

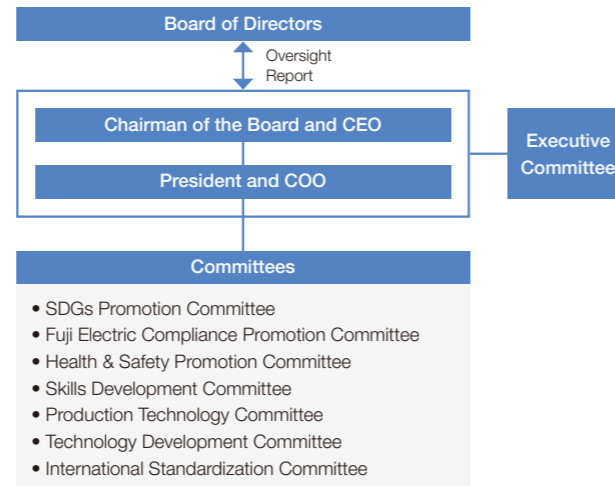
Important issues for Management (Materiality)

Materiality for Sustained Growth

Fuji Electric has stipulated important management issues (materiality) that must be tackled with priority in order for the company to continue to achieve sustained growth.

Approach to materiality

The company identified the materiality based on “ongoing reinforcement of operating foundations,” a key issue in the FY2023 Medium-Term Management Plan. In addition to the promotion of the energy and environment businesses set forth in the Management Policies, the main initiatives are organized based on the Fuji Electric Code of Conduct (refer to P4).



Promotion system

The materiality is deliberated on by committees comprised of executive officers and others from business, sales, and corporate divisions and by the divisions subject to the issues, and as necessary they are reported and deliberated on in the Executive Committee and Board of Directors.

Major Committees Related to Materiality

Field	Materiality	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 Realize a society in harmony with nature	SDGs Promotion Committee
Society (S)	Respect for human rights Active participation of diverse human resources Create a supply chain that supports a sustainable society	SDGs Promotion Committee Health & Safety Promotion Committee Skills Development Committee
Governance (G)	Improve effectiveness of corporate governance Promote compliance Enhance risk management	Fuji Electric Compliance Promotion Committee

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.



Materiality and Key Issues

Field	Materiality	Key Issues	Targets	Fiscal 2022 Results	Relevant SDGs	Reference Page(s)
Businesses	Promote energy and environment businesses	Expand power electronics and semiconductor businesses	Fiscal 2023 Management Plan • Net sales: ¥1,050.0 billion (power electronics: ¥653 billion, semiconductors: ¥221 billion) • Operating profit: ¥94 billion (power electronics: ¥56.5 billion, semiconductors: ¥32.8 billion) • Operating profit ratio: 9.0%	• Net sales: ¥1,009.4 billion (power electronics: ¥617.5 billion, semiconductors: ¥206.2 billion) • Operating profit: ¥88.9 billion (power electronics: ¥51.8 billion, semiconductors: ¥32.2 billion) • Operating profit ratio: 8.8%	7, 9, 11, 12, 13	Power electronics P33-36 Semiconductors P37-38
		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 42% (compared to fiscal 2019)		
E	Realize a decarbonized society	Reduce greenhouse gas emissions during production	Fiscal 2030 targets Greenhouse gas emissions during production: reduced by more than 46% (compared to fiscal 2019)	Greenhouse gas emissions during production: reduced by 26% (compared to fiscal 2019)		
		Reduce society's CO ₂ emissions by providing energy-saving products	Fiscal 2030 targets Reduction of society's CO ₂ emissions by products: more than 59.0 million tons / year	Reduction of society's CO ₂ emissions by products: 49.8 million tons/year	7, 9, 12, 13	Environment P47-52
	Realize a recycling-oriented society	Promote the 3Rs (Reduce, Reuse, Recycle) throughout the supply chain	• Ratio of waste sent to landfills: Fiscal 2022 1.2% or less • Water consumption per unit of sales: Fiscal 2022 1,800 m ³ /¥100 million or less	• Ratio of waste sent to landfills: 0.5% • Water consumption per unit of sales: 900 m ³ /¥100 million		
	Realize a society in harmony with nature	Contribution to biodiversity and zero impact on the ecosystem through corporate activities	• Volatile organic compound (VOC) emissions: Fiscal 2022 1,694 tons or less	• Volatile organic compound (VOC) emissions: 625 tons		
S	Respect for human rights	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		
		Continued implementation of employee awareness surveys	Satisfaction with the company: Maintain 3.5 pt or more out of 5.0 pt	• Satisfaction with the company: 3.8 pt	4, 5, 8	Human Resources P53-56
	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: 316		
		Promote active participation of senior employees	—	• General employees: Rate of selection of the Selective Retirement Extension System: 82.1% • Managers: Rate of selection of the Senior Task System: 91.6%		
		Broaden scope of duties performed by differently abled employees	Percentage of differently abled individuals hired: Statutory employment rate (2.3%) or more	• Percentage of differently abled individuals hired: 2.95%		
G	Create a supply chain that supports a sustainable society	Advance workstyle reforms, promote work-life balance	—	• Strengthened our support for work-life balance between work and raising children - Number of male employees taking childcare leave: 43		
		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: 767 companies • Expanded the number of materials procured by purchasing them from multiple suppliers - Percentage of materials procured by purchasing them from multiple suppliers: approximately 70%	12	Sustainable Procurement P57-58
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: 17 at the end of fiscal 2022 (a decrease of 28 compared to the end of the previous fiscal year)		Corporate Governance P59-68
		Ensure effective implementation of the Fuji Electric Compliance Program	—	• Implemented compliance education - Level-specific training: 522 trainees - Job-specific training: 3,104 trainees • Thoroughly implemented the Business Ethics Whistle-Blowing Systems - Number of reports: 46	11, 16	Compliance P69-70
		Enhance risk management	Improve product quality Strengthen business continuity management Strengthen information security	— — —	Strengthened the promotion of high-reliability activities • Revise the business continuity plan of each base • Expand the scope of introduction of disaster prevention information systems for our customers • Strengthened countermeasures against cyber attacks	

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