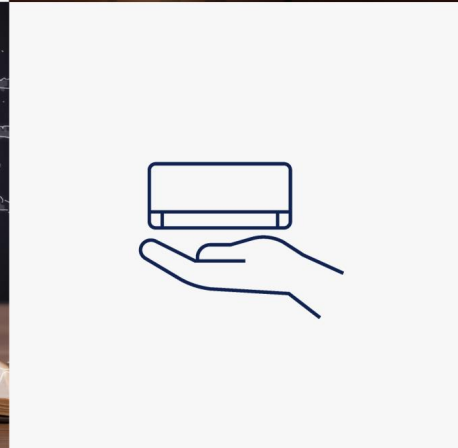
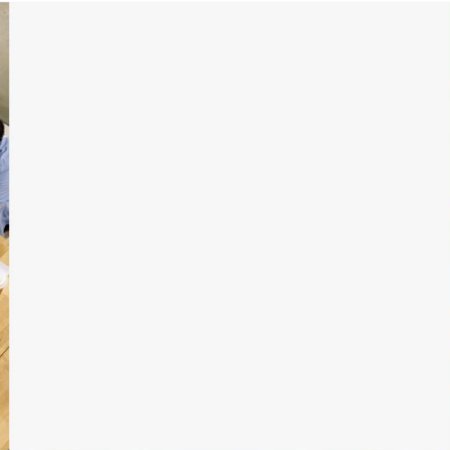


# Story of Value Creation

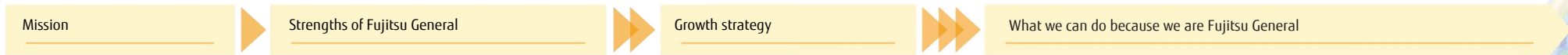
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# The Process of Value Creation - Diagram



**-Living together for our future-**

Through innovation and technology, we deliver a brighter future with the peace of mind to our customers and societies around the world.

**Manufactured capital**  
Global production and R&D bases for innovation and technology

- Production bases: 8 bases [Breakdown] Domestic: 2 Overseas: 6
- R&D bases: 6 bases [Breakdown] Domestic: 1 Overseas: 5

**Human capital**  
Human resources supporting innovation and technology

- Self-motivated talent development
- Empowering of *monozukuri* (manufacturing) "Technical Academy"

**Intellectual capital**  
Since our founding, we have created world and industry firsts through our value-creation capabilities

**Air conditioners**

- Simple-mounting cassette-type cooler (industry's first)
- Air conditioner with automatic filter cleaning function (world's first)
- Air conditioner with hybrid airflow (world's first)

**Information & Communication System and Electronic Devices**

- Digital fire-fighting emergency radio (SCPC method) system (first in Japan)
- Municipal Disaster Prevention Radio touchscreen console (industry's first)

...And others

**Social and relationship capital**  
Expanding and joint development\* of business areas by strengthening cooperation

- Joint development: 9 companies
- Overseas sales companies: 15 companies
- Overseas distributors: 97 companies

\*As of March 2022

**Promotion of Sustainable Management**

Pla net

Our People

Society

**Power of monozukuri**

World- and industry-first technologies

**Global business development**

Business in more than 100 countries worldwide

**Expansion of partnership**

**Management that considers sustainability of society**

- Considering the of SDGs and looking our current core promote initiatives Creation of respond to cutting-technologies
- Investment of resources and of capital with future

significance beyond business, for the Innovation and edge

management concentration an eye on the future

"Examples of Initiative" sales products *Sustainable Product*

- Development and expansion of certified as *Product*

**SDGs and Fujitsu General share the same belief**

SDGs (United Nations)

**No One Will Be Left Behind**

We aim for a future in which people can continue to live affluently and peacefully on the planet through cooperation

Together, toward a sustainable future that only Fujitsu General can offer

**Creation and realization of world and industry firsts**

Creation of innovation leveraging the power of *monozukuri*

**Providing comfortable and clean air with low CO<sub>2</sub> emissions to the world**

Contribution to **Mitigation of Climate Change**  
Utilizing Inverter Technology

- Development and sales expansion of products with heat pumps
- Development and sale of enhanced energy-saving products
- Development, sale, etc. of renewable energy products

Heat pump hot water heating system ATW

**Advanced telecommunications technology since the company's founding**

Providing safety and security leveraging high communication technology  
Providing safety and security with firefighting and disaster prevention systems, etc.

Fire-fighting systems

**Providing health and cleanliness**

by utilizing ultraviolet horizontal irradiation technology  
Providing products that meet indoor cleanliness and sterilization requirements, etc.

Aero Shield

**Development of Excellent Energy-saving Devices**

Small GaN module

# The Process of Value Creation - Measures and KPIs

The Fujitsu General Group is promoting activities by setting the following core strategic themes to achieve the "Medium-term Management Plan" with the target year of FY2022.  
 In line with pushing forward more with core strategic themes, we will also pursue the implementation of our Corporate Philosophy and business growth strategies by further ensuring risk management and building business models in response to the new era of coexistence with COVID-19.

## Promoting the Core Strategic Themes of Medium-term Management Plan

### I. Expansion of Air Conditioner Business

- Strengthening responsiveness to external environment
  - Enhance development productivity (PLM<sup>\*1</sup>, CAE<sup>\*2</sup>)
  - Design process innovation
  - New production bases, production leveling
  - Review of procurement methods
  - Improvement in selling prices
- Further development of business model
- Innovation of development system
- Strengthening of sales activities

### II. Strengthening Business Foundations for Information & Communication System and Electronic Devices

- Information & Communication System
  - Stabilization of existing businesses
  - New challenges for continuous growth
- Electronic Devices
  - Establishment of power module business
  - Improve quality and promote production innovations

### III. Promotion of Total Cost Reduction

- Standardized design and conversion to alternative materials
- Promotion of cost reduction and VE<sup>\*3</sup>
- Strengthening *monozukuri* (manufacturing), etc.

### IV. Strengthening of power to generate cash flow

- Promote CCC<sup>\*4</sup> improvement
- Investment for growth (include M&A)
- Shareholder returns
- Investment in human resources, etc.

## Adoption of a new era to coexist with COVID-19

- ◆ Thoroughness in risk management
  - Acceleration of building strong organization for BCM<sup>\*5</sup> (Business Continuity Management)
- ◆ Development of business model for how to coexist with COVID-19
  - Cleanliness and sterilization
  - Remote monitoring and contactless
  - Utilization of AI/IoT

Go to the next stage!

**FY2030**

Aim to have products and services certified as *Sustainable Product* account for over 30% or more of consolidated net sales

**FY2025**

Aim to achieve carbon neutrality

**FY2022**

Achieve Medium-term Management Plan

Net sales 3,700 Hundred million yen  
 Operating income 170 Hundred million yen  
 Operating income margin 4.6%  
 CCC ≤ 85 days

See P.21

New Value Creation Sustainable Product

## Promotion of Sustainable Management

- Harmonious Coexistence with Our Planet (Planet)
  - Contributing to climate change mitigation
  - Achieve carbon neutrality
- Social Contribution (Society)
  - Supply chain management
  - Strengthen partnership
  - Quality initiatives
  - Coexistence with local communities
- Care for Employees (Our People)
  - Strategic implementation of health and productivity management
  - Build an environment where employees can play an active role
  - Enhancing human resource development

<sup>\*1</sup> Abbreviation for Product Lifecycle Management.  
<sup>\*2</sup> Abbreviation for Computer Aided Engineering.  
<sup>\*3</sup> Abbreviation for Value Engineering.  
<sup>\*4</sup> Abbreviation for Cash Conversion Cycle. It refers to an indicator used to see the efficiency of funds.  
<sup>\*5</sup> Abbreviation for Business Continuity Management.

