Harmonious Coexistence with Our Planet

_Achieving Carbon Neutrality

■ Switching all 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*1 around the world.

Solar panels were installed on the roof of our R&D Center in Thailand

■ Toward carbon neutrality

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. In light of UN 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 (2) Enhance energy efficiency (3) Improve product transportation efficiency, etc.
		Target	Carbon neutrality	
Medium term	Reduce greenhouse gas emissions	Target fiscal year	FY2035	
		Target	55% reduction	
		Base fiscal year	FY2021	

_Environmental Management

■ Fujitsu General Group Environmental Policy

The Fujitsu General Group recognizes that initiatives to conserve the global environment are an important management issue. We will do our part for sustainable social development by contributing to the creation of a comfortable and secure society and providing people around the world with a future that is rich and filled with possibilities. In addition, we will not just comply with environmental laws, regulations, and standards related to our business activities, but will also proactively engage in activities to conserve the global environment. Furthermore, to ensure we can pass on rich nature to future generations, we will pursue pioneering initiatives through the activities of all our organizations and employees.

■ Environmental management structure

For our environmental management structure, we set up an "Environmental Promotion Working Group," which was established under the "Sustainability Promotion Committee" chaired by the President & CEO. This Group deliberates issues related to the global environment, such as climate change and resource depletion, and manages countermeasures and the progress of our activities.

In addition, the Fujitsu General Group has created an environmental management system based on the international standard ISO14001.

■ Procurement activities based on Green Procurement Standards

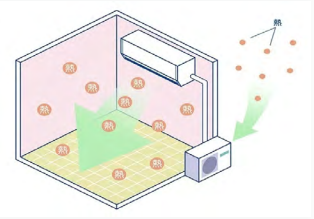
The Group works together to promote green procurement activities. We promote procurement from suppliers who satisfy our green procurement criteria based on the "Fujitsu Group Green Procurement Standards," which are shared across the entire Group. In addition, we also conduct monitoring through surveys shared across the Fujitsu Group and request that suppliers engage in activities with respect to their environmental management systems of suppliers, CO_2 emissions reduction, water resource conservation, and biodiversity conservation initiatives.

*1: Excluding some leased properties

_Mitigation of Climate Change with Heat Pump Technology

■ Heat pump heating

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 "one" unit of heat can be obtained from "one" unit of energy. However, with heat pump heating, it is possible to transport up to approximately "five" times the heating effect indoors with "one" energy unit.

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

☐ ATW (air-to-water heat pump systems)

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

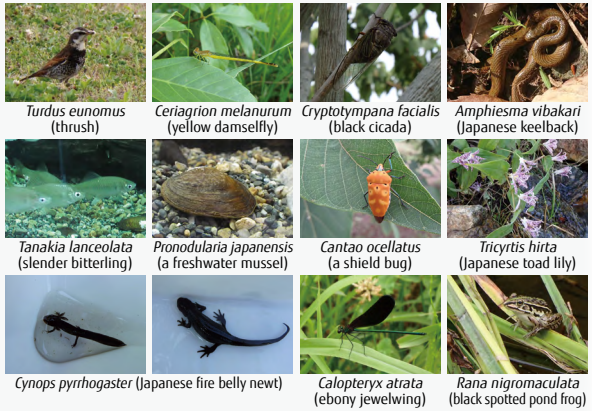
There is growing demand for air conditioners for cold regions that can achieve high levels of heating performance even when outside temperatures are low. This is because of factors such as the high airtightness and good insulation of homes, the safety of not performing combustion, and increasing demand 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.

Biodiversity Conservation

■ Use of biotope to create ecosystem networks

At our Hamamatsu Business Office, we have been maintaining the biotope that we opened on green land at that site in FY2012. Within the biotope, we conserve *tanakia lanceolata* (slender bitterling) and *pronodularia japanensis* (a freshwater mussel), which are rare species designated as critically endangered[*1] on the Shizuoka Prefecture Red List, and we have confirmed that these species are currently naturally reproducing. There are many other animals and plants inhabiting and growing in the biotope, including *oryzias latipes* (Japanese rice fish) (vulnerable), *rana nigromaculata* (black spotted pond frog) (near threatened), *appasus japonicus* (ferocious water bug) (requires attention), *sparganium fallax* (bur-reed) (vulnerable), and *brasenia schreberi* (water shield) (near threatened). We also work to create an environment capable of attracting native species that inhabit the area around our business office by thinning out overgrown plants and removing invasive species. As a result, the number of species of creatures seen in the biotope is increasing every year, including *calopteryx atrata* (ebony jewelwing) and *amphiesma vibakari* (Japanese keelback). Since 2019, as part of Hamamatsu City's ESD[*2] model program for environmental education, we have been regularly donating bitterling moths from the biotope at our Hamamatsu Plant to support students of Iiya Elementary School in Hamamatsu City in their efforts to conserve bitterling moths in a biotope managed by local residents.

