

Chapter 3

Strengthening the foundations for growth

We will remain a company trusted by society by ensuring thorough management practices that prioritize safety, health, the environment, and ethics, while building systems that support employee well-being and a sense of fulfillment at work.



- [30](#) Sustainability Management
- [31](#) Responses to Climate Change
(Disclosed based on TCFD Recommendations)
- [32](#) Conservation of Water Resources
- [33](#) CSR Procurement
- [34](#) CSR Materiality
- [35](#) Employee Work Styles and Health
- [36](#) Safety and Health Initiatives
- [38](#) Environmental Conservation
- [40](#) Chemical Substance Management
- [41](#) Compliance
- [42](#) Risk Management
- [44](#) Quality Assurance
- [45](#) Contribution to Local Communities

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:

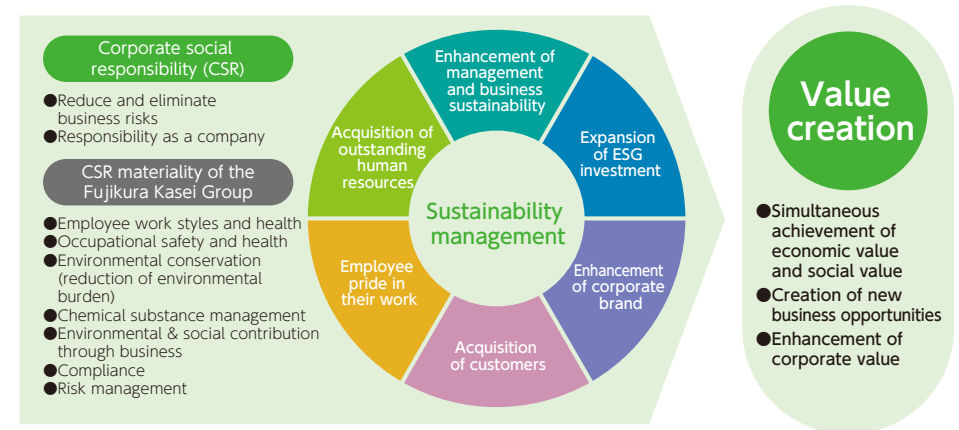
1. We will contribute to society through our business activities and achieve sustainable growth with "Co-creation × Evolution × Power of Chemistry."
2. We will create value and generate profits to enhance corporate value.
3. We will strive to reduce environmental impact through technological development 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.



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 2024, we expanded the scope of evaluation to include both domestic and overseas consolidated subsidiaries.

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 2024 greenhouse gas emissions by Fujikura Kasei (non-consolidated, domestic consolidated subsidiaries, overseas consolidated subsidiaries) 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 CO₂ emissions from Fujikura Kasei's non-consolidated business activities by 41% by fiscal 2030 compared to fiscal 2013 levels.

	Non-consolidated [t/year]	Domestic consolidated [t/year]	Overseas consolidated subsidiaries [t/year]
Scope1	950	15	12,585
Scope2	1,863	192	6,184
Scope3	57,995	45,064	81,030

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

Category	Subcategory	Business impact	Assessment
Transition risks	Policies & regulations	<ul style="list-style-type: none"> 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 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	<ul style="list-style-type: none"> Weakening of brand strength as a result of a delay in responding to decarbonization Increase in expenses due to the rising costs of naphtha, silver, etc. Possible decrease of customer transactions and switches to competitor company products in the event that environmental consideration is insufficient Increase in wages and production costs due to an exacerbation of working environments and a shortage of workers 	Large
	Reputation	<ul style="list-style-type: none"> Increase in the cost of capital procurement in the event that environmental consideration and environmental information disclosure are insufficient 	Medium
Physical risks	Acute	<ul style="list-style-type: none"> 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 Difficulty in implementing onsite coating operations due to an increasing frequency of weather disasters and heatstroke 	Large
	Chronic	<ul style="list-style-type: none"> Increased costs due to an increase in the usage of air-conditioning facilities in plants and offices Increased risks of accidents in handling dangerous articles due to a rise in temperature Increased health risks among workers 	Large
Opportunities	Resource efficiency	<ul style="list-style-type: none"> Increase in demand for recyclable products Development of products using recycled raw materials Growth in demand for re-coating work accompanying an increased utilization of the pre-owned housing market 	Large
	Energy sources	<ul style="list-style-type: none"> Decrease in the cost of procuring renewable energy Effective utilization of waste heat Increase in maintenance work accompanying an increase in houses with solar panels 	Large
	Products/ services	<ul style="list-style-type: none"> Expanded sales by achieving differentiation and enhanced brand strength with products that are process-saving, energy-saving, and low energy consuming 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 Expanded sales of disaster prevention products 	Large
	Markets	<ul style="list-style-type: none"> Enhanced corporate value as a result of pursuing eco friendliness and environmental information disclosure Expansion of coating work opportunities in cold regions 	Medium
	Resilience	<ul style="list-style-type: none"> Stable supply of products owing to a diversification of raw materials Differentiation by strengthening business continuation measures 	Medium