Sustainable Management (implementing Corporate Philosophy and pursuing its growth strategies)

## Interview with the President

**We will execute the core strategic themes set forth in the Medium-term Management Plan and respond to the new era, in pursuit of business growth while promoting Sustainable Management.**



### Basic Policies and Progress in Medium-term Management Plan

#### Q1. Can you please tell us about the progress in the Medium-term Management Plan?

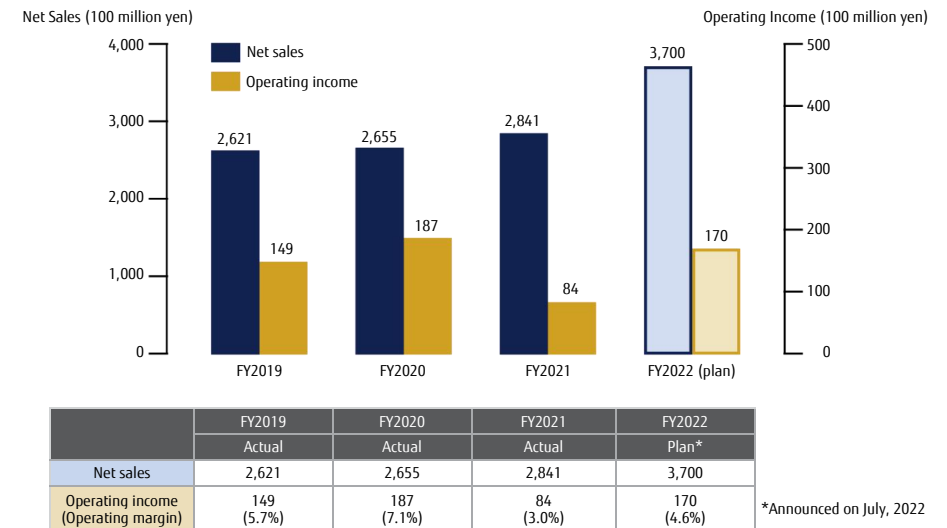
Consolidated net sales for FY2021 increased due to an expanded sales volume of air conditioners for overseas markets and improvement in selling prices. However, profit and loss were significantly affected by soaring prices of materials and parts, ocean freight rates, and the appreciation of the currency of the country of production, and furthermore, a lockdown of the city of Shanghai in March resulted in a supply suspension at the air conditioner manufacturing plants based there.

In FY2022, demand for air conditioners remains strong, especially in Europe and the U.S. In addition, the spread of heat pump equipment has accelerated in Europe amid the trend toward decarbonization, and the Indian market is expected to grow into a major one in the near future. Thus, demand for air conditioners is on an upward trend.

On the other hand, prices of materials and parts and ocean freight rates remain at an unprecedented level, the ongoing shortages of semiconductors and components and logistics stagnation in various industries have not yet been resolved, although they are improving, and there are growing concerns about rising prices against a background of accelerating global inflation, as well as uncertainties in exchange rate trends. We expect that the situation will continue to be severe in terms of cost.

Currently, at Fujitsu General Group we are working on various improvement measures in all aspects of our business activities, but it is difficult to absorb all the rapid cost increases in a short period of time, and although we expect to achieve the sales target for FY2022 that had previously been set, we are forced to review the target figures for operating income.

In order to achieve the plan for FY2022, we regard "Normalization of the supply chain," "Responding to rising external costs," and "Building a foundation for future development" as the three most pressing issues. And we aim to promote the measures set forth in the Medium-term Management Plan, and furthermore, to achieve long-term business growth and development while ensuring risk tolerance under difficult and unpredictable circumstances.



#### Urgent issues and actions to achieve the plan

1 Normalization of the supply chain

2 Responding to rising external costs

3 Building a foundation for future development

# Interview with the President

## Q2. What measures are you taking for the “Normalization of the supply chain”?


Severely affected by procurement and logistics issues in FY2021, we are focusing on “eliminating concerns about the supply of electronic parts,” “responding to fluctuations in demand,” and “optimizing and streamlining orders, production, and inventory management” in order to quickly normalize the supply chain.

With regard to “eliminating concerns about the supply of electronic parts,” we have made steady progress in expanding our purchasing options by identifying items purchased from a single source and prioritizing the allocation of technical resources to the adoption of alternatives and the diversification of procurement sources. We are also reducing the number of product models to be manufactured by standardizing parts and optimizing the number of items through the expansion of standardized designs. Furthermore, in order to prevent us concentrating on particular EMS vendors, we are diversifying our requirements and making long-term arrangements for parts, and also procuring parts from secondary vendors with whom we have not had direct transactions in the past.

For “responding to fluctuations in demand,” we will work to standardize production through integrated production and sales efforts and by using external resources such as ODMs and production contractors, considering the demand forecast and sales methods of the Sales Division. In addition, while air conditioners have been produced intensively in China and Thailand, we plan to entrust local production partners in India starting in FY2022 as an initiative for local production for local consumption to diversify risks, and we will consider local production in Europe and the Americas in the future.

For “optimizing and streamlining orders, production, and inventory management,” we are rebuilding our IT infrastructure, including a new production management system, and are working on strategic inventory management by prioritizing inventories of distributors and parts for air conditioners.

Although the supply chain disruption had a significant impact in FY2021, operations are steadily improving as a result of these efforts, and we aim to return to normalcy as soon as possible.


Issues	Measures
Unstable supply of electronic parts	<ul style="list-style-type: none"> <li>&gt; Expand purchasing options (adopt alternatives, diversify suppliers)</li> <li>&gt; Reduction in the number of models (standardization design, optimization of number of models)</li> <li>&gt; Dispersion of orders to EMS, long-term arrangement of parts, and management of secondary suppliers</li> </ul>
Responding to fluctuations in demand	<ul style="list-style-type: none"> <li>&gt; Production leveling at the Thailand factory</li> <li>&gt; Expand utilization of ODM</li> <li>&gt; Local production for local consumption for risk diversification</li> </ul> 
Optimizing and streamlining orders, production, and inventories	<ul style="list-style-type: none"> <li>&gt; Establish of the new system for production management</li> <li>&gt; Reconstruct IT infrastructure</li> <li>&gt; Review inventory strategies (sales subsidiaries, main parts)</li> </ul>

## Q3. What measures are you taking for “Responding to cost rising to external factors”?

First, we are moving forward with measures to address the sharp rise in prices of materials, components, and parts. We are working to switch the material used for heat exchangers from copper, which has a high unit price, to a relatively inexpensive material, aluminum. It is already in the final stages of commercialization and we plan to begin sales in some regions in FY2022. In addition, our development, procurement, plants, and overseas R&D divisions will work closely together to reduce costs, including for low-cost inverters dedicated to cooling. In addition, local production in India, as explained earlier, is expected to be effective in terms of reducing costs as well as diversifying risk. In addition to these efforts, we will take all possible measures, such as easing excessive specifications, changing specifications, and improving productivity by promoting IT and automation in development divisions and plants.

Next, with regards to “soaring ocean freight rates,” we will work to ensure that the ship space slots secured are used up by taking orders and producing on a container-by-container basis, securing contracted space slots considering shipping plans and freight rates, and curb logistics costs through local production for local consumption.

Since this cost increase is unprecedentedly sharp and far beyond the normal self-help efforts we can do such as reducing costs and improving productivity, we will continue to raise product prices around the world in order to improve profitability.


Issues	Measures
Rising material costs, components costs, and parts costs	<ul style="list-style-type: none"> <li>&gt; Cost reduction in collaboration with development, procurement, production, and overseas R&amp;D (e.g., shift from copper to aluminum, Tropical Cooling Only Inverter AC, etc.)</li> <li>&gt; Mitigation of over-specification and specification changes</li> <li>&gt; Expand purchasing options</li> <li>&gt; Cost reduction by production in India</li> <li>&gt; Improvement of productivity by IT, automation, etc.</li> </ul> 
Rising ocean freight costs	<ul style="list-style-type: none"> <li>&gt; Arrange orders and production by the container</li> <li>&gt; Ensuring the allocation of ship space quotas</li> <li>&gt; Secure contracted space based on shipping plans and freight rates</li> <li>&gt; Control logistics costs by local production for local consumption</li> </ul>
Product price	> Continuously increasing product prices worldwide

## Q4. What measures are you taking for “Building a foundation for future development”

First, for the “Development organization and technology development,” we will enhance the productivity of development by utilizing computer-aided engineering (CAE) and product lifecycle management (PLM) as well as promoting standardized design. At the same time, we will strengthen our software development system to expand our solutions business, which is indispensable for building the air conditioner business model we are aiming for.

