

# ESG Meeting for FY2021

March 31, 2022  
Fuji Electric Co., Ltd.

## **1. Overview**

- Corporate Philosophy / Management Policies / Corporate Code of Conduct
- Our Vision
- Energy and Environment Businesses
- Progress of Management Reforms
- Important Management Tasks
- Promote Energy and Environment Businesses

## **2. Environmental Initiatives**

- Evolution of Environmental Initiatives
- Revised FY2030 Goals in Environmental Vision 2050
- Fields Where We Can Contribute to the Achievement of a Decarbonized Society
- TCFD-Recommended Disclosures

## **3. Initiatives for Society (Human Rights and Human Resources)**

- Our Policies on Human Resources
- Evolution of Initiatives for Human Rights and HR
- Human Rights Due Diligence
- Promoting the Activities of Diverse HR

## **4. Initiatives for Governance**

- Evolution of Initiatives for Governance
- New Management Framework
- Composition of the Board of Directors
- Evaluation of Effectiveness of the Board of Directors
- Risk Management

## **5. Environmental and Social Issues Linked to Fuji Electric's SDGs**

## Corporate Philosophy

Established:1991  
Revised:2011

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

Our mission is to:

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

## Slogan

**To be enthusiastic, ambitious and sensitive.**

## Management Policies

Established:2010  
Revised:2011 and 2015

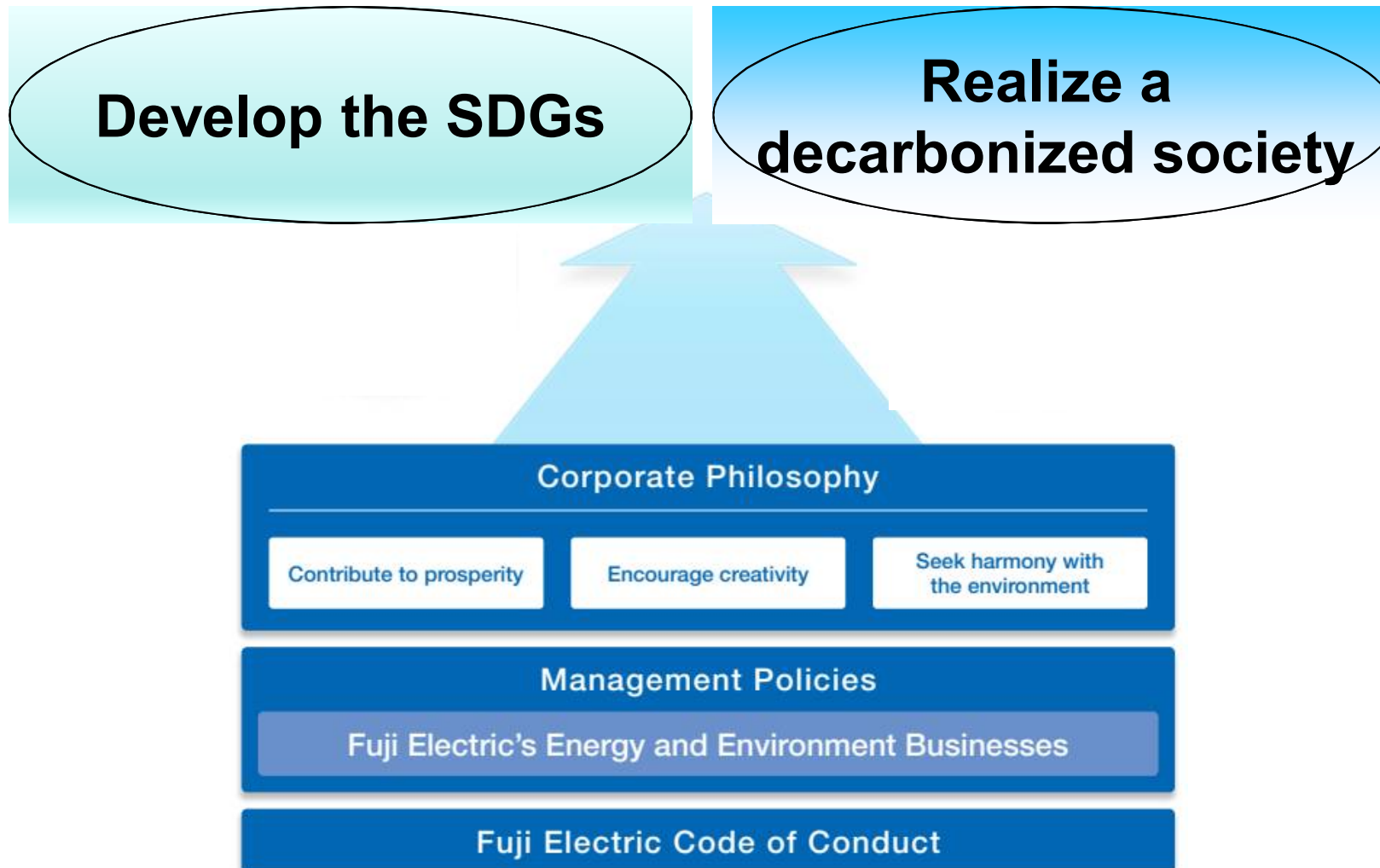
1. Through our innovation in energy and environment technology, we contribute to the creation of responsible and sustainable societies.
2. Achieve further growth through our global business expansion.
3. Maximize our strengths as a team, respecting employees' diverse ambition.

## **Corporate Code of Conduct**

Established: 1992  
Revised: 2010 and 2019

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

**Contribute to develop the SDGs and realize a decarbonized society by putting this corporate philosophy and management policies into practice**



Contribute to the creation of a responsible and sustainable society by combining high-quality equipment employing key devices with our engineering services, optimal control technologies, and IoT know-how



