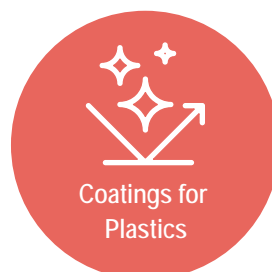


Fujikura Kasei Group

# Sustainability Report

## 2024





Management philosophy

# Taking on Challenges and Working Together

Providing the value our customers need

## Action guideline

We share the joy of creation by joining our hands together with all associates.

We make efforts to be a challenger all the time without fear of failure.

We aim to be a reliable company by facing customers with sincerity.

We pursue the realization of comfort through commitment and compassion.

We are committed to safe and secure manufacturing with compliance to the applicable laws and observance to their spirit.



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### Editorial policy (on publishing this Sustainability Report)

This Sustainability Report comprehensively discloses to all stakeholders both financial and non-financial information of the Fujikura Kasei Group of companies operating in and outside of Japan (on a consolidated basis), including performance data, management policies toward creating medium to long-term values, and business strategies, among others.

Scope of this report—All business activities of Fujikura Kasei and the Fujikura Kasei Group

Period covered by this report—April 1, 2023 to March 31, 2024, in principle  
\*Includes, in part, information on ongoing initiatives and special items, etc. that fall outside the specified period.

Reference guidelines—This report outlines the sustainability initiatives of Fujikura Kasei and the Fujikura Kasei Group in reference to the following guidelines.

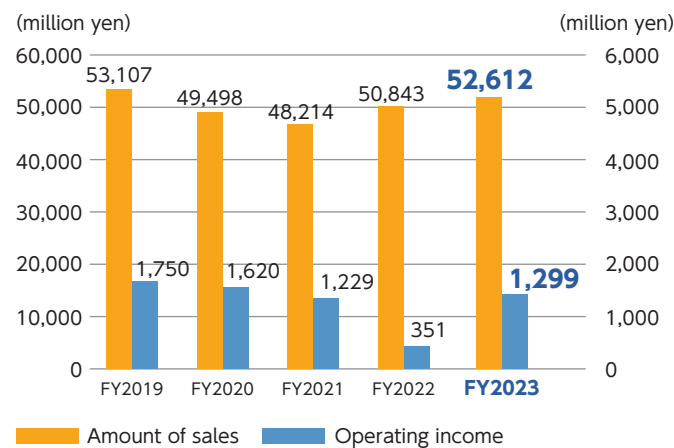
- ISO26000 (International Organization for Standardization) "Guidance on Social Responsibility"
- UN Global Compact
- GRI (Global Reporting Initiative) "Sustainability Reporting Standards"
- SASB Standards
- Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation"



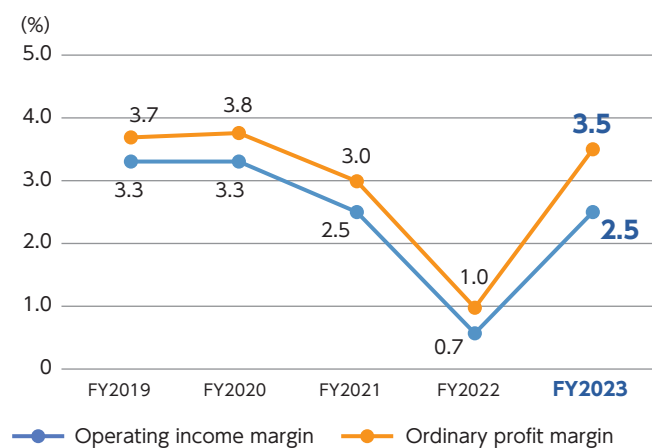
# Financial and Non-financial Highlights

## Financial Highlights

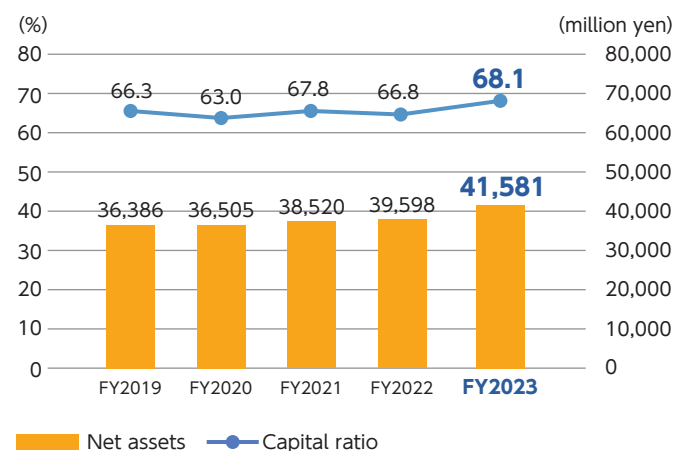
### Amount of sales & Operating income



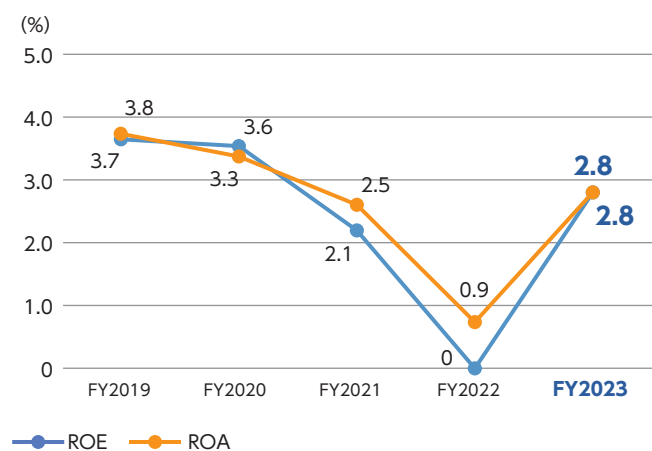
### Operating income margin & ordinary profit margin



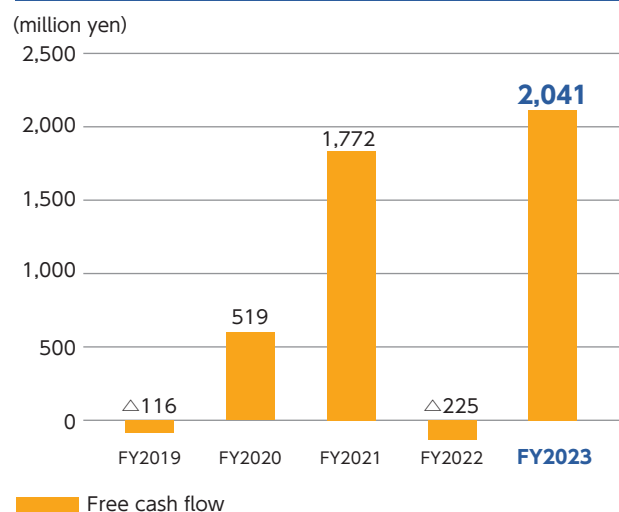
### Capital ratio & net assets



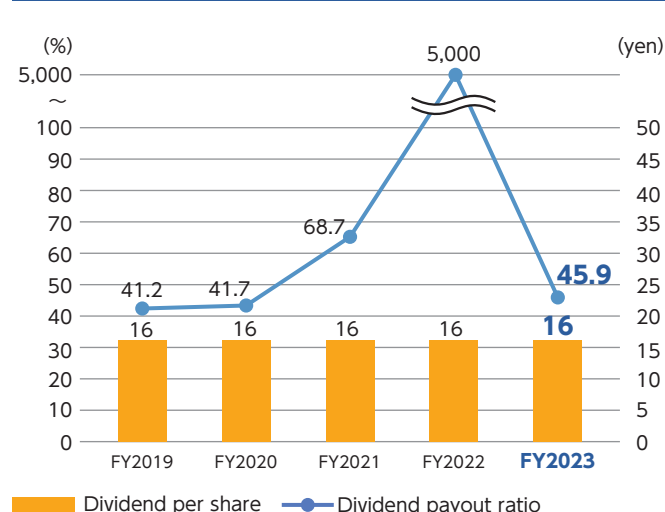
### Owned capital Return on equity (ROE) & Total assets business Return on Assets (ROA)



### Free cash flow

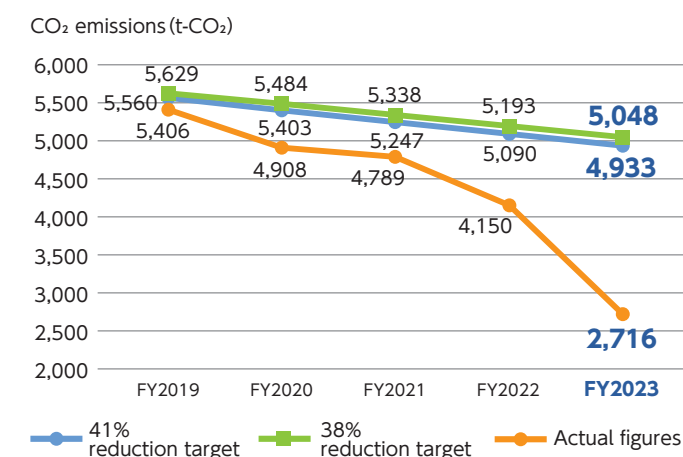


### Dividend payout ratio & dividend per share

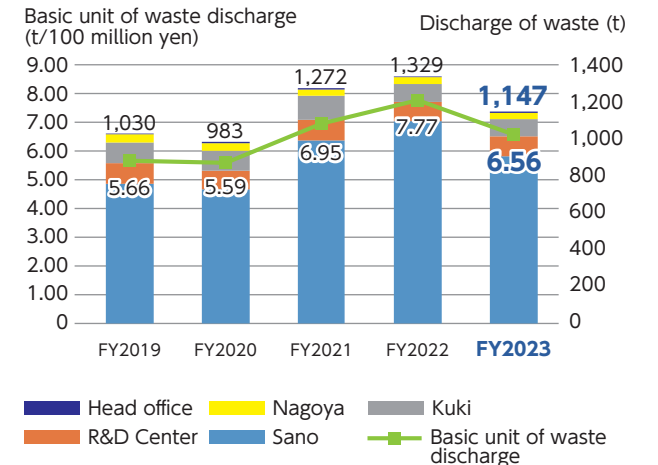


## Non-financial Highlights

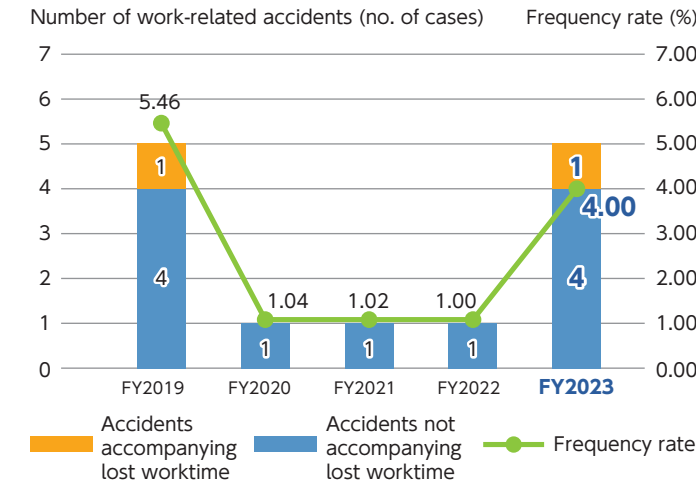
### Trends in CO<sub>2</sub> emissions



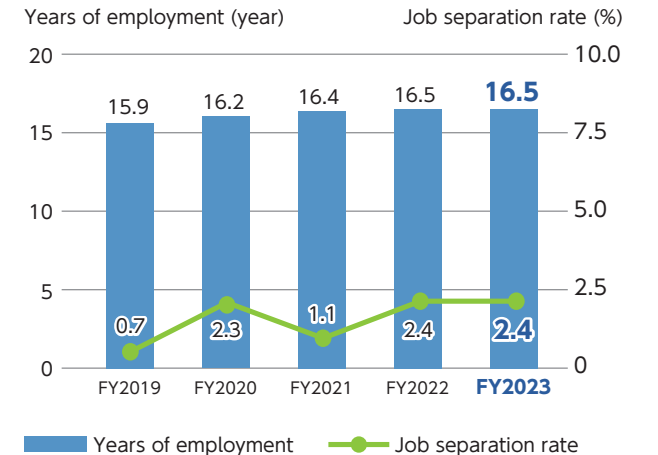
### Trends in the discharge of waste and the basic unit of waste discharge



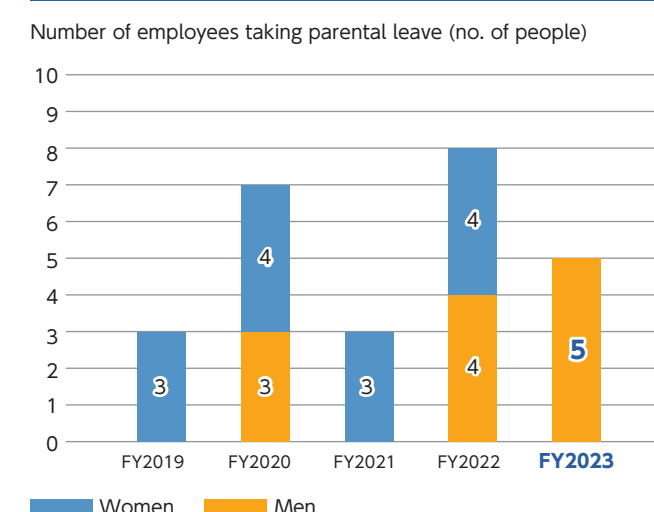
### Number of work-related accidents and their frequency rate



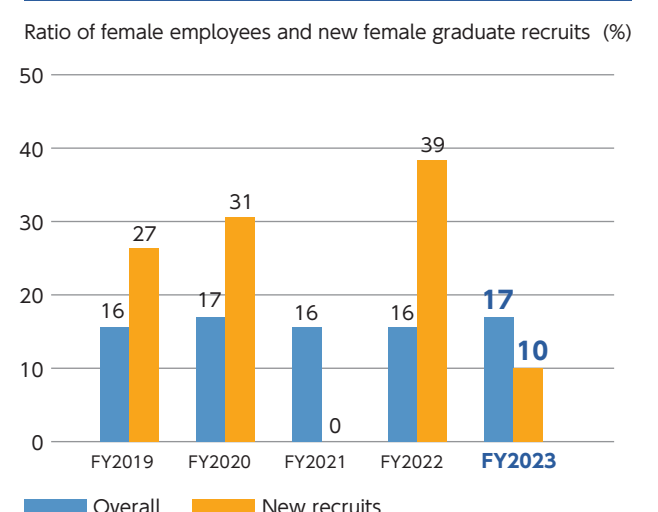
### Average years of employment and employee job separation rate



### Number of employees taking parental leave



### Ratio of female employees and new female graduate recruits





# Toward the creation of new value Pursuing Our 2030 Vision



Fujikura Kasei Co., Ltd.  
President  
**Daisuke Kato**

At Fujikura Kasei, we are advancing our business toward achieving the 2030 Vision which sets forth the challenge to “provide new value through co-creation × evolution × power of chemistry.”  
In fiscal 2024, the second year of our 11th mid-term management plan, we are making significant progress in our growth strategy toward creating new value, in connection with our contribution to a sustainable society.  
We asked President Kato about his views on how these sustainability initiatives are shaping the future of Fujikura Kasei.

## Connecting the power of our business portfolio strategy to sustainable growth

### FY2023 performance and forecast for this term (fiscal 2024)

Fiscal 2023 was the first year of our 11th mid-term management plan and a milestone year marking the 85th anniversary of our company’s founding. We have been able to continue our business and contribute to society over many years with the understanding and cooperation of all our stakeholders. I wish to take this special occasion to extend my deepest gratitude to everyone.

In fiscal 2023, we achieved gains in both revenue and profit compared to the previous year. However, while the overseas automobile market was strong, we failed to reach our sales target due to the recovery of the domestic housing market falling short of expectations. Nevertheless, in terms of profit, we reached a level practically in line with our target. This is thanks to price revisions and cost reductions that helped improve our profitability and foreign exchange gains.

In fiscal 2024, while we may see improvements in global economic activities, the impacts of rising raw material costs and the situation in the Middle East and Ukraine are expected to continue casting a shadow of uncertainty and unpredictability over the future.

### Progress of the 11th mid-term management plan

We are working to achieve our 2030 Vision to “provide new value through co-creation × evolution × power of chemistry” by pursuing, across the company, three strategies in the business area and two strategies in the management area based on the current mid-term management plan. In the first year of the plan, “move” was the year’s watchword as we concentrated on moving our heads, bodies, and minds to steadily execute the five strategies.

We also have an ambitious plan for the second year and beyond. With the awareness that fiscal 2024 will determine the success or failure of the 11th mid-term management plan, we will take a proactive stance in everything we do. “Leap” will be the watchword, as we uphold a basic policy to nurture the sprouts of growth with a commitment to eliminating negative elements in our external environment. The result of these diverse efforts, I believe, will allow us to achieve our company’s long-term goal—the 2030 Vision.

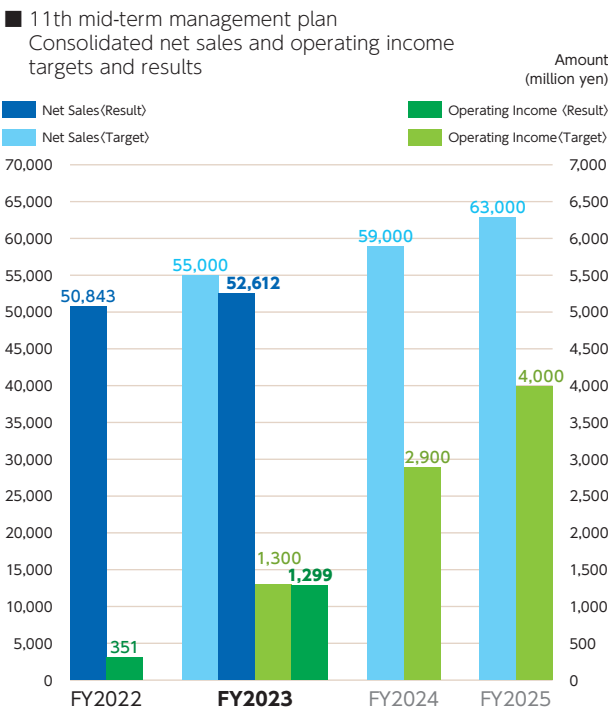
### Aims of the business portfolio strategy

In our 11th mid-term management plan, we introduced a

business portfolio strategy incorporating three company-wide strategies: “Sprouts: Expand technical development,” “Young leaves: Strengthen core businesses,” and “Trees: Increase the profitability of foundation businesses.” Based on this strategy, we are implementing specific strategies for each SBU (strategic business unit) within our five business segments. Visualizing our business portfolio in terms of the company-wide indices of “growth (sales growth rate),” “profitability (operating income),” and “efficiency (operating income margin)” allows us to evaluate all our business divisions by the same standard.

Throughout our 85-year history, we have continued to grow while undergoing repeated transformation. Our current mid-term management plan also embraces transformation by promoting the visualization of our business portfolio. This challenge has made us more conscious of the earning and growth potentials of each SBU as measured by the same standard across the company. It has also allowed us to identify areas where not only sales but also profitability and growth need to be improved. By objectively evaluating the progress of SBU-specific strategies, we will promptly draft and implement the necessary corrections and compensatory measures toward achieving the targets of the 11th mid-term management plan.

Furthermore, by promoting the business portfolio strategy, we aim to renew our businesses, ultimately creating new value and realizing sustainable growth.





Connecting the power of “sustainability × chemistry” to new value creation

Reasons for engaging in sustainability

Our company engages in sustainability to contribute to solving issues facing our customers and society through our business. Sustainability initiatives are essential to realizing our 2030 Vision to “provide new value through co-creation × evolution × power of chemistry.” That is why we have identified sustainability as one of the management strategies in our current mid-term management plan and established a new basic policy on sustainability to underlie our company-wide sustainability efforts.

The basic policy on sustainability outlines our goals to fulfill our corporate social responsibility (CSR) and gain the strong trust of our customers and society in general. It also aims to enhance our corporate value by providing new value and generating profit through technical development and business activities. To realize these aims, we have established the Sustainability Committee headed by myself as chairperson. In fiscal 2023, committee meetings were held in May and December. In conjunction with the Sustainability Committee, the Sustainability Promotion Department was also established as a cross-cutting working organization composed of representatives from the technology, sales, production, and management departments. It is responsible for the prompt and practical implementation of management issues discussed and decided by the Sustainability Committee.

By strengthening company-wide sustainability initiatives and promoting a shared awareness and sense of cooperation across the company in these ways, we aim to grow sustainably along with society.

An essential factor in promoting sustainability

At Fujikura Kasei, our materiality defines priority issues we must address as a company to realize sustainability. It is based on the belief that these issues must be understood and addressed with conviction by all employees. In fiscal 2023, we took the first steps in formulating a new materiality that aims to solve social issues through value creation founded on our corporate social responsibility, as befitting the first year of our sustainable initiatives.

The Sustainability Committee is responsible for formulating the materiality, but employee views will be incorporated into the process by widely collecting their opinions via company-wide explanatory meetings and questionnaires. By giving weight to frontline voices and incorporating diverse views, we aim to formulate materialities that maximize onsite capabilities. Once the new materiality is formulated, we will disclose the progress of relevant initiatives to all stakeholders on a continuous basis.

Utilization of human capital and resources

The new materiality will be formulated by the end of fiscal 2024. However, to realize our goal of solving social issues through the creation of new values stemming from sustainability, human resources are indispensable. In line with the conventional idea that “people are assets,” we regard human capital as a management issue within the scope of sustainability and promote human resource development and diversity as a means to respond to unpredictable changes in our external environment.

More specifically, we believe in fostering “cutting-edge thinking and skills” and “the ability to form organizations conducive to innovation” while strengthening existing elements such as trustful relationships acceptance of diverse ideas, and independence. While we may be a large company with over 400 employees on an unconsolidated basis, we believe we are of an appropriate size to maximize the abilities of each of our employees based on the thinking that people are assets. Therefore, we aim to maximize each employee's potential rather than needlessly increasing employee numbers.

Fujikura Kasei’s uniqueness

In addition to human capital management, we must also pursue our identity self to create value stemming from sustainability. Fujikura Kasei’s uniqueness lies in its unwavering spirit of creativity and technical capabilities born from this spirit. This founding spirit of creativity has been passed down to this day as a trait that allows us to respond to the needs of the times and create new value.

Even the most inventive new product will eventually become simply a commodity and ultimately become obsolete as social needs change. That is why, instead of aiming to expand, we must continue to respond to customer needs by creating high-quality value using technology.

