

# Sustainable

13. Sustainability Positioning /  
Connections Between Business Activities  
and Sustainability

14. Promotion of Sustainability /  
Identification of Materiality

15. Materiality

16. Human Resource Management

17. Special Feature (1) Carbon Neutrality

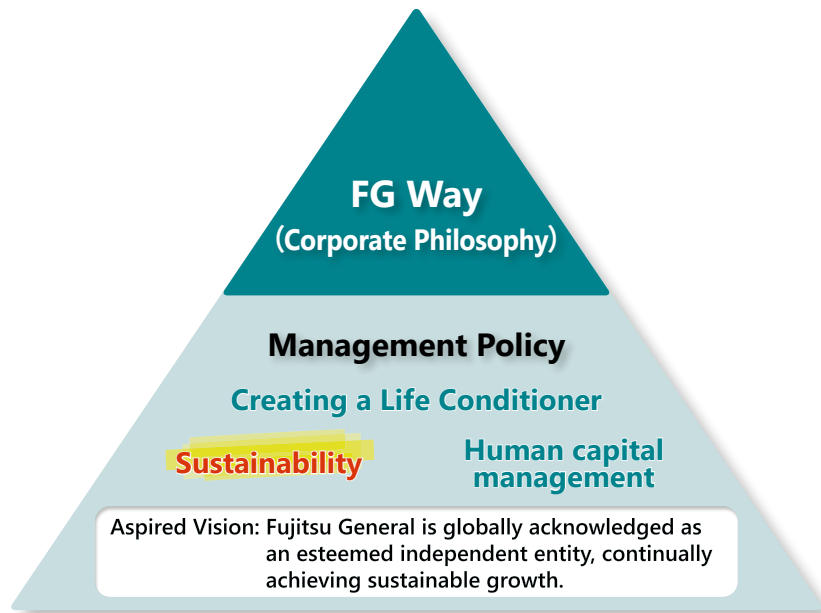
18. Special Feature (2) Human Rights



## Sustainability Positioning

### Sustainability positioning in the Fujitsu General Group

At the Fujitsu General Group, our 'Management Policy' and 'Management Strategy' are developed based on the concept of "Living Together for Our Future," which is the vision outlined in our Corporate Philosophy. Achieving these objectives directly contributes to the 'realization of a sustainable society' and 'solutions to social issues.' In this way, we do not view our core business and sustainability activities as separate. Instead, we position sustainability so that the business activities of every individual become part of our sustainable initiatives.



### Company-wide dissemination initiatives

To ensure that all employees can take ownership of sustainable activities, we share examples of initiatives internally and use educational content to enhance understanding and familiarity with these activities. This fosters new awareness among employees and, by recognizing sustainable actions and achievements, we aim to inspire them and enhance their motivation.

## Connections Between Business Activities and Sustainability

### The vision we aim to achieve through our businesses

- A state where we are contributing to the creation and enhancement of well-being from the perspective of air condition around the world
- A state where we are improving and reforming living environments around the world, beyond air conditioning, and thus contributing to the creation of a sustainable society
- A state where each and every member of the Fujitsu General Group puts our Corporate Philosophy into practice with a smile

### Business activities that contribute to the creation and enhancement of well-being, and our contribution to the creation of a sustainable society

- ☐ Our vision for business creation and sales expansion
  - Air conditioning ecology (product CO<sub>2</sub> emissions reduction, energy efficiency monitoring/consultation, resource circulation business)
  - Air conditioner service solutions (energy management platform, air conditioner lifecycle support)
  - Well-being solutions (pursuit of comfort linked to health, air quality monitoring systems)
  - Disaster prevention solutions (utilization of drones for firefighting, firefighting/disaster prevention system DX, infectious disease prevention)
- ☐ Achieve carbon neutrality
  - Conversion to modules with low GWP refrigerants
  - Pursuit of energy efficiency for products
  - Energy cost reduction in business activities, etc.
- ☐ Transition to circular economy
  - Use of recycled materials, promoting elimination of plastics for packaging materials
  - Promote resource-saving design
  - Reduce waste generation from production, etc.
- ☐ Response to environmental regulations and thorough compliance with laws and regulations



