

**Condensed Transcript of Q&A Session Regarding FY2022 ESG Meeting**

Date/Time: Monday, February 27, 2023, 15:00 - 16:12

**Environment**

Q. What opportunities does Fuji Electric foresee in the power grid and energy management businesses, which will support the introduction of renewable energy, and how big do you think these businesses will become?

A.

- In April 2022, we established a new department to deal with matters concerning carbon neutrality within the energy management division of the power electronics business, and we have since been searching for business opportunities.

One of the opportunities that the ongoing shift toward carbon neutrality should create is a variety of needs ranging from the supply side to the demand side of energy, including making clean energy mainstream, stabilizing / optimization the energy supply, spreading energy-efficient equipment and systems, and improving the electrification rate. Some of the products and solutions that we can offer here include power storage systems, which adjust the supply-demand balance as we introduce renewable energy, distribution grid management systems designed for local production for local consumption of energy and enhanced business continuity plans (BCPs), and self-consignment solutions for renewable energy generated by in-house generators. We need to bring the Power Electronics Energy and Power Generation teams together to capitalize on these opportunities.

As for the scale of business we might anticipate, it is too early to speak qualitatively as we are still in the process of conducting business negotiations with customers.

Q. Where are you in your efforts to utilize external resources, say, the purchase of carbon credits and renewable energy, as you work toward reducing greenhouse gas (GHG) emissions during production, and what do you think the future outlook is like?

A.

- We are currently working to introduce solar power generation systems to all of our bases by installing solar panels on viable factory roofs, while also beginning to consider the use of external resources. Going forward, we will examine how much we want to increase the renewable energy ratio on our own over the mid- and long term.

Q. Do you not intend to set more ambitious targets for the reduction of GHG emissions during production?

A.

- Right now, we are focusing on the achievement of the FY2030 goals that we have set. GHG emissions during production heavily depend on the volume of transactions, and the hurdles for goals can differ because of the individual business plans for the next Medium-Term Management Plan or what we want the mix of our businesses to be. This being the case, we might have to set one by taking into account the need to boost profits and how much we should contribute to the environment.

## Human Resources

Q. Are there any foreign nationals in the thirty candidates for executive officers?

How do you go about strengthening human resources for global managerial positions?

A.

- None of the thirty candidates on the current list is a foreign national. When we get down to designing our business structure for the mid- and long-term, we will have to discuss how we want Fuji Electric to be, e.g., which regions we should focus on or what management structure is desirable in each business domain. In the next Medium-Term Management Plan, I imagine how we go about combining carbon neutrality and our global business strategies will be a challenge. As such, seeking talents from outside the company might be an option, but we do not have any concrete plan to do so at this point.

## Governance

Q. I notice that your cross-shareholdings are on the decrease. What's the progress thus far? How do you go about using cash gained from sales of such shares?

A.

- Our plan is to reduce cross-held shares of all issues in our portfolio by FY2023, although we find it difficult to sell some of those shares solely of our own free will. We plan to use the cash gained from sales of such shares for the two focus businesses of power semiconductors and power electronics, prioritizing growth investments, such as capex in the semiconductors business, which promises continued growth. This policy remains unchanged. In the next Medium-Term Management Plan, we hope to disclose more in-depth financial strategies, including where we want to allocate our cash, and we are giving consideration to this within the company.

Q. Is the Board of Directors aware of any issues regarding current shareholder returns?

A.

- Currently, there are no concrete discussions about it.