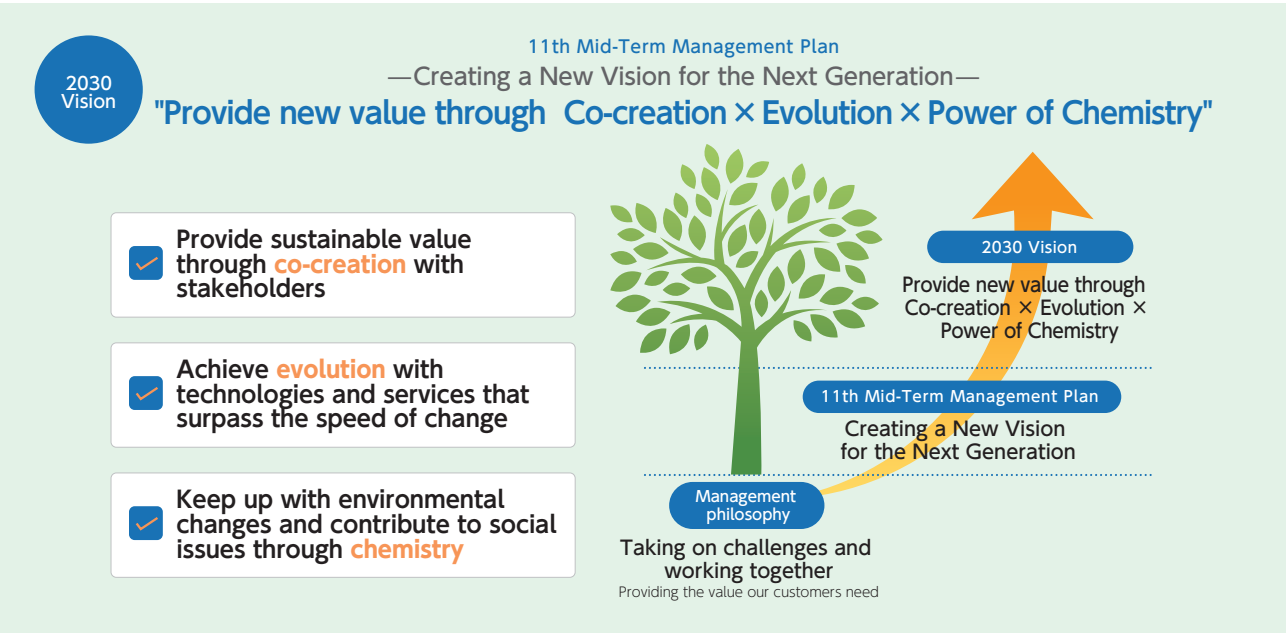
At Fujikura Kasei, we respond to our customers using the broad technical capabilities and knowledge we have cultivated and accumulated through our long history. We will take advantage of the appropriate size of our organizational structure to work speedily to enhance product development capabilities and productivity and strengthen sales capabilities.

management plan. Our main goal is to establish a framework that can respond quickly to customer requests by using the data we have accumulated.

We must also exploit the boundless power of chemistry to provide new value by utilizing diverse raw materials and technologies. Our technical capabilities are part of our uniqueness and one of our greatest strengths. We will make full use of them to create diverse values while also incorporating the knowledge of business divisions across the company, as well as co-creation initiatives with other industries. These initiatives will enable us to respond to an uncertain, diversified world and continue to provide society and our customers with new value.

Hand in hand with our stakeholders

To continue to grow and expand, we shall present a clear picture of our future direction to our stakeholders. Through our sustainability reports, we will convey what kind of company we are and what we aim to achieve. We will create new value and enhance our corporate value. We will also endeavor to strengthen our capacity for information dissemination and use various means to gain the understanding of as many people as possible regarding our initiatives. We ask for your continued support as we strive to fulfill our vision.



Connecting our strengths to value creation

To continue providing new value to society and our customers, we need to be able to approach today's unpredictable and uncertain world from diverse angles. Our 2030 Vision aims “to provide new value through co-creation × evolution × power of chemistry,” but realizing this involves several important elements.

First, to achieve co-creation, we must maintain relationships with diverse stakeholders where opinions are shared on an equal footing and new businesses are created that cannot be achieved by one company alone. This two-way relationship will lead to the creation of new value.

Next, to adapt to a rapidly changing world, we must evolve beyond conventional ideas and systems. For example, we are developing human resources skilled in DX (digital transformation) and promoting DX to strengthen our management foundation, as outlined in the 11th mid-term



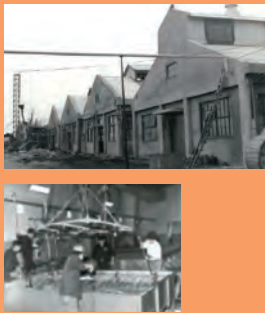
# Our History of Creating Value

## Business and Products that Contribute to Solving Social Issues

The Fujikura Kasei Group was founded in 1938 as a production company that mainly handles windshields and coatings for aircraft. The company has developed innovative technologies and produced high value-added products in a variety of areas including coatings for plastics, architectural coatings, functional polymers/polymers & resins, electronic materials, and medical materials. While striving to achieve our 2030 vision as a company that "Provide new value through Co-creation × Evolution × Power of Chemistry", we will aim to reduce CO<sub>2</sub> emissions and environmental burdens, create technologies and products that enhance people's lives, and contribute to solving social issues.

### Fujikura Kasei's founding period

Since its founding in 1938, Fujikura Kasei has engaged in pioneering technical development as a chemical manufacturer, introducing value-added products using its basic technologies for polymer formulation and polymerization and expanding its business domains in response to the times and social needs. The company's 85-plus-year history is introduced below.



### Social circumstances/Historical context

- Second Sino-Japanese War develops into World War II
- Reconstruction efforts begin in the aftermath of World War II
- Japan enters a period of rapid economic growth after the 1960s
- Social infrastructure development brings economic expansion

**1938 (Founding)~1960s**  
Founding, Business Creation, and Growth

### Fujikura Kasei's businesses and products

- ▶ The architectural coatings business and the functional polymers/polymers & resins business are respectively born from the coatings for aircraft and methacrylic ester that the company had been manufacturing at the time of its founding
- ▶ The electronic materials business is born out of a joint development project with Nippon Telegraph and Telephone Public Corporation (now NTT)

- Methacrylic resin
- Formal coatings
- Acrylic lacquer coatings
- Acrylic syrup



- Conductive resins
- Epoxy resin adhesives



### Social circumstances/Historical context

- A period of economic turbulence and inflation caused by two oil crises is followed by a period of stable growth
- Land and stock prices soar
- The development of mass-production technology popularizes automobiles and home appliances

**1970s~1980s**

Strengthening and Growth of Technological Foundations

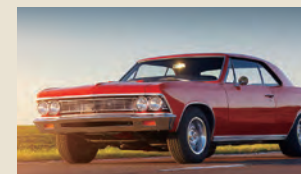
### Fujikura Kasei's business and products

- ▶ Sano Plant is established, and the production framework is strengthened
- ▶ The expansion of domestic businesses leads to the establishment of the Fujichemi Group of companies

- Resins for copying processes
- Adhesives



- Metalac C
- Coatings for plastics
- Hard coatings
- Coatings for PVD process
- Suede-touch coatings



### Social circumstances/Historical context

- The bubble collapse and the Great Hanshin-Awaji Earthquake increase social unrest
- The IT industry makes a breakthrough, leading to the dissemination of mobile phones and the Internet
- Companies advance overseas and economic globalization occurs

**1990s~2000s**

Development Enhancement, Group Expansion, and Growth

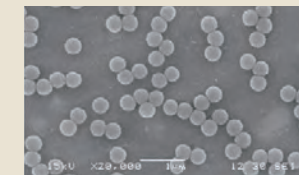
### Fujikura Kasei's business and products

- ▶ The R&D Center is established, and R&D efforts are strengthened
- ▶ A global business network is established with Group companies in the US and UK
- ▶ The medical materials area is born based on the application of microparticle synthesis technology

- Super-matte, high-texture coatings
- Coatings for mobile phones



- Latex for diagnostic pharmaceuticals



- Silver through-holes
- Membrane switches



### Social circumstances/Historical context

- The Great East Japan Earthquake and the COVID-19 pandemic occur
- The proliferation of smartphones and advancements in AI and IoT accelerate digitization
- Climate change countermeasures are strengthened
- Gender equality and diversity issues become prominent

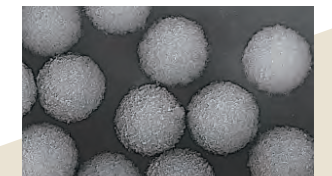
**2010s~2020 and beyond**

Global Promotion and Growth through Addressing Environmental Challenges

### Fujikura Kasei's business and products

- ▶ Globalization is strengthened by advancing into the ASEAN
- ▶ Efforts are made to develop eco-friendly products

- Anti-fog coatings
- Water-borne coatings
- Environment-friendly coatings
- Urethane resins
- Biomass materials
- High-performance latex



- Digital-compatible products



### Future products and technologies

Future products and technologies will contribute to mitigating environmental burden, increasing energy efficiency, and creating an affluent society.

- Biomass products
- High-function and high-design products
- Entry into new fields
- Strengthening of global businesses
- Eco-friendly products
- Products for a DX society
- High-quality reagents





# Our Value Creation Model

## The Fujikura Kasei Group's Source of Value Creation

The value creation model is a business model that outlines how the Fujikura Kasei Group will create social value (contribution to society) and economic value (profit creation) through its business activities and realize sustainable growth. We will pursue our businesses on an ongoing basis in line with the value creation model, which allows us to be aware of social issues that we need to address. In addition to making an ongoing contribution to addressing environmental and social issues through our businesses, we will strive to enhance our corporate value by providing value to society and to our stakeholders.



# Mid-term Management Plan and Sustainability

## Spread an understanding of our business portfolio and realize our future vision during this second year of the 11th mid-term management plan

In fiscal 2023, which marked the first year of our 11th mid-term management plan, our business environment has been tumultuous due to the surge in raw material prices and the impact of foreign exchange fluctuations. Despite this difficult situation, however, we made progress toward our goals by sharing information and strengthening ties with our group companies in our Group. Moving forward, we will concentrate on disseminating and promoting our business portfolio as the Fujikura Kasei Group, as we continue on our path to realizing our 2030 Vision to "provide new value through co-creation × evolution × power of chemistry."

In fiscal 2024, the second year of the 11th mid-term management plan, we will focus on the importance of human capital and strive to bring the best out of our employees by employing the following three priority measures.

### Priority measures for human capital management

#### 1 Human resource development

In fiscal 2024, we will organize our thoughts on human resource development and other aspects of human capital and aim to promote our business portfolio and strengthen work engagement. Based on our strength in having a culture that fosters connections among employees, our company offers an atmosphere that encourages challenges and an environment that embraces diverse ideas. Building on this foundation, we will further facilitate mutual understanding and growth and establish an organizational environment that nurtures innovation.

#### 2 Diversity & inclusion

We will support the empowerment of women, senior citizens, and people with disabilities based on the belief that diversity is the bedrock of innovation. To enable diverse people to work flexibly at our company, we will establish measures and systems to support their work-life balance and build a framework to follow up on each workplace.

#### 3 Engagement

We carry out engagement surveys to verify that the organization understands employee work motivations and maintains an effective workplace environment. Gaining an objective view of current situations through employee feedback allows us to identify areas that require improvement. We also actively disseminate our management philosophy so our employees agree and act in line with the philosophy. We believe this will strengthen employee motivation and promote a sense of unity within the organization. Furthermore, we try to assess the abilities and aspirations of each employee through regular feedback interviews between employees and their superiors, in addition to the self-assessment program and interviews with the personnel department, to enhance the performance of the entire organization.



Executive Director and General Manager of Administration Headquarters  
**Susumu Kurihara**

Fujikura Kasei has identified 2030 as a long-term milestone and formulated the 11th mid-term management plan as the first step toward that goal. The plan was put into operation in April 2023.

We aim to make strides in achieving the second-year targets of the mid-term management plan toward pursuing our 2030 Vision.

## Focus on capital returns in business management to enhance our corporate value

To realize our 2030 Vision to "provide new value through co-creation × evolution × power of chemistry," we constantly promote initiatives that help us engage in management with a focus on capital returns. In fiscal 2024, we will further strive to enhance corporate value to achieve sustainable growth.

In fiscal 2023, the first year of the 11th mid-term management plan, we analyzed our current financial state to accurately assess capital costs, ROE, and other such indices and reflect our findings on our income and expenditure plan and capital policy. Moving forward, we will pursue management initiatives that focus on capital returns based on a capital policy aimed at maintaining financial soundness.

Additionally, our company has endorsed the proposal made by the Task Force on Climate-related Financial Disclosures (TCFD) in May 2023. By improving our non-financial value, such as by reducing our burden on the environment and increasing human capital, we will strive to enhance our corporate value.



Executive Director and Deputy General Manager of Administration Headquarters  
**Toyohiro Tsuchiya**

### Keys to management focused on capital returns

#### 1 Assessment of capital costs

To ensure effective capital allocation and investment decisions, we will assess capital costs as the basis for making management decisions. In management decision-making, having an accurate grasp of capital costs is directly related to optimizing corporate value and risk management. We will also use capital costs as a standard for investment decisions and the distribution of capital and introduce efficient management strategies to achieve sustainable growth and strengthen our competitiveness.

#### 2 Shareholder return and capital policy

The 11th mid-term management plan aims to achieve a total return ratio of 70% or more (maintain a dividend of 16 yen or more) during the period covered by the plan. We will strive to enhance corporate value by promoting our business portfolio and implementing initiatives aimed at increasing capital returns.

#### 3 About the Task Force on Climate-related Financial Disclosures (TCFD)

As a company that defines climate change as a priority issue, we endorsed the TCFD proposal in May 2023. An analysis of scenarios based on the proposal is provided in detail on page 33.

### About the 11th mid-term management plan

The plan sets forth the basic policy of "creating a new vision for the next generation." Based on this policy, we have formulated three strategies in the business area and two strategies in the management area also within the plan, and will pursue them through company-wide efforts as our five strategies for sustainable growth.

#### 5 strategies

##### Business area 3 strategies

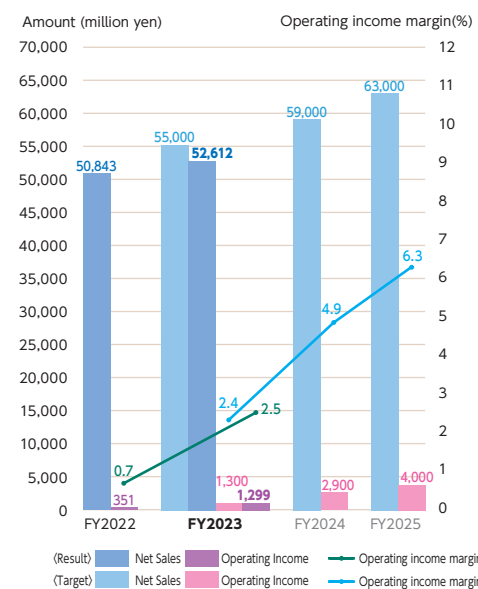


##### Management area 2 strategies

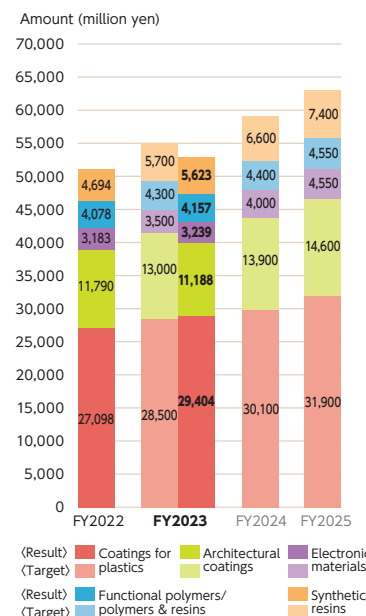


### Profit plan in the 11th mid-term management plan

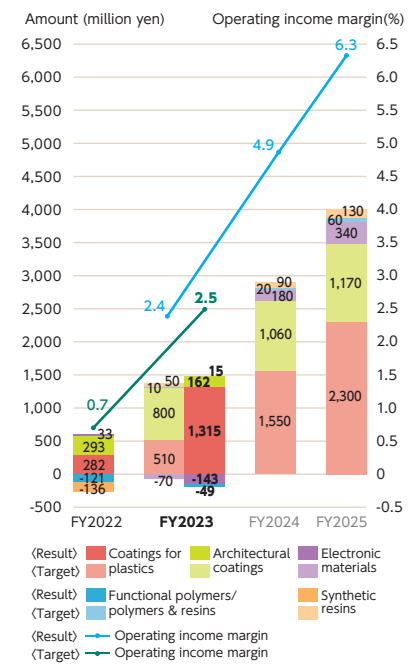
#### Consolidated net sales targets and results



#### Net sales targets and results by segment



### Operating income targets and results by segment



### Shareholder return and capital policy

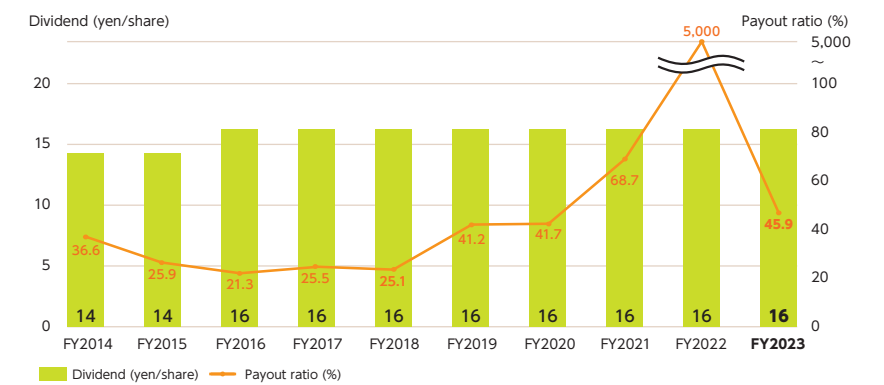
The 11th mid-term management plan sets forth specific numerical targets for shareholder return and capital policy. By pursuing these targets, we will aim to enhance our corporate value. At Fujikura Kasei, we believe it is important to realize sustainable shareholder return not only by focusing on capital efficiency but also by making active investment toward future growth and by considering the proper weight of investment in ensuring safe and stable supply, which is our primary responsibility as a manufacturer.

#### Shareholder return

• Aim for a total return ratio of 70% or more during the period of the 11th mid-term management plan (maintain a dividend of 16 yen or more)

#### Capital policy

• Aim to achieve an ROE of 8% or more  
• Acquire treasury shares in a timely manner

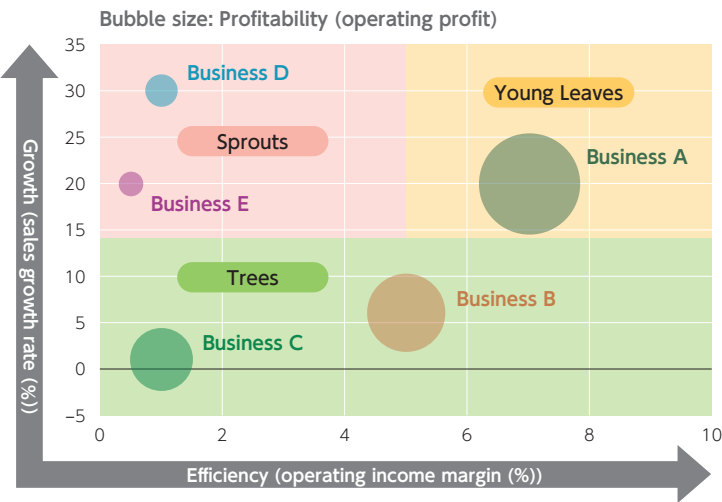
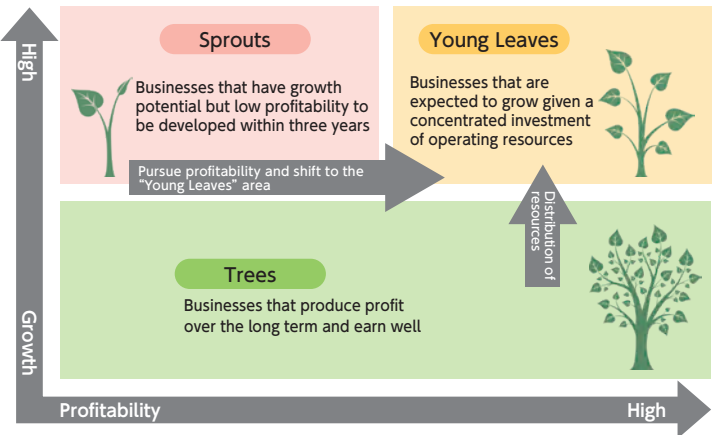




Business Portfolio Management

Initiatives of the business portfolio strategy

Fujikura Kasei's business portfolio approach



Stages to be achieved toward 2030

|                    |              | FY2023-2025   | Up to FY2029  | FY2030   |
|--------------------|--------------|---|---|--|
| Stage              |              | Period covered by the 11th mid-term management plan   | Promote investment and maximize growth businesses                 | Provide new value through Co-creation x Evolution x Power of Chemistry |
| Business portfolio | Sprouts      | • Develop new, high value-added products<br>• Initiatives of the Technology Strategy Office | Shift the businesses of the Sprouts area to the Young Leaves area | Increase profitability of the Sprouts area                             |
|                    | Young Leaves | • Concentrate investment in the Young Leaves area<br>• Maximize the company's strengths     | Maximize the Young Leaves area with the help of investments       | Mature the Young Leaves area   |
|                    | Trees        | • Thoroughly increase productivity and strengthen profitability<br>• Increase shares        | Make business decisions in accordance with the business portfolio |  |
| ROE                |              | 8%  | 9%  | 10%  |
| Shareholder return |              | More than 70% (total payout ratio)  | 40-50% (dividend payout ratio)                                    |  |

Business area 3 strategies



As a company-wide initiative beginning with the 11th mid-term management plan, we worked on visualizing our business portfolio according to a shared perspective, focusing on the three indices of "growth (sales growth rate)," "profitability (operating income)," and "efficiency (operating income margin)." So far, the three areas of "Sprouts," "Young Leaves," and "Trees" in the business portfolio strategy have frequently been considered in qualitative terms. Because each division had different perspectives and metrics for evaluation, there was a slight lack of objectivity. To produce results in the three business area strategies as outlined in the 11th mid-term management plan, all business segments, business divisions, Group companies, and the SBUs of product groups were quantified to allow them to be analyzed objectively. In the "Sprouts" and "Young Leaves" areas, we will set a path for the priority areas in each business segment, renew their business from a future perspective, and create new value toward achieving sustainable growth. In the "Trees" area, which relates directly to our company's performance, we will focus on increasing productivity and improving the earnings structure of all operations.

