

Approach to Disclosing Climate-related Information In Accordance with TCFD Recommendations

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Fuji Electric is working to disclose climate-related financial information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Since expressing support for the TCFD recommendations in June 2020, we established a specialized advisory team, the "Climate Control Working Group" (consisting of all business segments and general managers from all business segments, environment division, procurement division, and R&D divisions), under the company-wide "SDGs Promotion Committee" (consisting of executive officers) to identify the impact of climate change on Fuji Electric's business and to take measures accordingly.

Items recommended for disclosure by the TCFD

Governance	The organization's governance in relation to climate-related risks and opportunities
Strategy	The impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning
Risk management	The processes used by the organization to identify, assess and manage climate-related risks
Metrics and targets	The metrics and targets used to assess and manage climate-related risks and opportunities

(Summarized by Fuji Electric based on the Recommendations of the Task Force on Climate-related Financial Disclosures (Final Report))

Timeline for Climate-related Financial Disclosures

- June 2020: Endorsement of TCFD recommendations. In addition, disclosure on "Governance" in the disclosure requirements.
- June 2021: Disclosure on "Risks and Opportunities" (2°C/4°C target base) in the "Strategy" disclosure requirements.
- March 2022: Disclosure on same "Risks and Opportunities" (1.5°C/4°C target) and "Adaptation Measures."

Governance

Disclosed in June 2020

- Fuji Electric positions global environmental protection initiatives as a priority issue for management.
- We established the SDGs Promotion Committee, a company-wide committee composed of managers (Executive Officers) from our various business, sales and corporate departments,

ESG

- Contribution to SDGs
- ESG Material Issues
- Environmental Vision
 - Environment
 - Polices, Environmental Vision 2050
 - Basic Polices on Environmental Protection
 - Message from the Environmental Officer
 - Environmental Vision 2050
 - Approach to Disclosing Climate-related Information In Accordance with TCFD Recommendations
 - Environmental Management
 - Environmental Management Organizational Framework
 - Environmental Management Initiatives
 - Environmental Achievements
 - Environmental Management Targets and Achievements
 - Interplay between Business Activities and Environmental Impact
 - Environmental Accounting
 - Environmental data
 - Third-Party verification
 - Achieve a Decarbonized Society
 - Action Plan to Reduce Greenhouse Gas Emissions
 - Reducing Greenhouse Gas Emissions During Production
 - Reducing Society's CO₂ Emissions through Products
 - Target for Reducing Greenhouse Emissions Across the Supply Chain
 - Recycling-Oriented Society
 - Reducing Waste in Business Activities
 - Efficient Use of Water Resources
 - Initiatives for Reducing Environmental Impact of Products
 - Society that is in Harmony with Nature
 - Managing Chemical Substances
 - Preserving Biodiversity

- Society
- Governance
- ESG Index
- Comparison with ISO26000
- External Evaluation
- Activity Archives
- Participation in initiatives

to discuss issues and evaluate measures concerning the promotion of the SDGs, including those related to climate. (April 2020)

The results of deliberations and evaluations by the Committee are reported to the Executive Committee* and the Board of Directors and discussed as necessary.

- Through the promotion of Environmental Vision 2050, we will analyze the risks and opportunities that climate change poses for our business and value chains together with the financial impacts of these risks and opportunities, and we will incorporate them into our management strategy and proactively disclose the information.

* Deliberates and reports on important management issues as an advisory body to the President.

Related link

- ▶ [Fuji Electric Environmental Promotion System](#)

Strategy

Disclosed in March 2022

We reanalyzed the "Risks and Opportunities" analyzed under the "2°C Scenario" (disclosed in June 2021) under the "Below 1.5°C Scenario" to identify "Risks and Opportunities" and "Adaptation Measures."

(1) Scenario Analysis

	Outline	Adopted Scenario
Below 1.5°C scenario	Scenario in which stringent measures are taken to limit the global average temperature rise as of 2100 to 1.5°C above the pre-industrial average	IEA World Energy Outlook 2020 IPCC 1.5 degree C Special Report
4°C scenario	Scenario in which a global temperature rise of around 4°C above the Industrial Revolution period is assumed unless measures exceeding the current level are taken.	IPCC Fifth Assessment Report

IEA: International Energy Agency

IPCC: Intergovernmental Panel on Climate Change

(2) "Risks and Opportunities" and "Adaptation Measures" at 1.5°C/4°C

<Points for the revised contents>

- We reanalyzed "Risks and Opportunities" under the scenarios of "Below 1.5°C" and "4°C".
- We identified and summarized "Risks and Opportunities" of high importance for each supply chain process.
- We identified "Risks and Opportunities" and "Countermeasures."
- We considered not only the short-term perspective, but also the medium- to long-term perspectives, envisioning the year 2040, when identifying "Risks and Opportunities" and "Countermeasures."