### Implementation of Corporate Philosophy and sustainability

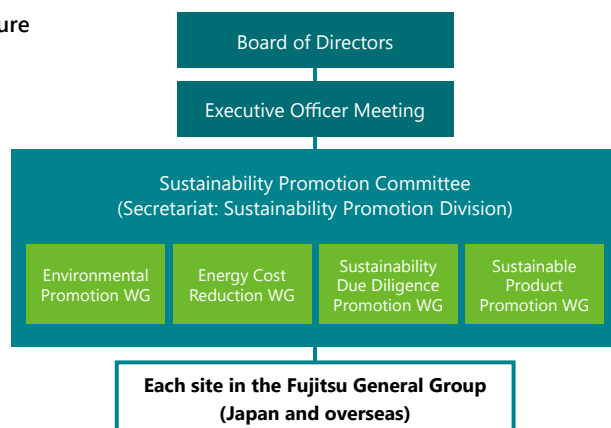
- ☐ Promotion of the Corporate Philosophy and cultivation of a corporate culture
- ☐ Development of systems for complaints processing and human rights aid mechanisms
- ☐ Measures to prevent and address corruption, etc., and mechanisms to discover it in advance
- ☐ Promotion of Health and Productivity Management
- ☐ Stronger information security systems
- ☐ Promotion of sustainability due diligence (mitigation of risks related to human rights, occupational safety, the environment, etc.)

## Promotion of Sustainability

### Sustainability promotion structure

In Fujitsu General Group, the President is appointed Chief Sustainability Officer (CSuO), and works to promote sustainability.

Moreover, the Sustainability Promotion Committee deliberates plans, progress, and issues related to sustainability.



### Three Core Strategic Themes

In order to promote sustainability activities, we are implementing measures based on three pillars: Harmonious Coexistence with Our Planet (Planet), Social Contribution (Society), and Care for Employees (Our People).



## Identification of Materiality

### Materiality

The Fujitsu General Group identifies materiality to promote sustainability activities and pursues business activities to realize a sustainable society.

In identifying materiality, we extracted issues in light of our Group's Corporate Philosophy and Management Policies, considering international guidelines such as SDGs and the GRI Standards as well as the results of various surveys conducted by external research organizations. The extracted issues are then classified and organized across two axes: "Stakeholder interest & impact" and "Significance to the Group." More material issues are designated as Core Strategic Themes.

### Materiality Identification Process

**Step1: Extract social issues**  
Extract issues from stakeholders' perspectives based on GRI Standards, etc.

**Step2: Extract issues to be addressed by the Group**  
Extract priority issues for the Group based on the Corporate Philosophy, Management Policy, etc.

**Step3: Identify materiality**  
Sort out stakeholder interest & impact and significance to the Group are organized to identify our Materiality.


































### Materiality Matrix

		Thorough Compliance and Governance, Respect for Human Rights		
Stakeholder interest & impact	Necessary	◇ Management of Chemical Substances	◇ Efficient Use of Natural Resources ◇ Reduction of Energy Consumption, Waste, and Water Consumption ◇ Air Pollution Control ◇ Supply Chain Management	◇ Climate change countermeasures ◇ Product Safety and Reliability
	Extremely high	◇ Biodiversity Conservation	◇ Stakeholder Engagement	◇ Diversity ◇ Health and Productivity Management & Occupational Health and Safety ◇ New Value Creation
	Very high		◇ Information Security ◇ Community Contribution	◇ Talent Development
	High			
		Significance to the Group		
		High	Very high	Extremely high



## Materiality

\* The SDGs icons listed here are SDG targets that the Company believes it can contribute to through its activities.

Classification of Activity Content		Key Initiatives	KPI (Key Performance Indicator)	SDGs
Harmonious Coexistence with Our Planet		Action Against Climate Change, Reduction of Energy	Reduce CO <sub>2</sub> emissions from products during their use	7  13 
			Reduce CO <sub>2</sub> emissions across business activities	
		Efficient Use of Natural Resources	Promote resource-saving design	8  12 
			Reduce material waste from production	
		Prevent air pollution	Reduce air pollutant emissions	12 
Social Contribution	Customer Relations	New Value Creation	Reduce water usage	6  7  8  12  14 
			Reduce waste generation	
		Delivery of Products that Meet Consumers' Expectations	Water use reduction rate	
			Reduction rate of total waste generated	
		Improvement of Communication with Consumers		
	Community Relations	Coexistence with Local Communities	Conduct research and development projects that address social issues	7  9 
			Offer products that address social issues	
			Endeavor to improve quality	
	Supplier Relations	Approach to Our Suppliers	Improve the satisfaction of customers served by the call center	8  11 
			Supporting the growth of the next generation	
			Promote community coexistence	
Care for Employees		Develop Talented Personnel Willing to Take on New Challenges	Implementation of welfare support	1  2  3  5  8  10  12  16 
			Promote CSR procurement	
			Number of regional corporations audited	
		Raise Health Awareness and Create a Workplace for the Good Life	Hold dialogue with shareholders and investors	4 
			Introduce a system that encourages employees to take on new challenges spontaneously	
			Providing training opportunities for employees	
			Promote mental health	
			Implement measures to prevent lifestyle-related illness	
			Reduce second-hand smoke exposure and encourage smokers to quit	
			Help employees maintain a healthy diet	
		Create a Workplace where Employees Can Work Flexibly with Diversity	Promote understanding of health specific to women	2  3 
			Help employees continue to work while receiving medical treatment	
			Promote diversity & inclusion in the workplace	
			Number of newly promoted female managers and leaders	
			Percentage and number of days of childcare leave taken by full-time male employees	
Governance	Respect for Human Rights	Promote human rights awareness	Help employees maintain a good work-life balance	1  3  4  5  8  10 
			Hold dialogue with the labor union	
			Take action against human rights violations	
	Thorough Compliance and Governance	Provide compliance training to employees	Number of cases of due diligence on human rights conducted	8  16 