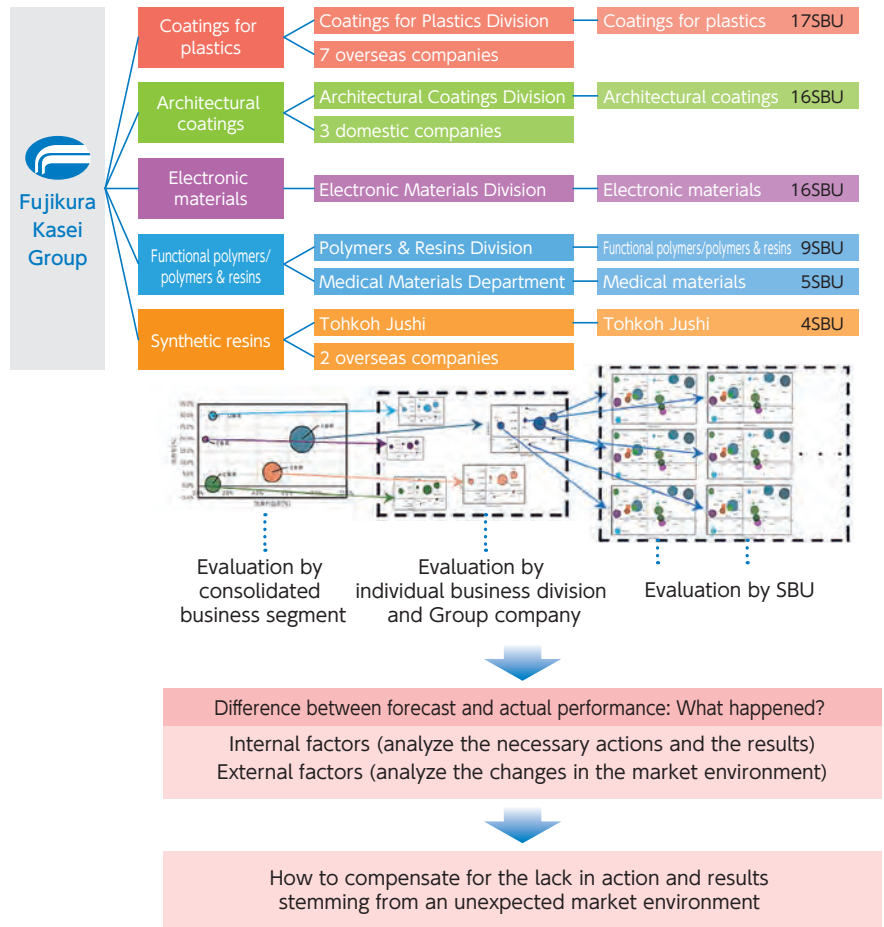
With the launch of the 11th mid-term management plan, Fujikura Kasei has introduced the business portfolio approach, defining three business area strategies ("Sprouts: Expand technical development," "Young Leaves: Strengthen core businesses," and "Trees: Increase the profitability of foundation businesses"). In pursuing business in our five business segments, we develop and implement strategies for each Strategic Business Unit (SBU) according to these domains.

Business evaluation after introducing the business portfolio strategy

To achieve sustainable growth, we need to pursue profitability and determine the proper allocation of management resources for each of the three areas of "Sprouts," "Young Leaves," and "Trees." Under the 11th mid-term management plan, we made company-wide efforts to visualize our business portfolio so we may evaluate our performance in quantitative terms. Until now, there was a strong tendency to focus on sales, but by visualizing our business portfolio, it has become possible to evaluate our business at the same level across the company. Beginning with each business segment, we evaluate performance in terms of individual divisions, consolidated Group companies, and down to the smallest SBU. First, we identify positive and negative factors in the external and internal environments using a SWOT analysis. Then, we evaluate earning power and growth quantitatively from the perspective of PPM (Product Portfolio Management). Additionally, for the results evaluated quantitatively, each business segment takes a bottom-up approach to gather qualitative information from each SBU. We review the reasons behind the outcome and plan our next actions toward future success.

SWOT analysis

| Awareness            | Positive factor | Negative factor |
|----------------------|-----------------|-----------------|
| External environment | Strengths       | Weaknesses      |
| Internal environment | Opportunities   | Threats         |



Effects of visualizing the business portfolio strategy

|              |   |
|--------------|---|
| Sprouts      | Assess the growth status of new sprouts                                   |
| Young Leaves | Assess processes that will be central to the next generation              |
| Trees        | Determine whether the business is supported or requires structural reform |

Whether a target is achieved or not, visualization of the business portfolio has made it possible to assess target deviations objectively. These results are shared across the company, and corrections and compensation measures are promptly drafted so they may be addressed as management issues in the second year of the mid-term management plan.

Future initiatives

We will regularly evaluate our business based on a visualized business portfolio strategy and work to ensure that the results of these evaluations are understood at all levels of our organization. Additionally, we will make ongoing efforts to

enhance corporate value by exploring avenues for quantitatively assessing the profitability of capital invested in each business segment and focusing on earning power.



# Business Portfolio Approach

Toward Sustainability and a strengthening of management

## Coatings for Plastics



### Basic policy for value creation

Pursue coating functions for the next generation to provide new value on a global scale

### Business overview and value creation policy

#### Overview, features, and strengths

The coatings for plastics business is a pioneer in its field, providing coating materials with excellent design and functionality for diverse sectors and leading the industry in Japan and overseas. In the automobile market, we have gained a significant global market share and high trust in our car interior and exterior products. In other markets as well, we offer a wide range of products that satisfy diverse needs, such as coatings for cosmetics containers and films.

#### Review of the first year of the 11th mid-term management plan

As a basic policy for value creation in the coatings for plastics business, we are committed to pursuing functions and creating value needed to address environmental changes and the challenges accompanying the transition to a decarbonized society. We are also working to provide value worldwide through our extensive global network and advance our technologies and services at a pace that exceeds changes in the external environment. In the first year of the 11th mid-term management plan, we faced a difficult market environment, particularly in China. However, we successfully raised awareness of our eco-friendly and decarbonization products, such as biomass products, plating alternatives, and films, primarily in Japan. Additionally, thanks to new demands for our products, we have laid the groundwork for growth for the next fiscal year and beyond.

#### FY2024 initiatives and FY2025 objectives

This fiscal year, we will concentrate on making products for less CO<sub>2</sub> emissions our core products by continuing our initiatives from last year to expand our lineup of water-borne and biomass products while further promoting the sales of products for plating alternatives and film applications and proposing energy-saving solutions by streamlining processes such as low-temperature, short-time baking. Additionally, we will continue to evolve and strengthen our global network to provide seamless value worldwide. Furthermore, as we approach fiscal 2025, the final year of the 11th mid-term management plan, we will respond to rapid changes in the supply chain and mobility environments through the sustainable creation and provision of new value. By leveraging the technical synergies of our global network, we will advance the development of the next generation of decarbonization and eco-friendly products, which will allow us to address the challenges faced by users in various regions worldwide and contribute to solving social issues and realizing a carbon-neutral society.



Executive Director and General Manager of the Coatings for Plastics Division

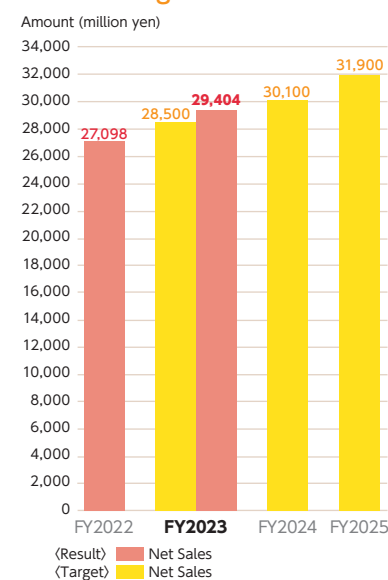
Hitoshi Kawaguchi

**Opportunities** Transition to a carbon neutral society, expansion of EVs

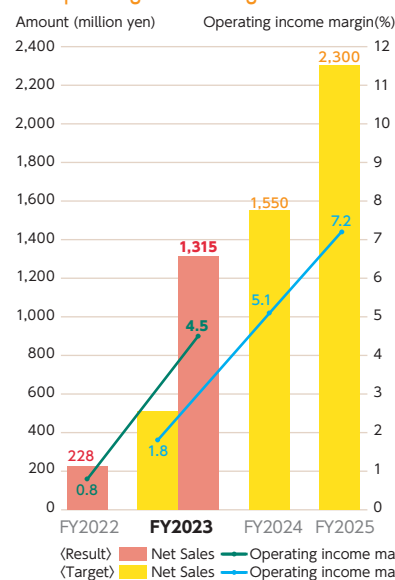
**Risks** Major changes in the supply chain

### Policies under the mid-term management plan

#### Sales targets and results



#### Operating income targets and results



- Sprouts**
  - Expand technical development
  - Promotion of development toward reduction of CO<sub>2</sub> emissions
  - Film market
  - Sophistication of elemental resin technologies
- Young Leaves**
  - Strengthen core businesses
  - Plating alternatives
  - Functional coatings
  - Acquisition of global approval
- Trees**
  - Increase profitability of foundation businesses
  - Automotive parts
  - Cosmetics containers
  - Hobbies

## Architectural Coatings



### Basic policy for value creation

Contribute to future society beginning with residential houses through the co-creation of product performance and coating work capabilities

### Business overview and value creation policy

#### Overview, features, and strengths

The architectural coatings business is centered on architectural coatings for residential houses. Dedicated coatings and specifications are customized for each housing manufacturer, to deliver values such as high durability, functionality, and design. In the area of coatings for the renovation sector, our Group company provides high-quality construction under a manufacturer-responsible construction system.

#### Review of the first year of the 11th mid-term management plan

In fiscal 2023, we engaged in product design from two approaches—"materials development with a long-term perspective up to the coating work stage" and "construction based on thorough knowledge of materials"—and successfully launched a high-quality, highly hydrophilic (ultra-low dirt accumulation) top coat with excellent workability. The stable workability of this top coat brings out the full potential of coatings and has allowed us to provide stable, ultra-low contamination performance as a new value. Toward the realization of decarbonization, we have embarked on developing products made from naturally-derived materials to minimize our reliance on energy-intensive raw materials and reduce environmental burden. In addition, as our contribution to addressing the social issue of aging infrastructure, we have created the basic design for a new coating by using the technologies and experience we have accumulated to date through the development and production of coatings for residential houses.

#### FY2024 initiatives and FY2025 objectives

Toward fiscal 2025, we will continue our development efforts for realizing sustainable product manufacturing. We will explore the commercialization of the naturally derived carbon-neutral raw materials we have been working on and assess their usability by comparing their performance with synthetic materials. Our goal is to contribute as much as possible to reducing CO<sub>2</sub> emissions. Additionally, we will pursue the launch of coatings that address the social issue of aging infrastructure, along with the utilization of waste materials and the development of coatings with longer life and higher functions. To promote safety, quality, and efficiency in applying coatings, we will nurture sales and application personnel by holding regular training and information sessions in cooperation with our Group companies. We will aim to update and enhance their knowledge to ensure the transfer of know-how and appropriate responses to a changing social environment.



Senior Vice President and General Manager of the Architectural Coatings Division

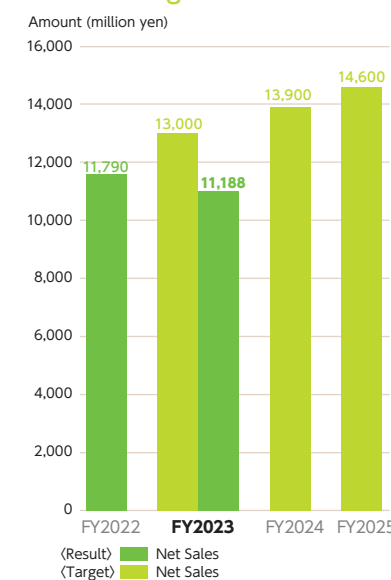
Hisashi Kajiwarra

**Opportunities** Contribution to long-life houses, expansion of business based on the capabilities of coating work

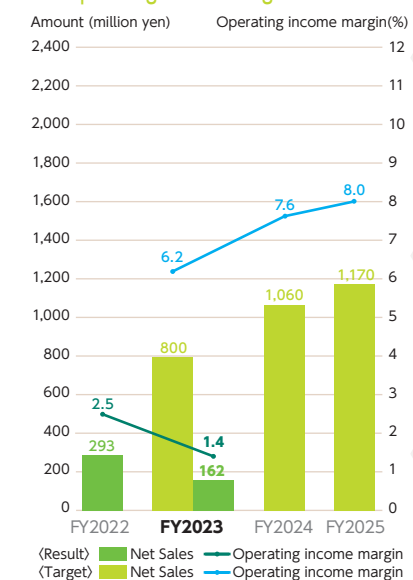
**Risks** Decrease in the number of housing starts in Japan, aging of coating engineers

### Policies under the mid-term management plan

#### Sales targets and results



#### Operating income targets and results



- Sprouts**
  - Expand technical development
  - Development of new materials
  - Provision of one-stop exterior renovation works
  - Civil engineering field
- Young Leaves**
  - Strengthen core businesses
  - Coatings for new houses
  - Differentiation of coating works
  - New components for non-residential buildings
- Trees**
  - Increase profitability of foundation businesses
  - Coatings for existing and new houses
  - Coatings for renovation of existing houses
  - Expansion of coating works



# Business Portfolio Approach

Toward Sustainability and a strengthening of management

## Electronics Materials



### Basic policy for value creation

Leverage the history and high performance of Dotite™ to achieve sustainable growth in the cutting-edge electronic materials area

### Business overview and value creation policy

#### Overview, features, and strengths

In 1957, the electronic materials business marketed the electroconductive resin Dotite™ which it jointly developed with the Electrical Communication Laboratory of Nippon Telegraph and Telephone Public Corporation (now NTT) and succeeded in industrializing for the first time in Japan. For more 60 years thereafter, we have served and contributed to people's lives and industries as a pioneer in step with the growth of the electronics industry.

#### Review of the first year of the 11th mid-term management plan

In the electronic materials business, we have identified the "next-generation automobile industry," "information communications industry," and "healthcare industry" as priority fields in anticipation of our business environment in 2030. We are advancing our business in these fields with our sights on the Society 5.0 concept proposed by the Cabinet Office as the future vision of society.

In the automobile industry, our electroconductive polymer has been adopted as a conductive adhesive for capacitors in response to the demand for high-reliability control and sensor components which has increased with the dissemination of advanced driving systems. We are now developing a silver paste for use in MLCC resin external electrodes in collaboration with our customer.

In the information communications industry, we developed high-conductivity shielding products for package-level use as our contribution to IoT-based high-speed communications and infrastructure. These shielding products are compact, thin, and lightweight, allowing for high-integration substrates. In the future, we will propose solutions to address the challenges faced by the market and our customers. Additionally, toward realizing a carbon-neutral society, we have developed and launched a water-borne conductive paste that cures at room temperature. It has been adopted by many of our customers as a product that reduces the use of environmentally harmful substances.

#### FY2024 initiatives and FY2025 objectives

As our contribution to remote sensing and wearable devices in the healthcare industry, we are working in cooperation with our customers to commercialize a stretchable conductive paste for healthcare sensor applications. By adopting wiring materials that maintain durability even when stretched, we hope to commercialize the product in sensor applications that require stretchability.

Since silver powder is the primary raw material for products in the electronic materials business, we will continue to focus on conserving natural resources and developing resource-saving products. We will also engage in the development and promotion of Dotite® as a product that will continue to help address social issues.



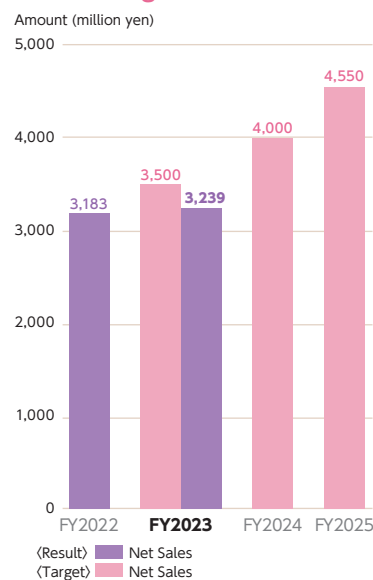
Executive Director and General Manager of the Electronic Materials Division  
**Takahiro Ishii**

**Opportunities** High growth of the materials market based on the dissemination of DX, IoT, and EVs

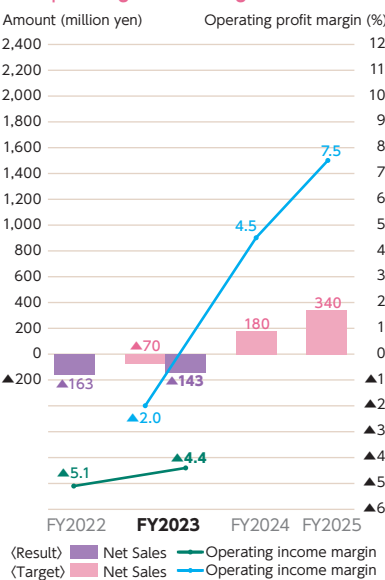
**Risks** Local procurement by overseas customers

### Policies under the mid-term management plan

#### Sales targets and results



#### Operating income targets and results



#### Sprouts

Expand technical development

- Electronic parts, semiconductors, modules
- Automobiles, medical care, nursing care
- Global expansion

#### Young Leaves

Strengthen core businesses

- Acquisition of new applications
- Increased market share
- Eco-friendly products

#### Trees

Increase profitability of foundation businesses

- Expansion of existing markets
- Strong reliability and customer response
- Response to high-mix, low-volume production

## Functional polymers / polymers & resins



### Basic policy for value creation

Evolve by providing fine, functional technologies and products based on the polymerization technology we have cultivated since our founding

### Business overview and value creation policy

#### Overview, features, and strengths

The functional polymers/polymers & resins business is aiming to expand in new fields such as fine materials, high-function polymers, sintered resins, and new in vitro diagnostic pharmaceuticals and materials. In each field, we will develop products that satisfy customer needs and respond to their trust by leveraging technologies we have cultivated to date, including suspension microparticle technology, high-performance emulsion synthesis technology, urethane synthesis technology, triblock technology, and UV technology. In the medical materials department, we have developed latex reagents that incorporate polymer properties and advanced into the field of in vitro diagnostic pharmaceuticals for diabetes and rheumatoid arthritis. These products are helping to improve people's daily lives in inconspicuous ways.

#### Review of the first year of the 11th mid-term management plan

Our fine materials have made advances in new areas within the urethane field. With respect to organic microparticles and high-performance emulsions, we are working to commercialize them by proposing solutions to customer needs.

In the area of high-performance polymers and sintered resins, we have seen an expansion of products that use triblock and UV technologies in addition to an expansion of our existing customer base. We are steadily increasing our performance toward achieving the targets of the 11th mid-term management plan.

In the diagnostic pharmaceuticals area, diabetes test reagents have grown particularly in emerging countries. Anticipating a global increase in diabetes patients, we will continue our efforts to promote a healthy and comfortable life for all.

#### FY2024 initiatives and FY2025 objectives

We are committed to taking an aggressive approach to reach our sales target for the final year of the 11th mid-term management plan. Focusing on the "Sprouts" and "Young Trees" areas, we will concentrate our efforts on fine materials and new adhesives.

In addition, we will promote the development of new products using innovative technologies to expand our existing market and explore new ones, always keeping in mind that our performance in fiscal 2024 is directly linked to achieving the targets for the final year of the 11th mid-term management plan.



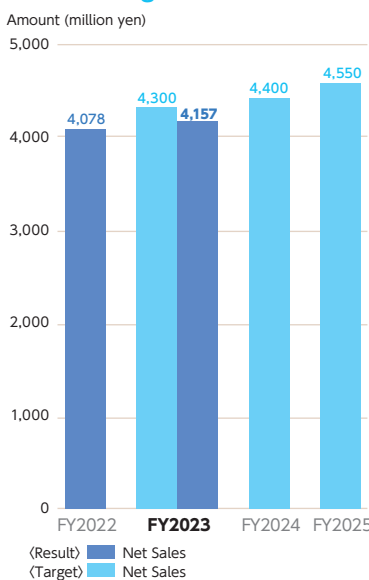
Executive Director and General Manager of the Functional Polymers/Polymers & Resins Division  
**Satoshi Watanabe**

**Opportunities** Market expansion in new materials fields triggered by decarbonization, DX, and IoT

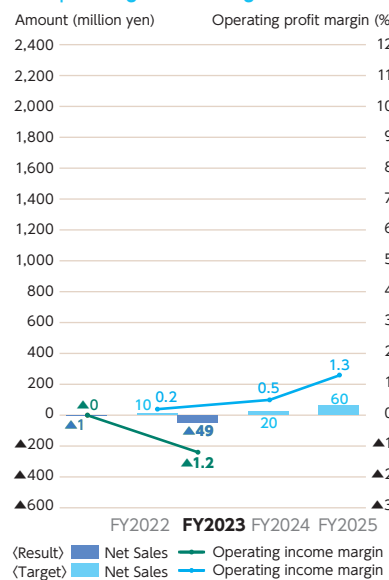
**Risks** Downsizing of provided values due to a shrinking market

### Policies under the mid-term management plan

#### Sales targets and results



#### Operating income targets and results



#### Sprouts

Expand technical development

- Cultivation of fine chemicals
- Decarbonization based on the use of biomass
- Diagnostic pharmaceuticals field

#### Young Leaves

Strengthen core businesses

- Functional products based on molecular design
- Eco-friendly products
- Expansion of sales of new diagnostic pharmaceuticals and ingredients thereof

#### Trees

Increase profitability of foundation businesses

- Retention of existing customers and discovery of new overseas demand
- Optimization of production processes
- Expansion of existing diagnostic pharmaceuticals



# Business Portfolio Approach

Toward Sustainability and a strengthening of management

## Synthetic Resin



### Basic policy for value creation

Make active proposals to a wide range of customers to contribute to solving social issues

### Business overview and value creation policy

#### Overview, features, and strengths

The synthetic resins business is undertaken by Tohkoh Jushi Co., Ltd. (founded in 1964), a trading company specializing in the sale of raw materials and plastic sheets, films, and processed products. We do not simply supply products to customers, but we also engage in fine-tuned sales and follow-up activities. For example, we provide product development information based on the management and sales strategies of our customers, introduce new materials and products, and make project proposals from the selection of raw materials to product sales.

#### Review of the first year of the 11th mid-term management plan

In fiscal 2023, we strengthened communication with our customers, actively exploring and selling synthetic resins in addition to products tailored to address customer issues, and thus created new business opportunities. For overseas customers, we set our sights on products that receive continuous orders and collaborated with manufacturers to make joint product proposals, achieving a result that would lead to good sales performance in fiscal 2024. Additionally, as part of our efforts to explore new markets, we began handling imported goods and succeeded in acquiring new customers. Our achievements in fiscal 2023 have expanded our customer base and diversified our business, laying the foundation for further growth in the future. We will keep watching market trends as a specialized trading company and strive to make proactive proposals to our customers.