In the future, we will continue enhancing the biotope while also contributing to the creation of an ecosystem network in the area around our business office and the conservation of rare species outside their habitat.



*1: Category for species with a very high risk of extinction in the wild in the very near future.
*2: Abbreviation for Education for Sustainable Development.

Disclosure Based on TCFD

■ Disclosure of climate change-related information

The Fujitsu General Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will disclose material information related to climate change in accordance with these recommendations.

■ List of disclosure items

TCFD Recommendations and Supporting Recommended Disclosures	Recommended Disclosures
Governance: Disclose the organization's governance around climate-related risks and opportunities.	
a) Describe the board's oversight of climate-related risks and opportunities.	Governance
b) Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Strategy
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.	
a) Describe the organization's processes for identifying and assessing climate-related risks.	Risk Management
b) Describe the organization's processes for managing climate-related risks.	
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Environmental Action Plan (Metrics and Targets)
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

■ Governance

In April 2021, through discussions with the Board of Directors, we formulated and announced our basic policy and core strategic themes of sustainable management. Important management issues are discussed at meetings of the Management Committee (generally held twice a month) consisted of Corporate Vice Presidents (Corporate First Senior Vice Presidents and above). In addition, those issues are deliberated and decided on at the Board of Directors meetings held once a month or on an ad hoc basis when necessary. Deliberations and decisions on business execution are made at the Corporate Executive Meeting consisted of all Corporate Vice Presidents generally held three times a month. In addition, we look for approval from the Board of Directors on particularly important matters.

We have established the "Sustainability Promotion Committee," chaired by the President & CEO, as a forum for finding cross-organizational solutions to issues related to Sustainable Management. We have also established the "Environmental Promotion Working Group" as a sub-organization of this committee that deliberates environmental issues specific to organizations.

> A diagram of our corporate governance framework is provided on P. 21.

■ Strategy

☐ Impact and countermeasures of climate-related risks and opportunities in the air conditioner business of Fujitsu General Group

Regarding business risks related to climate change, we examined the following two scenarios according to the TCFD classification: (1) "Risks related to the transition to a low-carbon economy" which will mainly occur in the course of the 2°C scenario, and (2) "Risks related to the physical impacts of climate change" which will occur when the 4°C scenario is reached due to the failure to reduce global CO_2 emissions.

We also consider the business opportunities and compile strategic initiatives to prepare for risks and take advantage of opportunities.

For details, please refer to the Fujitsu General website.
Information disclosure based on TCFD
https://www.fujitsu-general.com/global/csr/tcfd.html

Disclosure Based on TCFD (cont.)

■ Process for identification of climate-related risks and opportunities, consideration of actions, and implementation management

① Information collection
- Organize risks and opportunities based on TCFD recommended disclosure items, considering external information and reports.
- Obtain objective forward-looking information and identify impact on the Group.

② Identify risks and opportunities
- Estimate the business impact (financial impact) of climate change and identify high-impact risks and opportunities.

③ Consider and determine actions
- The Sustainability Division plays a central role in discussing and developing actions for the identified risks and opportunities with related divisions. Risks, opportunities, and actions are reported to the CSO and the Board of Directors.

④ Execution and management of initiatives
- The Compliance & Risk Management Committee promotes activities to reduce risks.

■ Opportunity

Opportunity Item		Opportunity
Products and Services	Tighter regulations on the use of fossil fuels	Stricter regulations on the use of fossil fuels have increased the need for heat pump heaters, leading to higher sales
	Increase in demand for air conditioners due to rising temperatures	In response to growing demand for air conditioners due to rising temperatures, research and development of air conditioners for high outdoor temperatures and sales expansion
	Strengthening of regulations on energy conservation	Expand sales by doing research and development of air conditioners with high energy efficiency in response to tighter energy conservation regulations

■ Risk Management

The Fujitsu General Group classifies various changes in the external environment associated with climate change into "transition risk" and "physical risk" as exemplified by the TCFD recommendations, and evaluates financial impact and probability in three levels to identify significant risks and opportunities.

In addition, at the Group, we strive to prevent and mitigate risks that could significantly impact our business by conducting risk assessments related to compliance, crisis management, human resources, labor, safety & health management, the environment, IT security, and information management, amongst others. The process is deliberated at the Compliance & Risk Management Committee.

