • **Supply and purification of water resources:** Surveyed with Aqueduct, confirmed bases overseas with high water stress risk (in India, China, Thailand, etc.). However, the water intake at these bases is not high. <Supply Chain> • **Frequent and severe extreme weather events:** Ascertained flood risks for major suppliers; now promoting multi-sourcing of procurement.
Evaluate dependencies and impacts	• **Greenhouse gas emissions:** Currently reducing emissions to achieve the Fiscal 2030 Target, including strengthening emissions control from production facilities (fuel-using equipment, etc.). • **Supply and purification of water resources:** Although semiconductor manufacturing bases have high dependence on water resources, the risk is limited as all such bases have low water stress risk. • **Pollution:** At bases that use chemical substances, strict management, including installation of treatment equipment, limits the impacts on the surrounding area. In FY2024, volatile organic compound (VOC) emissions were halved compared to FY2019.
Assess risks and opportunities	[Risk: Climate Change] • **Frequent and severe extreme weather events:** Decreased earnings due to production impacts caused by disasters and increased response costs. • **Greenhouse gas emissions:** Increased costs associated with the decarbonization of production facilities (fuel-using equipment, etc.). [Risk: Natural Capital] • **Resource circulation:** Increased response costs associated with stricter regulations on environmentally friendly product design (ecological design regulations, etc.). • **Supply and purification of water resources:** Delays in production processes that use large amounts of water and increased response costs due to a decrease in the amount of available water resources. • **Water resource use/pollution:** Diminished reputation due to adverse impacts on ecosystems from environmental impacts such as water use and pollution. [Opportunity: Climate Change & Natural Capital] • Capturing new demand by developing energy-saving and energy-generating products and after-sales services.
Prepare to respond and report	• **Frequent and severe extreme weather events:** Countermeasures have been implemented at manufacturing bases with high flood risks. • **Greenhouse gas emissions:** Total environmental investments and expenses have been revised to ¥24.0 billion (cumulative for FY2023–2030).

Risk Management

Risks such as climate change and environmental pollution are systematically managed and handled in accordance with the Fuji Electric Risk Management Rules.

Metrics and Targets

[Fiscal 2030 Target: Climate Change]
Greenhouse gas emissions through production (Scopes 1+2) : Reduction of over 46% (compared to FY2019)

[Fiscal 2030 Target: Natural Capital]
Water consumption per unit of sales : 1,200 m^3/100 million yen /
Volatile organic compound (VOC) emissions : 800 tons or less

*1 Aqueduct: An evaluation tool developed by the World Resources Institute (WRI) that identifies global water risks based on operating bases' location information (latitude and longitude).
*2 IBAT: An evaluation tool for identifying biodiversity risks published jointly by the TNFD and the Integrated Biodiversity Assessment Tool (IBAT) Alliance.

Disclosing Climate-related Information based on TCFD Recommendations
https://www.fujielectric.com/csr/global_environment/environment01/management_02_03.html

Disclosing Nature-related Information based on TNFD Recommendations
https://www.fujielectric.com/csr/global_environment/environment01/tnfd.html

Human Resources

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 aim to enhance corporate value through human resources by globally promoting 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.

Human Resource Strategy Linked with the Management Strategy

The foundation of Fuji Electric's human resource strategy is to enhance corporate value by bringing out the full potential of every employee through a virtuous cycle of employee well-being and the Company's sustainable growth, and by cultivating human resources who can adapt to changes in the surrounding environment.

Our Vision and Important Issues

Aiming for a virtuous cycle of employee well-being and the Company's sustainable growth, we are working on human resource measures, positioning "Promoting the active participation of diverse human resources" and "Improving job satisfaction" as important issues.

Our Vision

	KPIs	FY2024 Results	FY2026 Targets
A virtuous cycle of employee well-being and the Company's sustainable growth	Satisfaction with the company*1	3.8 pt	3.8 pt or higher
	Well-being indicators*2	3.6 pt	3.6 pt or higher
	Operating profit ratio	10.5%	11.2%

Important Issues

		Main Measures and Systems	KPIs	FY2024 Results	FY2026 Targets
Promoting the active participation of diverse human resources					
	Promoting the active participation of female employees	Career development support (mentorship program) Creating a comfortable working environment	Number of female employees in supervisory positions	342	450
			Ratio of female managers	3.8%	4.8%
	Promoting the active participation of senior employees	Age 65 Retirement System and improved compensation Employment Guidelines for Employees over 65	Satisfaction with the Company among employees age 60 and older	3.9 pt	3.9 pt or higher
	Promoting the active participation of differently abled people	Stable employment and expanded scope of duties	Employment rate of differently abled people	2.99%	Statutory rate or higher
Improving Job Satisfaction					
	Workstyle reforms	Reduction of overtime work and increase in the number of vacation days taken Smart Work Incentives Work-life balance support (childcare and nursing care) Hot desking system in offices	Average overtime hours per month	18.6 hours	Maintain less than 20 hours
			Average number of paid vacation days acquired annually	18.3 days	Maintain 17 days or more
	Next-generation management human resources	Registration of next-generation management human resources Selective training Line successor cultivation system	Number of registered next-generation management human resources	45	50
	Career development support	Internal open application system Career education by generation Strengthened cultivation of global human resources Strengthened cultivation of digital human resources Manufacturing meister education	Career autonomy awareness	3.5 pt	3.6 pt or higher