#### FY2024 initiatives and FY2025 objectives

In fiscal 2024, we are leveraging our group's bases in Asia and the U.S. to expand our raw materials trade overseas. Domestically, we are expanding processing operations within our supply chain in Japan to mitigate the impacts of exchange rate fluctuations. We are also working to ensure a stable supply of materials for lithium-ion batteries to respond to the rapid advances in the electrification market. Furthermore, we took the occasion of the reorganization of the petrochemical industry to build new supply chains and uncover new demand with the aim of providing new value. Based on these initiatives, we intend to pursue sustainable growth and expand our business in fiscal 2025.



Tohkoh Jushi Co., Ltd.  
President  
**Manabu Ikegami**

## Production



### Basic policy for value creation

Increase productivity along the entire supply chain to create new value and realize well-being

### Business overview and value creation policy

#### Features and strengths

Fujikura Kasei's production department has kept in step with market changes and diverse customer needs from its flagship Sano Plant and production bases in and outside of Japan. Always with priority on safety, our company produces diverse products under a sophisticated quality control system, including coating materials, architectural coatings, conductive pastes, and acrylic resins. To ensure proper manufacturing work and quality value from the customer perspective, various management system certifications have been acquired, namely ISO 9001, IATF 16949 (electronic materials division), ISO 13485 (medical materials department), ISO 14001, and ISO 45001.

#### Review of the first year of the 11th mid-term management plan

Quality manufacturing cannot be achieved by our company alone. The cooperation of diverse business partners, including raw materials manufacturers and partner companies, is indispensable. In the production area, we focused our fiscal 2023 efforts on improving logistics efficiency with the cooperation of our partner companies in anticipation of the "2024 problem" accompanying work style reform laws. We also concentrated on strengthening safety, quality, and human resource development. To create a workplace environment where employees can work comfortably, we implemented activities aimed at preventing human errors in addition to pointing-and-calling awareness activities and successfully reduced the occurrence of human errors. Additionally, to strengthen human resource development, we held regular "1-on-1 meetings" to foster employee engagement through dialogue and realize their well-being.

#### FY2024 initiatives and FY2025 objectives

In fiscal 2024 and onward, we will make ongoing efforts to promote logistics efficiency to meet our delivery commitments to our customers while working to reduce the logistics cost ratio relative to sales amounts. To strengthen safety, quality, and human resource development, we will continue to make timely and proactive capital investments based on an accurate grasp of market changes to enhance safety, ensure stable factory operations, and advance factory automation and digitization. Through the above, we will aim to improve production efficiency while continuing our initiatives to promote employee well-being.



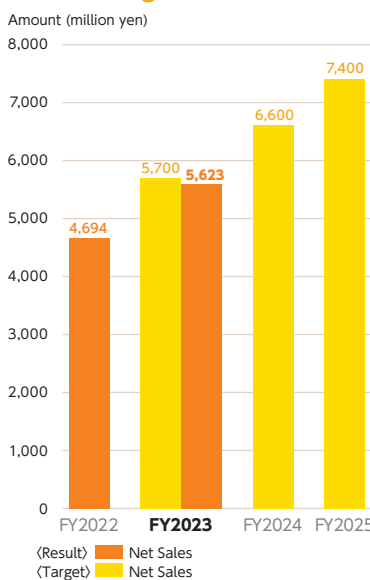
Executive Director and  
Director of Sano Plant  
**Masahiro Takano**

**Opportunities** Provision of value to new markets such as the environmental products market

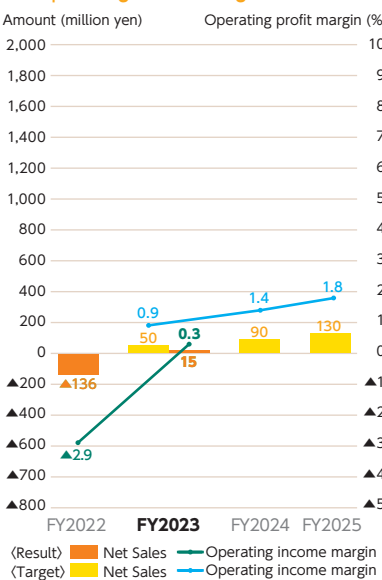
**Risks** Structural changes in existing entry-level markets

### Policies under the mid-term management plan

#### Sales targets and results



#### Operating income targets and results

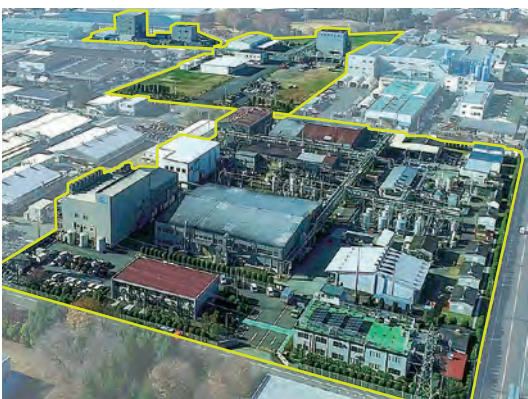


- Sprouts**
  - Expand technical development
  - Products that mitigate environmental pollution
  - Products that contribute to decarbonization
  - Material/chemical-recycled products
- Young Leaves**
  - Strengthen core businesses
  - Expansion of sales of processed goods to assembly manufacturers
  - Contribution to social issues through coordination of efforts
  - Expansion of the North American market based on new products
- Trees**
  - Increase profitability of foundation businesses
  - Maximizing the strengths of existing markets
  - Expansion of materials that are handled
  - Enhancement of added value by providing functionality

**Opportunities** Expansion of demand for high-quality, high-efficiency products

**Risks** Changes in the chemical industry accompanying decarbonization

### Policies under the mid-term management plan



Sano Plant





# Sustainability Management

The Fujikura Kasei Group engages in sustainability management to achieve sustainable company growth and enhanced corporate value, by contributing to addressing environmental and social issues through its businesses.

## 〈Sustainability Basic Policy〉

We recognize contributing to the solution of social issues as our duty and will promote sustainable management in accordance with the following basic policy:

1. We will contribute to society through our business activities and achieve sustainable growth with "Co-creation × Evolution × Power of Chemistry."
2. We will create value and generate profits to enhance corporate value.
3. We will strive to reduce environmental impact through technological development and business activities.
4. We will respect the individuality of each employee and expand diversity while creating an organization that generates innovation.
5. We will respect and act according to international norms related to corporate activities such as human rights, labor, safety, environment, and fair trade.
6. We will realize management that gains high trust from society through strengthening corporate governance and risk management.

## 〈Fujikura Kasei Code of Conduct〉

1. We will maximize corporate value by achieving management plan according to each company's business style to realize sustainable management.
2. We will continuously strive for R&D and provide excellent products and services.
3. We will respect compliance with laws and regulations, respect the cultures and customs of the countries and areas in which we operate, act according to the common sense of society.
4. Based on our human rights policy, we value the fundamental human rights and individuality and eliminate any discrimination.
5. Based on our human rights policy, we will create a workplace without harassment.
6. We will not engage in acts of antisocial forces both directly and indirectly.
7. We will consider opinions of each stakeholder and build a proper and transparent partnership.
8. We will establish an occupational safety and health management system and work with priority on safety and health.
9. We will establish an environmental management system and strive to contribute to the environment by reducing the possible environmental impact from our business processes and creating environmentally friendly products.
10. We will establish a quality management system and aim to improve customer satisfaction.
11. We will establish a chemical management system and conduct necessary control according to laws and regulations to minimize health problems associated with chemicals.
12. We will formulate business continuity plans and strive to provide stable supply of our products to customers.
13. Information concerning the Fujikura Kasei Group will be disclosed in a timely and appropriate manner.
14. Based on our information security policy, we will prevent leakage of information to be managed by strict and appropriate information security management.
15. Based on our fair trade and ethics policy, we will properly manage and operate the property of the company (including intellectual property) and will not do any infringement of the property of other companies.
16. We will contribute to the local community through dialogue and activities with the community.

## The sustainability concept

The basic concept of sustainability management is to pursue corporate social responsibility (CSR) as a means to reduce and eliminate corporate risks and thereby create new business opportunities through the creation of value.



## Sustainability management framework

We have a framework in place under which the Sustainability Committee and Board of Managing Directors discuss and make decisions on important sustainability issues and the Board of Directors supervises and monitors sustainability management as a whole.





# Materiality

To further clarify the progress of our sustainability initiatives, we are revising our CSR priority issues to newly formulate our materiality. While maintaining the universal elements of the CSR priority issues, we are exploring and developing a value creation-centered approach.

## Evolution from CSR priority issues to sustainability materiality

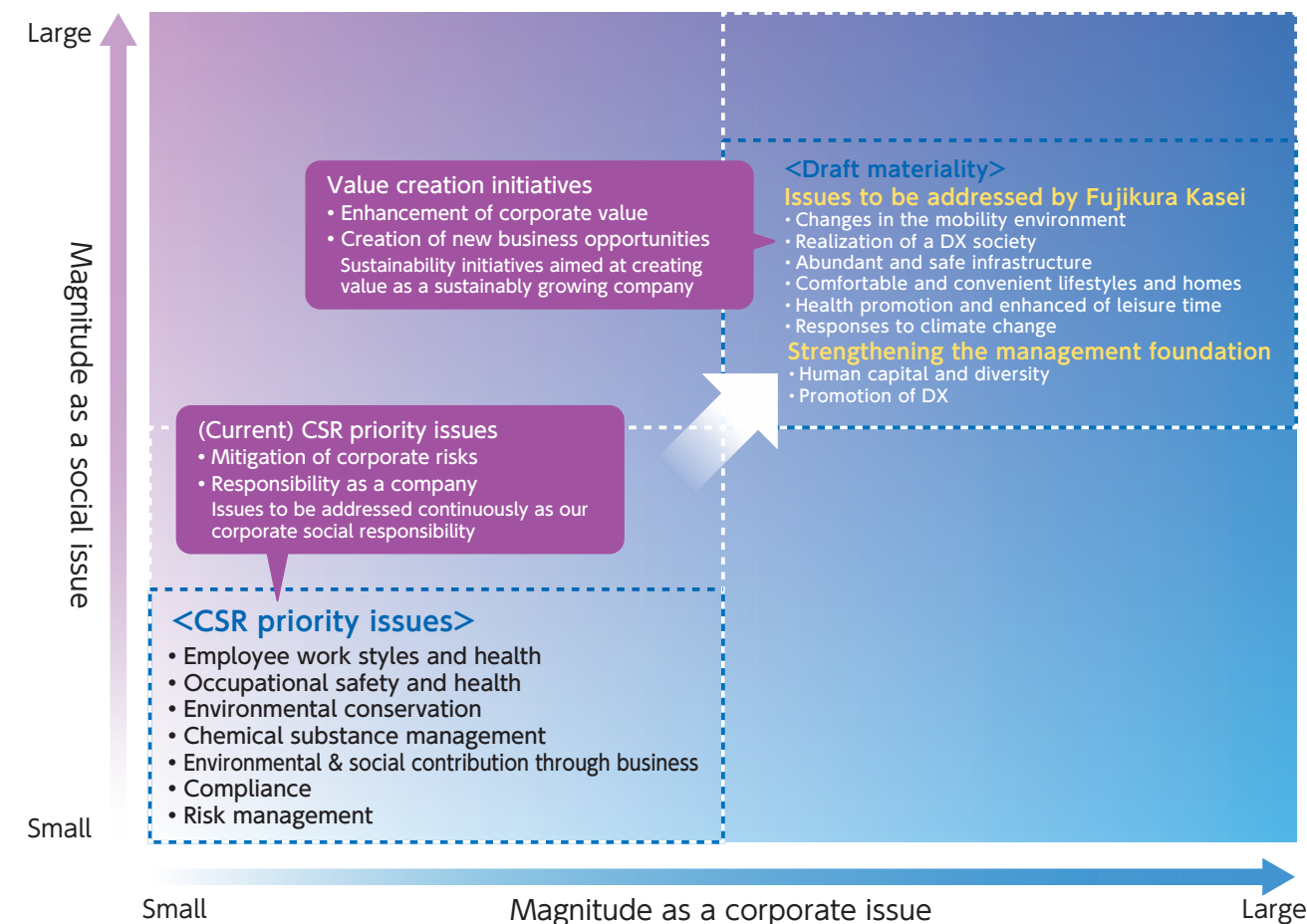
We formulated our CSR priority issues in 2020 to plan and promote our corporate social responsibility and have steadily worked to achieve each specific target. From the 11th mid-term management plan, we will focus on realizing our 2030 Vision to “provide new value through co-creation × evolution × power of chemistry” and continue our path as a sustainably growing company by addressing sustainability issues and creating new value.

In addition to our previously identified CSR priority

issues, we will push forward value-creation initiatives from the perspectives of social and corporate issues as an even more sophisticated company-wide challenge for sustainability.

To further clarify the progress of our sustainability initiatives, we are revising our CSR priority issues to formulate them anew as our materiality, placing weight on value creation while maintaining the universal elements of the CSR priority issues.

## ●Toward realizing the 2030 Vision to “provide new value through co-creation × evolution × power of chemistry”



## Materiality examination framework

Starting with the 11th mid-term management plan, we have begun discussing and exploring the formulation of materiality through the Sustainability Committee as a management issue toward strengthening sustainability initiatives.

## Materiality examination process

In formulating our materiality, we will examine the magnitude of both social and corporate issues and evolve from the conventional “defensive” approach to a “proactive” approach to solve these issues.

In particular, we will place emphasis on communicating with our employees, widely gathering their opinions through company-wide information sessions and questionnaires, and engage in ongoing discussions.

## Materiality examination process

### FY2023

#### Renewed awareness of CSR priority issues

CSR priority issues align with the magnitude of both social and corporate issues. We will continue to address them by evolving them into our materiality.

#### ●6 social issues that Fujikura Kasei aims to solve and our initiatives regarding human capital and diversity

#### Value creation initiatives

We identified six social issues in our 11th mid-term management plan and aimed to solve them through our business to achieve sustainable growth. We also identified the significance of human capital and diversity in achieving our aim.



#### Examination of our approach to solving social issues through our business and initiatives regarding human capital and diversity as part of our materiality

In the effort to create new value, we reexamined, on a company-wide scale, the value that we can provide to address the six social issues and our initiatives regarding human capital and diversity. We also provided an explanation to all employees at the company-wide presentation event and carried out an employee-wide survey.



Briefing by the Sustainability Promotion Dept. at a company-wide presentation conference

### FY2024

#### Formulation of our materiality and KPIs

We will formulate our materiality and KPIs based on the results of the company-wide questionnaire survey and discussion by the Sustainability Promotion Dept.

#### Deliberation and finalization by the Sustainability Committee

Our materiality and KPIs, combining our corporate social responsibility and value-creation initiatives, will be discussed and finalized by the Sustainability Committee as a management issue. The materiality will be the materiality will be addressed across the company.



# Realization of Human Capital Management

To Fujikura Kasei, we consider our employees to be our most valuable asset. We actively promote human resource development and diversity initiatives to enhance our ability to address unpredictable and uncertain changes in the external environment. In formulating our human resource development policy, we first assess the current situation, clarify the ideal state, and identify the differences between the two as challenges in human resource development. We then concretely examine our human capital strategy to address these challenges.

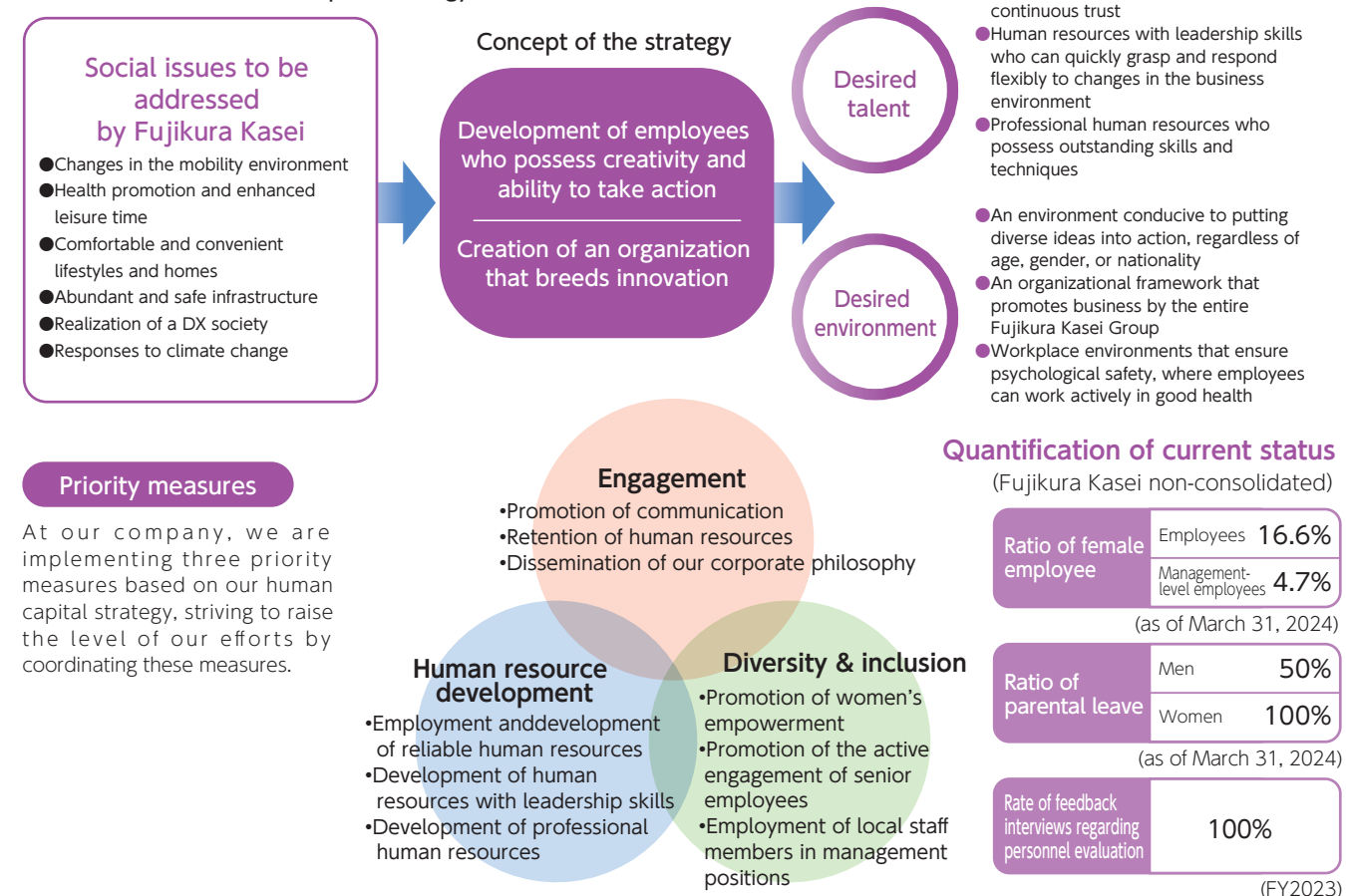
## Basic concept of human resources

Based on the awareness that human resources are essential to sustainable growth, we strive to realize human capital management by promoting the development and employment of human resources capable of executing the necessary measures to solve the six social issues we have identified as issues to be addressed by our company.

## Human capital strategy in the 11th mid-term management plan

To promote our business portfolio strategy, we will clarify our policies on investing in and utilizing human capital, intellectual property, and intangible assets under proper governance.

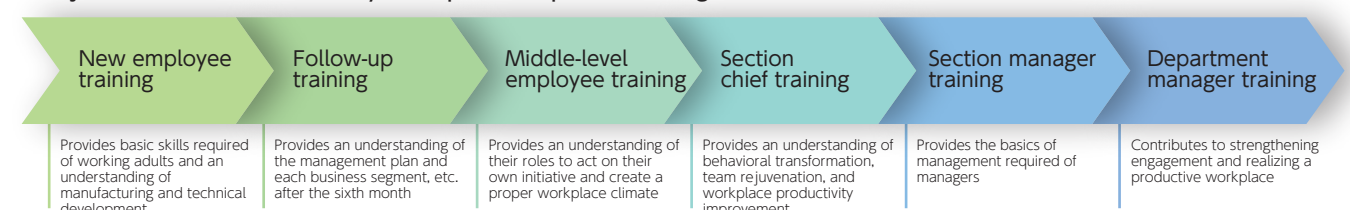
### ●Overview of our human capital strategy



## Human resource development

We support employee self-development and provide regular training so all employees can maximize their abilities. We also hold supervisor feedback meetings on performance evaluations and meetings with the human resource department as a key initiative in promoting human resource development.

### ●Fujikura Kasei's educational system (position-specific training)



## Diversity & inclusion

We are strengthening diversity mainly by building systems and providing education based on the thinking that diversity breeds innovation.

### Women's empowerment

As part of our action plan to promote women's empowerment, we established a goal to increase the number of female managers and are actively promoting this initiative. We are building systems that align with women's life stages, and every five years, we provide an empowerment training program for all female employees as an opportunity for them to think about their future careers.

### Active engagement of people with disabilities

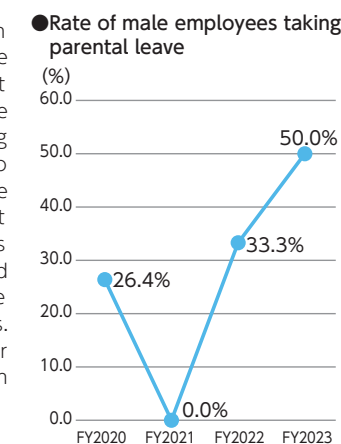
We provide continuous employment to people with disabilities, giving consideration to their individual needs regarding place of work, working environment, work description, and other such factors.

### Active engagement of senior employees

With the rapidly declining birthrate and aging population coupled with a shrinking population, there are growing expectations for the active participation of senior employees. In response to this situation, the Revised Act on Stabilization of Employment of Elderly Persons was put into effect on April 1, 2021, requiring companies to make their best effort to secure the employment of employees up to the age of 70. We are revising our reemployment system to comply with this legal amendment and effectively foster successors while transferring the necessary skills.

### Work-life balance support

To promote diverse human resources and work styles, we are implementing systems that support our employees' work-life balance. Additionally, following the June 2021 amendments to the Childcare Leave Act, we have improved our employment environment for employees raising children and disseminated our programs, verifying the intentions of our male employees. As a result, an increasing number of male employees have chosen to take parental leave.

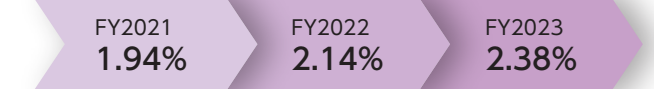


### Fujikura Kasei's parental leave program (characteristics)

Employees may take parental leave until the end of April following the child's second birthday, at the longest. They may also work on a shortened working hour system until the child reaches the third grade in elementary school. In addition to these programs, the saved leave system\* may be used to take a leave when a child requires nursing care. To prevent harassment during the use of these systems and to confirm work details both when taking and returning from parental leave, a three-way meeting is held between the leave taker, their supervisor, and the human resource department.