# Progress of Management Reforms

Main initiatives	2010-2012 Strengthen a profitable structure through business restructuring	2013-2015 Promote growth strategies Proactive management	2016-2018 Further renovation of Fuji Electric	2019-2021 Establish foundations for sustainable growth
Reinforcing operating foundations	<ul style="list-style-type: none"> <li>Integrated business operational management by abolishing the holding company system</li> <li>Revised our management polices</li> </ul>			
Environment				<ul style="list-style-type: none"> <li>Formulated and revised Environmental Vision 2050</li> </ul>
Social (Human rights and HR)	<ul style="list-style-type: none"> <li>Begun employee awareness surveys (conducted biannually from 2010 and annually from 2018)</li> </ul>	<ul style="list-style-type: none"> <li>Begun human rights due diligence</li> </ul>		<ul style="list-style-type: none"> <li>Begun CSR procurement self-assessment</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Expedited management decision-making (reduced executive officers from 53 to 18)</li> <li>Appointed Woman Outside Audit &amp; Supervisory Board Member</li> </ul>			<ul style="list-style-type: none"> <li>Established Nomination and Remuneration Committee</li> <li>Reduced cross-shareholdings continuously</li> </ul>
Promoting growth strategies	<ul style="list-style-type: none"> <li>Clarified business domains as energy and environment businesses</li> </ul>	<ul style="list-style-type: none"> <li>Overseas business expansion</li> <li>Strengthened our businesses in power electronics systems and power semiconductors and maximized synergies</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened power electronics systems businesses</li> </ul>	<ul style="list-style-type: none"> <li>Actively invested in power electronics and semiconductor businesses</li> </ul>
Improving profitability	<ul style="list-style-type: none"> <li>Implemented business restructuring</li> <li>Reduced costs through global procurement and centralized purchasing</li> <li>Reduced inventories through supply chain reforms</li> <li>Reinforced manufacturing capabilities (Consolidated production and engineering departments and strengthened human resource development)</li> </ul>	<ul style="list-style-type: none"> <li>Promoted local production for local consumption (Established production bases in Thailand, India and United States)</li> <li>(Improved value-added productivity through in-house production, automation, and standardization)</li> <li>Promoted companywide Pro-7 Activities to improve profitability</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened a profitable structure (Strengthened mother factories in Japan and reorganized production model lineup)</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened global manufacturing capabilities</li> </ul>



**Identified material issues (materiality) based on our Corporate Philosophy, Management Policies, and Code of Conduct**

**Under the supervision of the Board of Directors, relevant company-wide committees deliberate on and manage/evaluate promotion of materiality**

<b>Fields</b>	<b>Material Issues</b>
Businesses	Promote energy and environment businesses
Environment	Realize a decarbonized society
	Realize a recycling-oriented society
Social	Respect for human rights
	Active participation of diverse human resources
Governance	Improve effectiveness of corporate governance
	Promote compliance
	Enhance risk management
Social and Governance	Create a supply chain that supports a sustainable society



# Focus on Power Electronics and Semiconductors

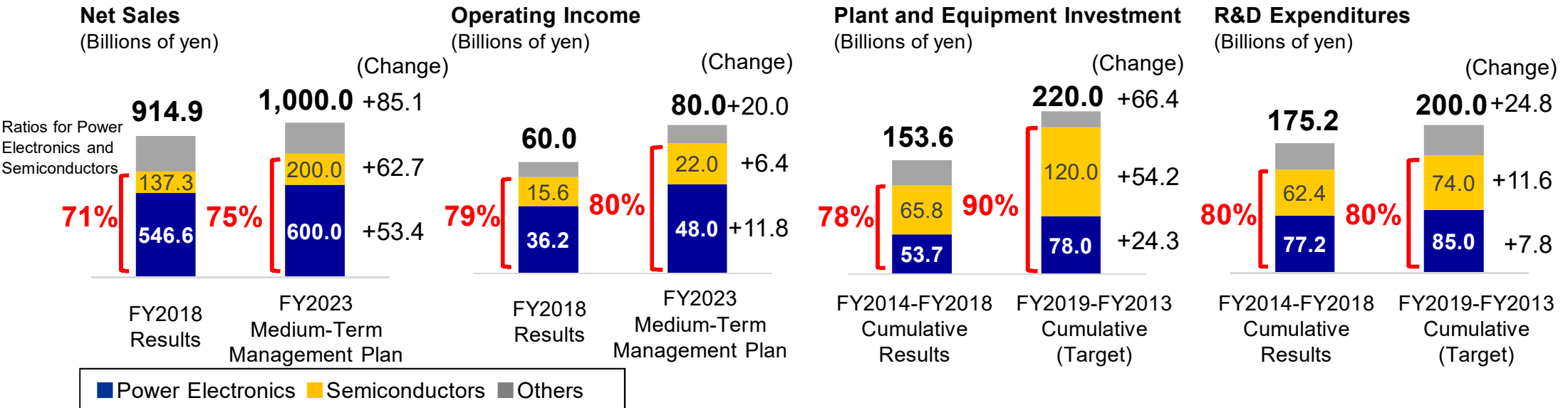
**Main initiatives from 2019 to 2021**

**<Power Electronics>**

- Created competitive components
- Received consecutive orders for comprehensive electrical equipment systems for data centers
- Continually improved partnership strategies to expand overseas businesses

**<Semiconductors>**

- Enhanced production capacity
- Increased sales of power semiconductors for electrified vehicles and renewable energy



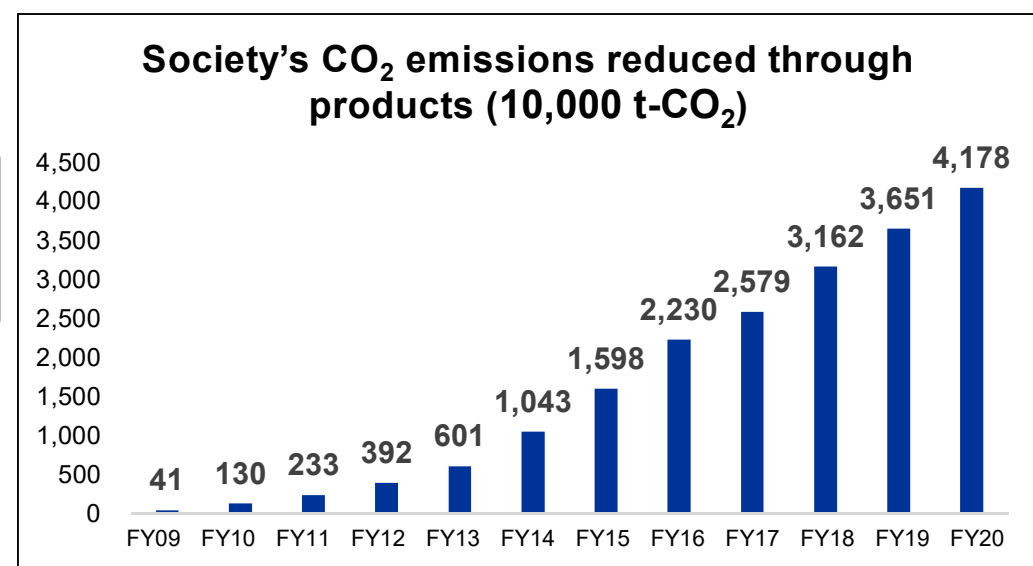
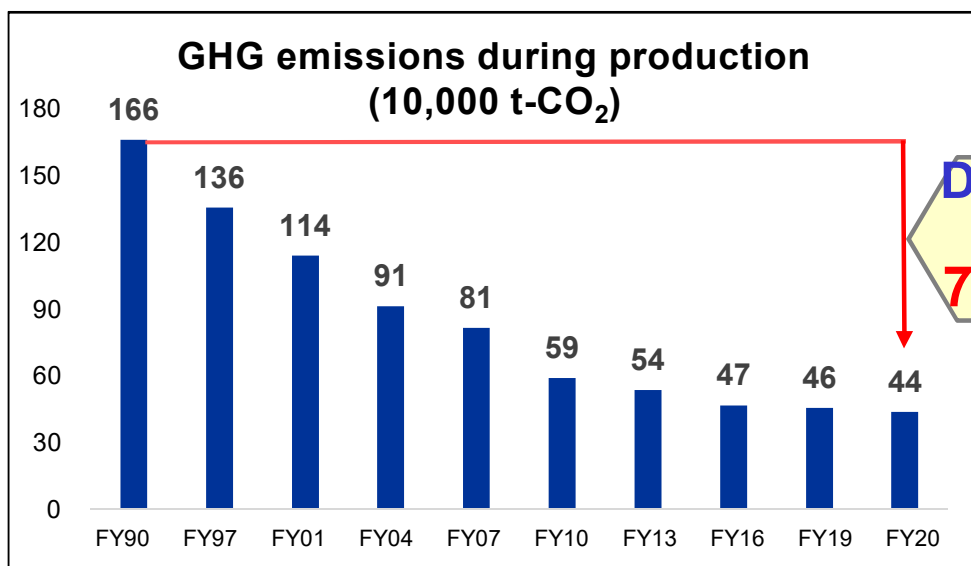
Ratios for net sales and operating income are calculated based on amounts before elimination and adjustment of inter-segment transactions.