Conservation of Water Resources

Within the Fujikura Kasei Group, we recognize water as a vital resource and are committed to preserving water quality and ensuring its sustainable use.

At our Sano Plant and R&D Center, we properly treat wastewater and conduct water risk assessments using the “Aqueduct Water Risk Atlas.” In regions identified as high-risk, we have implemented measures such as installing water storage tanks.

We will continue to assess conditions and take necessary actions at all sites, fulfilling our responsibility to contribute to society through the responsible management of water resources.

Conservation of water resources

We recognize water as an essential resource for the production of a wide range of chemical products across our Coatings for Plastics, Architectural Coatings, Electronics Materials, and Functional Polymers/Polymers & Resins businesses.

At the Sano Plant, for example, water is used in the production of water-based products as well as in manufacturing processes such as heating, cooling, and cleaning. Wastewater generated from these operations is appropriately treated at on-site wastewater treatment facilities to prevent water pollution.

We believe that ensuring the sustainability of water resources is essential to business continuity and a key responsibility to society. Going forward, we will continue to promote the efficient use of water and strive to address water-related challenges through our products and technologies.

Reduction of water pollutant emissions

Wastewater generated from the Sano Plant and the Washinomiya R&D Center is strictly managed. In addition to preventing leaks within the facilities, we continuously monitor the concentration of pollutants such as COD (Chemical Oxygen Demand) and ensure proper discharge after treatment through our wastewater processing systems.

All wastewater management is carried out within the regulatory limits set by relevant laws and local ordinances, and no violations related to water quality were recorded in fiscal 2024.

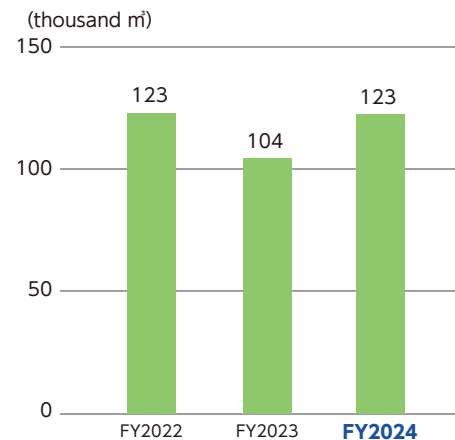
Water risk assessment

Since fiscal 2024, our Group has conducted regular assessments of water stress levels in regions where our production sites are located, using the Aqueduct Water Risk Atlas provided by the World Resources Institute (WRI).

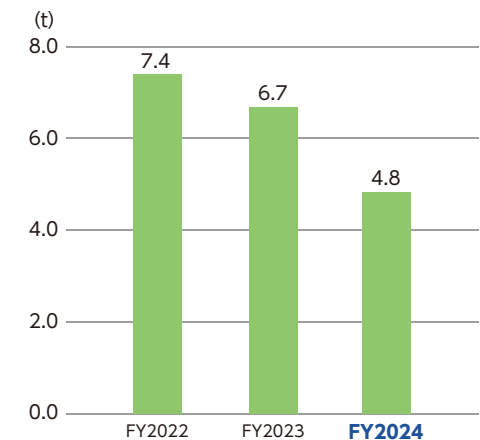
The assessment identified two production sites situated in areas with high water stress. In response, we have implemented measures suited to local conditions, such as installing water storage tanks. To date, no issues related to water risk have occurred.