*1 Average response value to questions regarding job satisfaction, work-life balance, mental and physical health, and satisfaction with evaluations.
*2 Average response value to the representative question gauging overall satisfaction with the Company: "I am satisfied working at Fuji Electric" (5-point scale from 1 to 5, with higher scores being more positive. The scope of the survey covers the Company and its consolidated subsidiaries in Japan and overseas.)

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 a human rights and labor assessment as a part of our human rights due diligence* for our operating sites in Japan and our consolidated subsidiaries in Japan and overseas.

Fiscal 2024 was an implementation year for our biennial human rights and labor assessment, and we conducted an analysis of human rights risks using self-assessment questionnaires (SAQs) at each base. No significant human rights risks were identified, but for seven subsidiaries where initiatives were insufficient in areas such as "overtime work exceeding regulations and labor-management agreements" and "existence of a health and safety policy," we took countermeasures and improved the situation.

In fiscal 2025, we will re-confirm the improvement status of the human rights and labor assessment, and we will continue to do so as an ongoing initiative. In addition, we will continue to conduct annual human rights education for all employees.

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

Status of the Human Rights and Labor Assessment

Implementation Year	2024 (biennial)
Scope	A total of 79 bases, comprising the Company's operating sites and its consolidated subsidiaries in Japan and overseas • Operating sites: 21 in Japan • Subsidiaries: 20 in Japan, 38 overseas
Results	Provided improvement guidance to 7 overseas bases regarding unmet requirements. [Main areas of improvement guidance] • Overtime exceeding regulations and labor-management agreements • Health measures for employees working long hours • Existence of a "Health and Safety" policy, etc.

FUJI ELECTRIC Policy for Human Rights of the Employees
https://www.fujielectric.com/company/csr/with_employee/box/doc/humanrights_2020.pdf

Promoting Active Participation of Diverse Human Resources

Promoting the Active Participation of Female Employees

To realize the Company's sustainable growth through adaptation to change and the 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: recruitment, career development support, and the creation of a comfortable working environment. The ratio of females hired has remained above 20% since fiscal 2018. We are continuing to implement measures that lead to career development for female employees, including a mentorship program (Sister System) for young female employees.

Under our medium-term human resource strategy through fiscal 2026, we plan to introduce a mentorship program for female employees who are aiming for management positions, with the goal of producing female officers.

Kick-off of the 14th Sister System program

Main Initiatives

Training for female managers	Training for female managers to acquire the skills necessary to participate in management
Registration as next-generation management human resources	In fiscal 2024, 12 female employees were registered.
Cultivation of priority career development targets	Education and training for the career advancement of female employees. Support for taking on the challenge of higher-level positions through classroom lectures to improve basic skills and practical exercises in problem-solving.
Sister System	A cross-divisional mentorship program with senior female employees as advisors
Recruitment project for women in science and engineering	An initiative to recruit female employees in science and engineering through seminars and other events that convey the first-hand accounts of women with science and engineering backgrounds who are active in the workplace

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

	2022 (end of fiscal year)	2023 (end of fiscal year)	2024 (end of fiscal year)	2026 (end of fiscal year) (Target)
Ratio of female employees	13.6%	13.8%	13.9%	—
Ratio of females hired*1	21%	21%	20%	20% or higher
Ratio of female managers*2	3.2%	3.6%	3.8%	4.8%
No. of female employees in supervisory positions*3	316	336	342	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 2024)

	Overseas consolidated	(Reference) Consolidated Japanese and overseas
Ratio of female hired	38.7%	24.1%
Ratio of female managers	23.6%	8.4%

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 the active participation of our senior employees. We consider our senior employees aged 60 or older, who have abundant experience and associated skills and knowledge regarding our products that have long service lives, to be a valuable asset, and we are striving to strike a balance between the fulfillment of our employees' lifelong careers and business continuity.

For general employees, we previously operated the Selective Retirement Extension System, which allowed them to choose a retirement age between 60 and 65. However, to further promote the active participation of senior employees, from fiscal 2025, we have made the retirement age a uniform 65 and have raised the remuneration level.

For managers, we have introduced the Senior Task System, which allows them to maintain their pre-60 compensation level depending on their performance. In addition, we have established company-wide Employment Guidelines for Employees over 65, which enables such employees to remain active up to age 75. As of March 2025, 444 employees are actively working under this system, primarily in plant engineering and successor mentoring.