Figures for R&D Expenditures are classified by segment according to theme and therefore differ from figures stated in the consolidated financial report.

# Environmental Initiatives

# [E] Evolution of Environmental Initiatives

Up to 2009	2010 - 2019	2020 and beyond
<p><b>1992 Basic Environmental Protection Policy</b></p> <p><b>2009 Environmental Vision 2020</b></p> <ul style="list-style-type: none"> <li>1. Stop Global Warming                             <ul style="list-style-type: none"> <li>- Reduce CO<sub>2</sub> emissions during production</li> <li>- Reduce society's CO<sub>2</sub> emissions through our products</li> </ul> </li> <li>2. Create a recycling-oriented society</li> <li>3. Meet our corporate social responsibilities</li> </ul>		<p><b>2019 Environmental Vision 2050 (achieve a low-carbon society)</b></p> <ul style="list-style-type: none"> <li>1. Realize a low-carbon society                             <ul style="list-style-type: none"> <li>- Reduce GHG emissions throughout the supply chain by 80% or greater</li> </ul> </li> <li>2. Realize a recycling-oriented society</li> <li>3. Realize a society in harmony with nature</li> </ul> <p><b>2020 Support for the TCFD</b></p> <p><b>2021 Revised Environmental Vision 2050 (achieve a decarbonized society)</b></p> <ul style="list-style-type: none"> <li>1. Realize a low-carbon society                             <ul style="list-style-type: none"> <li>- Achieve carbon neutrality throughout the supply chain</li> </ul> </li> <li>2. Realize a recycling-oriented society</li> <li>3. Realize a society in harmony with nature</li> </ul> <p><b>2022 Environmental Vision 2050</b></p> <p><b>Revised FY2030 goals (1.5°C level)</b></p>



\* Vs. 1990, the base year in EU and the U.K.

**Revised the FY2030 Goals in line with “decarbonization”  
and the “1.5°C target limit” in mind**

**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 and 3R activities to reduce the environmental impact to zero

**Achieve a Society that is in Harmony with Nature**

Aim for zero impact on the ecosystem through corporate activities that contribute to biodiversity

Emissions throughout the supply chain = Scope 1 + 2 + 3  
Emissions during production = Scope 1 + 2

**FY2030 Goals [current]**

To limit the temperature rise to 1.5°C above pre-industrial levels, reduce GHG emissions during production by more than 46% (compared to FY2013) and strive to reduce CO<sub>2</sub> emissions through our products. (Announced in June 2021)

**[Revised in March 2022]**

To suppress the temperature rise to 1.5°C above pre-industrial levels, we aim to achieve the following goals.