Next, for “*Monozukuri* (Manufacturing),” we will quickly normalize operations of production at our Thai plant to realize the benefits of increased production capacity and promote the development of local production in India and Europe. In parallel with this, we will also promote the decarbonization of energy used at each of our plants.

In addition, to enhance company-wide human resource development, we will continue to hire mid-level specialists, and at the same time, promote measures that contribute to the expansion and improvement of human capital, such as the expansion of the functions of the Technical Academy and the development of global human resources.

Issues	Measures
Development organization, Technical development	<ul style="list-style-type: none"> <li>&gt; Improve productivity by the use of new technologies (CAE/PLM)</li> <li>&gt; Proceed standardization design</li> <li>&gt; Strengthen software development organization to support solution business</li> </ul>
Production	<ul style="list-style-type: none"> <li>&gt; Increase production capacity and normalize production at the Thailand factory</li> <li>&gt; Promote decarbonization of factory energies</li> <li>&gt; Local production in India and France</li> </ul> 
Human resources development	<ul style="list-style-type: none"> <li>&gt; Continue hiring mid-level experts</li> <li>&gt; Expansion of Technical Academy and continuation of organizational revitalization activities</li> <li>&gt; Expand program to develop global human resources</li> </ul>

## Interview with the President

### Q5. How are the measures to expand sales in the priority markets of North America, India, and Europe, progressing?

In North America, which is one of our most important markets, we have a very large number of backorders as of the end of FY2021 due to supply chain problems. As deliveries have been delayed, many customers are still waiting for our Company's products to arrive. Shipments are made as they come, but first, this backorder should be resolved as soon as possible.

In addition to this, as environmental awareness rises in the North American market, we will capture the demand to replace fossil fueled heaters with heat pump equipment through the introduction of new products for cold regions. In the U.S., the movement for decarbonization is gaining momentum under the current administration, which we believe is a tailwind for the Fujitsu General Group. We will also continue to develop sales channels through multi-brand development and accelerate collaboration with Rheem.

Furthermore, from the viewpoint of risk diversification, we believe it is necessary to manufacture our products close to where they are consumed, and will consider local production in North America.

#### ■ Promotion of sales activities to capture growing demand

##### North America

- Early resolution of backorders
- Expand our product line-up
  - Development of models for cold regions
  - Develop sales channels using a multi brand strategy
  - Accelerate growing collaboration with Rheem
- Consider local production



Whole house solutions for residential and commercial

In India, another top-priority market, in FY2021, our Company's sales growth rate was much higher than the market growth rate, resulting in an increase in market share. We will continue to introduce new products, mainly cooling-only inverter air conditioners and expand our sales channels. In addition, as a new production base, we plan to start local production this fiscal year.

Furthermore, ABS, a subsidiary of the Company that develops solution businesses, has been receiving very strong orders, partly due to the expansion of its sales area. As a result, the sales and revenues have grown substantially. We expect to generate significant synergies with product sales in the future.

##### India

- Expansion of local sales
  - Double-digit growth in local sales under COVID-19
  - Launching new products and expanding sales channels
  - Plan to start local production in FY2022
- Expansion of solution business
  - ABS: Double-digit growth and seeking to create synergies



Local sales store in India

This is the Company's other priority market. In Europe, which is leading the way with its decarbonization policy, shipments of ATW in FY2021 doubled from the previous year, thanks in part to the benefits of subsidy policies for heat pump equipment. While market growth is expected to continue, we will introduce new products jointly developed with our longtime French partner Atlantic, as well as consider local production. In Europe, the commercial market is also expected to recover with the resumption of economic activities, and we will continue our efforts to expand commercial routes with an eye on the solutions business as well.

##### Europe

- Expansion of commercial business
  - Accelerate growing collaboration with G.I. Holding
- Promotion of ATW business
  - Launch new products by joint development
  - Prepare local production
- Strengthen solution business

**WATERSTAGE**



ATW (Air to Water)

### Q6. How are the Information & Communication System and Electronic Devices businesses?

First, in the Information & Communication System, we expect a slight decrease in sales in FY2022, as our mainstay firefighting and disaster-prevention systems are at the turning point of business negotiations. In the future, we will aim to increase orders by supporting the wide-area expansion of firefighting organizations and promoting product development of new firefighting digital products, which will be fully commercialized around FY2023. As for the disaster-prevention system, we plan to provide new value by utilizing our abundant operational assets, such as flood alerts and proposals for improving the voice quality of wireless broadcasting. In the private-sector business, in addition to the traditional distribution and medical businesses, we will expand our human resources business with an eye to pioneering cutting-edge technology fields such as DX (Digital Transformation) and AI.

As for the electronic devices segment, in the unit manufacturing business, which is the mainstay of our sales, we will promote efforts to secure orders from existing customers for robot controllers and other products, as well as to enhance production- and cost-competitiveness in automation. In the power module segment, which we consider to be a future pillar of our business, we started mass production of IGBT modules for the Company's VRF in 2021. The power module business is new for the Company, but due to the recent shortage of semiconductors, we have received many inquiries. While demand for power modules for EV is strong, there is a shortage for industrial equipment, and we are receiving many inquiries from both new and existing customers, and intend to develop business from a medium- to long-term perspective. Sample shipments of modules have also begun with next-generation semiconductor GaN devices, and we will accelerate the development of next-generation devices with superior energy-saving performance.

##### Information & Communication System

- Public systems (Fire-fighting systems, Disaster prevention systems)
  - Strengthen activities for a wide area of fire-fighting organizations
  - Develop new products for updating disaster prevention digital radio
  - Utilize abundant operating assets in disaster prevention systems
- Private sector systems
  - Expand human resources business (develop high-technology fields such as DX and AI)



Fire and emergency communication command system

##### Electronic Devices

- Stabilization of existing businesses
  - Secure orders from existing customers and stable production
  - Automation initiatives for cost-competitive
- Develop new business (power module business)
  - Start mass production of IGBT module for our VRF
  - Start to ship samples of the GaN module (develop next-generation models that achieve ultra-high efficiency and ultra-miniaturization)



GaN module

# Interview with the President



We will execute the core strategic themes set forth in the Medium-term Management Plan and respond to the new era, in pursuit of business growth while promoting Sustainable Management.



## Q7. Can you explain again about the characteristics of Sustainable Management promoted by Fujitsu General?

In the Fujitsu General Group, our core business is directly connected to the realization of a sustainable society and the more we strengthen our core business, the more we can contribute to a sustainable society, which is a major feature of the Air Conditioners and Information & Communication System and Electronic Devices businesses.

In the case of our mainstay product, air conditioners, the use of products with superior energy efficiency and alternatives to fossil fuel equipment will reduce global carbon dioxide emissions and curb global warming.

Our Group's corporate philosophy, "Our Mission – Living together for our future," aims to solve social issues through our core business, such as minimizing our impact on climate change through innovation and technology. We have responsibilities to provide an environment in which our children, who will lead the next generation, and the generations to come, can live well.

Promoting Sustainable Management based on the three pillars of "1. Harmonious Coexistence with Our Planet," "2. Social Contribution" and "3. Care for Employees" is a process of fulfilling our "Contract with the future," so to speak.



## Q8. Under "Harmonious Coexistence with Our Planet," the deadline for achieving carbon neutrality has been moved up to FY2025. Can you tell us about the background to this?