Going forward, we will continue regular water risk assessments across all production sites and implement appropriate measures based on the results to further mitigate water-related risks. Through these efforts, we aim to ensure the sustainable use of water resources in our business activities while fulfilling our responsibility to local communities.

Total water withdrawal



COD load (Chemical Oxygen Demand load)



Aqueduct Water Risk Atlas
Provided by World Resources Institute (WRI)



Fujikura Kasei Thailand portable water tank

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.

FY2024 supplier survey criteria

Twenty 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 FY2023
- Re-examination of companies that had low self-evaluation scores in FY2023
- Companies that had quality or delivery trouble in the past

Future initiatives

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.

《Basic Procurement Policy》

1. Fairness and Impartiality

We adhere to the principle of fair and impartial competition, providing entry opportunities to reputable suppliers seeking to engage in business with us. Prior to entering into any transactions, we conduct an objective evaluation based on factors such as price, quality, delivery schedules, stable supply capability, technical expertise, and reliability to select our suppliers. Moreover, we perform similar evaluations on a regular basis even after the commencement of our business relationship.

2. Cooperative Relationships Based on Mutual Trust

We collaborate with our suppliers by upholding the principles of good faith and sincerity, and we strive to build mutually beneficial relationships based on the concept of coexistence and shared prosperity. In addition, any confidential information acquired through our business dealings will not be disclosed to any third party without the supplier's consent.

3. Compliance with Relevant Laws and Regulations

In our procurement activities, we strictly adhere to all applicable laws and regulations. Furthermore, we are committed to conducting our procurement processes with due consideration for environmental issues as well as occupational safety and health.

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	FY2024 status of KPI achievement	Self-evaluation	FY2025 targets
Employee work styles and health	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: 97.6%) Held second-career interviews (implementation rate within the fiscal year: 100%)	○	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) 98.4% response rate	○	Continued implementation of examinations and checkups
Occupational safety and health	Achievement of zero industrial accidents	Appropriate activities by the Safety and Health Committee	Number of KY sheet targets achieved	Target number of extracted risks: 494/year Result: 486, target not achieved Achievement level: 98.5%	△	Target number of extracted risks: more than 501 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 3 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
Environmental conservation	Reduce CO ₂ emissions by 41% by FY2030 compared to FY2013	Reduce energy usage by promoting energy saving activities	CO ₂ emissions	Target: Less than 4,778t-CO ₂ Actual figure: 2,766t-CO ₂ Target achieved	○	Less than 4,622t-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	Target: Less than 13.17kℓ /100million yen Actual figure: 12.47kℓ /100million yen Target achieved	○	Less than 12.34kℓ /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 6.49t Actual figure: 6.56t Target not 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	100% compliance	○	Legal and regulatory compliance based on relevant laws and regulations

Materiality	Goal (KGI)	Means for achieving the goal (KPI)	Progress evaluation index	FY2024 status of KPI achievement	Self-evaluation	FY2025 targets
Environmental & social contribution through business	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
Chemical substance management	Maintenance and upgrading of the Fujikura Kasei Chemical Database (FCDB)	Identification of databases that require upgrading and the rate of upgrading	95% Target achieved	95% Target achieved	○	Response to information that requires updating in consideration of revised laws and regulations
		Dissemination of the awareness of chemical substance management	Number of entries of raw material information that is upgraded Number of in-house training on chemical substance management and number of participants	3,146cases Target achieved Number of training programs:8 Number of participants:107 Target not achieved	○ △	Continuation Continuation upon close consideration of training details
Compliance	Thorough compliance with essential laws and regulations	Strengthening awareness of compliance	Number of study meetings implemented	We conducted video-based training on fair trade, information security, human rights, and harassment for the Company and its domestic affiliates, and provided compliance training through newly appointed manager and follow-up programs.	○	Implementation of education via video and other means company-wide and across affiliated companies in Japan 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	Number of themes taken up by the Compliance Committee	For "human rights," we added questions to the CSR survey and updated our Human Rights Policy. For "fair trade" and "information security," subcommittee proposals were reported to the Compliance Committee.	○	Human rights: Verification of the situation via the continued implementation of a questionnaire on businesses in the supply chain Fair trade: Verification of initiatives via a questionnaire on the Subcontract Act and other means Information security: Implementation of continuous education and audits
		Rebuilding the foundation of compliance				
Risk management	Establishment of a risk management framework	Extraction of risks related to management	Review of extracted criteria	Risk mitigation efforts are implemented company-wide under the leadership of risk owners, with risk assessments conducted at fiscal year-end.	○	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

