

Promoting Material Initiatives for Management

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 saving, 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.



Material Initiatives for Management to Achieve Sustainable Growth

Today, advancing the SDGs and realizing a decarbonized society have become increasingly significant common global issues. To continue growing sustainably, Fuji Electric has defined high-priority material issues for management (materialities) that the Company must address through our business activities.

Our approach to material initiatives for management

We have identified our material issues for management based on the ongoing reinforcement of our operating foundation, a material issue in our FY2023 Medium-Term Management Plan. In addition to promoting our energy and environment businesses as stated in our management policies, we have organized our major initiatives based on the Fuji Electric Code of Conduct, which serves as a guide for the Company's foundation and how we, along with all our employees, should act in order to put our corporate philosophy and management policies into practice and fulfill our social responsibility.

Promotion system

Material issues for management are deliberated at committees consisting of executive officers responsible for the business, sales, and corporate divisions alongside divisions affected by the issues, and as necessary, reported and deliberated at the Executive Committee and the Board of Directors.

Major Committees Related to Material Issues for Management

Field	Material Issues	Relevant Major Committees
Business	Promote energy and environment businesses	Production Technology Committee Technology Development Committee International Standardization Committee
Environment (E)	Realize a decarbonized society Realize a recycling-oriented society	SDGs Promotion Committee
Society (S)	Respect for human rights Active participation of diverse human resources	SDGs Promotion Committee Health & Safety Promotion Committee Skills Development Committee
Governance (G)	Improve effectiveness of corporate governance Promote compliance Enhance risk management	Compliance Promotion Committee
Society and Governance (S & G)	Create a supply chain that supports a sustainable society	SDGs Promotion Committee

Material Issues for Management and Major Initiatives

Field	Material Issues	Major Initiatives	Targets	Fiscal 2021 Results	Relevant SDGs	Reference Page(s)
Businesses	Promote energy and environment businesses	Expand power electronics and semiconductor businesses	FY2023 Medium-Term Management Plan • Net sales: ¥1 trillion (power electronics: ¥600 billion, semiconductors: ¥200 billion) • Operating income: ¥80 billion (power electronics: ¥48 billion, semiconductors: ¥22 billion) • Operating margin: 8% or more	• Net sales: ¥910.2 billion (power electronics: ¥555.1 billion, semiconductors: ¥178.8 billion) • Operating income: ¥74.8 billion (power electronics: ¥45 billion, semiconductors: ¥27.1 billion) • Operating margin: 8.2%	7, 9, 11, 12, 13	Power electronics P21-24 Semiconductors P25-26
E	Realize a decarbonized society	Reduce greenhouse gas emissions throughout the supply chain	Fiscal 2030 targets Greenhouse gas emissions throughout the supply chain: reduce by more than 46% (compared to fiscal 2019)	Greenhouse gas emissions throughout the supply chain: increased by 44% (compared to fiscal 2019)	7, 9, 12, 13	Environment P33-36
		Reduce greenhouse gas emissions during production	Greenhouse gas emissions during production: reduced by more than 46% (compared to fiscal 2019)	Greenhouse gas emissions during production: reduced by 22% (compared to fiscal 2019)		
	Reduce society's CO ₂ emissions by providing energy-saving products	Reduction of society's CO₂ emissions by products: more than 59 million tons / year	Reduction of society's CO ₂ emissions by products: 45.44 million tons / year			
Realize a recycling-oriented society	Promote the 3Rs (Reduce, Reuse, Recycle) throughout the supply chain	• Ratio of waste sent to landfills: 1.2% in fiscal 2022 • Water consumption per unit of sales: 1,800 tons / ¥100 million in fiscal 2022	• Ratio of waste sent to landfills: 2.3% • Water consumption per unit of sales: 1,100 tons / ¥100 million			
S	Respect for human rights	• Implement human rights awareness raising activities • Implement human rights due diligence	—	• Enhance human rights awareness training • Continued implementing harassment prevention education • Implemented improvement guidance for consolidated overseas subsidiaries related to respect for human rights		
	Active participation of diverse human resources	Promote active participation of female employees	• Percentage of women hired: 20% in fiscal 2023 • Number of female employees in supervisory positions: 400 in fiscal 2023	• Percentage of women hired: 21% • Number of female employees in supervisory positions: 328 * As of June 2022	4, 5, 8	Human resources P37-38
		Promote active participation of senior employees	—	Percentage of persons who used the Selective Retirement Age System: 82.5% (Number of persons who selected the system: 254 out of 308 eligible persons)		
		Broaden scope of duties performed by differently abled employees	Percentage of differently abled individuals hired: At least the statutory employment rate	Percentage of differently abled individuals hired: 2.95% (Reference value: statutory employment rate = 2.3%) * As of June 2022		
Advance workstyle reforms, promote work-life balance	—	• Continued implementing companywide Pro-7 activities • Strengthened our support for work-life balance between work and raising children - Number of persons who took childcare leave: 124 (men: 21, women: 103) • Further promoted flexible workstyle reforms				
G	Improve effectiveness of corporate governance	Improve transparency and supervisory functions of management	—	• Continued third-party evaluation of the effectiveness of the Board of Directors and incorporated this evaluation into operations • Reduced cross-shareholding - Number of types of listed shares held: 45 at the end of fiscal 2021 (a decrease of 29 compared to the end of the previous fiscal year)		Corporate governance P39-48
	Promote compliance	Ensure effective implementation of the Fuji Electric Compliance Program	—	• Implemented compliance education - Level-specific training: 413 trainees - Job-specific training: 2,893 trainees • Thoroughly implemented the Business Ethics Whistle-Blowing Systems - Number of reports: 31	11, 16	Compliance P49-50
		Enhance risk management	Improve product quality	—	Strengthened the promotion of high-reliability activities	
Strengthen our response to natural disasters and accidents	—		Established a system that enables us to understand the situation when disasters occur by introducing a disaster prevention information system for customers			
S & G	Create a supply chain that supports a sustainable society	Strengthen information security	—	Strengthened countermeasures against cyber attacks		
		• Practice fair and equitable procurement • Practice sustainable procurement together with business partners	—	• Continued to implement self-assessments of CSR procurement and expanded their targets - Implemented for: 748 companies • Expanded the number of materials procured by purchasing them from multiple suppliers - Percentage of materials procured by purchasing them from multiple suppliers: approximately 60%	12	Sustainable procurement P55-56

Details about ESG material issues are available on our website: <https://www.fujielectric.com/company/csr/material-issues.html>