The deadline for achieving carbon neutrality in our business activities (Scope 1 and 2), which we set in April 2021, was set for FY2030, but after a further review of the plan, we have decided to advance the deadline for this goal by five years to FY2025.

As the background, we have been able to switch to 100% renewable energy as of April 1, 2022 for the electricity used in our business activities. As a result, net zero GHG emissions have been achieved in electricity use at all of our bases worldwide.

We shall promote decarbonization as early as possible in our own business activities, not to mention the contribution we can make in our core business. Given that many European companies have set their carbon neutrality targets around FY2025, we believe that the Fujitsu General Group, which operates globally, should also set its target at FY2025.

Subject		Targets and measures to reduce greenhouse gas emissions	
Scope 1, 2	Our business activities	<b>• 100% reduction by FY2025</b>	
		FY2020	(FY2020 emissions 57,575 t-CO <sub>2</sub> )
		FY2025	Reduce by 100% → <b>Achieve carbon neutrality</b>
Scope 3	Our supply network	• Reduce 30% by FY2035 compared to FY2018	
	Products sold	• Reduce 30% by FY2030 compared to FY2013	

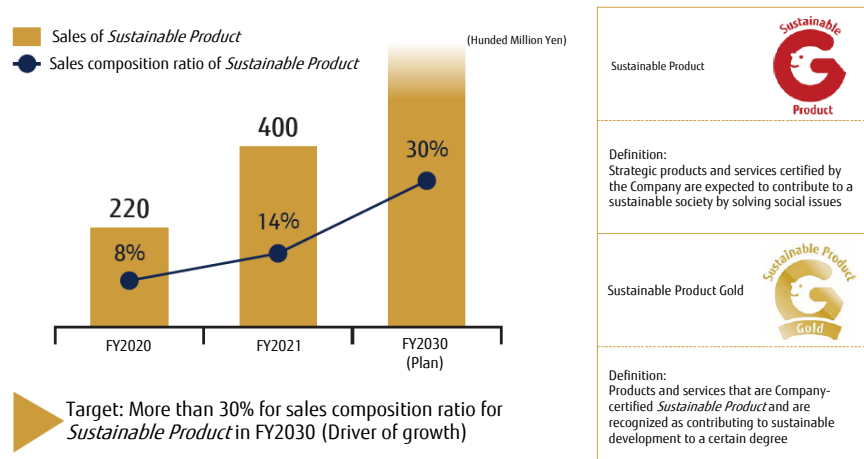
▶ Aim to achieve carbon neutrality in FY2025 (Revised previous plan to target FY2030)

# Interview with the President

## Q9. How are the sales of Sustainable Product ?

*Sustainable Product* are Fujitsu General Group's original certification system. We certify strategic products and services that are expected to solve social issues and contribute to a sustainable society as *Sustainable Product* and position them as a driving force for the future growth of Fujitsu General Group to expand sales. Taking Air To Water (ATW) heat pumps as an example, in France, where there are many nuclear power plants and electricity is mainly from renewable energy sources, switching from natural gas-fired heating systems to ATW can be expected to significantly reduce CO<sub>2</sub> emissions. In FY2021, actual sales of *Sustainable Product* amounted to 40 billion yen, accounting for about 14% of total sales. Sales of cooling-only inverter air conditioners in India, and ATW grew significantly, nearly doubling from 22.0 billion yen in the previous year.

At present, seven products have been certified as *Sustainable Product*, and we will continue to invest heavily in new product development, market development, and other activities related to *Sustainable Product*, aiming to have them account for 30% or more of total company sales by FY2030.



### Products Certified as Sustainable Product



## Q10. Are there any new initiatives under "Social Contribution"?

To summarize, we believe our contribution to society can be divided into "social contribution through our core business" and "social contribution as a member of society." In "social contribution through our core business," all businesses of Fujitsu General Group are closely connected to People and Society and we will provide better values in these aspects by pursuing our core business. As for "social contribution as a member of society," we have been engaged in various activities so far, but we have newly formulated the "Basic Policy for Social Contribution Activities" and decided to strengthen our efforts. While respecting our existing activities, we will focus on supporting social contribution activities participated in by employees in accordance with this Basic Policy for new social contribution activities to be launched in the future.

	Current activities	New initiatives
<b>Social contribution through our core business</b>	<p><b>Pursuit of our core business</b></p> <p>Our business is closely connected to people and society. Providing good value to people and society by pursuing our core business would be a social contribution.</p> <p>BIG, Ideathon, 10% rule, new business creation programs</p> <p><b>Across organizational initiatives</b></p>	
<b>Social contribution as a member of society</b>	<ul style="list-style-type: none"> <li>Interaction with children who will lead the next generations</li> <li>Activities to increase interest in manufacturing</li> <li>Interaction with local communities and nearby schools</li> <li>Support for social welfare activities</li> <li>Protect and breed rare species</li> <li>Environmental protection (afforestation, beach cleanup)</li> </ul>	<p><b>Basic Policy for Social Contribution Activities</b></p> <p>Based on our corporate philosophy of "Living together for our future," everyone will take the initiative in social contribution activities to achieve harmony with society and realize a sustainable society.</p> <p>(Key areas of action)</p> <ul style="list-style-type: none"> <li>Fostering the next generation of human resources</li> <li>Communication with local communities</li> <li>Preservation of the global environments</li> </ul>



# Interview with the President

## Q11. What measures are you taking for "Care for Employees"?

The "Fujitsu General Group Declaration of Employee Wellness" was announced in July 2017, and our Health Management has entered its 6th year. While the COVID-19 pandemic restricts face-to-face activities, we are working to create a workplace where employees can remain healthy and energetic and improve their productivity and motivation through various approaches.

There has also been a steady increase in assistance and collaboration for families supporting employees' health and with companies and organizations seeking to introduce Health Management.

In addition to the promotion of Health Management, we intend to strengthen our efforts to support employees' "spontaneous career development and learning."

Needless to say, the fundamental source of the Company's competitiveness lies in our employees. In addition to strengthening English language skills with the aim of developing global human resources, we will improve communication skills, logical thinking, DX literacy, and other skills so that each employee can proactively think about their future vision and be active in this uncertain and competitive era. Accordingly, we will continue to develop an environment in which each employee can hone and improve their own skills.

Fujitsu General Group promotes Health Management, in the belief that only when employees have a healthy and vigorous workplace can we develop human resources who are willing to work spontaneously. Defining Health Management as "the strategic realization of health measures for the achievement of sustainable business growth," our Group makes it clear that "employee health is a valuable asset for management" in order to promote and strengthen "valuing and investing in our people," as stated in our Corporate Philosophy and Medium-term Management Plan. We are working to create a healthy and vibrant workplace as a comfortable and rewarding place to work and improve the motivation and overall strength of all employees.

### Fujitsu General Group Declaration of Employee Wellness

Healthy employees and their healthy families are our most valuable assets. As a company that delivers comfort and safety to customers around the world, it is our responsibility to ensure that every employee stays healthy and happy in a vibrant workplace.

### ■ Pursue the realization of well-being

The Health Management of Fujitsu General Group not only promotes the health of employees, but also provides support to families who support our employees and companies and organizations that aim to introduce Health Management. We will contribute to local communities and pursue the realization of Well-being also through support to stakeholders.

- 1) Support for the creation of safe and secure workplace (Creating a workplace with high psychological safety)
- 2) Beyond the acquisition of health information, conduct training that enables employees to become aware of their own health and change their behavior
- 3) Expand health support to employees at overseas and domestic offices and Group companies
- 4) Hold walking and other health events in which families can participate, and provide health information
- 5) Introduce internal health support practices outside the company to support Health Management activities in society
- 6) Co-creation of new measures and contribution to local communities through joint projects with local companies, industry-academia-government collaboration, etc.