CSR Materiality

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 for both work and life careers

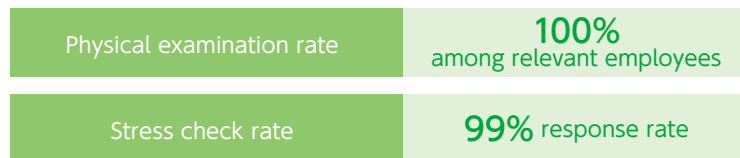
We continued our regular interviews and training based on the Self-Assessment Program and the Second Career Support Program. Under the Self-Assessment Program, we expanded the scope of eligible employees to support a wider range of career development to cover the period before employees become eligible for the Second Career Support Program.



*Rates based on interviews held in FY2024

Employee health management

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



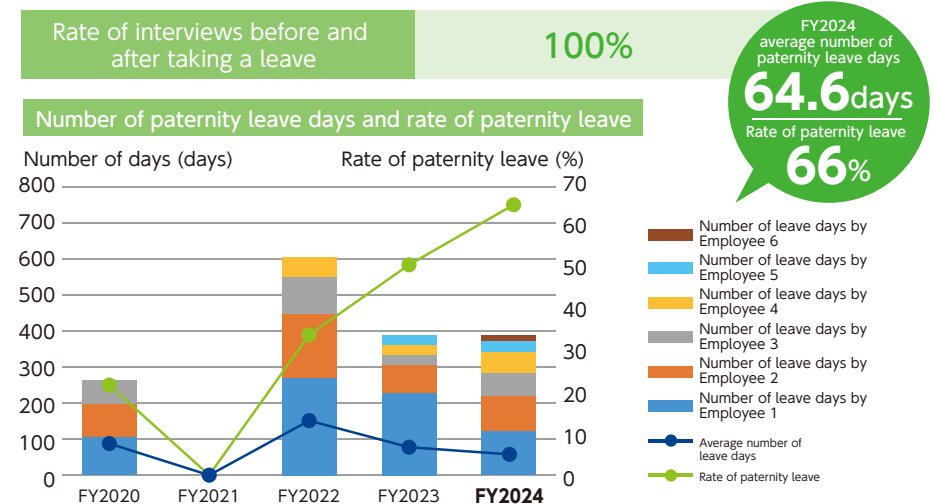
Promotion of the "PepUp" health support website

We are promoting the use of "PepUp," a web-based health support service provided by the Fujikura Composite Health Insurance Society. Accessible from both computers and smartphones, its wide range of content is designed to help employees maintain and improve their health and well-being.



Promotion of diversity

As part of our efforts to promote diversity, we encourage employees to take parental leave. While the percentage of male employees taking paternity leave has steadily increased, the average number of leave days has decreased compared with the previous year. Interviews are conducted with all employees at the start of their leave and, upon request, when they return. Harassment prevention training is also provided in conjunction with these interviews.



Other systems and initiatives

- Encouragement of health checkups and specific health guidance for employees and their dependents
- Financial support for comprehensive medical checkups
- Establishment of a health consultation hotline
- Promotion of various sports activities (through cultural and athletic clubs and initiatives by the Health Insurance Society)
- Financial support for vaccinations for employees assigned overseas
- Home leave program for overseas assignees (once every six months for single assignments, once a year for family-accompanied assignments)

CSR Materiality

Safety and Health Initiatives

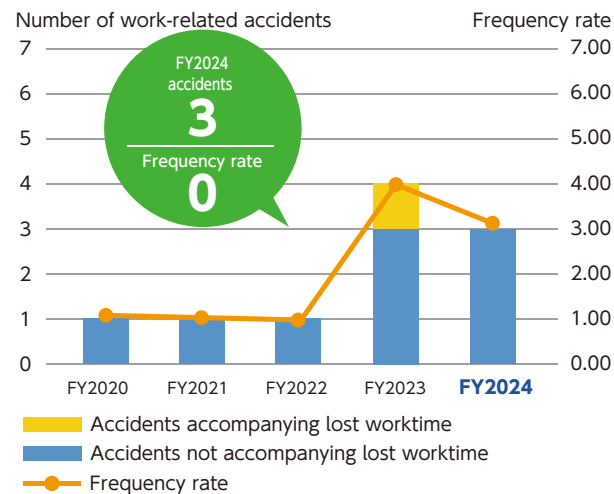
Activities for achieving zero occupational accidents