The "Risks and Opportunities," which we recognize and the "Countermeasures," which we should approach, are shown as below."

		Risks	Opportunities	Adaptation
Below 1.5°C	Suppliers	<ul style="list-style-type: none"> • Deterioration in profit due to procurement difficulties and cost increases 	<ul style="list-style-type: none"> • Promotion of parts standardization and unification • Expanded use of recycled materials in products 	<ul style="list-style-type: none"> • Procurement • Supplier • Key • Account • Relationship • Management • The • External
	Development and design	<ul style="list-style-type: none"> • Delays in technology development to meet 	<ul style="list-style-type: none"> • Increased demand for technologies needed to promote decarbonization 	

		decarbonization requirements		col cus: rec
	Manufacturing	<ul style="list-style-type: none"> Cost increases associated with decarbonization of production facilities (capital investment, etc., purchase of renewable electricity) 		<ul style="list-style-type: none"> Str rec gre err prc Re inc by prc [S Sh rer bu: gei Air opt tra mc
	Logistics		<ul style="list-style-type: none"> Promotion of "local production for local consumption" (inventory reduction, logistics cost reduction, tax saving) 	
	Customers and markets	<ul style="list-style-type: none"> Loss of opportunities due to lack of 100% usage of renewable energy during production Decrease in demand for thermal power generation 	<ul style="list-style-type: none"> Increased demand for renewable energy and energy-saving products Increased demand for renewal and services of thermal power generation due to changes in fuel types for thermal power generation and the spread of CCS and CCUS 	
4°C		<ul style="list-style-type: none"> Delays in procurement of parts Cost increases due to wind and flood damage countermeasures in response to frequent extreme weather events Delays in outdoor construction and service work Delays in product delivery due to the disruption of logistics network and influence to production 	<ul style="list-style-type: none"> Increased demand resulting from active investment in BCP measures by customers 	<ul style="list-style-type: none"> Pr sol (Id high risl dis div Re flo mé doi bui má an by



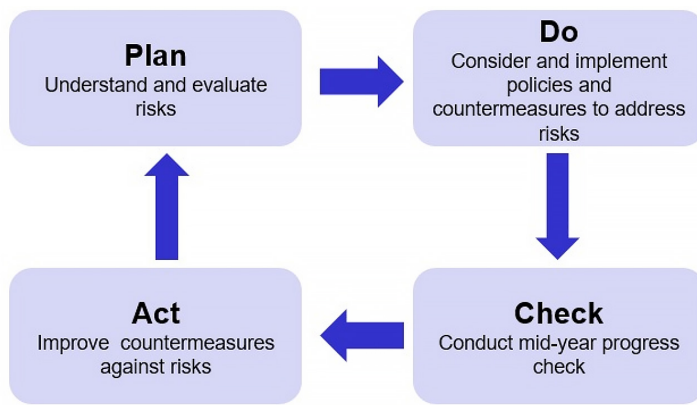
We will continue to discuss countermeasures and financial impacts based on the above risks and opportunities with a view to disclosure.

Risk Management

Disclosed in March 2022

We recognize "risks related to climate change" as one of the "risks that may affect management" in the "Fuji Electric Risk Management Rules." The year-round "risk management processes" set forth in the Rules are as follows.





Metrics and Targets

Disclosed in March 2022

Fuji Electric has formulated the Environmental Vision 2050 and has positioned its interim action goals, referred to as the Fiscal 2030 Goals, as “metrics and targets” that correspond to TCFD recommendations.

In March 2022, we revised our Fiscal 2030 Goals to establish new metrics for greenhouse gas emissions throughout the supply chain (Scope 1+2+3). Together with the existing metrics for GHG emissions in production activities (Scope 1+2), we have established the “metrics and targets” for Scope 1+2 and Scope 3 GHG emissions, which are items required for disclosure under TCFD recommendations. In the same year, our Scope1,2 and Scope3(1-8,11) targets were approved as 1.5°C targets by the SBTi (Science Based Targets initiative).

In addition, the above is in line with the Sector-Specific Recommended Disclosures (Guidance on Climate-related Financial Disclosures) specified by the TCFD Consortium.

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

Fiscal 2030 Goals

Metrics	Targets
Greenhouse gas emissions in production	Reduction of ove (compared to FY
Greenhouse gas emissions throughout the supply chain	Reduction of ove (compared to FY
Contribution to CO ₂ reduction in a society	Over 59 million t

Related link

- ▶ [Environmental Vision 2050, FY2030 Goals](#)
- ▶ [Environmental Management Targets and Achievements](#)