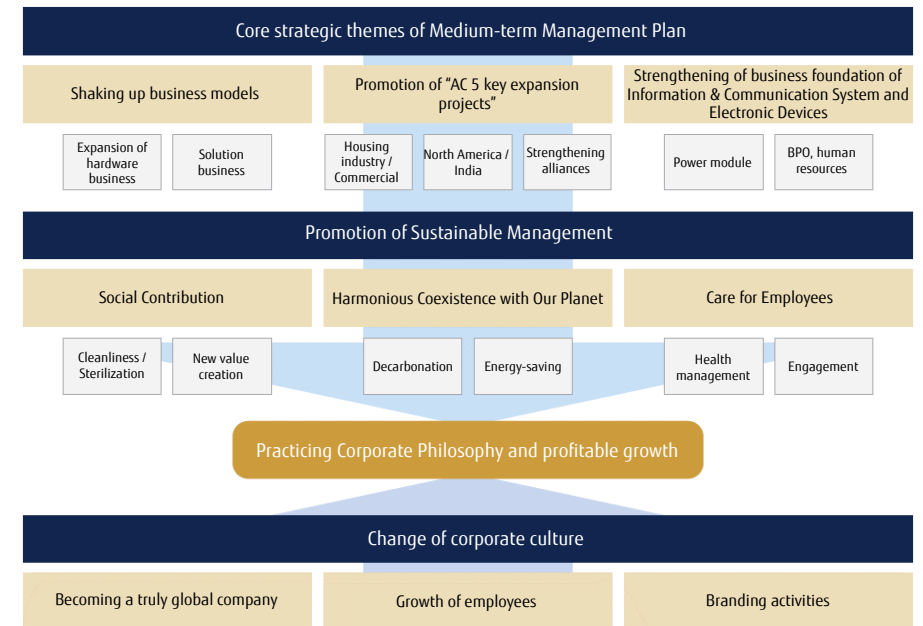


At the external lecture

## Q12. FY2022 will mark the end of the Medium-term Management Plan. What is your vision for the management policy for FY2023 and beyond?

There is no change in the major policy of promoting the Core strategic themes and Sustainable Management that we are working on in the current Medium-term Management Plan, and we will continue to strengthen them. Although we are in a temporarily difficult situation due to supply chain disruptions and external cost increases, various measures are imperative and we are making steady progress in strengthening our resilience to fluctuations in external factors. In addition, sales growth in the top-priority markets of North America and India, as well as orders for ATW in Europe, which is expected to contribute to decarbonization, remain strong. We believe that if we clear the most pressing issues and further strengthen our corporate structure, we will be able to achieve even greater expansion of our business scale and increase profitability.

In addition to these efforts, new initiatives will be taken under the themes of "Becoming a truly global company," "Growth of employees," and "Branding activities" as part of our corporate culture transformation, aiming to put our Corporate Philosophy into practice and achieve profitable growth.



# Financial Overview

Aiming to further enhance corporate value by balancing Sustainable Management with the ability to generate cash

Vice President & Representative Director  
**Hiroshi Niwiyama**



## Review of FY2021 and Plan for FY2022

In FY2021, consolidated net sales were 284.1 billion yen, up 18.6 billion yen (7%) from the previous year, supported by strong demand in the priority markets of North America, India, and Europe in the air conditioner business, and in the electronic devices business. As for profit and loss, despite an increase in sales volume of air conditioner business in priority markets and the effect of improved selling prices in various overseas regions, operating income was 8.4 billion yen, a decrease of 10.3 billion yen (55%) from the previous year, due to the significant impact of soaring prices of materials and parts, high ocean freight rates, and the appreciation of currencies of the production countries.

Although orders for air conditioner business for overseas markets remained strong, and there were signs of improvement in procurement compared with previous years, we were severely affected by logistics stagnation in marine, port, and land transportation after shipments from the plants. In addition, sporadic and intermittent restrictions on activities at our own plants and suppliers due to the spread of COVID-19, combined with the lockdown of Shanghai since the beginning of March, resulted in net sales and respective profits falling far short of the forecasts published in January 2022.

For FY2022, we plan net sales of 370.0 billion yen, up 85.9 billion yen (+30%) year on year, supported by continued strong overseas demand and the inclusion of sales carried over from FY2021 due to logistics stagnation and additional activities to improve selling price. With operating income, we will continue to face a difficult situation due to unprecedented high prices of materials, parts, and ocean freight rates, the yen's depreciation, and the risk of further deterioration in the cost environment against the backdrop of rising resource prices due to the Ukrainian crisis. However, we plan to achieve 17.0 billion yen, an increase of 8.6 billion yen (up 101%) from the previous year, by promoting total cost reduction through procurement policy, design process innovation, and other measures, and by thoroughly working to further strengthen our revenue capabilities through company-wide efforts to improve cost efficiency in addition to the effects from sales increase of air conditioners and further improvement of sales prices.

## Growth Investment and Cash Generation Capability

### 1. Growth investment

The Fujitsu General Group is proactively investing in development and production facilities and IT systems for future business expansion and building a robust business foundation. Capital investment in FY2021 was 8.2 billion yen, mainly for projects such as production capacity expansion at the Thai plant and core system renewal. In addition to the renewal of the core system, we plan to invest 13.0 billion yen in FY2022 for growth investments such as expansion of production bases and investment in molds to expand product lineups.

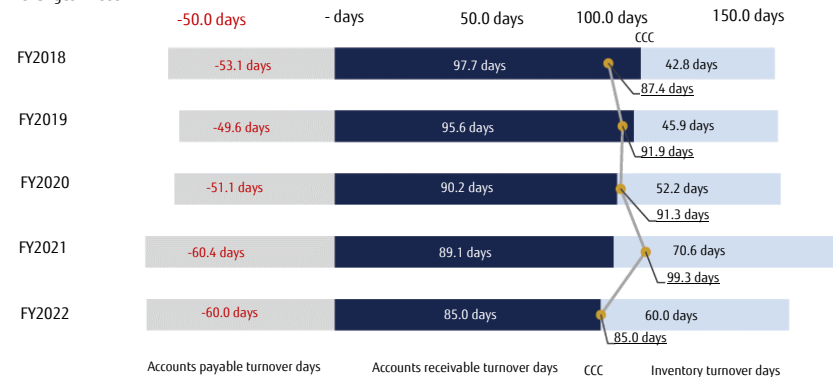
R&D expenditures in FY2021 totaled 14.6 billion yen, as a result of expanding product lineups and standardizing designs to meet market demand, such as regional needs and environmental regulations, as well as converting from copper to aluminum and using material-saving designs. In FY2022, our plan is to spend a record 16.0 billion yen on R&D to strengthen our development capabilities and expand our product lineup.

### 2. Cash-generation capability

Our cash generation capability to support growth investment, in FY2021, both parts, and product inventories were backlogged due to supply chain disruptions, resulting in an inventory balance of 73.0 billion yen at the end of the period, up 28.5 billion yen from the end of the previous period, and the cash conversion cycle ("CCC") increased 8.0 days from 91.3 days to 99.3 days, and operating cash flow was minus 14.9 billion yen (positive 25.0 billion yen in the previous year), resulting in a deterioration of financial performance. By quickly normalizing the supply chain, which is a pressing issue, we will shorten inventory backlogs and strengthen our capability to generate cash.

The CCC target for FY2022 is 85 days or less (a decrease of 14.3 days from the previous period), which we believe can be achieved by reducing the inventory turnover days (inventory days hereinafter). Inventory days increased from 52.2 in FY2020 to 70.6 in FY2021, an increase of 18.4 days due to supply chain disruptions. In FY2022, we expect the shortage of parts for semiconductors and other products to continue for some time, so we plan to increase inventories to be held, mainly of parts, from the normal level. At the same time, we plan to strengthen our coping with parts shortages by promoting standardized design and common use of parts, thereby curbing the backlog of parts inventory, and reducing the backlog of product inventory and inventory days to about 60 days by having production that matches the departure of ships. Targeting 85 days for days receivable outstanding and 60 days for days payable outstanding, and together with inventory days, the CCC is planned at 85 days.