● **Reduce GHG emissions throughout the supply chain by over 46% [from FY2019]**

New goal

● **Reduce GHG emissions in production by over 46% [FY2019]\*1,2**

Base year changed

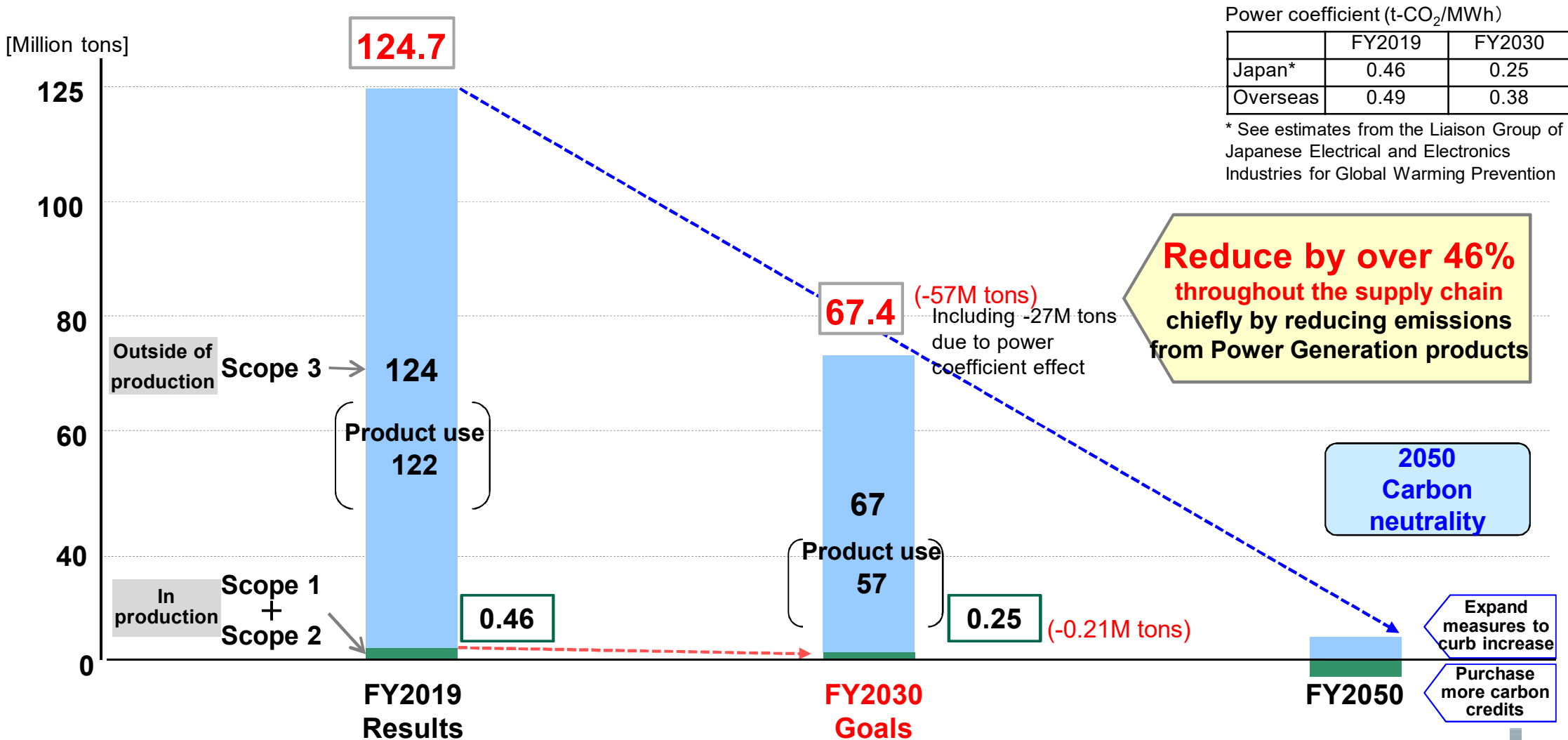
\*1 54% reduction from FY2013

\*2 Set FY2019 as a base year for application for SBT certification

● **Contribute to reducing society’s CO<sub>2</sub> emissions through our products by over 59M tons per year**

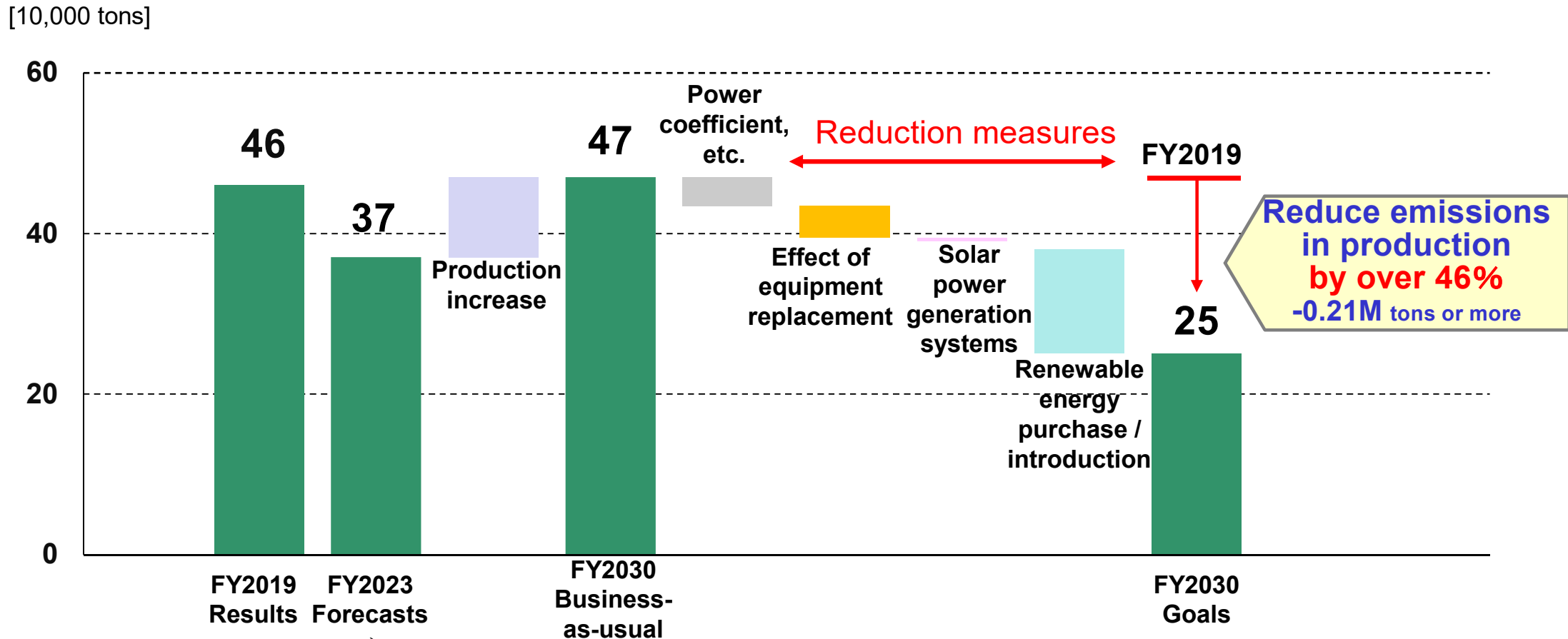
A numerical goal set

**Reducing GHG emissions throughout the supply chain  
by **over 46%** by FY2030 (from FY2019)**



# [E] Reducing GHG Emissions in Production

Also reducing GHG emissions in production  
by **over 46%** by FY2030 (from FY2019)



Power coefficient (t-CO<sub>2</sub>/MWh)

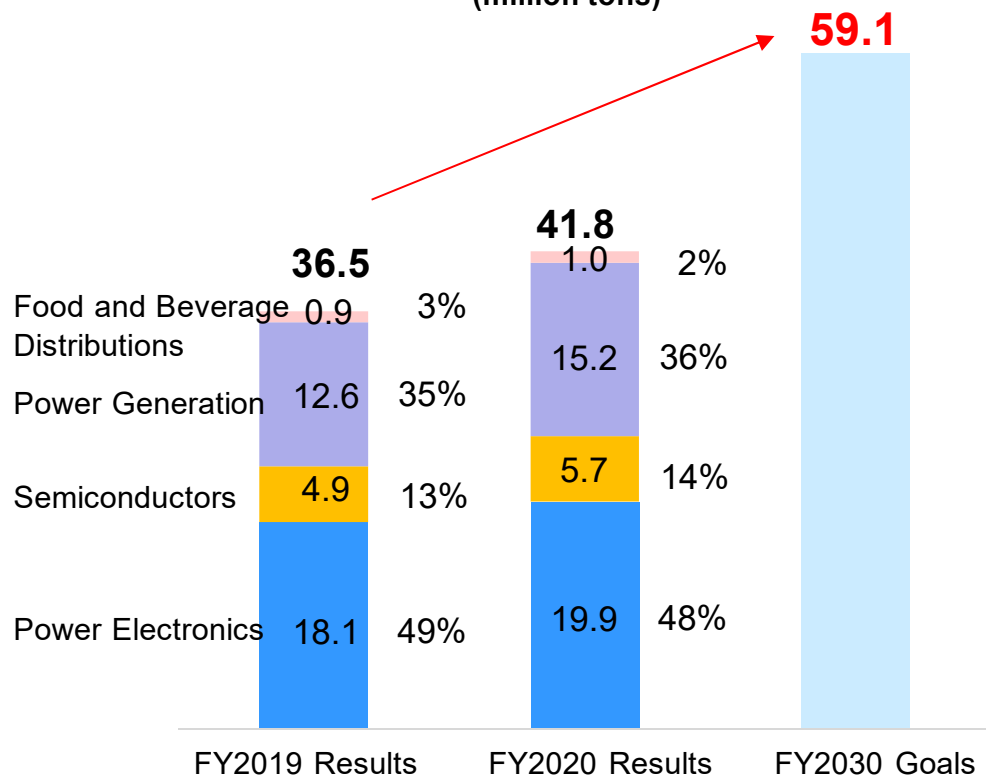
	FY2019	FY2030
Japan*	0.46	0.25
Overseas	0.49	0.38