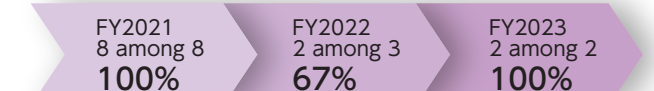
\*The saved leave system is unique to our company. It allows employees to retain up to 100 days of unused paid leave and use them for the abovementioned parental leaves or when taking a leave to attend to their own illness or injury or to the nursing care needs of family members.

### ●Growing employment rate of people with disabilities



Additionally, we provide second career training sessions to employees who reach the age of 50, allowing them to discuss post-retirement work plans and succession matters in individual interviews with the human resource department.

### ●Ratio of post-retirement employees using the reemployment system



### Examples of work-life balance support measures

- Support for taking and returning from parental leave**  
Three-way meetings are held with both male and female leave takers, their supervisors, and the human resource development both when employees take and return from their leave. The purpose of these meetings is to prevent harassment during the leave and confirm job responsibilities both before and after.
- Saved leave system**  
This system is unique to our company. It allows employees to retain up to 100 days of unused paid leave and use them for the abovementioned parental leaves or when taking a leave to attend to their own illness or injury or the nursing care needs of family members.
- Comeback employment system**  
This system supports the reemployment of employees who have resigned due to parental, nursing care, spousal relocation, self-development, or other personal reasons.

## Engagement

### Engagement surveys

We constantly strive to improve our workplace environment so our employees can maintain their motivation to work and maximize their abilities. As part of this effort, we carry out an engagement survey regularly. Beginning with last year's survey, we have placed greater emphasis on disseminating a better understanding of our management philosophy. In fiscal 2024, we plan to implement a training program to enhance workplace engagement, for general manager-level employees.

### Employee health management

We are committed to promoting good health among our employees based on the belief that the health and well-being of our employees and their families are directly linked to increasing productivity and enhancing corporate value.



### Examples of employee health management

- Subsidies for influenza vaccination
- Encouraging employees and their dependents to undergo health checkups and providing specific health guidance
- Executive meetings on the results of the stress check system in each workplace
- Subsidies for comprehensive medical examinations
- Establishment of a telephone hotline for health consultations
- Encouragement of sports (initiatives of the corporate culture and sports group and the health insurance union)
- Vaccination subsidies for employees assigned overseas
- Temporary home visit system for employees assigned overseas (once every six months for single employees, once a year for employees accompanied by their families)
- Health promotion app (health insurance union)



# Promoting Digital Transformation (DX)

At Fujikura Kasei, we are working to promote digital transformation (DX) toward achieving our 2030 Vision to "provide new value through co-creation × evolution × power of chemistry."

In the 11th mid-term management plan, DX promotion forms one of the pillars in strengthening our management foundation to support relentless change and sustainable growth.

## DX promotion initiatives

We will promote DX that accords with the operational characteristics of each division and support changes and sustainable growth.

|   |   |   |   |
|---|---|---|---|
| <b>R&amp;D</b> <ul style="list-style-type: none"> <li>▶ Advanced information on raw materials</li> <li>▶ Sharing and utilization of experimental data</li> <li>▶ Intellectual property information</li> </ul> |  | <b>Production &amp; operations</b> <ul style="list-style-type: none"> <li>▶ Production plans, plant control</li> <li>▶ Inventory information</li> <li>▶ Order receiving/issuing, delivery operations</li> </ul> |  |
| <b>Sales</b> <ul style="list-style-type: none"> <li>▶ Cultivation of new customers</li> <li>▶ Information sharing among team members</li> <li>▶ Contact with customers</li> </ul>                             |  | <b>Indirect departments</b> <ul style="list-style-type: none"> <li>▶ Strengthening core systems</li> <li>▶ Development of digital human resources</li> <li>▶ Visualization of management</li> </ul>             |  |

## Development of DX promotion personnel

Our group has a large accumulation of valuable data, including customer and formulation data. To explore how we can process and utilize these data and what kind of added value we could attach to the information, we held the "What to do about DX!" seminar in February 2024, featuring Mr. Naoyuki Kamatani, Chairman of StaGen Co., Ltd. and Director of the Research Institute for Artificial Intelligence in Medicine. It was held both in person and as an in-house webinar.

A post-seminar survey revealed that many employees are interested in future DX seminars. In fiscal 2024, we will launch e-learning courses and practical sessions aimed at promoting DX and developing DX personnel. This initiative, along with the advancement of data utilization, will contribute to creating new value.

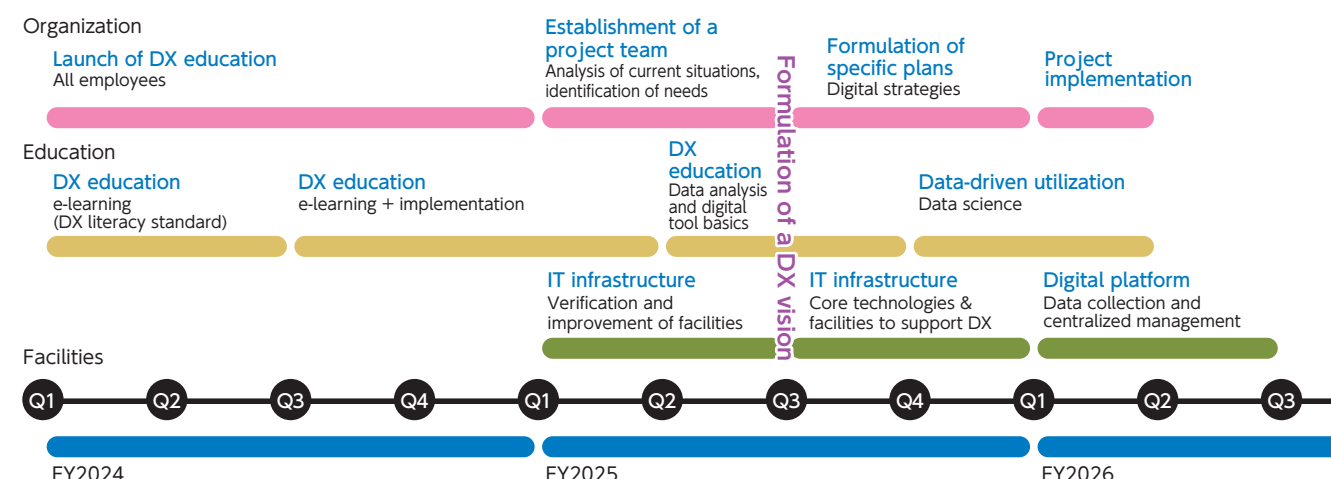


"What to do about DX!" seminar

## DX promotion roadmap

We formulated a DX promotion roadmap within the 11th mid-term management plan to guide us on our path to achieving sustainable growth and ultimately our 2030 Vision. In fiscal 2024, we will focus on enhancing the digital skills of our employees and promoting digitization across the company. This initiative will form the

foundation of our development for fiscal 2025 and beyond. We will aim to strengthen our business foundation by utilizing digital technologies to increase operational efficiency and introducing a data-based decision-making process.



# Contributing to a Decarbonized Society

## Addressing Climate Change as a Corporate Social Responsibility

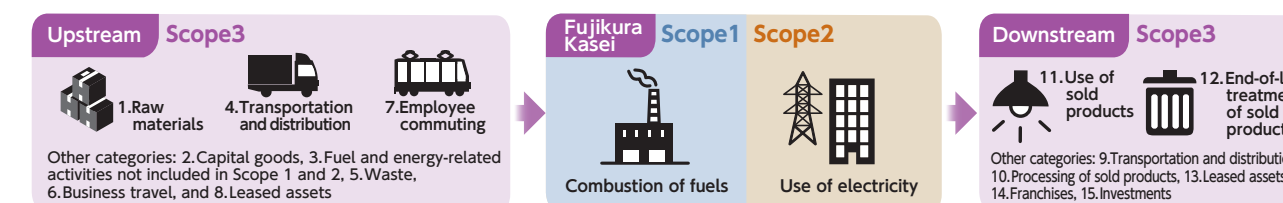
At Fujikura Kasei, we recognize our responsibility to address climate change as a management issue and engage in assessing greenhouse gas emissions from throughout our supply chain.

We also strive to ensure proper disclosure in line with the international reporting framework of the Task Force on Climate-related Financial Disclosures (TCFD) while making an active contribution to reducing greenhouse gases.

## The climate change issue and our responsibility

Responding to global-scale climate change is one of the goals of the Sustainable Development Goals (SDGs) being addressed globally since the Paris Agreement entered into force in November 2016. In October 2020, Japan pledged to achieve carbon neutrality by 2050, and responding to climate change has become ever more important. Our company is taking initiatives to reduce greenhouse gas emissions based on the awareness that we have a corporate

social responsibility to address climate change. Based on the 'Act on Promotion of Global Warming Countermeasures,' we have monitored CO<sub>2</sub> emissions from our business activities and established our own medium- to long-term environmental goal, the 'Eco Vision.' Furthermore, we continuously work toward the efficient use and reduction of fuel and electricity and report our progress in our Sustainability Report.



## FY2023 activity report

### Commencement of the documentation and operation of the calculation method for Scope1, Scope2, and Scope3

We have documented our carbon footprint calculation method in line with the "Basic guidelines for calculation of greenhouse gas emissions from supply chains (ver. 2.5)" issued by the Ministry of the Environment and Ministry of Economy, Trade and

Industry in March 2023 and commenced its operation with the approval of our relevant directors. We will revise it as necessary and strive to expand the scope of calculation and increase calculation accuracy.

### Commencement of efforts to acquire primary data from relevant business partners

While European companies have already made significant progress in providing relatively prompt information, many domestic companies are still in the process of establishing or have not yet begun to establish the necessary systems, and their responses largely vary depending on company size and industry.

Furthermore, some companies require the submission of memorandums or the signing of confidentiality agreements, which prolongs the data collection process. Despite this situation, our company actively seeks to collect primary data to enhance the accuracy of CO<sub>2</sub> calculations.

### Initiatives to improve the efficiency of carbon footprint (CFP) calculations

We have developed a system for calculating product CFPs to respond more promptly to customer requests. For Scope3 Category1, which accounts for a significant proportion of CO<sub>2</sub> emissions, we place priority on obtaining primary data from raw

materials manufacturers. In cases where obtaining such data is difficult, we rely on IDEA data to calculate CFPs so we may swiftly provide the information to our customers.

## Creating new value from climate change measures

At Fujikura Kasei, we recognize our responsibility to address climate change as a management issue. In May 2023, we expressed our agreement with the Task Force on Climate-related Financial Disclosures (TCFD) and conducted a scenario analysis encompassing all consolidated companies in Japan based on

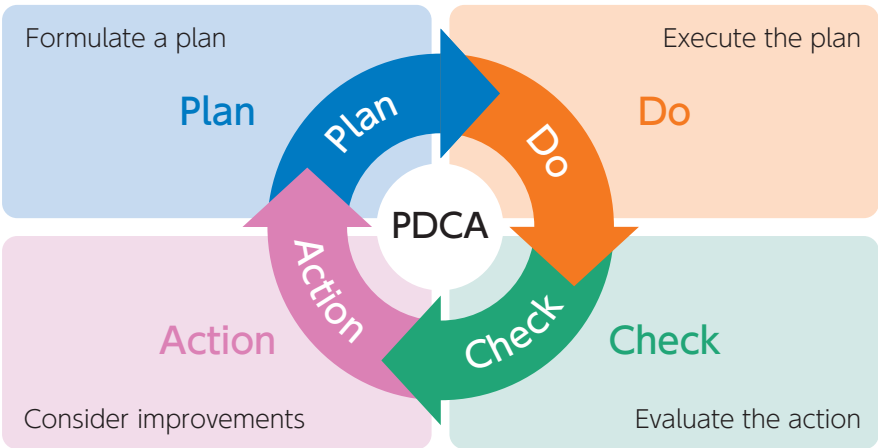
TCFD recommendations. (See p. 33 for details) In addition to reducing greenhouse gases associated with our products, we also contribute to reducing greenhouse gas emissions by promoting the use of our products in new technologies and fields in collaboration with our customers.

# Risk Management

At Fujikura Kasei, we strive to ensure sound and smooth business operations by developing a management framework for preventing risks related to business as a whole and defining methods for responding to risks should they occur.

## Our concept of risk management

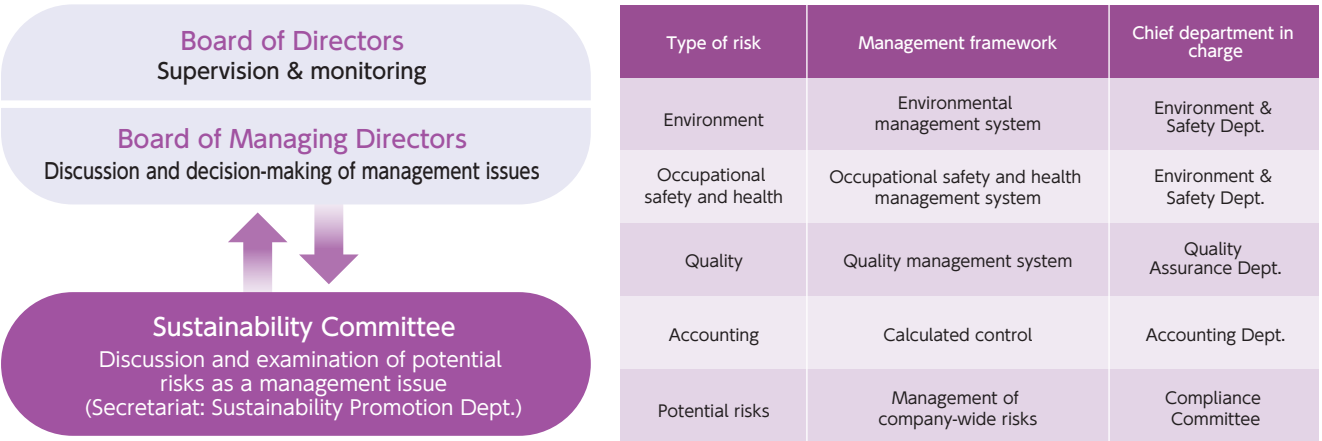
At Fujikura Kasei, one of our most important management issues is to prevent potential crises by visualizing risks that could hinder our business operations and, in the event a significant risk occurs, to minimize the impact of that risk on our company. Companies must address both inherent risks and a wide range of risks that vary in scale and frequency. Therefore, we have established a detailed company-wide risk management process. By taking appropriate measures for each risk and mitigating all risks, we aim to achieve sustainable growth and enhance our corporate value.



We formulate a risk management plan upon identifying potential risks (Plan). Next, we establish a system to execute the plan and raise awareness within the company (Do). Then, we regularly check the system's operational status for any new risks (Check) and implement an improvement plan (Action). By applying this PDCA cycle, we work to maintain the effectiveness of our risk management.

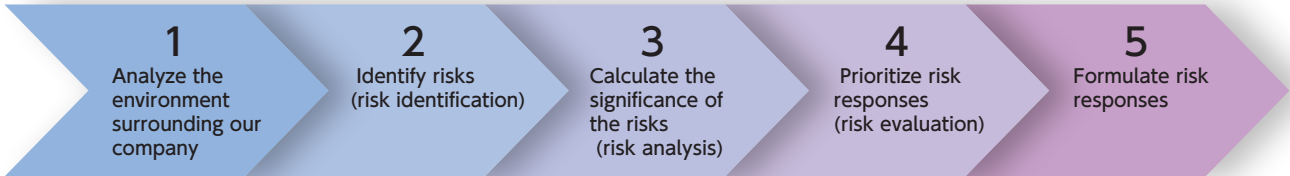
## Risk management framework

We have a long-established risk management framework in place that defines specific measures for each type of risk. As part of our effort to strengthen our sustainability initiatives under the 11th mid-term management plan, the Sustainability Committee discusses and reviews potential company-wide risks as a key management issue.



## Identification of company-wide risks and formulation of countermeasures for risk management

As part of our efforts to strengthen our sustainability initiatives under the 11th mid-term management plan, the Sustainability Committee has assumed overall control of potential company-wide risks as a management issue. It has clarified the risks anew from a company-wide perspective and launched initiatives to mitigate those risks.



### 1. Environmental analysis

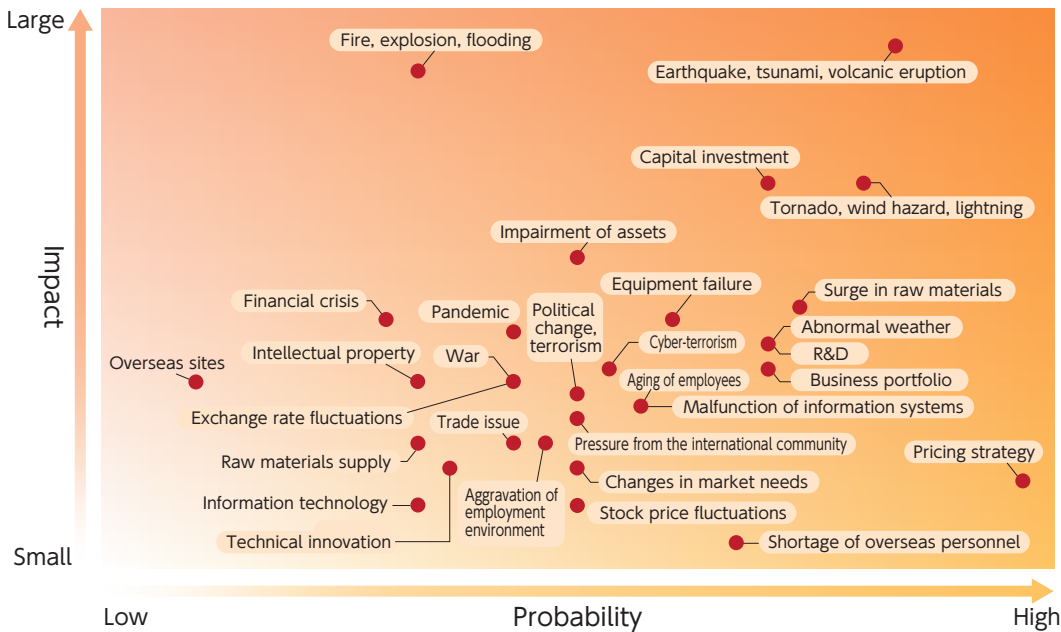
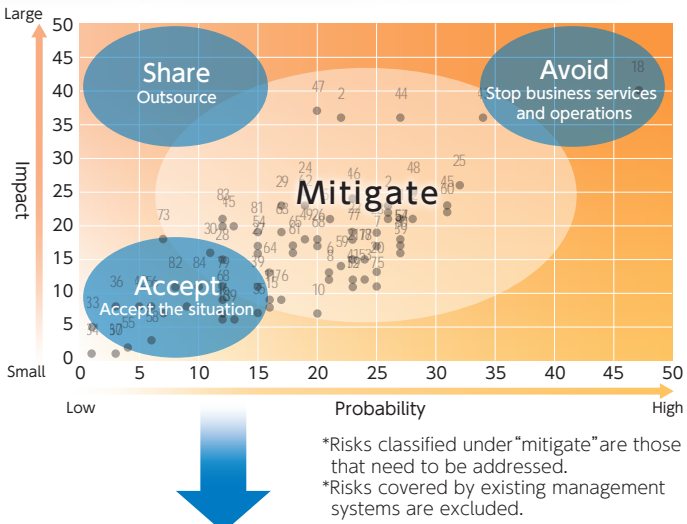
Verify the environment surrounding our company from the perspective of achieving sustainable growth and enhancing corporate value.

### 2. Identify risks (risk identification)

Identify conceivable risks in the operational processes of each department in terms of both external and internal factors (a total of 84 categories of operational risks, financial risks, strategic risks, and hazard risks).

### 3. Calculate the significance of the risks (risk analysis)

Weigh the identified risks. Create a risk matrix with impact and probability on the two axes. Categorize the risks into share, avoid, accept, and mitigate, with those classified under mitigate as risks that need to be addressed. Risks other than those already covered by existing management systems are considered potential risks.



### 4. Prioritize risk responses (risk evaluation)

Prioritize risks in consideration of various elements.

### 5. Formulate risk responses

Decide on a risk owner (responsible executive) for each risk item. Make company-wide efforts to mitigate risks.

Under the supervision of the risk owner (the responsible executive), each department explores specific countermeasures for the identified risks that require mitigation and implements these measures by applying the PDCA cycle. The Sustainability Committee regularly discusses and reviews the progress of these efforts to strengthen the company-wide risk management system.





# Responses to Climate Change

(Disclosure based on TCFD Recommendations)

Fujikura Kasei identifies climate change as one of its priority issues and has expressed its agreement with the Task Force on Climate-related Financial Disclosures (TCFD) in May 2023. In line with the TCFD recommendations, we will analyze and assess the impacts of climate change on our business activities, formulate measures based on multiple scenarios, endeavor to strengthen the resilience of our business, and disclose these initiatives to all stakeholders.

### Governance

We have a framework in place to ensure that important resolutions concerning climate change are discussed and decided on as management issues by the Sustainability Committee, which is chaired by the president, and by the Board of Managing Directors. Also under this framework, all resolutions are properly supervised and monitored by the Board of Directors.

Specific responses and initiatives are discussed by the Sustainability Committee and the content of these discussions are reported to the Board of Directors at least once a year. The Sustainability Committee, composed of full-time directors, convenes twice a year or more, as necessary.

### Strategy

We have analyzed scenarios based on TCFD recommendations and conducted a business impact assessment of risks and opportunities that have been identified, in light of the world

outlook if temperatures were to increase by 1.5°C and 4°C. In fiscal 2023, we expanded the scope of the assessment to include our consolidated companies in Japan.