#### ■ Changes in CCC



# Financial Overview

## Initiative to Improve Profit Margins

Operating income for FY2021 decreased, and the operating income margin fell to 3.0% from 7.1% in the previous period. This was mainly due to the inability to compensate for the sharp rise in prices of materials and parts, the appreciation of currency of the country of production, and the unprecedented rise in ocean freight rates, despite our efforts to expand sales volume, improve selling prices, and reduce costs. We hope to raise the operating income margin to 4.6% in FY2022 by executing the following measures.

### 1. Total cost reduction

In order to promote total cost reductions, in coping with rising material and component prices, we will further strengthen standardized design, reduce unit costs by switching from copper to aluminum for heat exchangers, and reduce costs through local production in India, in addition to executing other measures to reduce production costs. As for rising ocean freight rates, we will execute measures such as reducing unit price increases by ensuring reliable shipments by contracted vessels and reducing ocean transportation itself through local production for local consumption. Regarding the conversion of heat exchangers to aluminum, we will actually begin sales in FY2022, and based on local production for local consumption, we will start contract manufacturing in India and knockdown production at our joint venture manufacturer in France during FY2022.

In addition, we have revamped our core system in order to improve the efficiency of product design and enhance the sophistication and speed of management. At this time, we are considering a thorough review of our workflow to eliminate waste and irregularities inherent in our operations and fundamentally change the way we work. As a direct result of the workflow improvement, there will be cost reductions through reduced overtime and travel expenses, but above all, we aim for a positive impact on total cost reductions through an increase in high-value-added work.

### 2. Improvement in selling prices

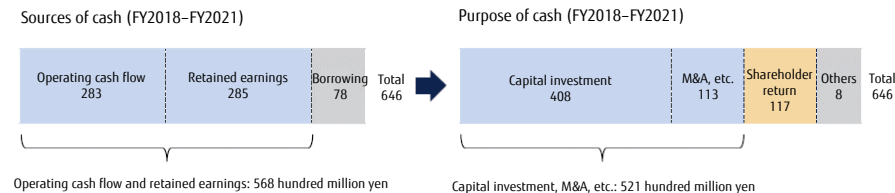
As described above, Fujitsu General Group as a whole is promoting a total cost reduction, but the recent rise in material and component prices and the unprecedented hike in ocean freight rates are beyond the scope of self-help efforts such as ordinary cost reduction and productivity improvement, and they are seriously pressuring the profitability of our Group. Under these circumstances, our Group is striving to increase average selling prices by introducing new high-value-added products and improving the product composition, and at the same time, striving to improve profit margins by raising the unit price of products themselves.

## Financial Strategy

### 1. Sustainable management and financial strategies

The Fujitsu General Group newly formulated the basic policy on "Sustainable Management" in March 2021. As Financial Strategies to promote the three pillars, "Harmonious Coexistence with Our Planet," "Social Contribution" and "Care for Employees," there is no fundamental change, which is to continue to invest in development, production, and sales of more energy-efficient products, including *Sustainable Product*, as well as in our employees, and to use the cash we generate to cover the investments.

The graph shows the use and source of cumulative cash from FY2018 to FY2021. Cash flows from operating activities (operating cash flow) and retained earnings (56.8 billion yen) provided 52.1 billion yen for M&A and capital expenditures during the period.



As for the return of 117 hundred million yen to shareholders, the Company increased the dividends by 2 yen again for the period under review, in accordance with the Company's Basic Policy on profit distribution, "Stable and continuous return of profits." Although profits decreased in FY2021, the dividend payout ratio was 90.0%, higher than in the past, as we continued to increase dividends. Looking ahead, we intend to execute shareholder returns in a manner consistent with the Company's Basic Policy and maintain a dividend payout ratio of 30% or more. On the other hand, since the dividend payout ratio alone is affected by profit and loss for a single fiscal year, we have added Dividend on Equity (DOE) as one of the indicators of shareholder return, and intend to execute stable and continuous shareholder returns.

### 2. Sustainable Management and corporate value enhancement

The Fujitsu General Group considers that the most important financial strategy is to continuously expand the cycle of growth investment generating the next cash flows. To achieve this, we need to generate operating cash flow to cover investment cash flow based on the current capital structure of approximately a 50% equity ratio. As mentioned above, due to the recent supply chain disruptions, both profit and financial position deteriorated in FY2021, and our capability to generate cash declined. In FY2022, we intend to reverse this trend and return to a growth path, regaining our capability to generate cash, the fruit of our growth investments, and expand our business in FY2023 and beyond.

In addition, we believe that Sustainable Management, in which society and the Company coexist and prosper together, is the basis for the stable and continuous expansion of our ability to generate cash. We will continue to further promote dialogue with our shareholders, investors, and other stakeholders with the aim of further enhancing our corporate value through both Sustainable Management and the ability to generate cash.

# Feature 1: Air Conditioning Business in the Indian Market



## Features of cooling only inverter air conditioner

- Can cool the room to 24°C or less quickly even if outside temperature is 50°C
- Improved durability to withstand sudden and large voltage fluctuations

### Adopting multiple technologies for the first time in our company

- Newly developed the inverter control unit with high output power and improved durability for Cooling-only models
- Developed a heat exchanger dedicated to Cooling-only outdoor unit



Cooling-only inverter air conditioners for India

## Switching from Constant-speed Cooling-only AC to Inverter AC with Superior Energy Efficiency

In our Medium-term Management Policy, Fujitsu General Group set "Expansion of air conditioner business as the core strategic theme and is working on "Capture and expansion of Indian market" as one of the promotions of "5 key expansion projects." In India, where the air conditioner market is expected to continue to grow, we aim to contribute to the growth of our business and reduce environmental impact by expanding sales of highly energy-efficient inverter air conditioners.

### Development of cooling-only inverter AC for India

Demand in India, Thailand, and other regions, where cooling operation is used throughout the year, for cooling-only AC is growing at a rate of about 10% per year, but this is a tough market where low-priced, non-Japanese products are gaining ground as demand expands.

In addition, despite the harsh operating environment, such as long hours of use at high outdoor temperatures, consumer needs for energy-efficient models have risen under the energy circumstances.

Fujitsu General Air Conditioning R&D (Thailand) Co., Ltd. ("FGDT" hereinafter) has planned, designed, and commercialized inverter air conditioners for cooling only in the Indian market.

Local employees, who are familiar with the living environment in the cooling-only region, played a key role in the design and development of a product with features tailored to the area, leading to the launch of the product in India in February 2020. The newly developed cooling-only inverter air conditioner lineup has been further strengthened since 2021 to provide comfortable spaces to more customers.



Members of FGDT  
(Face masks are removed only for the purpose of photographing)

## Voice Voice from Engineers (Japanese expatriates)

There are two major difficulties in development.

The first is to improve the design and development capabilities of local engineers involved in development. For local engineers with limited experience in the development of inverter air conditioners, we improved the systematization and visualization of development materials and positioned DR<sup>\*1</sup> as a place for education, allowing them to take the initiative in design and development, thereby improving the capabilities of all engineers.

The second is to accurately understand the market demand. For this development, in addition to repeated studies to understand the background of the requests and the actual situation in the field, we went to India to conduct surveys and discussed matters with local distributors.

As a result, we believe that we have been able to develop models that are not just cost-cutting but also suitable for cooling-only regions.

The development this time was realized with the cooperation of many people such as local sales staff and factories.

FGDT has many relatively young engineers who are highly motivated to take on new challenges. The atmosphere in the workplace is also cheerful and characterized by good teamwork.

Leveraging the strengths of FGDT, we will continue to contribute to our business.



A development meeting

\*1 Abbreviation for Design Review.

