

Important Issues for Management (Materiality)

Approach to Materiality

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

As the world changes—driven by the transition to decarbonization and a circular economy, expanded investment in digitalization, and rising geopolitical risks, and labor shortages in

Japan—we have identified the following as our sustainability-related materialities: expansion of our energy and environment businesses, as stated in our management policies, as well as three initiatives to enhance our management foundation for sustainable corporate value growth: the promotion of the Environmental Vision 2050, achievement of well-being, and further strengthening of governance.

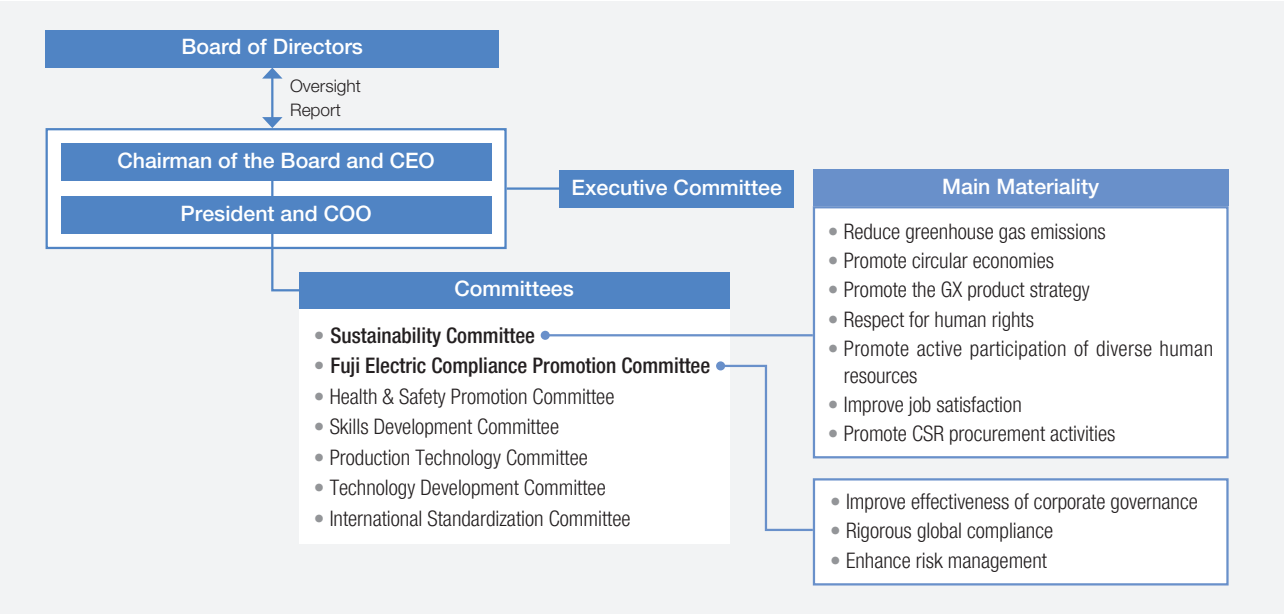
Materiality Identification Process



Materiality Promotion System

Each materiality is planned and promoted by the relevant committees, which comprise executive officers and others, and by the divisions responsible for the respective issues. The Sustainability Committee and the Fuji Electric Compliance

Promotion Committee report on each materiality to, and hold deliberations with, the Executive Committee and Board of Directors twice a year.