■ Risks: Impact on business and likelihood of occurrence

Risk Item			Risks	Likelihood of Occurrence	Financial Impact Level
Transition	Policy and legal	Increased pricing of GHG emissions	Increased cost burden in procuring raw materials and manufacturing products due to carbon tax, introduction of emissions trading, etc.	2	1
		Tightening of refrigerant regulations	Loss of sales opportunities if unable to comply with refrigerant regulations	3	3
	Market	Tight supply and demand for electricity	Possibility that electricity use will increase in emerging countries, causing electricity shortages and making it difficult to expand sales of air conditioners	3	2
		Increased cost of raw materials	Possibility of higher raw material prices or difficulty in obtaining raw materials due to changes in supply-demand balance or changes in materials toward fossil fuel-free	2	2
Physical	Acute	Damage to production bases	Possibility of inundation of our plants due to disasters such as typhoons and floods, resulting in damage to production facilities, etc. and suspension of operations, or suspension of parts supply due to inability of suppliers to operate	2	2
	Chronic	Rising mean temperatures	Possibility of increased heat stress and infectious diseases leading to decreased worker productivity and accidents	1	1

☐ Likelihood of Occurrence

Level	1	2	3
Definition	Occurs very rarely	Moderate	Occurs frequently

☐ Financial Impact Level

Level	1	2	3
Estimated impact (financial)	High	Very high	Extremely high

■ Risk Management System

To promptly identify risks that may adversely affect the Fujitsu General Group as it develops its business globally and to implement countermeasures in a timely manner, risk assessments are conducted to confirm the appropriateness of risk evaluation and risk management by our Company's divisions and Group companies. The Compliance & Risk Management Committee selects priority issues to be addressed while promoting activities to reduce risk. The Committee reports its annual activities to the Board of Directors.

■ Environmental Action Plan Stage X (FY2023-FY2025)

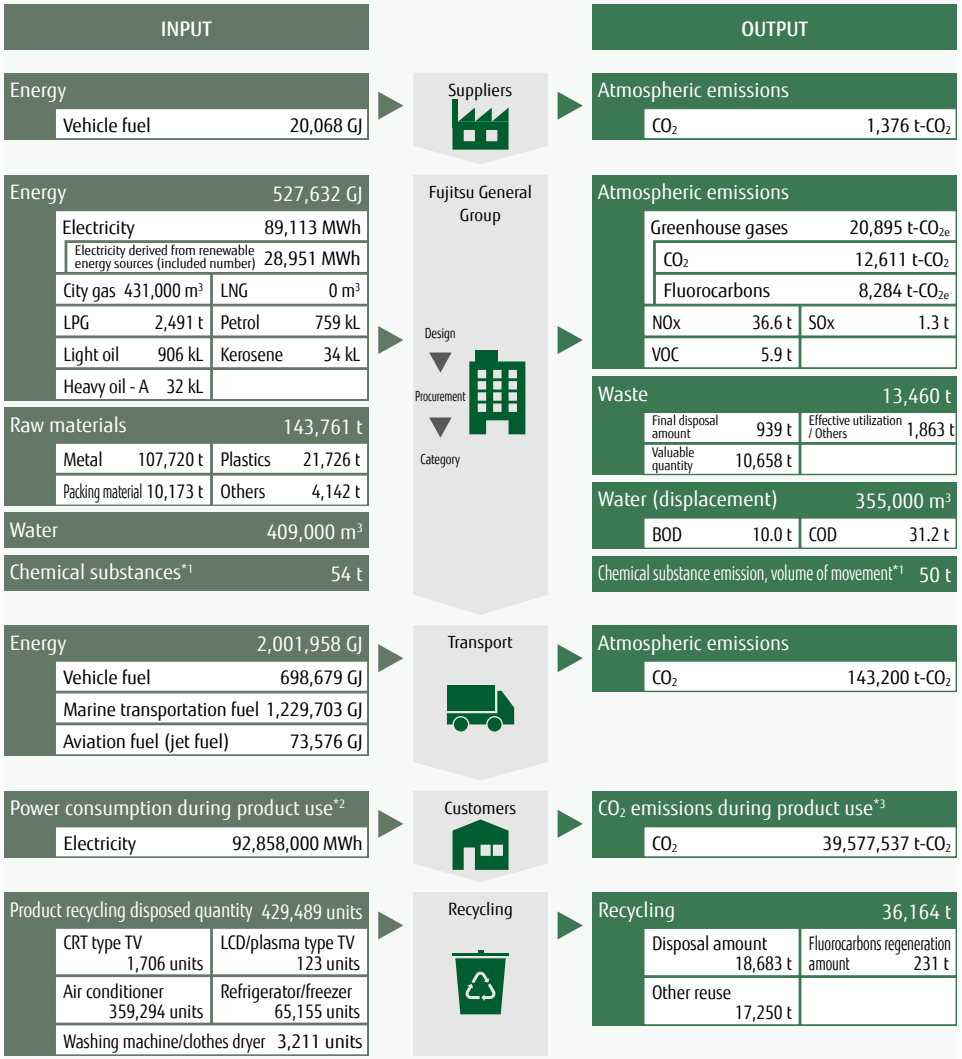
Pillar activity	Activity theme	Key initiatives
Action against climate change	Reduction of greenhouse gas emissions	Make transition to new refrigerant
	Pursuit of energy efficiency	Change to highly energy efficient equipment
		Enhance energy efficiency
		Reduce greenhouse gas emissions in the supply chain (upstream)
	Introduction of natural energy	Expand use of decarbonized energy
	Improvement of electricity and gas usage efficiency	Improve energy efficiency of facilities
Sustainable consumption	Resource-saving design	Promote use of recycled materials
		Make resource recyclable designs
		Promote elimination of plastics
	Effective use of resources	Reduce waste
		Take action against water risk
Environmental protection activities	Management of chemical substances	Prevent air pollution
	Biodiversity Conservation	Register for OECM certification

