

# Approach to Disclosing Climate-related Information In Accordance with TCFD Recommendations

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Fuji Electric expressed its support for the TCFD\* recommendations in June 2020. We are progressively disclosing climate-related information.

\* The Task Force on Climate-related Financial Disclosures (TCFD) is an international framework for promoting the disclosure of climate-related risks, opportunities and financial impacts. In 2017, it released recommendations requiring companies to disclose climate-related information.

## Items recommended for disclosure by the TCFD

Governance	The organization's governance in relation to climate-related risks and opportunities
Strategy	The impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning
Risk management	The processes used by the organization to identify, assess and manage climate-related risks
Metrics and targets	The metrics and targets used to assess and manage climate-related risks and opportunities

(Summarized by Fuji Electric based on the Recommendations of the Task Force on Climate-related Financial Disclosures (Final Report))

## Governance

Disclosed in June 2020

- Fuji Electric positions global environmental protection initiatives as a priority issue for management.
- We established the SDGs Promotion Committee, a company-wide committee composed of managers (Executive Officers) from our various business, sales and corporate departments, to discuss issues and evaluate measures concerning the promotion of the SDGs, including those related to climate. (April 2020)

The results of deliberations and evaluations by the Committee are reported to the Executive Committee\* and the Board of Directors and discussed as necessary.

- Through the promotion of Environmental Vision 2050, we will analyze the risks and opportunities that climate change poses for our business and value chains together with the financial impacts of these risks and opportunities, and we will incorporate them into our management strategy and proactively disclose the information.

\* Deliberates and reports on important management issues as an advisory body to the President.

### Related link

[Fuji Electric Environmental Promotion System](#)

## Strategy

Disclosed in June 2021

We analyzed climate-related risks and opportunities throughout the value chain. Analysis was conducted using two time axes, medium term (until around 2030) and long term (until around 2050), and two temperature rise scenarios, below 2° Celsius and 4° Celsius.

Outline	Scenario adopted	Scenario adopted
<b>Below 2°C scenario</b>	Scenario in which stringent measures are taken to limit the global average temperature rise as of 2100 to 2°C above the pre-industrial average	World Energy Outlook 2020 (Published by the IEA: International Energy Agency)

Outline	Scenario adopted	Scenario adopted
<b>4°C scenario</b>	Scenario in which a global temperature rise of around 4°C above the Industrial Revolution period is assumed unless measures exceeding the current level are taken.	IPCC Fifth Report (Published by the IPCC: Intergovernmental Panel on Climate Change)

After identifying risks and opportunities by business segment and by process in the value chain, we have extracted the items of high importance and summarized from a company-wide perspective.

The main risks and opportunities for our company to consider are listed in the table below.

<b>Below 2°C</b>	<b>Increase in power demand due to the advance of electrification</b> <ul style="list-style-type: none"> <li>Strengthening of energy saving</li> <li>Dissemination of power storage</li> <li>Strengthening of digital infrastructure</li> <li>Etc.</li> </ul>	<ul style="list-style-type: none"> <li>Loss of sales opportunities due to delay in CO<sub>2</sub> reduction technology</li> <li>Increased costs associated with decarbonization of existing production equipment (capital investment etc.)</li> <li>Prohibition of use of solvents and refrigerants containing gases with a strong greenhouse effect</li> <li>Soaring prices of currently used metals and materials (iron, silicon, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demand for energy-saving and environmentally-friendly products</li> <li>Increase in demand from RE100 customers through decarbonization of manufacturing processes</li> <li>Increase in demand as a result of establishing production processes that do not use greenhouse gases</li> <li>Increased usage ratio of recycled materials</li> </ul>
	<b>Shift in the energy mix</b> <ul style="list-style-type: none"> <li>Stricter regulations on fossil fuels</li> <li>Increased use of renewable energy</li> <li>Etc.</li> </ul>	<ul style="list-style-type: none"> <li>Loss of business opportunities due to delay in establishing CO<sub>2</sub> emission control technologies for thermal power generation facilities</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demand for related products due to changes in power supply composition (increased use of renewable energy)</li> </ul>
<b>4°C</b>	<b>Frequent occurrence of abnormal weather</b> <ul style="list-style-type: none"> <li>Increasing frequency and severity of serious disasters</li> <li>Sea level rise</li> <li>Etc.</li> </ul>	<ul style="list-style-type: none"> <li>Delay in delivery of parts due to damage to suppliers and distribution warehouses</li> <li>Delay in parts procurement, shipping and delivery due to disrupted distribution networks</li> <li>Shutdown due to damage to factories</li> <li>Delay in plant works</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demand resulting from active investment in BCP measures by customers</li> </ul>

We will continue to discuss adaptation measures and financial impacts based on the above risks and opportunities with a view to disclosure in 2022.

## Risk Management

Disclosed in June 2021

We recognize climate change as one of the external risks defined in the Fuji Electric Risk Management Rules and position it as a risk to be tackled across the board. We will work to enhance processes for assessing climate-related risks.

## Metrics and Targets

Disclosed in June 2021

We have set Environmental Vision 2050 and the FY2030 Targets as our targets for reducing greenhouse gas emissions, which have a major impact on climate change.

With the aim of contributing to the realization of a decarbonized society, in June 2021 we are reviewing both Environmental Vision 2050 and the FY2030 Targets. (New FY2023 Targets to be disclosed in FY2022)

Related link
<a href="#">Environmental Vision 2050, FY2030 Goals</a> <a href="#">Environmental Management Targets and Achievements</a>