### Overview and responses to the risks and opportunities of climate change on Fujikura Kasei

| Category         | Subcategory            | Business impact   | Assessment |
|------------------|------------------------|---|------------|
| Transition risks | Policies & regulations | • Increase in expenses in proportion to the amount of greenhouse gases emitted from our offices, due to the introduction and strengthening of the carbon pricing system and emissions trading system by the government<br>• Increase in expenses for switching to higher efficiency facilities and devices and making capital investments, when energy conservation and renewable energy regulations are strengthened                           | Large      |
|                  | Technologies & markets | • Weakening of brand strength as a result of a delay in responding to decarbonization<br>• Increase in expenses due to the rising costs of naphtha, silver, etc.<br>• Possible decrease of customer transactions and switches to competitor company products in the event that environmental consideration is insufficient<br>• Increase in wages and production costs due to an exacerbation of working environments and a shortage of workers | Large      |
|                  | Reputation             | • Increase in the cost of capital procurement in the event that environmental consideration and environmental information disclosure are insufficient   | Medium     |
| Physical risks   | Acute                  | • Direct damage and corresponding costs from a disruption of the supply chain or destruction of the company's production sites, and spreading of their impact on sales opportunity losses<br>• Difficulty in implementing onsite coating operations due to an increasing frequency of weather disasters and heatstroke  | Large      |
|                  | Chronic                | • Increased costs due to an increase in the usage of air-conditioning facilities in plants and offices<br>• Increased risks of accidents in handling dangerous articles due to a rise in temperature<br>• Increased health risks among workers  | Large      |
| Opportunities    | Resource efficiency    | • Increase in demand for recyclable products<br>• Development of products using recycled raw materials<br>• Growth in demand for re-coating work accompanying an increased utilization of the used home market  | Large      |
|                  | Energy sources         | • Decrease in the cost of procuring renewable energy<br>• Effective utilization of waste heat<br>• Increase in maintenance work accompanying an increase in houses with solar panels  | Large      |
|                  | Products/ services     | • Expanded sales by achieving differentiation and enhanced brand strength with products that are process-saving, energy-saving, and low energy consuming<br>• Increase in demand for our company's products owing to the dissemination of decarbonization technologies and products in sectors such as the mobility, residential, infrastructure, and IT sectors<br>• Expanded sales of disaster prevention products                            | Large      |
|                  | Markets                | • Enhanced corporate value as a result of pursuing eco friendliness and environmental information disclosure<br>• Expansion of coating work opportunities in cold regions   | Medium     |
|                  | Resilience             | • Stable supply of products owing to a diversification of raw materials<br>• Differentiation by strengthening business continuation measures  | Medium     |

### Risk management

Risks that may hinder our business activities and necessary measures against such risks will be discussed and examined by the Sustainability Committee. Risks and opportunities associated with climate change will be identified by the committee and are addressed by the entire company.

### Metrics and targets

Fiscal 2023 greenhouse gas emissions by Fujikura Kasei (on a domestic consolidated basis) are shown in the table at right. As part of our commitment to reducing the environmental impact of our business activities, we have set a goal of reducing Scopes 1 and 2 CO<sub>2</sub> emissions from Fujikura Kasei's non-consolidated business activities by 41% by fiscal 2030 compared to fiscal 2013 levels.

|        | Domestic consolidated | Non-consolidated |
|--------|-----------------------|------------------|
| Scope1 | 1,085t/year           | 1,071t/year      |
| Scope2 | 1,927t/year           | 1,646t/year      |
| Scope3 | 80,741t/year          | 50,452t/year     |



# CSR Procurement

Fujikura Kasei is committed to addressing human rights, environmental issues, and compliance throughout its supply chain as its social responsibility. By surveying and ensuring proper management of these issues along the entire supply chain, we aim to achieve sustainable procurement.

### Surveys of the status of CSR activities by our business partners

In light of the growing importance of corporate social responsibility, we surveyed our business partners' initiatives, continuing from the previous year. We requested our business partners to review our various policies to further their understanding of our CSR activities. These policies included our sustainability basic policy, the Fujikura Kasei code of conduct, human rights

policy, occupational health and safety policy, environmental policy, energy conservation policy, fair trade and ethics policy, quality policy, chemical substance management policy, and information security policy. We also requested them to self-evaluate the status of their initiatives in the eight areas shown below.

|                            |  |
|----------------------------|--|
| I. CSR in general          | Verify the formulation of CSR policies, the codes of conduct promotion organizations, status of information dissemination, etc.  |
| II. Human rights and labor | Verify the status of policies, frameworks, and legal compliance concerning human rights and labor, in addition to initiatives concerning the human rights, labor, employment of employees, etc.  |
| III. Health and safety     | Verify the status of policies, frameworks, and legal compliance concerning safety and health, in addition to safety measures for machines and facilities, safety and risk assessment in the workplace, assessment and responses to the working environment, responses to disasters and accidents, etc. |
| IV. Environment            | Verify the status of policies, frameworks, and legal compliance concerning environmental safety and health, in addition to initiatives for chemical substance management, the environment, energy and resource conservation, reduction of waste and greenhouse gas emissions, etc.                     |
| V. Fair trade and ethics   | Verify the status of policies and frameworks concerning fair trade and ethics, the status of information disclosure to customers, initiatives against inappropriate profit-sharing, initiatives for fair trade, status of the export control framework, etc.   |
| VI. Quality                | Verify the status of policies and frameworks concerning quality  |
| VII. Information security  | Verify the status of policies and frameworks concerning information security, initiatives against network threats, responses to the management of the personal information of customers and employees and confidential information, etc.   |
| VIII. Social contribution  | Verify the status of activities that aim to contribute to the international and local communities, etc.  |

We will provide feedback on the self-evaluations submitted by our business partners regarding their initiatives, requesting improvement in areas where self-evaluation scores are low. Additionally, we will continue to survey the status of these initiatives and work towards enhancing CSR across the entire supply chain.

### FY2023 supplier survey criteria

Eighteen companies falling under the following criteria were selected to be surveyed.

- Top-ranking companies in each business segment in terms of purchase amounts
- Exclusion of companies with high self-evaluation scores in FY2022
- Re-examination of companies that had low self-evaluation scores in FY2022
- Companies that had quality or delivery trouble in the past

State of Progress of Each CSR Materiality Issue

The Fujikura Kasei Group has pursued initiatives to fulfill its corporate social responsibility based on the CSR materiality that it established in 2020. Over the past few years, however, social and environmental issues of relevance to the Group have become increasingly diverse and serious. We will make ongoing efforts to contribute to solving these social and environmental issues through our businesses as a means to fulfill our CSR and realize a sustainable society. At the same time, we will strive to enhance our corporate value in a sustainable manner by providing value to society and all stakeholders.

| Materiality   | Goal (KGI)  | Means for achieving the goal (KPI)   | Progress evaluation index  | FY2023 status of KPI achievement   | Self-evaluation | FY2024 targets   |
|---|---|--|--|--|-----------------|--|
| <br>Employee work styles and health<br>→P36                        | Creation of a comfortable workplace that gives careful consideration to employee health                           | Provision of support in response to work/life needs  | Number of interviews and workshops held  | Held self-assessment interviews (implementation rate within the fiscal year: 93%)<br>Held second-career interviews (implementation rate within the fiscal year: 87%)   | ○               | Continued implementation of interviews and training  |
|   |   | Promotion of diversity   | Number of interviews and workshops held  | Rate of interviews held when employees take parental leave or when they return to work: 100%   | ○               | Continued implementation of interviews and training  |
|   |   | Management of employee health  | Rates of medical examinations and stress checkups  | Rate of medical examination: 100% (excl. employees on leave)<br>96% response rate  | ○               | Continued implementation of examinations and checkups  |
| <br>Occupational safety and health<br>→P37                         | Achievement of zero industrial accidents  | Appropriate activities by the Safety and Health Committee  | Number of KY sheet targets achieved  | Target number of extracted risks: 486/year<br>Result: 482, target not achieved<br>Achievement level: 99.2%   | ×               | Target number of extracted risks: more than 494risks   |
|   |   | Appropriate activities by the OHS Promotion Meeting  | Number of accidents accompanying lost worktime<br>Number of accidents not accompanying lost worktime | 1 accidents, target not achieved<br>3 accident, target not achieved  | ×               | Achievement of zero industrial accidents<br>Achievement of zero industrial accidents   |
|   | Realization of a comfortable workplace environment  | Compliance with the Industrial Safety and Health Act   | Verification of the status of compliance with relevant laws and regulations                          | 100% compliance  | ○               | No deviation from relevant laws and regulations  |
|   |   | Appropriate activities by the Safety and Health Committee  | Verification of the status of compliance with priority activities                                    | Executed all activity items  | ○               | Implementation of all priority activity items in all locations   |
| <br>Environmental conservation<br>→P39                           | Reduce CO <sub>2</sub> emissions by 41% by FY2030 compared to FY2013  | Reduce energy usage by promoting energy saving activities  | CO <sub>2</sub> emissions  | Target: Less than 4,934t-CO <sub>2</sub><br>Actual figure: 2,716t-CO <sub>2</sub><br>Target achieved   | ○               | Less than 4,778t-CO <sub>2</sub>   |
|   |   | Continue to reduce the five-year average basic unit of energy consumption by more than 1% per year | Crude oil equivalent basic unit of sales   | Target: Less than 15.11kL/100million yen<br>Actual figure: 13.30kL/100million yen<br>Target achieved   | ○               | Less than 13.17kL/100 million yen  |
|   | Continue to achieve a year-on-year reduction of more than 1% in the basic unit of waste discharge (sales) by 2030 | Reduce the discharge of sedimentary sludge   | Discharge of waste by the company as a whole   | Target : Less than 7.63t<br>Actual figure: 6.56t<br>Target achieved  | ○               | Less than 6.49t  |
|   |   | Comply with environmental laws and regulations   | Operate an environmental management system   | Proof of verified compliance with relevant laws and regulations  | ○               | Legal and regulatory compliance based on relevant laws and regulations   |
| <br>Environmental & social contribution through business<br>→P41 | Contribution to solving environmental issues using Fujikura Kasei's products and unique technologies              | Strengthening conscious awareness of developing environment friendly products                      | Number of environment friendly products developed  | Implemented eco-conscious initiatives from the project planning stage in each business division  | ○               | Increasing trend in number of development themes owing to active customer efforts to reduce GHG  |
|   |   | Dissemination of environment friendly products throughout the value chain                          | Sales ratio of environment friendly products   | Achieved the target for the most part, although with some differences among business divisions   | ○               | Promotion of the development of water-based, solvent-free, products with reduced environmental impact  |
| <br>Chemical substance management<br>→P43                        | Maintenance and upgrading of the Fujikura Kasei Chemical Database (FCDB)  | Dissemination of the awareness of chemical substance management                                    | Identification of databases that require upgrading and the rate of upgrading                         | 86% Target achieved  | ○               | Response to information that requires updating in consideration of revised laws and regulations  |
|   |   |  | Number of entries of raw material information that is upgraded                                       | 3,041cases Target achieved   | ○               | Continuation   |
| <br>Compliance<br>→P44   | Thorough compliance with essential laws and regulations   | Strengthening awareness of compliance  | Number of study meetings implemented   | Implemented video-based education on fair trade and information security in relevant subcommittees<br>Implemented compliance training as part of new manager training and follow-up training                     | ○               | Implementation of education via video and other means company-wide and across affiliated companies in Japan<br>Continuation of compliance training as part of new manager training and follow-up training  |
|   |   | Steady response to whistleblowing cases  | Degree of enhancement of the system  | No cases of whistleblowing   | ○               | Responses based on hotline regulations   |
|   | Strong framework for preventing misconduct  | Strengthening awareness of compliance<br>Rebuilding the foundation of compliance                   | Number of themes taken up by the Compliance Committee  | Human rights: Verified human rights due diligence by holding a Compliance Committee meeting<br>Fair trade and information security: Reported on the agenda of the subcommittee in a Compliance Committee meeting | ○               | Human rights: Verification of the situation via the continued implementation of a questionnaire on businesses in the supply chain<br>Fair trade: Verification of initiatives via a questionnaire on the Subcontract Act and other means<br>Information security: Implementation of continuous education and audits |
| <br>Risk management<br>→P31                                      | Establishment of a risk management framework  | Extraction of risks related to management  | Review of extracted criteria   | Clarified the risks anew from a company-wide perspective and launched initiatives to mitigate those risks  | ○               | Examination of specific measures in each department under the supervision of the risk owner (executive in charge) and their implementation based on the PDCA cycle   |



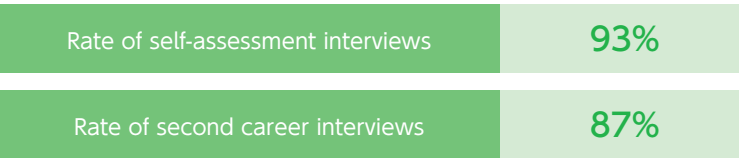
Employee Work Styles and Health

At Fujikura Kasei, we promote careful management of employee health based on the awareness that the health of our employees is the foundation that allows our company to achieve sound growth. We also modify our personnel system as required to create a workplace environment where our employees can work to their full potential at their own initiative.

Support tailored to work and life careers

Continued implementation of interviews and education based on the self-assessment program and second career support program

We continued with our interviews and education based on the self-assessment program and second career support program.



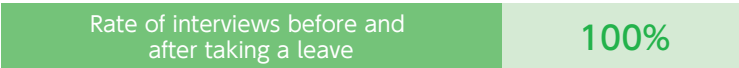
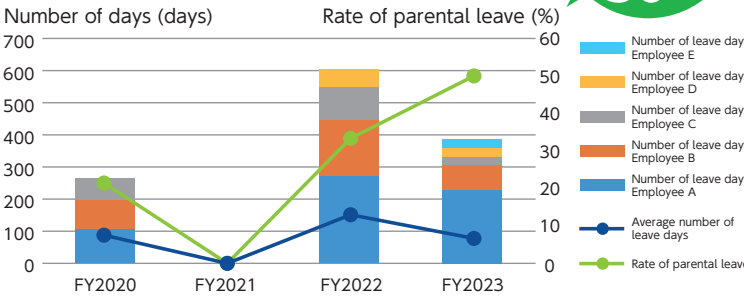
\*Rates based on interviews held in FY2023

Promotion of diversity

Promotion of the parental leave program

As part of our diversity initiatives, we encourage our employees to take parental leave as appropriate. The postnatal parental leave (postnatal daddy leave) program has increased the number of male employees taking parental leave. At the same time, however, an increase in short-term leaves influenced the average number of leave days. Efforts are made to alleviate employees' worries about taking or returning to work after parental leave by holding interviews between the leave takers and their superiors or members of the personnel department both when they take and return from parental leave.

Number of parental leave days and rate of parental leave

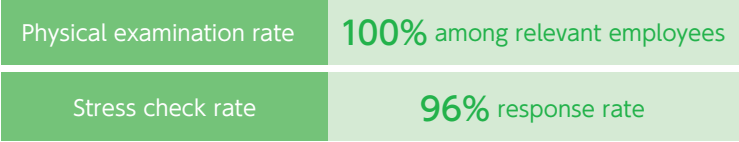


\*All leave takers when taking a leave, interested leave takers only when returning from a leave  
\*Simultaneous implementation of anti-harassment education for workplace superiors

Employee health management

Physical examinations

We made ongoing efforts to maintain our employees' physical and mental health by providing physical examinations and stress checks.



Heat stroke prevention (distribution of heat stroke prevention kits to cooperating painting contractors) <Fuji Chemical>

From June to October, we distribute heat stroke prevention items such as cooling pads and sports drinks to all cooperating painting contractors working in painting sites, based on Fujichemi standards defined for the Fujichemi Group. At the Onga factory, all employees attend a heat stroke prevention seminar hosted by an outside organization. During the summer, a chime is used in the factory to prompt workers to regularly hydrate themselves.



Heat stroke prevention items that were distributed



# Safety and Health Initiatives

Safety and Health Initiatives

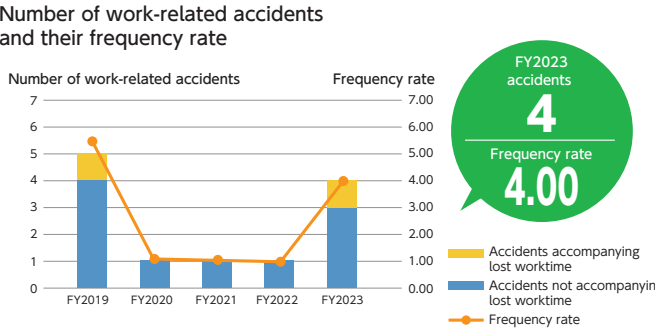


At Fujikura Kasei, we strive to create a workplace where employees can work safely and securely. To achieve this, we have formulated an Occupational Safety and Health Policy and run an occupational safety and health management system that complies with ISO45001.

Activities for achieving zero occupational accidents

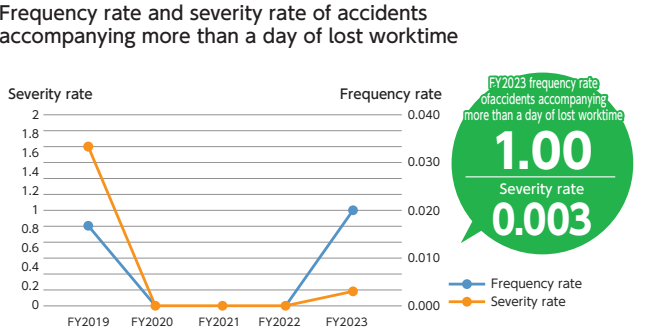
Number of occupational accidents

In fiscal 2023, there was one accident resulting in lost worktime and three accidents not resulting in lost worktime. Thus, we failed to achieve our goal of zero occupational accidents. In terms of the types of accidents, two involved coming into contact with a harmful substance, one involved a cut or abrasion, and one was a fall or collision accident. Taking the occurrence of these accidents seriously, we will strive to prevent future occupational accidents by reviewing the sources of danger that have been identified in past incidents and risk predictions and re-examining the relevance and effectiveness of our countermeasures.



Indicators of occupational accidents

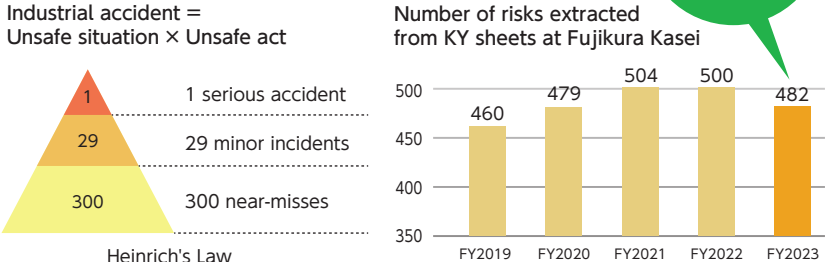
In fiscal 2023, there was one accident resulting in lost worktime. Therefore, the results showed a frequency rate of 1.00 and a severity rate of 0.003. The accident occurred when an employee going down the stairs fell and sprained an ankle and could not work for three days. Such an accident is difficult to prevent, but we intend to avoid it as much as possible by disseminating basic actions such as using the handrail when going down the stairs. We will continue to monitor occupational accidents using the frequency and severity rates of accidents resulting in more than a day of lost worktime as indicators.



Safety best practices

Risk prediction (KY) activities

Every year at Fujikura Kasei we engage in activities to predict potential risks across the company. In fiscal 2023, we identified 482 potential risks (96% on last year) within the company. Needless to say, we are working hard to reduce the number of potential safety and health risks at each business base. We aim to achieve zero occupational accidents by raising awareness among all employees of this idea, continuously minimizing potential risks.



Installation of pedestrian paths in the factory <Sano Plant Factory No.1>

In fiscal 2023, a sweeping review was made of pedestrian paths in Factory No. 1 at Sano Plant to prevent contact accidents involving pedestrians and cargo-handling operations in the factory. By color-coding pedestrian walkways and crosswalks in the factory to maintain an appropriate distance between pedestrians and on-site cargo handling vehicles, the plant aims to achieve zero contact accidents on its premises.



Pedestrian paths installed in the plant

Activities for assessing occupational safety and health in workplace environments <Fujikura Kasei Indonesia>

Fujikura Kasei Indonesia employs an external party to assess the status of occupational safety and health in its workplace environments. Assessment items include "chemical dust," "organic solvent vapors," and "hand vibrations when using a hand mixer," in addition to "room temperatures," "brightness," "noise," and other such items. By conducting assessments from various angles and verifying the status of compliance with the Act on Workplace Environment and Occupational Safety and Health, the company strives to improve working environments and create a safe and comfortable workplace.



Verification of organic solvent vapors      Verification of chemical dust

Documentation of chemical substance safety training for production personnel <Fujichem Sonneborn>

Fujichem Sonneborn has created a manual for training production personnel in chemical substance safety, also to be used for training new employees. It provides process-specific guidance such as on protecting oneself from chemical substances, wearing work clothes properly, ensuring compliance with work instructions, and reporting dangerous situations. Records of completed training programs are stored in the form of electronic data by training item, and a system is in place that allows easy retrieval of this information.



A manual is created for each production process

Implementation of emergency drills to strengthen emergency response capabilities <Fujikura Kasei Coating (Tianjin)>

At Fujikura Kasei Coating (Tianjin), efforts are made to strengthen employees' emergency response capabilities by providing training on emergency evacuation, fire extinguishing using outdoor fire hydrants, and emergency cardiopulmonary resuscitation (CPR) in cases where an operator in the distribution switchgear room receives an electric shock.



Emergency evacuation drill      Fire extinguishing drill using an outdoor fire hydrant      Emergency CPR training in cases of electric shock

Improvement in fixing the barrel lifter in place <Fujikura Kasei Coating India>

At Fujikura Kasei Coating India, a ring wrench was conventionally used to secure the barrel lifter and drum cans when lifting and lowering the cans. However, it has been replaced with a fixed handle for enhanced safety. The change is expected to reduce the risk of occupational accidents, such as fall incidents that may occur during drum lifting.



Before: A ring wrench was used      After: A fixed handle has been attached





# Environmental Conservation

Environmental policies



At Fujikura Kasei, we manufacture environment-friendly products that can coexist with Earth, befitting a company that handles chemical substances and chemical reactions. Additionally, we systematically engage in company-wide environmental improvement activities to reduction of environmental burden accompanying our business activities.

## Report of the Committee for Legal Compliance with the Energy Saving Act

In fiscal 2023, the Committee for Legal Compliance with the Energy Saving Act strengthened its operation of energy management standards by linking the form for the energy-saving patrol carried out four times a year to the EMS level 3 document "energy management guidelines." Additionally, at Sano Plant Factory No. 1, where energy consumption is high, the facility was divided into three groups—the reaction plant, dispersion plant, and indirect departments—with each group implementing improvement

activities that match their energy usage. These activities have led to new insights that were previously unrecognized. As energy-saving efforts are expected to become even more critical, it is essential to foster a change in awareness of energy-saving activities within each employee. The Committee for Legal Compliance with the Energy Saving Act will accelerate energy-saving activities by playing a central role in sharing and laterally spreading information about the initiatives of all plants.