\* See estimates from the Liaison Group of Japanese Electrical and Electronics Industries for Global Warming Prevention

# [E] Contributing to Reducing Society's CO<sub>2</sub> Emissions through our Products

## Contributing to reducing **over 59M tons** per year by FY2030 (Company total)

### Our contribution to CO<sub>2</sub> emissions reduction (million tons)



[Amount of society's CO<sub>2</sub> emissions to be reduced through our products]

**FY2030 goal: over 59M tons**

(Emissions from existing products – Emissions from new products) x Unit sales for the current year  
(amount of reduction calculated by METI's method)

### Products expected to contribute to reduction

- **Power generation**  
Biomass  
Renewable energy (geothermal, hydro, solar, wind)
- **Power electronics**  
Power electronics with next generation power semiconductors, inverters, UPSs, industrial heating, etc.
- **Power semiconductors**  
Expansion of 7th-generation power semiconductors  
Next-generation power semiconductors (SiC, 8th-generation semiconductors, etc.)
- **Food and beverage distribution**  
Next-generation showcases, etc.

Power coefficient (t-CO<sub>2</sub>/MWh)

	FY2019	FY2030
Japan*	0.46	0.25
Overseas	0.49	0.38

\* See estimates from the Liaison Group of Japanese Electrical and Electronics Industries for Global Warming Prevention



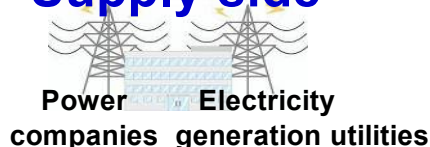
# [E] Fields Where We Can Contribute to the Achievement of a Decarbonized Society

Contributing to the decarbonization of the entire supply chain by introducing a stable flow of clean energy on the supply side and conserving energy on the demand side

## Contributing to GHG emissions reduction

## Lowering climate change risks

### Supply side



### Demand side



#### Mainstreaming clean energy

- Solar power
- Wind power
- Geothermal power
- Hydro / small hydro power
- Fuel cells

#### Stabilizing/optimizing energy supply

- Power distribution equipment
- Storage batteries systems
- Power conditioning systems

#### Disseminating energy-saving equipment/systems

- Transformers
- Motors, inverters
- Semiconductors
- Vending machines

#### Increasing electrification rate

- Power semiconductors for xEVs
- Electric propulsion systems for ships

#### Using alternative materials with lower environmental impact

- Eco dry air C-GISs
- Transformers using plant oil and FR3
- Vending machines and non-leak showcases using green refrigerants

### Adapting to risks associated with natural disasters

#### Increasing resilience

- Emergency power generators
- Uninterruptible power systems (UPSs)
- Storage batteries systems
- (Resilient infrastructure)
- Dam control systems

#### Using IoT/AI for efficient/optimal solutions

- IoT solutions
- Networking distributed power sources (VPPs)
- CEMS/FEMS/BEMS/HEMS
- IoT/AI-enabled devices
- Visualizing power generated from renewable energy
- Regional microgrid systems

Colors of the circles (●) above indicate a Business Group that deals in each product.  
 ●: Power Electronics Energy ●: Power Electronics Industry ●: Semiconductors  
 ●: Power Generation ●: Food and Beverage Distribution

# [E] TCFD-Recommended Disclosures

In light of the revisions of the FY2030 goals in the Environmental Vision 2050, we have disclosed “climate-related risks and opportunities” of the 1.5°C scenarios, as well as climate adaptation measures, risk management, and indicators and goals.



Items recommended for disclosure	June 2020	June 2021	March 2022	FY2022
<b>Governance</b>	Endorsement of the TCFD recommendations			Identifying / disclosing climate-related financial impacts (approx. March 2023)
<b>Strategies</b> “Risks” “Opportunities” “Adaptation measures”		Disclosed “Risks and opportunities” under the 2°C/4°C scenarios	Disclosed just now “Risks, opportunities, and adaptation measures” under the 1.5°C/4°C scenarios	
<b>Risk management</b>			Disclosed just now	
<b>Indicators and goals</b>			Disclosed just now (FY2030 Goals in the Environmental Vision)	

## Underlying assumptions for climate-related risks/opportunities for our business

- 4°C: Natural disasters to escalate due to rising temperatures  
→ Need to enhance own BCP, while customers' need to do so gives us business opportunities
- 1.5°C: Renewable energy and energy-saving related demand to expand  
→ Need to respond to tighter environmental regulations, while creating business opportunities by developing eco-friendly products
- Overall: Business growth expected as some of our products should see their markets expanding, including power semiconductors, the key device for energy saving, power electronics-related systems that use them, and power supply solutions that increase the usage rate of renewable energy

