

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.

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.



CSR initiatives

To promote a clear understanding of our CSR activities, we have established a CSR policy and the Fujikura Kasei code of conduct that define the basic philosophy that underlies all our activities.

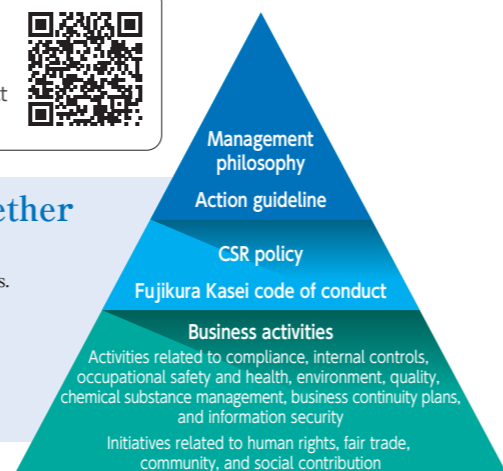
CSR policy
Fujikura Kasei
code of conduct



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.



Framework of sustainability management

The Fujikura Kasei Group defines matters related to sustainability as a management issue and has organized the Sustainability Committee in April 2023 as a body in charge of examination, strategy formulation, and deliberation of these matters. The Sustainability Promotion Department, which was established at the same time, will promote practical operations across the board via a

cross-departmental approach. Furthermore, a framework has been developed under which the Sustainability Committee and Board of Managing Directors will discuss and make decisions on important sustainability issues and the Board of Directors will supervise and monitor sustainability management as a whole.



Recognition of sustainability issues

Sustainability issues exist broadly in the areas of environment (E), society (S), and governance (G) and are diverse. The Fujikura Kasei Group will work as one by leveraging its expertise and promoting lateral cooperation.

E S	Creating shared value (CSV)	<ul style="list-style-type: none"> Development of businesses that address environmental and social issues Dissemination of sustainability in all departments
G	Elements of management planning	<ul style="list-style-type: none"> Examination of materiality and key performance indicators (KPIs) Promotion of the business portfolio strategy
S G	Corporate communication	<ul style="list-style-type: none"> Information dissemination via reports, ESG data book, etc. Dialogue with stakeholders
E	Environment	<ul style="list-style-type: none"> Promotion of decarbonization Establishment of a CO₂ calculation system, centralized management of carbon footprint
S G	Compliance	<ul style="list-style-type: none"> Quality, environment, safety, chemical substance management, export control Fair trade and ethics, human rights, information security
S	Corporate behavior	<ul style="list-style-type: none"> Human assets, employee engagement, diversity and inclusion, intellectual properties and intangible assets
S	Supply chain	<ul style="list-style-type: none"> CSR procurement Carbon-neutral procurement, sustainable procurement

CSR Materiality

The CSR materiality of the Fujikura Kasei Group was formulated in 2020 as a basis for planning and promoting CSR initiatives. We are working to achieve the materiality according to the goals defined for each materiality issue.

CSR materiality goals

The selection of CSR materiality requires consideration of “focusing on essential areas that are impacted the most,” to ensure proper selection and concentration of management resources and to realize efficient activities for implementing CSR initiatives. Our CSR initiatives consist of various items, but we are primarily pursuing seven items among them as our CSR materiality issues. Our Group companies are also engaging in CSR initiatives under themes that accord with their respective business structure and national/regional circumstances.