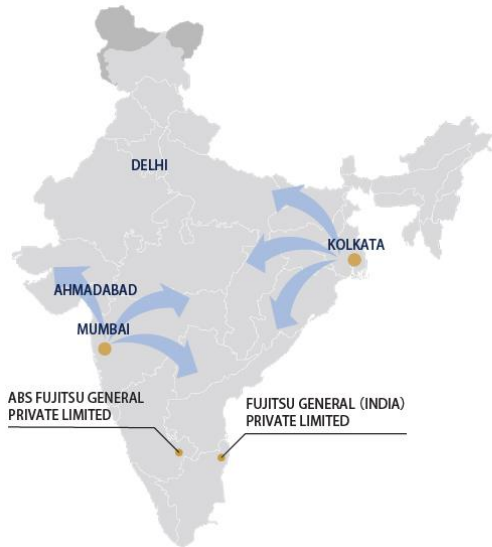
## Feature 1: Air Conditioning Business in the Indian Market

### Expansion of solution business

ABS Fujitsu General is an HVAC (Heating, Ventilation, and Air Conditioning) installation company in India. Based on our abundant know-how and achievements in commercial air-conditioning systems in the Indian market, we are developing an integrated business from designing air-conditioning equipment to construction and service maintenance and accumulating an extensive actual performance record not only from existing customers but also from new customers acquired by the expansion of our bases, and our sales continue to increase every year.

In addition to the existing bases mainly in southern India, we are developing new businesses in western and eastern India by approaching new markets and customers through the expansion of new base networks such as Kolkata and Mumbai. In the future, we will further expand our network to major cities in India such as Delhi and Ahmedabad, and will always practice attentive customer service and focus on strengthening our customer base by linking to orders for additional projects, and at the same time, will work on improving customer trust in addition to enhancing business performance.

We shall make a further leap forward to quickly solidify our position as an HVAC solution provider covering the whole of India, work on acquiring orders for overseas projects including neighboring countries and provide construction for global HVAC equipment.



Duct construction

### Future actions to expand sales

To meet the further demand growth in India, we will strengthen our sales network by increasing the number of specialty stores to expand sales, and we plan to start local production in FY2022.

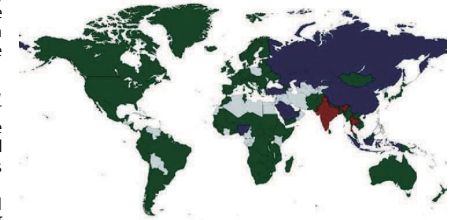
## Feature 2: Sustainable Management Initiatives in Europe

### Conversion from Fossil-fueled Heaters to Heat Pump Equipment with Low GHG Emissions

In the Medium-term Management Policy for FY2021, Fujitsu General Group is pursuing the practice of our Corporate Philosophy and business growth strategy setting up the "promotion of Sustainable Management" aiming to build a business model that coexists with the COVID-19 and contribute to the realization of a sustainable society together with the strengthening of the promotion of core strategic themes.

### Movement of global warming countermeasures in Europe

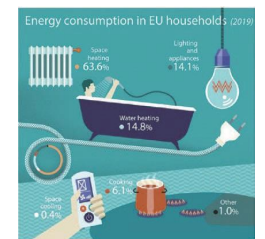
Under the Paris Agreement (COP21), the international global warming countermeasures are pursuing efforts to keep the world's average temperature rise to 1.5°C while keeping it well below 2°C compared with before the Industrial Revolution, and therefore, are aiming to achieve global carbon neutrality in the second half of this century. Under such circumstances, since COP26 was held in November 2021, more than 150 countries/regions have announced they will aim for carbon neutrality by 2050, and in Europe, as a growth strategy to realize a sustainable EU economy, the "European Green Deal" was announced in 2019 ahead of the world setting "real zero greenhouse gas emissions by 2050" as one of the main goals. And in order to achieve this goal, the European Climate Law was enacted in 2020 leading the world in the movement for the reduction of greenhouse gases by stipulating "a net 55% reduction in greenhouse gas emissions from 1990 by 2030."



Countries/regions stating carbon neutrality  
At the end of COP26 (Color shows deadline of accomplishment)  
Green:2050 Blue:2060 Red:2070  
(Source: Ministry of Economy, Trade and Industry)

### Preferential treatment such as subsidies and tax reduction for products

As about 80% of the energy consumption of household in Europe is for heating or hot water and about 60% of the energy used for heating is still dependent on fossil fuels, incentives such as subsidies and tax cut for the products which use heat pump are allowed in various countries in Europe in response to the goals for emission reductions and the spread of renewable energy, and our business opportunities are expanding.



Energy usage ratio by use in households in the EU  
(Source: EUROSTAT)

## Feature 2: Sustainable Management Initiatives in Europe

### Fujitsu General Group's initiatives in Europe

Fujitsu General Group will play a part in breaking away from fossil fuels by promptly gathering information such as regulations and preferential treatment in European countries and delivering ATW and other products to the market in a timely way and aiming to contribute to a safe society.

#### What are ATW and DHW?

ATW (Air to Water) is a device that makes hot water using heat pump technology. A heat pump, as the name "pump the heat" suggests, is a technology that collects heat from the air and transfers the collected heat to water, and the hot water produced by it is used for heating or hot water supply.

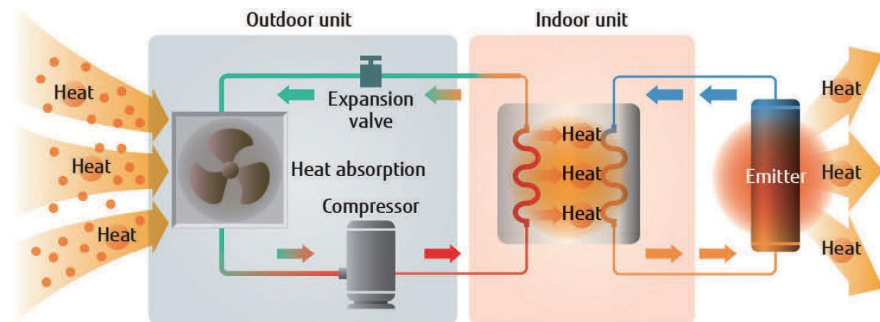
Since heat is moved rather than generated, it saves energy compared with conventional combustion heating equipment.

Space heating is used as a heating air conditioner by circulating hot water to terminals such as floor warmers, radiators and fan coils installed in the room.

Domestic hot water (DHW) is used as water for showering, washing hands, and other domestic purposes.

#### ■ Advantages

- Heat pump technology is recognized as a renewable energy source in Europe.
- Compared with fossil fuel heating equipment, it saves energy and emits less CO<sub>2</sub>; thus, the environmental load is smaller.



#### France

##### ■ Introduction of energy- and space-saving models

In order to comply with RE2020<sup>\*1</sup>, new energy-saving regulations for new buildings in France, we plan to further expand sales in the French new construction market by introducing energy- and space-saving models.

\*1 Regulations that require the reduction of power consumption of the entire new building. The power limit value varies by the climate category.

#### Relationship with Atlantic (France)

In 2009, we signed a joint development contract for ATW and started a joint business. As of 2022, we are jointly developing ATW utilizing our heat pump technology and ATLANTIC's hot water control technology and continuing close communication for better manufacturing such as monthly project meetings between France, Germany, Japan and ATLANTIC's engineers stationed at our Kawasaki head office since 2019. As an important joint development partner for European business, we will continue to strengthen our relationship.



#### Germany [FG(EURO)]

##### ■ Small VRF: Early transition to new refrigerant

Along with the conversion to low GWP<sup>\*1</sup> refrigerant being promoted for RAC/PA, we are also implementing the conversion of small VRFs at an early stage to promote sales expansion of products that meet environmental regulations.