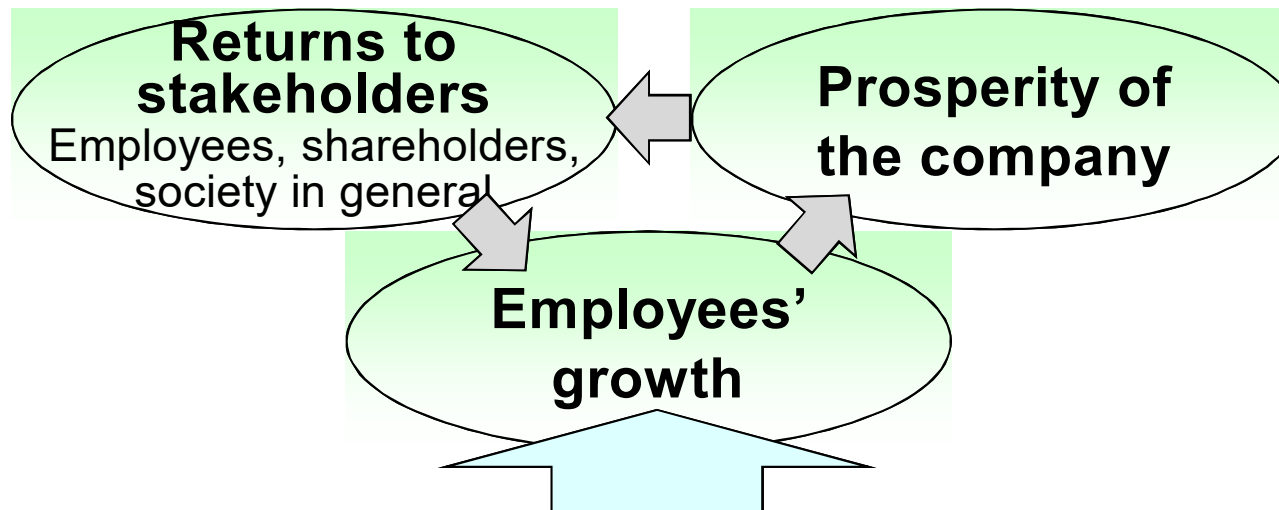
		Strategies		
		Risks	Opportunities	Adaptation measures
1.5°C	Suppliers	<ul style="list-style-type: none"> <li>• Profitability deteriorates due to procurement challenges and higher costs</li> </ul>	<ul style="list-style-type: none"> <li>• Standardization / common use of parts to be promoted</li> <li>• Use of recycled materials in products to expand</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting multi-source strategies</li> <li>• Assisting key suppliers in their decarbonization efforts</li> <li>• Accelerating R&amp;D of new technologies related to decarbonization, launching them in a timely manner, and reducing their costs</li> <li>• Expanding recycling of parts through collaboration with customers and recycling services</li> <li>• Further curbing GHG emissions from production equipment</li> <li>• Responding to higher demand by ramping up capacity [Semiconductors]</li> <li>• Shifting resources to the renewable energy business [Power Generation]</li> </ul>
	Development/design	<ul style="list-style-type: none"> <li>• Delays in development of technologies required to decarbonize society</li> </ul>	<ul style="list-style-type: none"> <li>• Demand for technologies needed to promote decarbonization to increase</li> </ul>	
	Production	<ul style="list-style-type: none"> <li>• Higher costs to replace production equipment for decarbonization (capex, purchase of power generated from renewable energy)</li> </ul>		
	Distribution		<ul style="list-style-type: none"> <li>• “Local production for local consumption” to be promoted (lower inventories, distribution costs, and tax payments)</li> </ul>	
	Customers / Market	<ul style="list-style-type: none"> <li>• Lost opportunities due to failure to use renewable energy 100% during production</li> <li>• Lower demand for thermal power generation</li> </ul>	<ul style="list-style-type: none"> <li>• Demand for renewable energy and energy-saving related products to increase</li> <li>• Replacement demand for thermal power generation services to increase due to change of types of fuels for thermal power plants and diffusion of CCS and CCUS</li> </ul>	
4°C		<ul style="list-style-type: none"> <li>• Delays in procuring parts</li> <li>• Increased costs due to measures to mitigate wind/flood damage in response to frequent abnormal weather patterns</li> <li>• Delays in outdoor installation/servicing</li> <li>• Delays in product deliveries due to severed distribution networks and impacts on production</li> </ul>	<ul style="list-style-type: none"> <li>• Demand to increase as customers make proactive investments in their BCPs</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting multi-source strategies for parts (identifying parts whose procurement risk is high if damaged by disasters and dispersing such risks)</li> <li>• Strengthening flood-control and windbreak measures at plants in Japan located in bay areas and on hazard maps</li> </ul>

# **Initiatives for Society**

## **(Human Rights, Human Resources)**

### **(Putting Employees First)**

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



## Management Policies

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

## Fuji Electric Code of Conduct

# Respect and value all people

Respect human rights

Promote the activities of  
diverse HR

Take employees' health and  
safety into consideration

# [S] Evolution of Initiatives for Human Rights and HR

Key issues	Target	Up to 2009	2010 - 2019	2020 and beyond
Respect human rights	—		2014: Policy for Human Rights of the Employees formulated 2014: Human rights due diligence begun (operating sites and affiliated companies in Japan and overseas)	
Promote the activities of diverse HRs	All	2004: Personnel/treatment systems for non-manual employees overhauled 1970's - :Leave of absence / reduced schedule systems introduced and expanded thereafter	2010: Employee awareness surveys begun (annualized in 2018) 2012: Job responsibility and performance-based treatment for managerial employees	2017: Flexible Location Work System (work-from-home, work in satellite offices) introduced 2017: Rehiring of former employees who resigned for reasons related to child care 2017: Global HR Development Program introduced 2020: Monotsukuri Meister System introduced
	Women		2011: Sister System (mentorship for women employees) commenced 2012: Project to hire women students majoring in science and engineering fields commenced	
	Age 60 or over	2000: Selective Retirement Age System (up to age 65) introduced		2020: Senior Task System introduced for managerial employees 2020: Employment Guidelines for Employees over 65 formulated for all employees
	Differently abled people	1994: Fuji Electric Frontier (special-purpose subsidiary) established. Hiring and work areas expanded thereafter.		

## Data on Women Employees at Fuji Electric

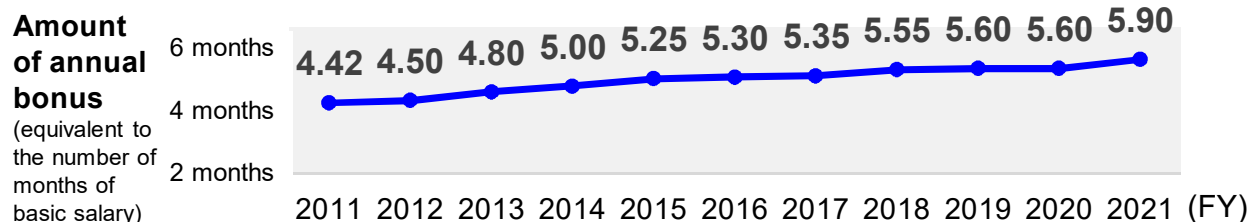
	FY2011	FY2021	FY2023 Targets
Ratio of women hired	12%	20%	20%
Ratio of women managers	0.74%	2.8%	3.0%
No. of women employees in supervisory positions	83	300	400

## Employment ratio of differently abled people

	FY2011	FY2021 (as of June 2021)
Ratio at Fuji Electric	1.94%	2.92%
(Ref.) Statutory ratio	1.8%	2.3%

## Overtime Work Hours / Number of Paid Vacation Days Acquired Annually

	FY2011	FY2020
Average monthly overtime work hours	19.57 h/month	18.90 h/month
Average number of paid vacation days acquired annually	11.9 days	17.3 days



(Ref.) Annual dividend (in JPY)	20	25	35	45	50	55	70	80	80	85	—

**Based on the Policy for Human Rights of the Employees, we conducted human rights due diligence in Japan and overseas.**

## Policy for Human Rights of the Employees

1. Prohibition of forced labor
2. Prohibition of child labor
3. Consideration of work hours
4. Adequate wages
5. Prohibition of inhumane treatment
6. Prohibition of discrimination
7. Employees' right to organize
8. Safe and healthy working environment

## ■ Data on FY2020 human rights due diligence

Number of bases	• Operating sites: 23 • Affiliated companies: 42 in Japan, 68 overseas
Results	Some bases have yet to meet all the requirements. (e.g. making the Policy thoroughly known to workplaces, providing human rights training according to a plan)

⇒ Instructed for improvement in FY2021

## ■ Future steps

- Increase frequency: once every three years → once every two years
- Increase the number of questions concerning foreign workers, based on Business Partner CSR Survey findings