Number of occupational accidents

In fiscal 2024, there were no accidents resulting in lost worktime; however, we did not achieve our target, as three accidents not accompanying lost worktime occurred. These accidents included one cut injury, one collision, and one fall, all of which were attributed to minor carelessness or a lapse in concentration.

Going forward, we will review potential hazards identified from past accident cases and KY (risk prediction) examples. By reinforcing fundamental safety practices—such as thorough “pointing and calling”—we will work to prevent future workplace accidents.

Number of work-related accidents and their frequency rate

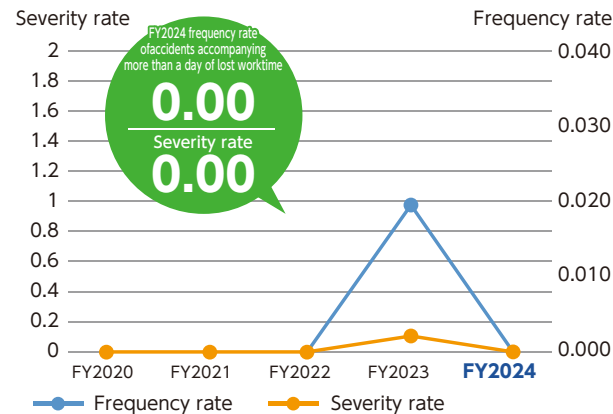


Indicators of occupational accidents

In fiscal 2024, there were no accidents resulting in lost worktime. As a result, both the frequency rate and severity rate for such accidents were 0.00.

While there were no accidents resulting in lost worktime, accidents not resulting lost worktime did occur, so we will continue implementing measures to prevent recurrence and will use the frequency and severity rates as key safety management indicators, ensuring ongoing monitoring and improvement.

Frequency rate and severity rate of accidents accompanying more than a day of lost worktime

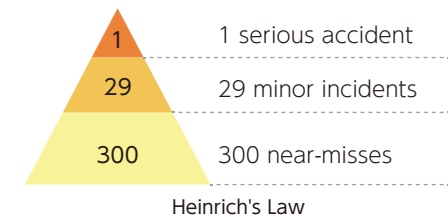


KY (risk prediction) activities

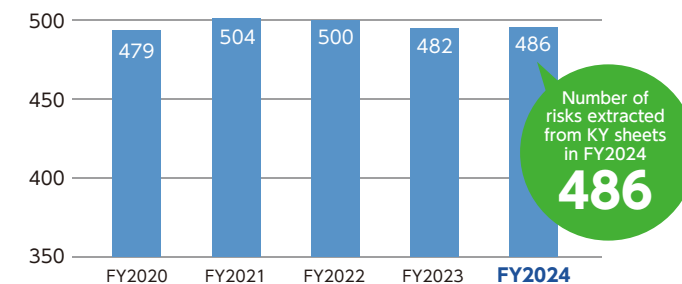
Each year, we carry out KY (risk prediction) activities across the company. In fiscal 2024, we identified 486 potential risks (100.8% compared to the previous year) and worked to reduce potential safety and health risks at each site.

As a new initiative in fiscal 2024, we filmed new employees at work to identify potential hazards, unsafe conditions, and unsafe behaviors. This effort helped raise safety awareness among early-career employees—who face higher risk of workplace accidents—and strengthened our company-wide commitment to achieving zero occupational accidents.

Industrial accident = Unsafe situation × Unsafe act



Number of risks extracted from KY sheets at Fujikura Kasei



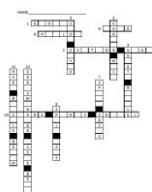
CSR Materiality

Safety and Health Initiatives

Safety best practices

Employee education on chemical substance handling <Fujikura Kasei Malaysia>

At Fujikura Kasei Malaysia, group training sessions are held to ensure proper handling of chemical substances. In addition to conventional classroom-style learning, the company has introduced creative approaches to make safety education more engaging. For example, original crossword puzzles are used to help employees gain basic chemical knowledge in an enjoyable way, with small prizes awarded to those who complete the puzzle correctly.