## Eco-Vision performance data

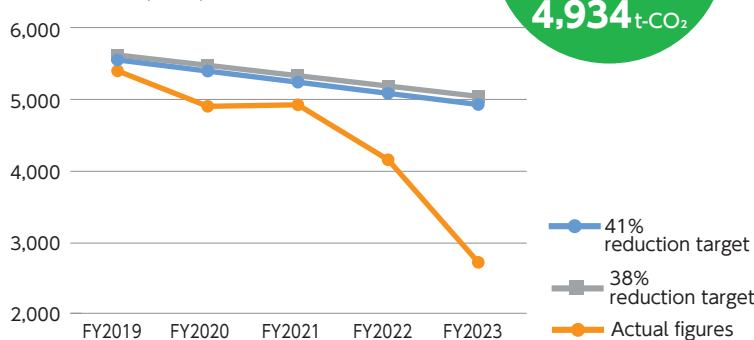
### CO<sub>2</sub> reduction target and actual figures

**Target** Reduce CO<sub>2</sub> emissions by 41% by FY2030 compared to FY2013

In fiscal 2023, we aimed to achieve a CO<sub>2</sub> emissions target of 4,934 tons-CO<sub>2</sub>/year or less. We successfully reduced emissions to 2,716 tons-CO<sub>2</sub>/year and achieved our target. As primary factors behind this achievement, it was the first full year after the electricity contracts at the R&D Center and Kuki Logistics Center were switched to CO<sub>2</sub>-free plans and the Committee for Legal Compliance with the Energy Saving Act implemented company-wide energy-saving activities. Additionally, we raised our ratio of non-fossil electricity to 47.82% in fiscal 2023. We will continue our multi-faceted approach to achieve our targets.

#### Trends in CO<sub>2</sub> emissions

CO<sub>2</sub> emissions (t-CO<sub>2</sub>)



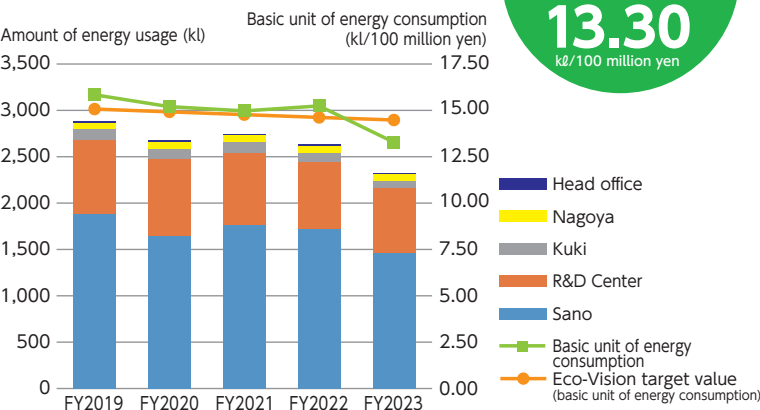
FY2023 CO<sub>2</sub> reduction target [38% reduction] **5,048 t-CO<sub>2</sub>**  
[41% reduction] **4,934 t-CO<sub>2</sub>**

### Trends in energy usage and basic unit of energy consumption

**Target** Continue to reduce the five-year average basic unit of energy consumption by more than 1% per year

Our target basic unit of energy consumption in fiscal 2023 was 15.11 kL/100 million yen. We achieved our goal with a result of 13.30 kL/100 million yen. The primary factor for this achievement is due to the reduction in the energy heat conversion factor, which is used to convert the energy consumed for electricity into crude oil, in addition to the reduction effect of energy consumption due to energy-saving activities and the implementation of the revised Energy Saving Act coming into force. Moving forward, we will strengthen our monitoring initiatives such as by visualizing electricity usage and continue our improvement efforts.

#### Trends in energy usage and basic unit of energy consumption



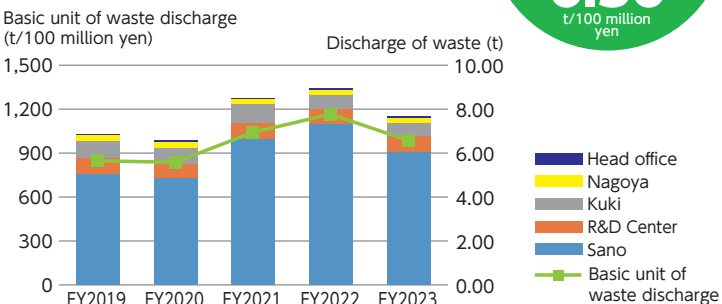
FY2023 energy usage **2,318 kL**  
Basic unit of energy consumption **13.30 kL/100 million yen**

### Trends in the discharge of waste and the basic unit of waste discharge

**Target** Continue to achieve a year-on-year reduction of more than 1% in the basic unit of waste discharge (sales) by 2030

In fiscal 2023, we aimed to achieve a basic unit of waste discharge per sales amount of 7.63 tons/100 million yen. By negotiating with recycling companies to recycle waste solvents that had previously been processed as specially controlled industrial waste, we converted them into valuable materials and reduced the amount discharged as waste. Consequently, we achieved 6.56 tons/100 million yen against our target of 7.63 tons/100 million yen. Moving forward, we will take an even more multi-faceted approach to reduce waste.

#### Trends in the discharge of waste and the basic unit of waste discharge



FY2023 discharge of waste **1,147t**  
Basic unit of waste discharge **6.56 t/100 million yen**

### Environmental investment report

In fiscal 2023, we continued to make environmental investments, including investment in energy savings. These investments, which also included medium to long-term projects such as installing LED lighting, were carried out as planned. We invested a total of 75.84 million yen in fiscal

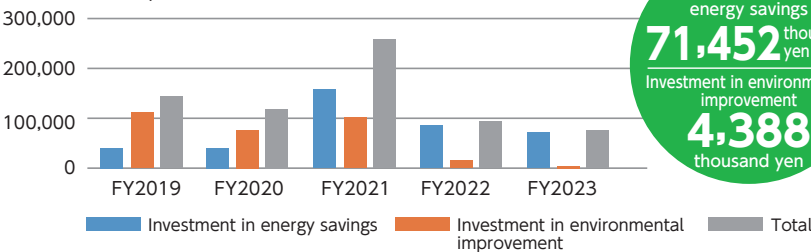
2023, corresponding to an expected impact worth 59,075 kL/year in crude oil equivalent and a reduction of 121.08 tons-CO<sub>2</sub>/year (reference value based on basic emission factors). We will continue to make active energy-saving and environmental investments hereafter.

#### FY2023 environmental investment

| Investment item                         | Investment amount (thousand yen) | Corresponding SDGs |
|---|----------------------------------|--------------------|
| Investment in energy savings            | 71,452                           | 7.3, 13.3          |
| Investment in environmental improvement | 4,388                            | 11.6, 13.3         |
| Total                                   | 75,840                           |                    |

#### Trends in environmental investments

Unit: thousand yen



FY2023 Investment in energy savings **71,452 thousand yen**  
Investment in environmental improvement **4,388 thousand yen**

## Case examples of improvement activities

### Strengthening supplier support for chemical substance management <Red Spot>

Red Spot is working to strengthen its supplier support for chemical substance management via its website. For raw material manufacturers from whom Red Spot purchases materials, it developed a system that lists prohibited and regulated substances, not only under domestic laws but also laws in each country, to ensure ongoing compliance with chemical substance regulations related to product development, manufacturing, and sales. The company has also adopted new raw materials and established a framework to respond to any 4M (man, machine, material, method) changes.



Chemical substance management system

### Resource recycling for promotion of onsite greenification <Fujikura Kasei Thailand>

At Fujikura Kasei Thailand, food scraps from lunch meals are composted at a rate of 1 to 2 kg each day, and the compost is used to greenify the company premises. This onsite greenification initiative is implemented on an ongoing basis.



Composting food scraps





# Environmental & Social Contribution through Business

At Fujikura Kasei, we pursue environmental and social contribution activities through our business practices, to fulfill our corporate social responsibility.

## Coatings for plastics business

### Reducing CO<sub>2</sub> emissions from coatings containing non-edible biomass

Shifting from petroleum-based materials to renewable, non-edible biomass materials accords with the food issue accompanying the growing global population and is a critical step towards achieving carbon neutrality. Thus, the Coatings for Plastics Division proposes coatings that utilize non-edible biomass and deliver the required functions while contributing to a recycling society. Since biomass contains carbon absorbed by plants from the air, it supports decarbonization. We will continue to propose environmentally friendly choices to help realize a sustainable society.



RECRACK5800FM-R series

## Architectural coatings business

### Maintaining the beautiful appearance of architecture with an ultra-low-stain clear coating

As part of our ongoing efforts to add value to architectural structures, we have launched a water-based, single-component, ultra-hydrophilic (ultra-low-stain) top coat developed in collaboration with the Technology Strategy Promotion Office. With the increasing need to prevent stains on highly durable exterior walls, this topcoat delivers hydrophilic surface properties, reducing static electricity on the exterior surface and minimizing the adherence of dirt. During a rainfall, water seeps behind the dirt, lifting and washing it away. Additionally, the paint displays a temporary color (red) to prevent uncoated area during application, ensuring consistent quality. The color naturally disappears over time. We will continue to develop products that contribute to reducing environmental burden.



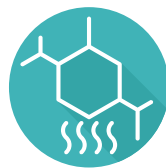
## Electronic materials business

### Reducing VOC emissions from water-based conductive pastes

The Electronic Materials Division has developed and launched the new D900 series of water-based conductive pastes that cure at room temperature. Conventional room-temperature-curing conductive pastes have been used widely as conductivity reinforcement in screws and rivets, simple conductive bonding for holding SEM samples, circuit repairs, and as a base layer for electroplating. Since the new product is free of volatile organic compounds (VOC), it minimizes air pollution and potential health risks. We will continue to provide products that help reduce environmental impact and contribute to realizing a sustainable society.



WATER-BASED



VOC FREE

## Functional polymers/polymers & resins business

### Contributing by refraining from using environmentally harmful substances

Synthetic polyurethane generally contains environmentally harmful substances such as NMP (N-methyl-2-pyrrolidone) and organic tin compounds. In response to strengthening regulations, our company has adopted a policy to refrain from using certain raw materials. This has allowed us to play a part in reducing the impact on the global environment and realizing a sustainable future. By offering environmentally friendly polyurethane binders, we are actively working with society to build a better world. Additionally, we are committed to introducing, reusing, and recycling eco-friendly alternative raw materials. These initiatives are not simply business strategies to us; they are rooted in our ethical values and sense of mission. We will continue our efforts to pass on a better environment to future generations.

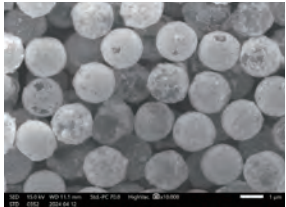


Inkjet binder

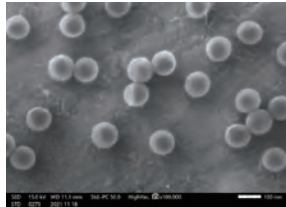
## Medical materials area

### Contributing to enhanced diagnostic performance with high-function particles

By the enhanced performance of latex turbidimetry, diagnosis items that required high-precision measurements using dedicated equipment can be verified by simpler, more universal tests. This will not only improve convenience for hospitals and testing centers but will also promote the early detection of diseases in medical examinations. The Medical Materials Department is enhancing the functionality of latex turbidimetric reagent raw particles and providing them to domestic and international reagent manufacturers to help improve the performance of reagents. Additionally, we are replacing some of the bottles used for our products with biomass-based bottles to reduce CO<sub>2</sub> emissions associated with our products.



Surface processing with nano-particles



Nano-particles

## Synthetic resins business

### Effectively utilizing resources and promoting a sustainable business model

Acrylic panels were widely used to prevent droplet infection during the COVID-19 pandemic, but as they are no longer used, we collected them from our customers and sold them to recycling companies as reusable resources. This initiative has not only contributed to effective resource utilization and environmental protection, but it has also made it possible to promote a sustainable business model. We will continue our efforts to reduce environmental impacts and ensure the effective utilization of resources toward realizing a sustainable society.



Effective utilization of acrylic boards as resources

## Chemical Substance Management

Chemical Management Policy



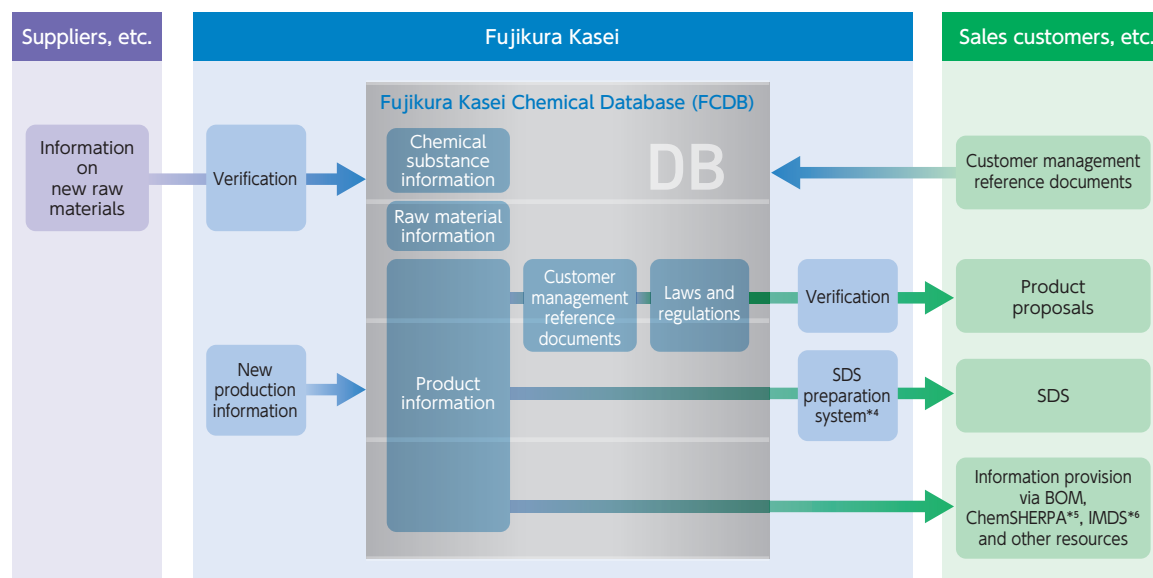
Chemical substances benefit our lives. At the same time, however, they can pose a serious health risk to a human being and can result environmental pollution if they are handled improperly. At Fujikura Kasei, we have a strict management framework in place that includes within its scope not only our business partners but also all parties beyond, to fulfill our social responsibility as a company that handles chemical substances.

### Chemical substance management initiatives

At Fujikura Kasei, we believe it is important to think about the health not only of our employees who manufacture our products and customers who directly use our products, but also of everyone up to all end users, and to design products that do not impose severe adverse impacts on the environment. Based on this awareness, we have created and incorporated a

Chemical Management System (CMS) in our QMS<sup>\*1</sup>, EMS<sup>\*2</sup> and OHSMS<sup>\*3</sup>, to be operated integrally with these systems. We must also take the responsibility to convey proper information on chemical substances contained in our products. We achieve this by managing chemical substances according to the scheme shown below, centered primarily on the Fujikura Kasei Chemical Database (FCDB).

### Our chemical substance management scheme



<sup>\*1</sup> QMS: Quality Management System <sup>\*2</sup> EMS: Environmental Management System <sup>\*3</sup> OHSMS: Occupational Health and Safety Management System  
<sup>\*4</sup> SDS: Safety Data Sheet <sup>\*5</sup> Chem SHERPA: A common scheme for conveying information on the chemical substance content of products  
<sup>\*6</sup> IMDS: Stands for International Material Data System. A database of materials and its scheme.

### Maintaining and updating the chemical substance management framework

Chemical safety assessment is advancing worldwide, and laws and regulations concerning chemical substance safety are being established. We are also working to ensure prompt and proper response to laws, regulations, and industrial requirements by maintaining and managing the Fujikura Kasei Chemical Database (FCDB). We also conduct, as appropriate, a review of the chemical

substances we are responsible for monitoring so that our management standards do not become outdated and we can develop new products with the assurance that necessary chemical substance management measures are in place. Through these efforts, we strive to provide products our customers feel safe working with.

### FY2023 activities

As in previous years, we update our information on the substances contained in our raw materials and products. We register newly acquired information in the FCDB and allow decisions to be made based on the latest information. The substances we manage are classified as "prohibited substances" or "substances requiring permission" based on

laws, customer requests, and social trends. This year, we broadly reviewed all relevant substances. Additionally, Japan's Industrial Safety and Health Law has been revised, necessitating an update of Safety Data Sheets (SDSs). We will review the design and operation of our SDS system to swiftly provide accurate SDSs for all products.

## Compliance

Fair trade and ethics policy



At Fujikura Kasei, we attach great importance to compliance with laws and regulations, social norms, and corporate ethics (morale), and to employee education about compliance with these provisions. Under the management philosophy of "Taking on Challenges and Working Together - Providing the value our customers need," we strive to ensure thorough compliance across the board in our Group of companies in and outside Japan.

### Compliance promotion framework

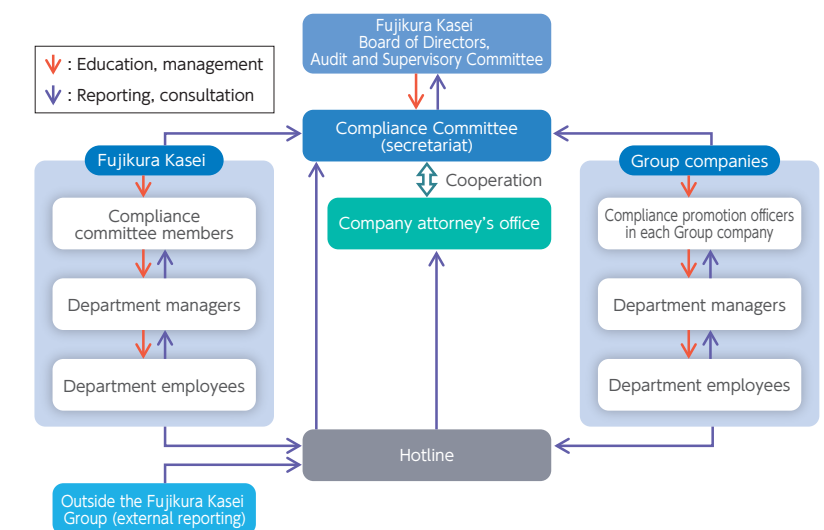
To strengthen compliance across our Group, the Compliance Committee appoints compliance committee members to Fujikura Kasei and compliance promotion officers to major

subsidiaries. These officers disseminate information on legal trends to members of their department or Group company, and hold study workshops for employees.

### Compliance education

At our company, compliance forms the foundation of our sustainable corporate activities. This extends beyond compliance with laws and regulations and encompasses our commitments to stakeholders, social rules, and norms. In overseas sites, we recognize the importance of considering the customs and practices of the countries and regions where we operate. The awareness of each employee is crucial for ensuring compliance throughout the organization. In fiscal 2023, we aimed to improve compliance and prevent harassment by having employees watch educational videos within the Fair Trade Subcommittee and the Information Security Subcommittee, with an eye to company-wide implementation. We also provide anti-harassment education on an ongoing basis.

#### Compliance framework



### Whistleblowing system

We have a Compliance Hotline (whistleblowing system) in place, so that employees who discover a wrongdoing or business activity that might be in violation of a law or regulation

could report it to the Compliance Committee Secretariat or the company attorney's office without suffering any disadvantage whatsoever.

### Fair trade and ethics policy

Our corporate activities are made possible by our firm partnership with our business partners. As a member of society, we will steadily comply with the following provisions

and engage in corporate activities with a fair and sincere attitude so that we may gain the trust of all our stakeholders.

### Human rights initiatives

Recognizing the importance of respecting the human rights of our stakeholders, we established a human rights policy in April 2022. Based on this policy, we will strengthen our

human rights initiatives and contribute to realizing a sustainable society.

### Responses to information security

At our company, the Information Security Subcommittee is responsible for responding to information security issues. Led by the chairperson (director) of the Compliance Committee and composed of the general manager of the Information Systems Department and management-level members from the management and business departments in each site, the subcommittee operates in line with the information security policy and educational documents on information security it has formulated.

In recent years, we have also been required to address risks arising from significant changes in the business environment, such as the shift to cloud-based information systems. We are working to strengthen information security by conducting audits on the handling of information assets and sharing the status of subcommittee activities in accordance with the guidelines of industrial associations to which our stakeholders belong, as well as other social demands and potential risks.



# Quality Assurance



Quality policy

Our products are mainly purchased by corporate customers as production goods. To obtain our customers' trust that they definitely gain reassurance from buying Fujikura Kasei's products, we have created a quality management system and engage in improving both the quality of our products and the quality of our work as our contribution to society.

## Our basic concept of quality assurance

We produce our products always from the customer needs point of view. We have established a quality management system based on ISO9001 standards (Table 1) and engage in quality assurance activities as one across our Group so we may respond promptly and accurately to upgraded customer

demand for quality. Furthermore, to provide globally uniform quality across our entire Group, we are promoting the acquisition and/or maintenance of ISO9001 certification by our Group companies in and outside Japan and ensuring continuous improvement by implementing quality maintenance activities.

● Table 1. Quality management system certification status

| Management system   | Certification Division         | Scope of application  |
|---|--------------------------------|---|
| ISO9001 <sup>*1</sup>   | Whole company                  | Design, development, production and sales of coatings, conductive paste and chemical products (except for in vitro diagnostic and all products handled in Medical Material Department). |
| ISO13485 <sup>*2</sup><br>International standard specifically for the medical device industry | Medical Material Dept.         | Design and manufacture of in-vitro diagnostic reagents for measuring of proteins,enzymes, lipids/lipoproteins, carbohydrates, hormones, therapeutic drugs.                              |
| IATF16949 <sup>*3</sup><br>International standard specially for the automotive industry       | Electronics Materials Division | Design and manufacture of conductive and insulation pastes.   |

<sup>\*1</sup> Japan Management Association Quality Assurance Registration Center (JMAQA) <sup>\*2</sup> SGS Japan Inc. <sup>\*3</sup> LRQA Limited

● Table 2. ISO9001 certification status of Group companies in Japan and overseas that have production sites

|          | Number of production site companies <sup>*4</sup> | Number of certifications acquired | Certification rate |
|----------|---|-----------------------------------|--------------------|
| Japan    | 4   | 3                                 | 75%                |
| Overseas | 10  | 9                                 | 90%                |
| Total    | 14  | 12                                | 86%                |

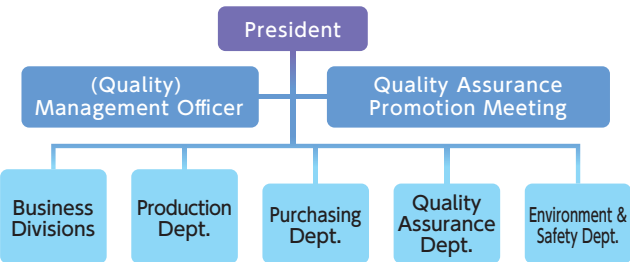
<sup>\*4</sup> Companies that have production sites, including Fujikura Kasei

## Quality assurance framework

To maintain product quality (including the management of chemicals in products<sup>\*5</sup>), we have a quality assurance framework in place for all processes from the planning, design, manufacture and shipment of products to their use by customers. In the event of a quality trouble (quality flaw or customer complaint), the Quality Assurance Department, business divisions, and production departments work as one to investigate the cause and take action to prevent recurrence. The Quality Assurance Department has a proper system in place to guarantee quality always from the customer needs point of view, as a separate department directly under the president, independent of other business divisions and the production department. Additionally, we have established a Quality Assurance Promotion Meeting composed of members from each division and department to pursue activities such as for maintaining and improving our company-wide quality management system and proposing solutions to quality-related issues.