## Human Resource Management

### Support for voluntary career development and learning

We believe the role of employee development and education is extremely significant for ensuring sustainable growth for the Fujitsu General Group.

We have clarified the “roles required of each level” and we expect employees to take on new challenges on their own initiative to fulfill those roles. Additionally, we promote the development of an environment that supports the “voluntary career development” and “learning” of employees.

### Employee education system

#### Domestic (career ownership)

In training for each level of employee, we enable employees to acquire the knowledge and skills necessary to fulfill their required roles. At the same time, we also encourage career autonomy through “career ownership” through which employees take control of their own careers, including envisioning their “aspirations, visions, and dreams (the future they want for themselves). For managerial roles, we also provide training to make managers aware of supporting the realization of their subordinates’ careers and help them acquire specific methods for doing so.

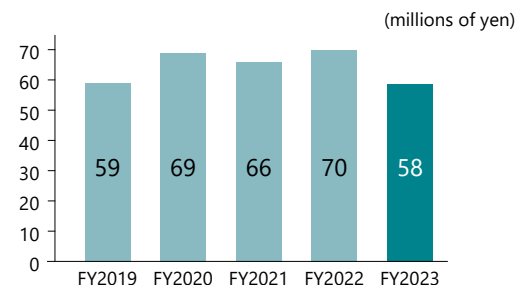
#### Overseas (development of engineers)

To enable the excellent local engineers working at the Fujitsu General Group’s overseas sites (Thailand and Shanghai) to become human resources capable of leading local sites in the future, we conduct on-the-job training at our Kawasaki Headquarters over two to three years.

### Employee training system

To offer opportunities to support the initiative and growth of all employees, we have compiled our on-demand educational content and created a “learning portal website” that supports self-directed learning by each and every employee, by enabling them to select learning content that suits their objective, check their learning history, etc.

#### Annual training expense



We have created a system where employees can participate in individually focused education, as much as they want, whenever they want, including basic knowledge, particularly related to business, information necessary for active participation in a global environment, and practical business skills.

### Employee appraisal system

We have created a personnel system aimed at clarifying roles at each grade, and inspiring employees to voluntarily take on new challenges for more advanced roles and contributions, while also basing appraisals on results achieved, reducing age-related factors, and focusing on roles. Appraisals are conducted through interviews, in ways that contribute to individual growth.

### Promoting women's activities

As part of our promotion of diversity, equity, and inclusion, Fujitsu General Group is working on creating an organizational culture in which all employees can play an active role regardless of gender. In particular, we are focusing on the active participation of women.

We believe that the success of women is indispensable for the growth of the company and the creation of innovation. In order to eliminate any situation in which gender is a barrier, we have conducted interviews at workplaces and with women themselves to ascertain the reality, conducted improvement measures, held roundtable discussions with female External Directors, and conducted training for mid-level women employees. Currently, in line with our new action plan, we are actively promoting motivated and capable women in order to enhance the empowerment of female employees.