## Employee Awareness Surveys

- Purpose: 1) Tracking levels of management policy understanding and employee satisfaction  
2) Reviewing organizations and improving organizational management
- Conducted biannually from 2010 and annually from 2018
- Administered to operating sites and affiliated companies in Japan and overseas

### Past initiatives

#### <Challenges>

- Stimulating HR
- Strengthening workplace management

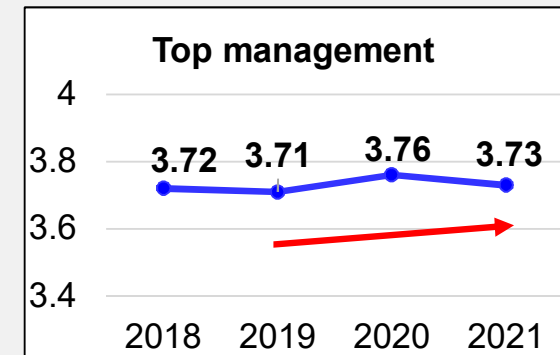
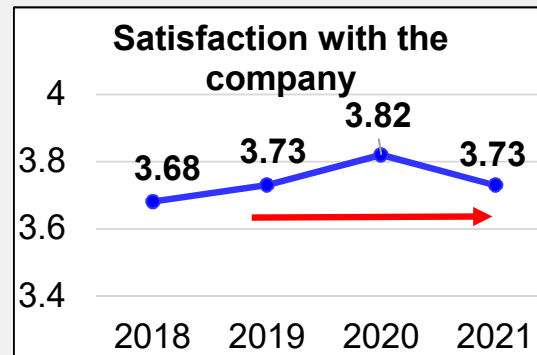
#### <Measures>

- Introduced career / work goals systems
- Conducted line manager training
- Introduced Monotsukuri Meister System



### FY2021 findings

Partly because of the lingering impacts of the COVID-19 pandemic, scores for key items were lower compared to FY2020 but remained flat or rose compared to FY2019.



## Work-Life Balance

- Strengthening support for employees raising children (easing conditions for work-from-home, granting special paid vacation days)
- Further promoting flexible work styles (easing conditions for the Flexible Location Work System)

# Initiatives for Governance

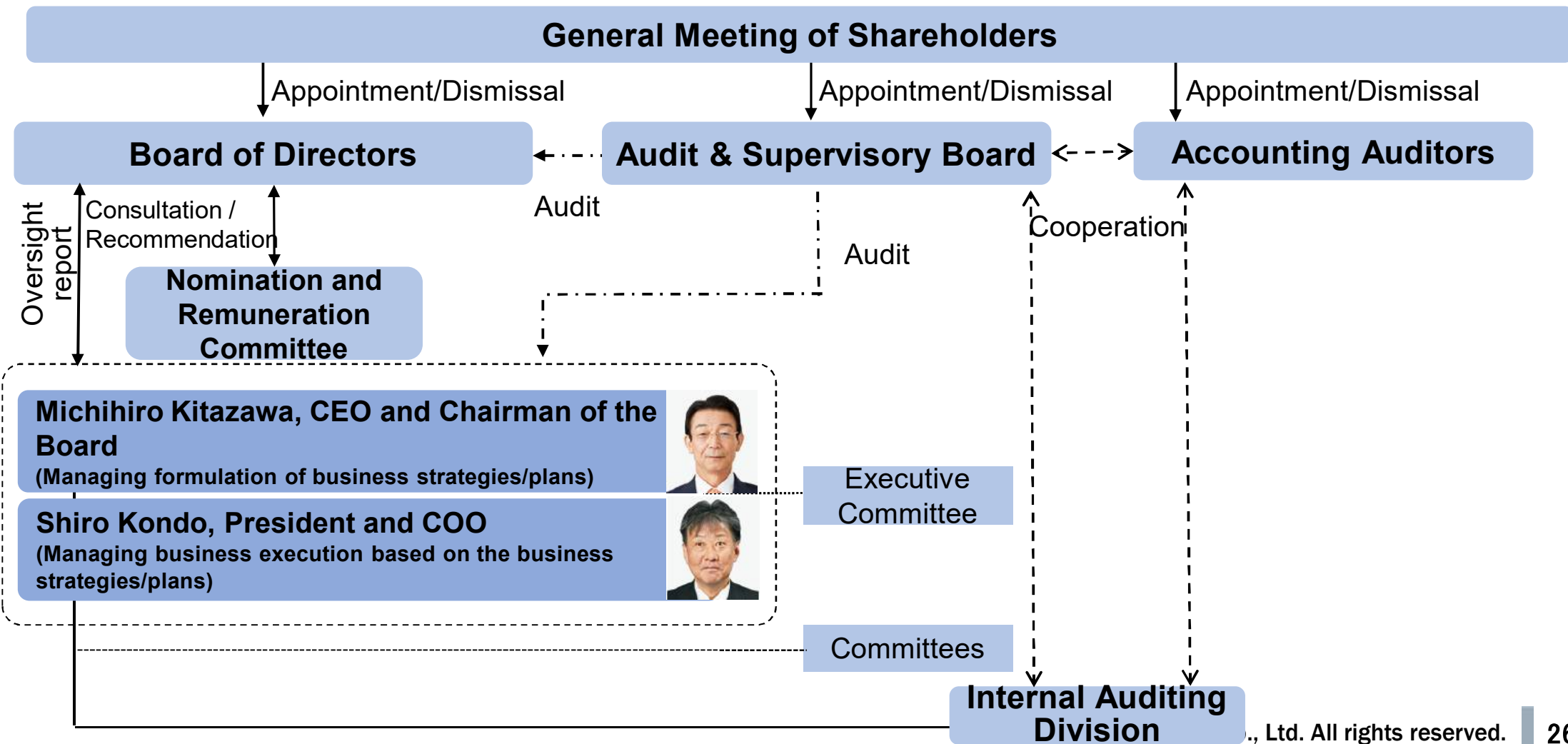
# [G] Evolution of Initiatives for Governance

Key issues	Up to 2009	2010 - 2019	2020 and beyond
Improving the effectiveness of corporate governance	2003 Pure holding company system introduced	2011 Business company system introduced Faster decision making by management (Executive officers: 53 →18) Executive officer system introduced	2019: <b>Nomination and Remuneration Committee established</b> 2019: Evaluation of the effectiveness of the Board of Directors by a third-party 2021: Directors' skill matrix disclosed
	2003 Outside officer system introduced	2012: <b>Woman Outside Audit &amp; Supervisory Board Member appointed</b>	2022: <b>Woman Outside Director appointed</b>  2019 - : Cross-shareholdings continuously reduced (Listed shares held: 102 issues as of Mar. 31, '19 → 51 issues as of Oct. 30, '21)
Promoting compliance	2004: Business Ethics Helpline System (present Business Ethics Whistle-Blowing System) introduced  2007: Compliance Regulations and Compliance Program formulated	2012: Partner Hotline established (for business partners)	