For details, please refer to the Fujitsu General website.
Information disclosure based on TCFD
https://www.fujitsu-general.com/global/csr/tcfd.html

We have received third-party assurances for Scope 1, 2, and 3(Category 11) emissions.
Please visit our website for more information (Environmental Activities: Environmental Performance Data).
https://www.fujitsu-general.com/global/environment/data/performance.html

Disclosure Based on TCFD (cont.)

■ Material balance (FY2022 actual results)



*1: The total amount of PRTR substances that are handled in 100 kg or more per year per business site
*2: The total amount of electricity consumed by air conditioners sold during their total operating hours over their estimated product life
*3: CO_2 emissions generated by air conditioners sold during their total operating hours over their estimated product life

■ Reporting of greenhouse gas emissions based on GHG Protocol

Scope	Category		Calculated volume/t-CO_{2e} FY2022	% of total
Emissions from corporate activities (Scope 1 + Scope 2*1)			20,895	0.05%
Scope 1	Direct emissions from fuels and fluorocarbons consumed by the company*2		20,895	0.05%
Scope 2	Indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the company (Market-based*3)		0	0.00%
	Indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the company (Location-based*4)		44,405	-
All other indirect emissions that occur in a company's value chain (Scope 3)			40,504,255	99.95%
Scope 3 Upstream	Category 1	Purchased goods and services	739,007	1.82%
	Category 2	Capital goods	25,391	0.06%
	Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	3,125	0.01%
	Category 4	Upstream transportation and distribution	91,135	0.22%
	Category 5	Waste generated in operations	2,536	0.006%
	Category 6*5	Business trip	1,057	0.003%
	Category 7*5	Employee commuting	311	0.001%
	Category 8	Upstream leased assets	N/A (included in Scope 1 and Scope 2)	-
Scope 3 Downstream	Category 9	Downstream transportation and distribution	54,139	0.13%
	Category 10	Processing of sold products	44	0.00011%
	Category 11*6	Use of sold products	39,577,537	97.66%
	Category 12	End-of-life treatment of sold products	9,974	0.02%
	Category 13	Downstream leased assets	N/A	-
	Category 14	Franchises	N/A	-
	Category 15	Investments	N/A	-
Emissions from entire value chain (Scope 1 + Scope 2*1 + Scope 3)			40,525,150	100.0%

*1: Market-based
*2: Regarding the amount of fluorocarbon emissions from repair processes at factories, the amount of fluorocarbons filled into products was regarded as the amount of fluorocarbons emissions until FY2021, but from FY2022, the amount of fluorocarbons plugged into products minus the amount of fluorocarbons recovered is calculated as the amount of fluorocarbons emissions.
*3: (Domestic) Calculated with emission factors for electricity contractually purchased.
(Overseas) Calculated with emission factors by country based on IEA "Emissions Factors."
Note that the CO_2 emissions of Scope 2 are zero because of the contracts for renewable energy electricity, in-house generation using renewable energy, and the purchased renewable energy electricity certificates.
*4: Calculated based on average electricity generation emission factors for defined locations.
(Domestic) Calculated with the national average factor in the Ministry of the Environment's "Emission Factors by Electric Utility Company."
(Overseas) Calculated with emissions factors by country based on IEA "Emissions Factors."
*5: Scope of coverage for categories 6 and 7 is within Japan.
*6: Products included in the calculation: Air conditioners.