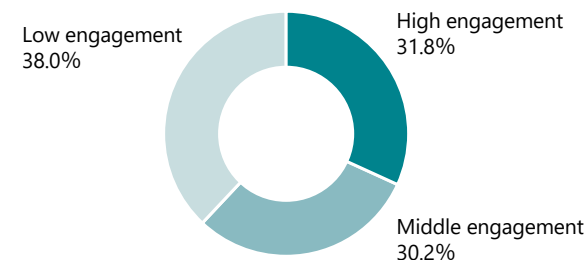


### Employee engagement

We aim to increase engagement based on our ideal of a state where a mutual relationship of trust has been created between employees and our Company, and employees feel joy and fulfillment in contributing in the space called “company” while also experiencing their growth and a sense of self-efficacy through their work at our Company.

In the second engagement survey conducted in July 2023, we found that although organizational commitment (an indicator that shows the appetite to work for a company or organization) was somewhat higher than

#### Second employee engagement survey results



the national average, work engagement (an indicator that shows a psychological state of positivity and fulfillment toward one’s work) was somewhat lower than the national average.

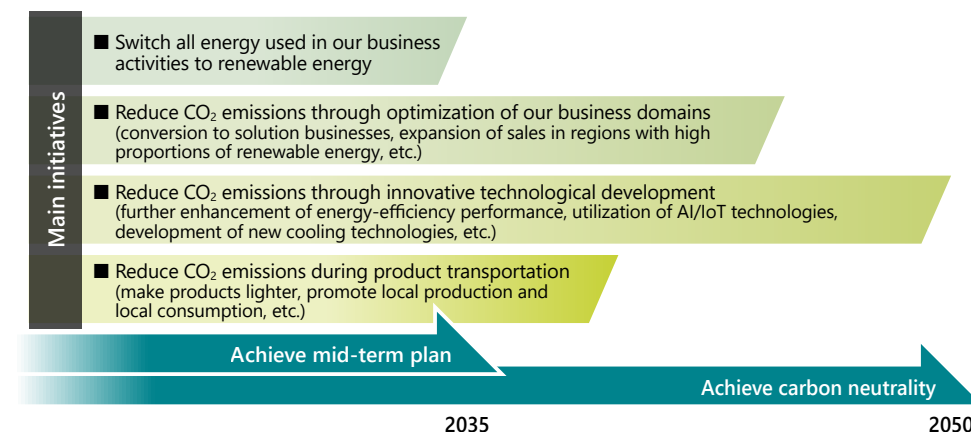
## Special Feature (1) Carbon Neutrality

### Revisions to medium- to long-term environmental targets (August 2023)

In 2016, we formulated our “Mid-term Environmental Action Plan,” with FY2030 as the final target year, and made significant revisions to this plan in March 2021 and April 2022. However, in light of UN COP27 recommendations, Japanese government targets, and recent social trends, following a resolution at a meeting of our Board of Directors held in August 2023, we have now set new long-term targets with FY2050 as the target year, and have revised our medium-term targets in anticipation of achieving our long-term targets. All employees share targets to be achieved over the medium to long term, and we aim to balance the reduction of our environmental impact and the enhancement of corporate value while contributing to achieving the Sustainable Development Goals (SDGs).

Medium- to Long-term Environmental Targets – value chain as a whole (Scope 1, 2, and 3) –				
	Target			Initiatives
Long term	Achieve carbon neutrality	Target fiscal year	FY2050	[Scope1] Switch entirely to renewable energy even for other energy than electricity [Scope2] Switch electricity in our business activities to renewable energy [Scope3] (1) Reduce material consumption and product weight reduction (2) Enhance energy efficiency (3) Improve product transportation efficiency, etc.
		Target	Carbon neutrality	
Medium term	Reduction of greenhouse gas emissions	Target fiscal year	FY2035	
		Target	55% reduction	
		Base fiscal year	FY2021	

### Initiatives to achieve carbon neutrality



### Switching electricity to renewable energy

As one initiative to reduce greenhouse gas emissions, in April 2022, we converted all electric power used in our business activities to renewable energy. As a result, we have achieved net zero greenhouse gas emissions for electric power used at all our sites\* around the world.

\*Excluding some leased properties

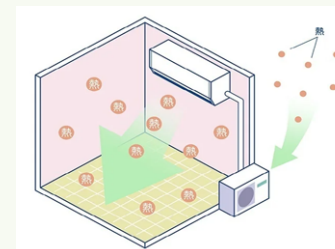


### Initiatives to contribute to reducing CO<sub>2</sub> emissions

#### Mitigation of climate change with heat pump technology

One notable characteristic of heat pump heating is that it does not “create” new heat but instead “collects and moves” heat that already exists.