##### ■ Compliance for regulations / incentives and strengthening of R&D

With the tightening of regulations in Europe as a whole, regulations are being tightened and subsidies are being introduced in each country. In Germany, we are promoting sales expansion of ATA<sup>\*3</sup>/ATW with the fair wind of the subsidy system (BEG<sup>\*2</sup>) aimed at promoting the introduction of renewable energy equipment and replacing fossil fuel heating equipment.

With the introduction of new regulations and subsidies, prompt information gathering and feedback on product development are becoming important, and along with strengthening market research centered on European R&D, we are promoting the product development that matches environmental regulations together with collaboration partners.



Building where FG(EURO) resides



Left: Training scene; Right: VRF training room

\*1 GWP: Global warming potential. A coefficient that indicates how many times the greenhouse effect is that of carbon dioxide.

\*2 BEG: Bundesförderung für effiziente Gebäude (Government funding for high efficiency buildings)

\*3 A German program that provides subsidies for newly built and refurbished properties as well as heating systems that use renewable energy such as heat pumps.

\*3 Abbreviation for Air-to-Air.

## Feature 2: Sustainable Management Initiatives in Europe

Fujitsu General Group's initiatives in Europe (continued)

### Italy [FG (ITALIA)]

- **Strengthening of VRF sales system**  
With the energy saving demand for buildings as background, we are strengthening our pre-sale system with the aim of expanding sales of VRF.
- **Strengthening new businesses**  
We are promoting the expansion of the commercial business including the handling of GIH products (chillers, rooftop units, fan coil units, etc.) in order to cover the demand for the replacement of fossil fuels with heat pumps in the large air conditioning area.



(Left) Building where FG (ITALIA) resides



(Right) Office reception

### UK[FGAC(UK)]

- **New entry into the ATW monoblock\*1 market**  
We are planning to enter the market with ATW mono-block models aiming for replacement demand for ATW with the background of regulations prohibiting the installation of gas/oil boilers in newly built properties, which is scheduled to be introduced in 2025.



Building where FGAC(UK) resides

\*1 ATW that integrates a heat pump heat source circuit and water heat exchange unit.

## Feature 3: Initiatives to Respect Human Rights

### Basic approach

The FUJITSU GENERAL Way, which represents the common values of the Fujitsu General Group, states "We respect human rights" in the opening line of the Code of Conduct. This statement clearly sets out the company's position that "its activities will be based on respect for human rights, that diversity is to be embraced, and that no one shall be discriminated against on the basis of race, religion, disability, gender or sexual orientation, nor shall harassments be tolerated." We strive to ensure that all employees of the Group demonstrate this spirit in action.

Our Group conducts human rights due diligence\*1 for the purpose of ensuring the Code of Conduct and preventing and mitigating negative impacts on human rights.

### Implementation of human rights due diligence

Fujitsu General Group conducted human rights due diligence on the Kawasaki Headquarters in FY2021.  
<Results and issues>

- **Occupational health and safety:** Partially insufficient confirmation of proper implementation of measures to prevent occupational accidents
- **Information disclosure:** Non-disclosure of human rights due diligence implementation plan and results
- **Employee education:** Partially insufficient human rights education on forced/child labor
- **Stakeholders:** Establishment of a consultation desk (sign language support, etc.) that takes into consideration diverse consumers and customers

After addressing these issues and taking corrective actions, we reevaluated the situation and informed all concerned parties of our ongoing response.

We will continue to conduct human rights due diligence on all of our Group companies over a three-year period, with the frequency of human rights due diligence at each site to be approximately once every three years, to prevent human rights violations before they occur, and to correct and address any events that may lead to human rights violations as soon as possible.

### Results of human rights due diligence evaluation (Kawasaki Headquarters)

[1] Management Status: Confirmed 11 major items



[2] Performance: Confirmed 14 major items



\*1 Human rights due diligence is conducted based on the checklist prepared in light of international standards, etc., for the purpose of identifying potential risks in the Company's business activities and items that require further promotion, and to make improvements.

# Human Rights Initiatives

## Human Rights Policy

### Basic Approach to Human Rights

The FUJITSU GENERAL Way, which represents the common values of the Fujitsu General Group, states "We respect human rights" in the opening line of the Code of Conduct.

This statement clearly sets out the company's position that "its activities will be based on respect for human rights, that diversity is to be embraced, and that no one shall be discriminated against on the basis of race, religion, disability, gender or sexual orientation, nor shall harassments be tolerated."

We strive to ensure that all employees of the Group demonstrate this spirit in action.

We believe that it is important to properly recognize human rights issues to cultivate a spirit of respect and a sense of the true meaning of human rights, and to act in a way that does not tolerate discrimination or other human rights violations.

It is the fundamental principle of our group that each employee of the Group should be conscious of the need to protect human rights and act accordingly.

The Group supports and respects the following international principles and standards, and will continue to promote human rights-oriented management.

- "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"

### Scope of application

This policy applies to all officers and employees of the Group. In addition, we will work with all business partners related to the Group's products and services to respect human rights and not infringe them.

### Implementation of human rights due diligence

The Group will implement human rights due diligence in accordance with the procedures based on the "UN Guiding Principles on Business and Human Rights" and will endeavor to identify, prevent and mitigate the negative impacts on human rights.

If it becomes clear that the Group's business activities have caused or promoted human rights violations, or if indirect effects through business relationships, etc., have become clear, or even if they are not clear negative impacts - if it is suspected that there is a possibility of causing violations, we will correct and remedy it through dialogue and appropriate procedures.

### Dialogue / Discussion

We will hold dialogue and discuss with relevant external stakeholders on responses to potential and actual impacts on human rights.

### Education and enlightenment

We will not only educate officers and employees, but also provide appropriate education and training to all stakeholders so that this policy will be implemented throughout our business activities.

### Information disclosure

We will disclose the progress of our efforts to respect human rights and the results on our website.

## Key Initiatives

The Group recognizes that addressing the following human rights issues related to its business activities is an important element of human rights responsibility.

- Prohibition of forced labor and child labor  
We will not be involved in forced labor or child labor in all business activities in all countries or regions. In addition, regarding forced labor, we do not use or take part in it, and we do not make a profit.
- Discrimination / harassment  
We will respect the human rights of each individual and will not engage in unfair discrimination or sexual harassment due to race, skin color, religion, beliefs, gender, social status, family origin, disability, sexual orientation, etc.
- Freedom of association  
We respect the basic rights of our employees regarding freedom of association and collective bargaining.
- Providing a safe, hygienic and healthy working environment  
We provide a working environment where you can continue to work safely, hygienically and healthily.

Published: October 4, 2019  
Revised: June 2, 2022  
FUJITSU GENERAL LIMITED  
President & CEO

## Key initiatives

### Conducting human rights awareness training

The Fujitsu General Group strives to raise employees' awareness on human rights issues through regular education. As an opportunity for human rights education, we provide e-learning on the prevention of harassment and human rights risks in business activities during Human Rights Week every year. In addition, we promote human rights education for newly appointed managers and new hires.

### CSR Procurement

The Fujitsu General Group conducts surveys to check the status of compliance with the CSR Procurement Guidelines for suppliers. For the survey, we request our business partners to conduct a self-check assessment in advance. During the field survey, we check the status of CSR initiatives centering on human rights, health and safety and environment measures.

### Establishment of human rights consultation / Relief desk

The Fujitsu General Group has set up a "Corporate Ethics Helpline" for consultation and relief to protect employees' human rights, and it can be either reached through the division in charge or via an external law firm. All employees have been made aware of the helpline through the details posted on the company intranet as well as via e-learning.

The system provides a mechanism for the early detection and resolution of potential or actual violations of laws and regulations, internal rules and corporate ethics, as well as the prevention of a violation.

We have a system in place that enables an independent team of investigators to take responsibility for factual probes and, if necessary, take corrective action and prevent recurrence, whenever a report is filed or a request for consultation is received.



Please visit our website for more information.  
Human Rights  
<https://www.fujitsu-general.com/global/csr/human-rights.html>