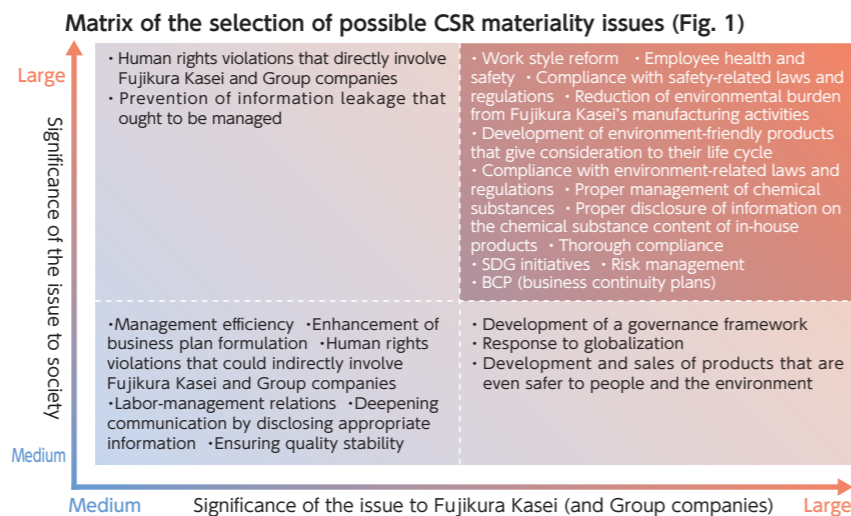
CSR materiality of the Fujikura Kasei Group

Materiality	Overview	Priority theme
Employee work styles and health	We pursue our corporate activities with the awareness that our employees are our most important stakeholders. We consistently improve working styles and promote the initiatives for keeping the mental and physical health of our employees in good conditions by establishing and enhancing various programs.	<ul style="list-style-type: none"> Creation of a comfortable workplace that gives careful consideration to employee health
Occupational safety and health	We engage in the manufacturing business and possess many production and research facilities. We thus take measures to create workplaces that ensure the safety and security of our employees.	<ul style="list-style-type: none"> Creation of a workplace that guarantees employee occupational safety Ensuring a strong foundation for employee health and safety
Environmental conservation (reduction of environmental burden)	As a chemical company, the by-products of our business activities impact the environment to no small extent. We must thus make active efforts to reduce our burden on the environment for our sake and for the sake of the next generation.	<ul style="list-style-type: none"> Reduction of global and regional environmental burden by improving in-house manufacturing processes
Environmental & social contribution through business	As a member of society, we must endeavor to solve environmental and social issues to the greatest extent possible by harnessing our unique technologies and products. Doing so will win greater trust in our company and enhance our corporate value.	<ul style="list-style-type: none"> Contribution to solving environmental issues by using in-house products and original technologies
Chemical substance management	As a company that works with chemicals, we must go beyond our responsibility of manufacturing and using products to actively maintain an accurate grasp of chemical substances in our raw materials and products in order to provide safe manufacturing processes as well as products.	<ul style="list-style-type: none"> Maintenance and enhancement of Fujikura Kasei's chemical substance management database
Compliance	We must observe many laws, regulations, social norms, cultures, and customs in pursuing our businesses, and are expected to take conscious action to comply with them upon understanding the provisions and stipulations that pertain to us.	<ul style="list-style-type: none"> Thorough compliance with important laws and regulations Strong framework for preventing misconduct
Risk management	We face various risks within our corporate activities. To prevent these risks from surfacing, we must identify potential risks while they are latent and define measures against each of them.	<ul style="list-style-type: none"> Establishment of a risk management framework Creation of a disaster-resilient company

CSR materiality selection process and background

We have selected our CSR materiality issues in consideration of the following points, to reflect our Group's characteristics.

- They are decided by the management
- They represent an overlap of social issues and corporate issues of the same significance



STEP 1 Examination of social issues

We assessed the level of importance of each social issue in reference to items commonly included in the list of issues in the chemical industry provided by the Sustainability Accounting Standards Board (SASB) and other relevant resources (UN Global Compact, ISO26000, OECD Guidelines for Multinational Enterprises, SDGs, etc.).

STEP 2 Examination of Fujikura Kasei's corporate issues

We identified issues in each business and assess their level of importance by converting them into the language used to describe social issues in STEP 1.

STEP 3 Extraction of possible materiality issues

The priority assessment of issues obtained in STEPS 1 and 2 were arranged in matrix form. The twelve items in the upper right section in Fig. 1 were identified as issues of particular significance both to society and to our company. They were further grouped into five categories, and the resulting five categories were defined as possible materiality issues.