With devices such as electric heaters, which convert electricity into heat, and oil heaters, which create heat by burning fossil fuels, a maximum of only “heat equivalent to one unit of energy” can be obtained from “one unit of energy.” However, with heat pump heating, it is possible to collect from outdoors “up to approximately heat equivalent to five units of energy” with “one unit of energy” and transport it indoors.



In this way, we promote the spread of heat pump equipment that can produce significant effects with small amounts of energy, is highly effective in reducing greenhouse gases, and is friendly to the environment. Through our efforts, we contribute to the realization of a sustainable society by “changing the world’s heating culture.”

#### Offering products that utilize heat pumps

##### Air-to-Water (hot water heating systems by heat pump)

The main appliances on the European heating market are used fossil-fueled. Those are radiators and central heating systems using hot water, such as underfloor heating. Switching to high-efficiency ATW will contribute to limiting greenhouse gas emissions.

##### Air conditioners for cold regions

There is growing demand for air conditioners for cold regions that can achieve high levels of heating performance even when outside temperatures are low. This is because of factors such as the high airtightness and good insulation of homes, the safety of not performing combustion, and increasing demand for cooling in the summer. Fujitsu General offers air conditioners for cold regions in Japan and North America with stronger heating capabilities suited for such regions.

## Special Feature (2) Human Rights

### Basic Approach to Human Rights

The FUJITSU GENERAL Way is a corporate philosophy that represents the shared values of the Fujitsu General Group. The first item of the Code of Conduct states, "We respect human rights." This clearly states the company's stance that "in all corporate activities, the spirit of 'respect for human rights' shall be the foundation of our activities."

Our group aims for all employees to demonstrate the spirit of respect for human rights through their actions. We believe it is important to correctly recognize and understand human rights issues, learn the spirit and sense of respect for human rights, and act with the awareness of 'not tolerating acts of human rights violations such as discrimination.

### Establishment of Human Rights Policy

The Human Rights Policy of the Fujitsu General Group supports and respects the following international principles and standards.

"International Bill of Human Rights," "Guiding Principles on Business and Human Rights,"  
 "ILO Declaration on Fundamental Principles and Rights at Work,"  
 "National Action Plan on Business and Human Rights," "United Nations Global Compact,"  
 "Convention on the Rights of the Child," "Children's Rights and Business Principles"



For the full text of our Human Rights Policy, please refer to the Fujitsu General website.  
 Human Rights Policy  
<https://www.fujitsu-general.com/global/csr/human-rights-policy.html>



### Internal education related to human rights

#### Human rights training

Together with "Human Rights Week" and "World Human Rights Day," we also conduct training related to "human rights" every year, to provide an opportunity for employees to "take ownership" of human rights problems and act on them. In FY2023, we spread awareness of the importance of recent human rights issues and various human resource activities, and related precautions, with a focus on "Diversity, Equity, and Inclusion."



### Human Rights Due Diligence

We perform Human Rights Due Diligence in the Fujitsu General Group as part of sustainability due diligence, which includes issues related to human rights, labor, health and safety, the environment, corporate ethics, and information security.

If the Group or any of its employees causes or promotes human rights violations in the course of its business activities, or if indirect effects through business relationships, etc. have become clear, or if they are not finalized, but it is suspected that there is a possibility of causing violations, we will correct and remedy it through dialogue and appropriate procedures.

#### Fujitsu General Group bases

In view of the danger of work at Fujitsu General Group manufacturing sites, we prioritize their assessment. In FY2023, we requested answers to self-assessment questionnaires and conducted on-site audits or online interviews of three manufacturing sites in Thailand and one production site in Japan. In assessments conducted in FY2023, we did not find any significant infringements of human rights, such as the requirements of international standards, but human rights issues were identified in part, including long working hours caused by the impact of busy periods and other factors.

#### Suppliers

In FY2023, we conducted new surveys of significant suppliers of Fujitsu General (Thailand) Co., Ltd., FGA (Thailand) Co., Ltd., and TCFG Compressor (Thailand) Co., Ltd., which are manufacturing sites of the Fujitsu General Group located in Thailand. These surveys covered 97 suppliers. We requested responses to self-assessment questionnaires from all applicable suppliers, and conducted on-site audits of four of those suppliers.

At Chinese manufacturing sites Fujitsu General (Shanghai) Co., Ltd. and Fujitsu General Central Air-Conditioner (WUXI) Co., Ltd., we also continued conducting surveys, including on-site audits, of all applicable suppliers, as in the previous year.

After on-site audits, we provided feedback to all suppliers concerning their scores and any issues identified. We also requested that suppliers make improvements concerning any issues identified.