SDGs to Be Addressed through Companywide Activities

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



Materiality and Key Issues

Materiality		Key Measures		KPIs	Targets	FY2025 results	Relevant SDGs	
Promote energy and environment businesses								
Promote growth strategies	Increase sales by introducing new products → P37-40	Launch new green transformation, digital transformation, and global products	Net sales	Fiscal 2026: ¥1,250.0 billion		¥1,227.6 billion	    	
	Expand overseas businesses → P23, P29-36	Expand businesses through introduction of global market products and regional priority measures	Sales outside Japan	Fiscal 2026: ¥375.0 billion		¥344.8 billion		
Further improvement of profitability	Improve productivity through the utilization of digital technology → P41-44	Improve productivity using sophisticated production technologies	Productivity	Fiscal 2026: 20% increase (compared to FY2023)		13% increase (compared to FY2023)		
Promote Environmental Vision 2050								
Reduce greenhouse gas emissions → P45-50		Reduce greenhouse gas emissions in the supply chain	Greenhouse gas emissions in the supply chain	Fiscal 2026: reduce by 45% (compared to FY2019) Fiscal 2030: reduce by more than 46% (compared to FY2019)		Reduce by 56% (compared to FY2019)	   	
		Reduce greenhouse gas emissions through production	Greenhouse gas emissions through production	Fiscal 2026: reduce by 29% (compared to FY2019) Fiscal 2030: reduce by more than 46% (compared to FY2019)		Reduce by 40% (compared to FY2019)		
		Share of renewable energy		Fiscal 2026: reduce by 29% (as a percentage of total electricity purchased) Fiscal 2030: reduce by 55% (as a percentage of total electricity purchased)		27% (as a percentage of total electricity purchased)		
		Provide energy-saving products	Contribution to CO ₂ reduction in a society through our products	Fiscal 2026: 59 million tons Fiscal 2030: more than 59 million tons		59 million tons		
Promote circular economies → P45-50		Design products in compliance with ecological design regulations	Continuously work to transition to environmentally friendly products that comply with ecological design regulations					
Achieve employee happiness (well-being)								
Achieve well-being → P53-58		Effective development and dissemination of various initiatives, along with continued implementation of employee awareness surveys	Satisfaction with the company	Fiscal 2026: 3.8 pt or more		3.8 pt	   	
			Well-being indicators	Fiscal 2026: 3.6 pt or more		3.6 pt		
	Respect for human rights	Implement human rights due diligence	Number of bases where human rights and labor assessments are conducted	Monitoring indicator*		79 bases (41 in Japan, 38 overseas) (FY2024 results)		
	Promote active participation of diverse human resources Improve employee engagement	Promote contributions of female employees	Number of female employees in supervisory positions	Fiscal 2026: 450		361 people		
			Ratio of female managers	Fiscal 2026: 4.8%		4.1%		
			Develop and strengthen management human resources in Japan and overseas	Talent pool of potential future executive officers	Fiscal 2026: 50			47 people
			Promote active participation of senior employees	Selection rate for the Selective Retirement Extension System for general employees	Monitoring indicator*			82%
				Selection rate for the Senior Task System for managers	Monitoring indicator*			96%
			Career development support	Career autonomy awareness	Fiscal 2026: 3.6 pt or more			3.5 pt
Strengthen corporate governance								
Improve effectiveness of corporate governance → P59-68		Continued third-party evaluation of the effectiveness of the Board of Directors and incorporated this evaluation into operations	Conduct an annual questionnaire on the effectiveness of the Board of Directors, with discussion, reporting, and sharing of issues at Board of Directors meetings					
		Reduce cross-shareholding	Work to reduce holdings while considering the impacts on management and business					
Rigorous global compliance → P69, 70		Expand Fuji Electric Compliance Programs	Compliance education results	Monitoring indicator*		Level-specific 547 trainees	 	
		Promote the Business Ethics Whistle-Blowing Systems	Number of reports submitted through the Business Ethics Whistle-Blowing Systems	Monitoring indicator*		55		
Enhance risk management → P71, 72		Enhance risk responsiveness through ongoing improvements to business continuity plans (BCPs)	Continuously work to strengthen business continuity capabilities, including fire prevention, disaster preparedness, and BCP formulation					
		Strengthen information security	Continuously work to strengthen response capabilities, including monitoring and control of cyberattacks, enhancement of defense and detection systems, and cyber training					
		Strengthen project management	Continuously work to reduce risk, including early identification of loss-causing risks and predictive maintenance					

* Monitoring indicator: An indicator for which no target is set, but for which performance is monitored to keep a close watch on the level.

Materiality

<https://www.fujielectric.com/csr/material-issues/material-issues.html>