# [G] New Management Framework (Since April 2022)

**Established positions of CEO and Chairman of the Board and President and COO, in a bid to continuously strengthen our operating foundation as a company focused on sustainable growth**

Corporate governance framework



## Elected Directors who fit in with our Management Policies and business characteristics Increased the number of Outside Directors and appointed the first woman Director

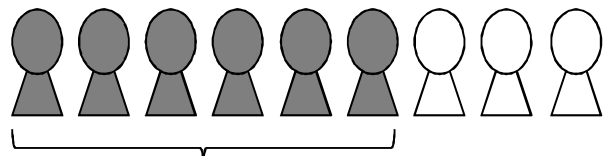
### ■ Areas where Directors are expected to play active roles

- Corporate management
- Finance and accounting
- Global business
- Environment and society
- R&D, engineering, manufacturing, digital transformation (DX)
- Corporate governance, legal matters, risks
- Marketing and industry

As disclosed in the Corporate Governance Report (December 2021)

### ■ Composition of the Board of Directors

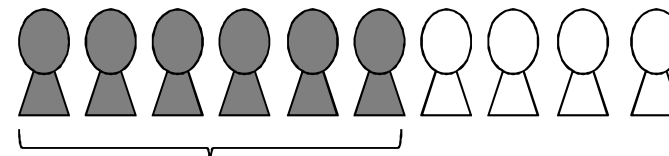
Since June 2021: 9 Directors



Directors: 6      Outside Directors: **3**  
(All Independent Directors)

- Ratio of Outside Directors: 1/3
- One Director added  
(possessing skills in R&D, engineering, etc.)

From June 2022 (subject to change): 10 Directors



Directors: 6      Outside Directors: **4** (Incl. one woman)  
(All Independent Directors)

- Woman Director to be appointed  
(One Outside Director added)
- Ratio of Outside Directors: **over 1/3**

## Effectiveness Evaluation of the Board of Directors (January 2021)

Subjects	All Directors and Audit & Supervisory Board Members (14 persons in total)
Main question categories	<ol style="list-style-type: none"> <li>1. Board of Directors make-up, administration, discussions, and monitoring functions</li> <li>2. Support structure and training for Directors and Audit &amp; Supervisory Board Members</li> <li>3. Dialogue with shareholders</li> <li>4. Initiatives implemented by Directors and Audit &amp; Supervisory Board Members themselves</li> </ol>
Evaluation process	Subjects answer a survey conducted by a third party, who identifies issues for analysis, discussions, and assessment by the Board of Directors
Issues from FY2020	<ul style="list-style-type: none"> <li>- Further improvements in the administration of the Board of Directors</li> <li>- Further discussions of the medium- to long-term issues</li> </ul>

### Key initiatives for FY2021

- Earlier delivery of Board of Directors convocation notices (agenda), enhancement of simplicity of reference materials
- Reporting of environment-related key challenges by the SDGs Promotion Committee: twice annually (Revision of the Environmental Vision 2050, progress in compliance with TCFD recommendations)
- Continued implementation of briefings on business strategies
- Reporting on the status of IR activities and opinions and requests from analysts and institutional investors: twice annually

Conducted the third-party effectiveness evaluation of the Board of Directors also in FY2021 (January 2022)

## Minimizing impacts of risks by managing them in an optimal manner

### Risk categories

External Risks	Business Risks		
<p><b>Risks related to the external environment</b></p> <ul style="list-style-type: none"> <li>▪ Economic trends</li> <li>▪ Attacks from outside</li> <li>▪ Natural disasters and accidents</li> <li>▪ Climate change</li> </ul> <p>Other</p>	<p><b>Risks related to business activities</b></p>		
	<p><b>Strategic Risks</b></p> <p><b>Risks related to policies and strategies</b></p> <ul style="list-style-type: none"> <li>▪ Management strategies</li> <li>▪ Business environment</li> <li>▪ Corporate governance</li> <li>▪ Partnering and withdrawal</li> </ul> <p>Other</p>	<p><b>Operational Risks</b></p> <p><b>Risks related to business processes</b></p> <ul style="list-style-type: none"> <li>▪ <b>Quality</b>, cost, and deadlines for all aspects of business, such as orders, <b>procurement</b>, production, shipment and services</li> </ul> <p>Other</p>	<p><b>Common Risks</b></p> <p><b>Risks related to business activities</b></p> <ul style="list-style-type: none"> <li>▪ Human rights and labor practices</li> <li>▪ Compliance</li> <li>▪ Information systems</li> <li>▪ Environmental pollution</li> </ul> <p>Other</p>



## Addressing quality risks

### ■ Priority issues with High Reliability Activities

- Expanding the scope of statistical quality management by digitalizing testing/inspection
- Carefully identifying risks before taking orders and after delivery of plant systems
- Strengthening supplier management

#### Quality assurance process

Product planning

Development/Design

Procurement

Manufacturing

Testing/Inspection/  
Reporting

Transportation/  
Field operation

After-sale service

#### Items for quality control

Market surveys, spec verification

Reliability design and evaluation  
Design review

Control of outsourced/  
purchased products

Control of critical operation  
Manufacturing records

In-process inspection  
Outgoing inspection

On-site operation diagnosis

Control of market quality information

## Addressing procurement risks

### ■ CSR procurement self-assessment

#### <Key survey items>

- Human rights and labor
- Health and safety
- Environment
- Fair trade and ethics
- Quality and safety
- Information security
- Business continuity plan
- Establishment of management systems
- Social contribution

#### <Survey specifics/results>

Expanded the scope of the survey from component suppliers to include system suppliers

	FY2019	FY2020	FY2021*
Suppliers surveyed	425	673	749
Japan	425	572	647
Overseas	0	101	102

\* Top 80% of the largest suppliers (FY2019-FY2020) covered

⇒ Working with those needing improvement (27 suppliers) to call for improvement at one-on-one meetings

# **Environmental and Social Issues Linked to Fuji Electric's SDGs**

## SDGs to be addressed through Fuji Electric's companywide activities

### Priority SDGs to be addressed through Energy and Environment Businesses



Environmental and social issues	Segments				
	Power Electronics Energy	Power Electronics Industry	Semi-conductors	Power Generation	Food and Beverage Distribution
1. Save energy to reduce CO <sub>2</sub> emissions from industrial processes	●	●	●		●
2. Supply clean energy and ensure stable supply of energy	●	●		●	
3. Enhance productivity and resilience of industrial infrastructure via automation, labor saving, and humanpower saving		●			
4. Build a safe and sustainable transportation system		●	●		
5. Protect the natural environment through proper management and treatment of waste and hazardous substances		●			
6. Contribute to the creation of affluent, sustainable communities		●			●
7. Utilize ICT to develop a quality educational environment		●			