	FY2022	FY2023	FY2024
General employees: Selective Retirement Extension System Number of employees (Selection rate)	270 (82.1%)	301 (85.5%)	266 (81.6%)
Managers: Senior Task System Number of employees (Selection rate)	142 (91.6%)	127 (94.8%)	129 (92.1%)
Employees subject to the Employment Guidelines for Employees over 65	410	413	444

* For general employees, an age 65 retirement age system will be introduced in fiscal 2025; the figures for fiscal 2024 represent the number and rate of employees who had selected the retirement extension as of fiscal 2024.

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. Fuji Electric Frontier has been gradually expanding its scope of activities by hiring differently abled people and expanding their scope of duties. To further promote the active participation of differently abled people, in addition to its major duties of internal document delivery and cleaning, it is actively working to expand the scope of duties to include manufacturing support and light-duty work.

As of June 2025, we employed 462, and the employment ratio of differently abled people was 2.99%, well above the statutory employment rate (2.5%). We will continue striving to hire about 15 differently abled people per year as we secure and expand duties available to them and work on achieving stable employment.

Initiatives to Cultivate Human Resources

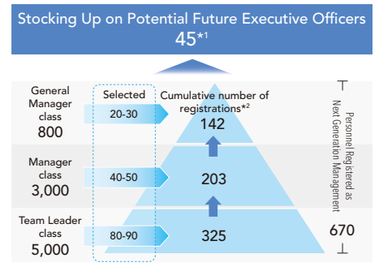
In the Fuji Electric Code of Conduct, we have expressed our commitment to reinforce human resource cultivation to achieve the development of each individual employee as well as the collective strength of the team. We are working to enhance the cultivation of human resources who can demonstrate strong leadership and a high level of expertise by bolstering employee skill development and increasing our investment in education.

Cultivating Next-Generation Management

To achieve sustainable growth, we actively engage in cultivating future management personnel.

There are three main points to such cultivation: 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. Once a year, we share and discuss progress with respect to each of these points with our Executive Officers in order to enhance the program content.

From among this initiative's participants, one Executive Officer was appointed in fiscal 2024 and another in fiscal 2025.



*1 Number of registered next-generation management human resources
*2 Cumulative number of registrations is cumulative from fiscal 2017 to fiscal 2024

Fostering Global Human Resources

To expand our overseas business, since fiscal 2017, we have been promoting a company-wide global human resource development system. This includes the development of Japanese employees by dispatching them to our overseas bases (55 employees in total since fiscal 2017), providing training in Japan to employees from overseas bases (117 employees in total), and operating and improving language classes in Japan (1,998 employees in total). Furthermore, since fiscal 2023, we have been advancing initiatives to promote the cultivation of human resources for future management executive candidates to foster autonomous local operations at our overseas bases. In fiscal 2024, seven of these candidates participated in a special program that included group training in Japan.

Career Development Support

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 fiscal 2024, we worked to revitalize our open application system, and 28 employees were transferred to their desired divisions. In addition, as part of our career development support for individuals, we conducted a trial of career training by generation in which a total of 380 employees participated. We plan to fully implement such training from fiscal 2025.

Creating a Motivating Workplace

Workstyle Reforms

We are promoting workstyle reforms from the twin perspectives of promoting the active participation of diverse human resources, including enhancing work-life balance and providing work-life balance support, and increasing productivity by improving work quality and efficiency.

In fiscal 2024, both average overtime hours and average vacation days improved, to 18.6 hours/month (a decrease of 1.3 hours from the previous fiscal year) and 18.3 days/year (an increase of 0.2 days from the previous fiscal year), respectively. Overtime restrictions for the construction industry came into effect in fiscal 2024, but no legal violations occurred.

In addition, we strengthened our work-life balance support system by eliminating the upper limit on the number of days for remote/satellite office work for nursing and family care reasons.

In terms of the workplace environment, we are promoting a hot desking system in Osaki district with the aim of improving productivity by creating an environment that is easier to work in.

	FY2019	FY2024
Average overtime hours per month	23.8 hours	18.6 hours
Average number of paid vacation days acquired annually	16.5 days	18.3 days
Total number of home / satellite office users	3,207	104,148
Childcare leave system	105	148
Number of male employees who took childcare leave (acquisition rate, average number of days taken)	6 (2.6%, 63 days)	59 (29.2%, 109 days)

Communication with Employees

To understand employee awareness in a timely manner, we conduct an annual employee awareness survey consisting of a total of 95 questions to make fixed-point observations on overall employee awareness, including satisfaction toward the Company, the workplace, and their jobs (see P52 for excerpts of the FY2024 survey results).

The survey results are directly linked to human resource measures such as strengthening the management of middle managers, supporting employee career development, and expanding various educational and training programs.