STEP 4 Decision-making by management

The materiality issues were adopted with no change upon deliberation by a conference body of management class members. Subsequently, targets were defined for each materiality issue, and activities were launched toward achieving those targets.

Contributing to ESG and the SDGs through our CSR materiality

CSR materiality initiatives must be linked with social issues. The following table summarizes the relationship between the CSR materiality of the Fujikura Kasei Group and ESG and SDG targets. As each SDG target is a large issue in itself, we are working toward each target that pertains to us to the greatest extent possible.



ESG	Materiality of the Fujikura Kasei Group	Social issue	Our Group's initiatives	Related SDGs
E	Environmental conservation (reduction of environmental burden)	Global warming	Company-wide reduction of CO ₂ emissions	13 Climate Action
		Energy	Company-wide reduction of energy usage	7 Affordable and Clean Energy, 12 Responsible Consumption and Production
		Waste	Reduction of the discharge of sedimentary sludge	6 Clean Water and Sanitation, 12 Responsible Consumption and Production
		Environmental conservation	Compliance with environmental laws and regulations	6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, 13 Climate Action
	Chemical substance management	Safe products	Safe product design and appropriate information disclosure to the next process (incl. customers)	3 Good Health and Well-being, 12 Responsible Consumption and Production
E·S	Environmental & social contribution through business	Corporate social contribution	Creation of products that contribute to the environment and society	3 Good Health and Well-being, 7 Affordable and Clean Energy, 8 Decent Work and Economic Growth, 9 Industry, Innovation and Infrastructure, 11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, 13 Climate Action
S	Employee work styles and health	Protection of workers	Support for work-life needs	3 Good Health and Well-being, 4 Quality Education, 5 Gender Equality, 8 Decent Work and Economic Growth, 10 Reduced Inequalities
			Promotion of diversity	3 Good Health and Well-being, 4 Quality Education, 5 Gender Equality, 8 Decent Work and Economic Growth, 10 Reduced Inequalities
S	Occupational safety and health		Achievement of zero workplace accidents	3 Good Health and Well-being, 4 Quality Education, 6 Clean Water and Sanitation, 12 Responsible Consumption and Production
			Realization of a comfortable workplace environment	3 Good Health and Well-being, 4 Quality Education, 6 Clean Water and Sanitation, 12 Responsible Consumption and Production
S·G	Compliance	Fair transactions, ethics	Strengthening awareness of compliance and the foundation of compliance	5 Gender Equality, 10 Reduced Inequalities, 16 Peace, Justice and Strong Institutions
G	Risk management	Strengthening the management foundation	Identification, evaluation and implementation of measures against management risks	17 Partnerships for Goals
		Supply responsibility	Creation of a disaster-resilient company	11 Sustainable Cities and Communities, 17 Partnerships for Goals