From fiscal 2018, efforts are being made to prevent quality troubles by identifying issues beginning with the design stage of products and strengthening design reviews. With regard to complaints that have been received from customers, however, efforts are being made to prevent similar complaints by strengthening the review and follow-up of measures.

<sup>\*5</sup> Details on the management of chemical substances contained in products are provided in the section on chemical substance management on pages 38.



## Medium to long-term initiatives concerning our quality assurance system

We have launched our 11th mid-term management plan toward realizing our 2030 Vision. With regard to our quality assurance system, we will engage in the following initiatives in fiscal 2023. (1)Initiatives to provide the same high quality worldwide as the Fujikura Kasei Group  
a)Implementation of quality control activities in our overseas Group companies (in Vietnam, Malaysia, Indonesia) to unify testing methods and equipment and firmly establish our quality assurance system (China and India to be included in FY2024)  
b)Introduction of a trend management system for raw materials and products to enhance manufacturing quality and prevent quality troubles (70% rate of introduction)

(2)Initiatives to create a sustainable quality assurance system  
a)Promotion of paperless quality data and documents for efficient information sharing and reduction of labor  
b)Lateral dissemination of countermeasures and strengthening follow-up efforts to prevent quality troubles and reduce waste  
c)Promotion of the automatic issuing of inspection results to eliminate inspection fraud

# Contribution to Local Communities

Fujikura Kasei and its Group companies engage in social contribution activities that conform to the characteristics of the region where they are located. Some of the major activities in fiscal 2023 are introduced below.

## Activities of Fujikura Kasei and Group companies in Japan

### Fujikura Kasei

Our five offices in Japan engage in communication with the local community in which they are respectively located. They also implement social contribution activities through their business and employees and value these communication opportunities with their local community. At each site, our Group actively engages in activities to contribute to the local community. We will continue to work closely with local communities to support their sustainable development.

#### ●Activities by Fujikura Kasei

| Activity   | Implemented by                        |
|--|---------------------------------------|
| Donation to Fujikura Gakuen (support facility for people with intellectual disabilities) | Head office                           |
| Donations to the Red Feather Community Chest and the Japanese Red Cross Society          | Head office                           |
| Donation of a stockpile of emergency supplies to the Hasuda City welfare council         | R&D Center                            |
| Blood donation via a mobile blood bank on more than two occasions                        | R&D Center                            |
| Internship program for high school students  | Sano Plant, Kuki Logistics Center     |
| Co-sponsoring of a local festival  | Sano Plant, Kuki Logistics Center     |
| Participation in a factory greenification agreement                                      | Nagoya Branch                         |
| Participation in the beautification of industrial parks and local communities            | R&D Center, Sano Plant, Nagoya Branch |
| Donation for the Noto Peninsula Earthquake   | Sano Plant                            |

#### ●Activities by domestic Group companies

| Activity  | Implemented by  |
|---|-----------------|
| Contribution of 3,500 eco-caps to the eco-cap campaign organized by the Eco-cap Promotion Association | Fujichemi Tokyo |
| Donation to the Tenjin festival and the Suito Kurawanka fireworks festival (Hirakata)                 | Fujichemi Kinki |
| Donation to the local summer festival and autumn festival   | Fuji Chemical   |
| Scholarship for self-paying students from abroad  | Tohkoh Jushi    |

## Activities of Group companies overseas

### Fujikura Kasei Indonesia

Fujikura Kasei Indonesia celebrated its 10th anniversary by hosting an appreciation event, inviting all employees and 40 orphans from the community. After offering prayers and making donations to the children, everyone feasted on Nasi Tumpeng, a traditional Indonesian festive dish, in celebration of the company's anniversary.



Appreciation event

### Fujikura Kasei Thailand

In fiscal 2023, Fujikura Kasei Thailand organized an event called "Learning and Play at Khlong Suan Nursery" in June and a Red Cross blood donation drive in December. These activities formed part of the company's CSR initiatives aimed at fostering good relationships between the local community and companies within the Asia Industrial Estate.



Blood donation drive

### Red Spot

Red Spot has a volunteer team called RSVP, composed of members from various departments. The team organizes and executes volunteer activities both within and outside the company.



Cleanup activity at the zoo



Support for activities to help fulfill the wishes of children with illnesses

#### Major activities in FY2023

|                             |   |
|-----------------------------|---|
| Earth Day Celebration       | Tree planting, fire drill   |
| Tie-up with the NPO Granted | Activities to help fulfill the wishes of children with illnesses          |
| Tri-State Food Bank         | Support for low-income senior citizens                                    |
| Mesker Park Zoo             | Cleanup and maintenance activities  |
| Annual United Way Campaign  | Donation of an hour's worth of salary totaling 26,605 USD by 77 employees |
| Gobbler Gathering Event     | Donation of 618 boxes of Macaroni & Cheese                                |
| Santa for Seniors           | Delivery of Christmas presents to residents of a nursing home             |
| Other CSR activities        | Support for 38 organizations,donation totaling 60,000 USD                 |

# Corporate Governance

In the investment field, the term ESG is commonly used as a collective concept, but we regard E (environment) and S (society) as being on an equal level and G (governance) as the foundation upon which E and S activities are implemented. We are committed to developing an even stronger governance framework, to engage in activities as one with the aim of promoting co-existence and co-prosperity between all employees and society and achieving sustainable growth.

## Our basic concept of corporate governance

We regard corporate governance as a priority management issue, and engage in various policies to increase business efficiency, promote prompt decision-making, and strengthen the supervisory function of management. We will also act on our

basic internal control policy to balance efficiency and control toward increasing corporate value and to aim to create internal controls appropriate to our company.

## Our corporate control framework

### (1) Board of Directors

Our Board of Directors is composed of 8 directors, 2 outside directors and 4 directors who are Audit and Supervisory Committee members. As decision-making bodies, the Board of Directors and the Executive Committee discuss, deliberate, and decide on company-wide management issues. Additionally, a business executive meeting composed of directors and department managers is held regularly every month to promote effective business management.

### (2) Audit and Supervisory Committee

Pursuant to the Companies Act, we have installed an Audit and Supervisory Committee. It is composed of four Audit and Supervisory Committee members, including three outside directors.

### (3) Nomination and Remuneration Committee

We have a Nomination and Remuneration Committee in place that serves as an arbitrary advisory body to the Board of Directors. The committee is composed of three members that include one inside director and two outside directors. The committee is composed of three members that include one inside director and two outside directors. In 2024, the committee convened in February and April to formulate and submit draft recommendations to the board of directors. The recommendations pertained to candidate directors and other board members for the following year, and to individual remunerations including the performance-based remuneration for directors, among others.

### Directors

| Post                  | Name              | Role and responsibility  |
|-----------------------|-------------------|--|
| President             | Daisuke Kato      | General  |
| Senior Vice President | Hisashi Kajiwara  | General Manager of the Architectural Coatings Div., affiliated companies (three sales companies of architectural coatings) |
| Executive Director    | Masahiro Takano   | Director of Sano Plant, Environment and Safety Dept., Export Administration Office   |
| Executive Director    | Satoshi Watanabe  | Director of R&D Center, General Manager of the Polymers & Resins Div., Quality Assurance Dept.                             |
| Executive Director    | Hitoshi Kawaguchi | General Manager of the Coatings for Plastics Div., affiliated companies (overseas)   |
| Executive Director    | Susumu Kurihara   | General Manager of Administration Headquarters, Sustainability Promotion Dept., affiliated companies (Japan)               |
| Executive Director    | Toyohiro Tsuchiya | Deputy General Manager of Administration Headquarters, Corporate Auditing Office   |
| Executive Director    | Takahiro Ishii    | General Manager of the Electronic Materials Div., affiliated companies (synthetic resins)                                  |
| Executive Director    | Yoichi Nagahama   | Outside director   |
| Executive Director    | Katsuyuki Kawai   | Outside director   |
| Executive Director    | Hiroaki Watanabe  | Audit and supervisory committee member   |
| Executive Director    | Mitsuyoshi Naka   | Outside audit and supervisory committee member   |
| Executive Director    | Takashi Watanabe  | Outside audit and supervisory committee member   |
| Executive Director    | Tomoko Senoo      | Outside audit and supervisory committee member   |

## FY2023 initiatives

### (1) Reduction of cross-shareholdings

As we did last year, we reviewed our cross-shareholdings, such as whether our reason for owning them is appropriate and whether their benefits and risks measure up to their

capital cost in light of changes in our business environment. By selling shares we deem no longer worth holding, we are working to reduce our number of cross-shareholdings.

### (2) Responses to items described in the annual securities report for the term ended March 2024

We are addressing the two items below with regard to our sustainability principles and initiatives described in the annual securities report for the term ended March 2024.

1. Response to climate change (information disclosure based on the TCFD recommendation)
2. Human capital and diversity

### (3) Skills matrix of the board of directors

A skills matrix summarizes the skills of all directors in one chart. At our company, we strive to identify the skills of each

director, ensure diversity, and disclose relevant information to our stakeholders.

## Skills matrix of the board of directors

| Name              | Corporate management | Business strategy | Technology & manufacturing | Global leadership | Financial affairs & accounting | Legal affairs & compliance | Knowledge of other industries | ESG & social contribution |
|-------------------|----------------------|-------------------|----------------------------|-------------------|--------------------------------|----------------------------|-------------------------------|---------------------------|
| Daisuke Kato      | ○                    | ○                 |                            | ○                 |                                |                            |                               |                           |
| Hisashi Kajiwara  | ○                    | ○                 |                            | ○                 |                                |                            |                               |                           |
| Masahiro Takano   |                      | ○                 | ○                          |                   |                                |                            |                               | ○                         |
| Satoshi Watanabe  |                      | ○                 | ○                          |                   |                                |                            |                               | ○                         |
| Hitoshi Kawaguchi |                      | ○                 |                            | ○                 |                                |                            |                               |                           |
| Susumu Kurihara   |                      | ○                 |                            |                   | ○                              | ○                          |                               |                           |
| Toyohiro Tsuchiya |                      |                   |                            | ○                 | ○                              | ○                          |                               |                           |
| Takahiro Ishii    |                      | ○                 |                            | ○                 |                                |                            |                               |                           |
| Yoichi Nagahama   | ○                    | ○                 |                            |                   | ○                              |                            |                               |                           |
| Katsuyuki Kawai   |                      |                   |                            |                   | ○                              | ○                          | ○                             |                           |
| Hiroaki Watanabe  | ○                    |                   |                            |                   |                                | ○                          |                               | ○                         |
| Mitsuyoshi Naka   | ○                    | ○                 |                            |                   |                                |                            | ○                             |                           |
| Takashi Watanabe  |                      |                   |                            |                   | ○                              |                            | ○                             |                           |
| Tomoko Senoo      |                      |                   |                            |                   | ○                              |                            | ○                             |                           |

\*The above shows up to three areas that are particularly expected of each candidate director.

## Reasons for selecting each skill

|  |  |
|--|--|
| Corporate management & business strategy | Corporate management experience and business achievements are needed. Additionally, such skills and knowledge are needed to formulate growth strategies for enhancement of corporate value.  |
| Technology & manufacturing               | Abundant technical knowledge accumulated through the development of new technologies, and skills and knowledge concerning the manufacturing of people- and environment-friendly products are needed.   |
| Global leadership                        | To maximize the results of our global expansion, the experience of serving as a representative of an overseas subsidiary or equivalent position, and the skills and knowledge of managing a business overseas, are needed.   |
| Financial affairs & accounting           | To maximize our corporate value based on the efficient operation of capital, financial and accounting skills and knowledge are needed to formulate financial and capital strategies toward building a resilient financial foundation, promotion of growth investments, and strengthening of shareholder returns. |
| Legal affairs and compliance             | For our company to strengthen the effectiveness of managing and supervising the entire Group, knowledge of legal affairs and skills and knowledge in the risk management area are needed.  |
| Knowledge of other industries            | It is necessary to listen to the views of knowledgeable persons in other industries and acquire knowledge beyond corporate and organizational bounds from the perspective of diversity and other such aspects.   |
| ESG & social contribution                | Skills and knowledge in this area need to be strengthened.   |



# Overview of the Fujikura Kasei Group

## Business overview

Our business areas have widely expanded from the original coatings and resin materials businesses the company has engaged in since its founding, to now include the in-vitro diagnostic pharmaceutical products business.

The Coatings for Plastics Business is centered on coatings for plastic materials as its main products, and responds to needs in a wide range of business areas that include automotive parts, home appliances, cosmetic containers, agricultural materials, and hobby supplies.

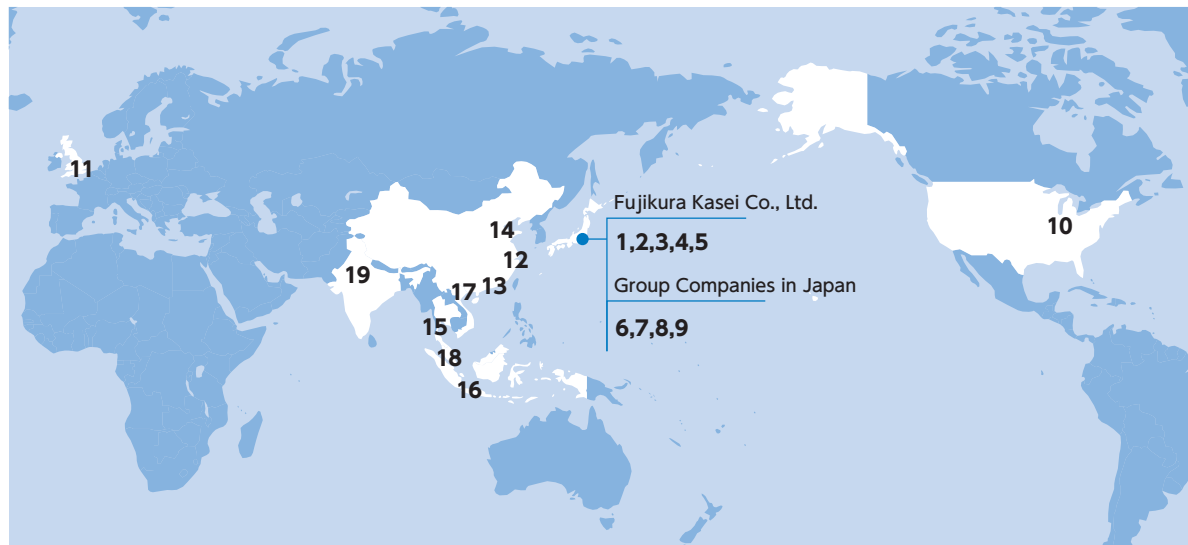
The Architectural Coatings Business mainly handles paints for residential exterior walls, and undertakes exterior wall painting works in an integrated fashion, from the painting of newly built residential homes to re-painting (renovation) works.

The Electronics Materials Business provides a wide lineup of the Dotite® brand of electroconductive resin materials such as pastes, adhesives, and shields to the electric and electronic equipment sectors.

The Functional Polymers/Polymers & Resins Business handles resin materials, and has a share in numerous markets, including the markets for adhesives, resins for printer toners, molding materials, stationary materials, electronic component materials, medical materials.

The Synthetic Resins Business, run by a subsidiary of our company, engages in the sale of raw synthetic resin materials and processed synthetic resin products.

## Group Company Network



## Fujikura Kasei Co., Ltd.

- |  |  |  |   |  |
|--|--|--|---|--|
| <b>1. Head Office</b><br>6-15, Shibakoen 2-chome,<br>Minato-ku, Tokyo<br>105-0011<br><b>[Main businesses]</b><br>Business management,<br>sales | <b>2. Sano Plant</b><br>Sakaecho 12-1, Sano-shi,<br>Tochigi<br>327-0816<br><b>[Main businesses]</b><br>Manufacture of coatings for<br>plastics, architectural coatings,<br>conductive coatings, functional<br>polymers/polymers and resins,<br>delivery management | <b>3. R&amp;D Center</b><br>13-1, Sakurada, 5-chome,<br>Kuki-shi, Saitama<br>340-0203<br><b>[Main businesses]</b><br>Development of<br>technologies and products | <b>4. Nagoya Branch</b><br>Sanbanwarinaka 3-banchi,<br>Nawa-machi, Tokai-shi,<br>Aichi 476-0002<br><b>[Main businesses]</b><br>Color matching and sales of<br>coatings for plastics, delivery<br>management | <b>5. Kuki Logistics Center</b><br>1205, Takayanagi, Kuki-shi,<br>Saitama<br>349-1125<br><b>[Main businesses]</b><br>Color matching of coatings for<br>plastics, delivery management |
|--|--|--|---|--|



## Profile

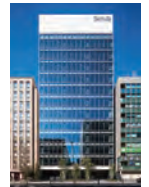
- **Founding**  
September 22, 1938 (Fujikura Kasei Co., Ltd.)
- **No. of employees (as of March 31, 2024)**  
1,236 (437 in Fujikura Kasei alone)
- **Capital related information (as of March 31, 2024)**
  - Capital: 5.352 billion yen
  - No. of issued shares: 30,850,000
  - No. of shareholders: 5,607 (excl. shareholders owning shares of less than one unit)
  - Major shareholder: Fujikura, Ltd.
- **Consolidated financial information (for the term ended March 2024)**
  - Total assets: 57.609 billion yen
  - Net assets: 41.581 billion yen
  - Capital ratio: 68.1%
  - Book value per share: 1,273 yen
- **Consolidated R&D related information (for the term ended March 2024)**
  - R&D expenses: 2.791 billion yen
  - Percentage of sales: 5.3%

## Group Companies in Japan

- 6. Fujichemi Tokyo Co., Ltd.**  
 Nihonbashi Horidomecho First 5F, 1-2-10  
 Nihonbashi Horidomecho, Chuo-ku,  
 Tokyo  
**[Main business]**  
 Sales and construction management of  
 architectural coatings
- 7. Fujichemi Kinki Co., Ltd.**  
 Nichirei Tenmabashi Bldg. 1F, 1-3-21  
 Tenma, Kita-ku, Osaka-shi, Osaka  
**[Main business]**  
 Manufacture, sales and construction  
 management of architectural coatings;  
 manufacture and sales of coatings for  
 plastics; sales of electroconductive  
 coatings and polymers/resins

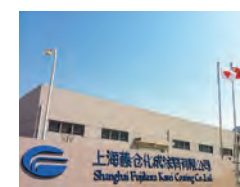


- 8. Fuji Chemical Co., Ltd.**  
 2-3-10 Aratsu, Chuo-ku, Fukuoka-shi,  
 Fukuoka  
**[Main business]**  
 Manufacture, sales and construction  
 management of architectural coatings
- 9. Tohkoh Jushi Co., Ltd.**  
 PMO 10F Tamachi, 5-31-17 Shiba,  
 Minato-ku, Tokyo  
**[Main business]**  
 Sales of raw materials for synthetic  
 resins; sales of processed items



## Group Companies Overseas

- 10. Red Spot Paint & Varnish Co., Inc.**  
 1107 East Louisiana St., Evansville,  
 Indiana 47711 U.S.A.  
**[Main business]**  
 Development, manufacture and sales of  
 coatings for plastics
- 11. Fujichem Sonneborn Ltd.**  
 Jaxa Industrial Finishes 91-95 Peregrine  
 Road, Hainault, Ilford Essex, IG6 3XH  
 England  
**[Main business]**  
 Development, manufacture and sales of  
 coatings for plastics
- 12. Shanghai Fujikura Kasei Coating Co., Ltd.**  
 No.177 Yingong Road, Fengxian district,  
 Shanghai 201417, China  
**[Main businesses]**  
 Manufacture and sales of coatings for  
 plastics



- 15. Fujikura Kasei (Thailand) Co., Ltd.**  
 88/69 Asia Industrial Estate  
 Suvarnabhumi (AIES) Moo 4, Khlongsuan,  
 Bangbo, Samutprakarn 10560 Thailand  
**[Main business]**  
 Manufacture and sales of coatings for  
 plastics; sales of architectural coatings  
 and electroconductive coatings
- 16. PT. Fujikura Kasei Indonesia**  
 Kawasan Industri Jatake, Jl. Industri 3,  
 Blok AC No. 6B, Bunder, Cikupa,  
 Tangerang, Banten, Indonesia 15710  
**[Main business]**  
 Manufacture and sales of coatings for  
 plastics
- 17. Fujikura Kasei Vietnam Co., Ltd.**  
 Plot 13.1, Road no.10, Cam Dien-Luong  
 Dien Industrial Park,  
 Luong Dien Commune, Cam Giang  
 District, Hai Duong Province, Vietnam  
**[Main business]**  
 Manufacture and sales of coatings for  
 plastics



- 13. Fujikura Kasei (Foshan) Coating Co., Ltd.**  
 Room No. E317/318 (Second Region)  
 JiaXin City Plaza, Xingshun Road,  
 Daliang Town, Shunde District, Foshan  
 City, Guangdong Province, China 528300  
**[Main businesses]**  
 Manufacture and sales of coatings for  
 plastics
- 14. Fujikura Kasei Coating (Tianjin) Co., Ltd.**  
 Room2706, Teda Central Hotel,  
 No.16, 3rd Avenue, Teda, Tianjin,  
 China 300457  
**[Main businesses]**  
 Manufacture and sales of coatings for  
 plastics



- 18. Fujikura Kasei Malaysia Sdn. Bhd.**  
 No.2, Jalan Palam 34/18A, Taman  
 Perindustrian Pak Chun, 40470 Shah  
 Alam, Selangor Darul Ehsan, Malaysia.  
**[Main business]**  
 Manufacture and sales of coatings for  
 plastics
- 19. Fujikura Kasei Coating India Private Ltd.**  
 Plot No. 201-202, 225-226, Sector-9,  
 Phase-3, IMT-BAWAL, 123501, Haryana,  
 India  
**[Main business]**  
 Manufacture and sales of coatings for  
 plastics





6-15, Shibakoen 2-chome, Minato-ku, Tokyo  
105-0011  
[https://www.fkkasei.co.jp/english/index\\_e.html](https://www.fkkasei.co.jp/english/index_e.html)



<Note regarding forecasts>

Statements in this report concerning performance and future forecasts regarding Fujikura Kasei Co., Ltd. and its Group companies are based on information available at the time of editing this report. As such, they include potential risks, uncertainties, and other such factors. Please note, therefore, that the forecasts do not guarantee future performances and the actual results may largely differ from the forecasts due to a variety of important elements.