State of Progress of Each CSR Materiality Issue

Materiality	Goal (KGI)	Means for achieving the goal (KPI)	Progress evaluation index	FY2022 status of KPI achievement	Self-evaluation	FY2023 targets
<p>Employee work styles and health →P29</p>	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 interviews based on a self-assessment system (10 interviews in response to 10 requests), implemented a second career training program (11 participants in response to 11 requests)	○	Continued implementation of interviews and training
		Promotion of diversity	Number of interviews and workshops held	Rate of interviews held when employees take childcare 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) Rate of stress checkups: 97.2%	○	Continued implementation of examinations and checkups
<p>Occupational safety and health →P31</p>	Achievement of zero industrial accidents	Appropriate activities by the Safety and Health Committee	Number of KY sheet targets achieved	Target number of extracted risks: 481/year Result: 500, target achieved Achievement level: 104%	○	Target number of extracted risks: more than 481 risks
		Appropriate activities by the OHS Promotion Meeting	Number of accidents accompanying lost worktime Number of accidents not accompanying lost worktime	0 accidents, target achieved 1 accident, target not achieved	○ ×	Achievement of zero industrial accidents 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
<p>Environmental conservation (reduction of environmental burden) →P33</p>	Reduce CO ₂ emissions by 7% by FY2030 compared to FY2013	Reduce energy usage by promoting energy saving activities	CO ₂ emissions (unit: t-CO ₂)	Target: Less than 5,090t-CO ₂ Actual figure: 4,566t-CO ₂ Target achieved	○	Less than 4,934t-CO ₂
		Continue to reduce the five-year average basic unit of energy consumption by more than 1% per year	Reduce energy usage by promoting energy saving activities	Crude oil equivalent basic unit of sales (unit: kl/100 million yen)	Target basic unit: 14.84kl/100 million yen Actual figure: 15.26kl/100 million yen Target not achieved	×
	Reduce the discharge of waste by 7% by FY2022 compared to FY2017	Reduce the discharge of sedimentary sludge	Discharge of waste by the company as a whole (unit: t)	Target discharge amount: Less than 7.43t Actual figure: 7.71t Target not achieved	×	Less than 7.63t
		Comply with environmental laws and regulations	Operate an environmental management system	Proof of verified compliance with relevant laws and regulations	100% compliance	○
<p>Chemical substance management →P38</p>	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 Number of entries of raw material information that is upgraded	84% Target achieved 3,624 entries, more than the previous year	○ ○	Response to information that requires updating in consideration of revised laws and regulations Continuation
		Number of in-house training on chemical substance management and number of participants	Number of training programs: 15 Number of participants: 180 Target achieved	○	Continuation upon close consideration of training details	
			Number of environment friendly products developed	Implemented initiatives for environment friendly development from the development planning stage in each business division	○	Continuation
<p>Environmental & social contribution through business →P39</p>	Contribution to solving environmental issues using Fujikura Kasei's products and unique technologies	Dissemination of environment friendly products throughout the value chain	Sales ratio of environment friendly products	Failed to achieve the target for environment friendly products due to company-wide poor business performance	×	Continuation
		Strengthening conscious awareness of developing environment friendly products	Number of study meetings implemented	Implemented awareness-raising education for company-wide and affiliated companies in Japan Implemented training as part of new manager training and follow-up training	○	Implementation of continuous education
<p>Compliance →P41</p>	Strong framework for preventing misconduct	Steady response to whistleblowing cases	Degree of enhancement of the system	No cases of whistleblowing	○	Responses based on hotline regulations
		Rebuilding the foundation of compliance	Number of themes taken up by the Compliance Committee	Established policies for "human rights," "fair trade and ethics," and "information security"	○	Human rights: Implementation of a questionnaire on businesses in the supply chain as the first step toward human rights due diligence Fair trade: Verification of initiatives via a questionnaire on the Subcontract Act and other means Information security: Strengthening initiatives such as by preparing an accident reporting form
			Extraction of risks related to management	Review of extracted criteria	Responded to social demand by updating educational documents on information security	○
<p>Risk management →P39</p>	Creating a disaster-resilient corporate culture	Formulation and operation of a new BCP	Preparation of a disaster prevention manual for each district Creation of a company-wide disaster prevention manual	Prepared a disaster prevention manual in consideration of anticipated disasters in each district Shared situations among bases through the disaster prevention subcommittee	○ ○	Dissemination of the prepared manual Implementation of company-wide emergency drills

Transitioning from "corporate social responsibility (CSR)" to "sustainability"

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. To more clearly define the direction of our initiatives, we have changed the name of our initiatives from "CSR" to "sustainability" in April 2023 and will hereafter be placing more focus on sustainability.

Sustainability policy and materiality initiatives

At the Fujikura Kasei Group, we interpret our vision to become a company that continues to grow in a sustainable manner as "sustainability management." We also recognize the sustainability issues that must be addressed toward this end. To more clearly promote sustainability issues, we will review our conventional "CSR policy" and "CSR materiality and KPIs" and formulate a "sustainability policy" and

"materiality and KPIs" by the end of fiscal 2023 through the Sustainability Committee. The materiality will be formulated from the perspective of realizing value creation based on our conventional corporate social responsibility framework. The progress of our initiatives will be disclosed to all stakeholders on a continuous basis.