Enhancing workplace environment and noise control <Fujichem Sonneborn>

At Fujichem Sonneborn, areas where noise levels exceed the 85 dBA limit set by UK regulations have been identified, and a noise map has been created to ensure proper use of required protective equipment during plant operation. As a voluntary standard, the company designates areas with noise levels above 80 dBA as mandatory hearing-protection zones, requiring strict adherence to the use of protective equipment. Hearing-protection devices are integrated into the helmet respirator systems worn by operators. Going forward, the company will continue its efforts to reduce noise exposure, not only to comply with regulations but also to protect the health of all employees.



Improving safety in handling organic solvents <Fujichem Sonneborn>

Fujichem Sonneborn implements measures to prevent ignition accidents caused by static electricity. For example, when filling flammable liquids, electrostatic charge may occur and become a potential ignition source. To mitigate this risk, steps are taken to avoid free-fall filling and minimize charge accumulation. Specifically, pump speeds are controlled, and liquids are directed along the inner walls of fixed tanks to reduce electrostatic charge generated by flow and friction. Through these measures, the company ensures a high level of safety and effectively prevents ignition accidents caused by static electricity.



Documentation of chemical safety training for manufacturing personnel <Shanghai Fujikura Kasei Coating Co., Ltd.>

Shanghai Fujikura Kasei Coating Co., Ltd. establishes an annual schedule of emergency drills at the beginning of each fiscal year. In particular, for fire response training, the company not only conducts planned exercises but also strengthens its initial fire response system by maintaining oxygen masks and cylinders on site.

To ensure that personnel are able to take initiative in emergency situations, the company encourages employees to obtain the Red Cross Protection License for performing artificial respiration and promotes participation in courses offered by vocational schools and fire training centers. Recognizing that emergency drills tend to become routine over time, the company strives to maintain a sense of urgency and constantly enhances both preparedness and practical training effectiveness.



Employee health promotion initiatives <Fujikura Kasei Indonesia>

Fujikura Kasei Indonesia allows employees free use of part of its warehouse after working hours so they can engage in health-promoting activities such as badminton, table tennis, and aerobics. The company supplies equipment, including badminton nets and table tennis tables, to support these activities, and employees make use of this opportunity to actively maintain their health through sports. The company also supports employee well-being from a nutritional perspective by distributing milk and promoting health improvement through multiple approaches.



CSR Materiality

Environmental
Conservation

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 2024, we held four meetings of the Committee for Legal Compliance with the Energy Saving Act, actively reviewing our energy usage and monitoring the progress of our conservation initiatives.

As one example of these activities, we worked to reduce peak power consumption during the summer based on insights obtained through the visualization of electricity usage. By analyzing daily electricity usage patterns and setting air-conditioning timers to operate before outdoor temperatures rose, we were able to successfully curb peak demand and reduce total electricity consumption.

Going forward, we will continue to promote electricity visualization and optimize air-conditioning operations according to temperature fluctuations, to achieve greater energy efficiency. When considering that energy-saving initiatives need to be continued long-term, identifying new improvement measures can be challenging. However, we remain committed to returning to the basics, and by reaffirming the full name of the Act—the Act on the Rational Use of Energy and Conversion to Non-Fossil Energy Sources—we will continue our efforts toward realizing rational and efficient energy use.

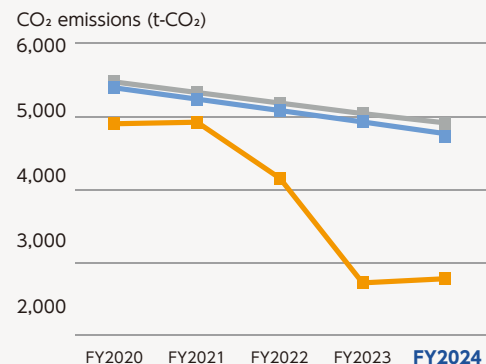
Eco-Vision performance data

CO₂ reduction target and actual figures

Target

Reduce CO₂ emissions by 41%
by FY2030 compared to FY2013

In fiscal 2024, we set our CO₂ emissions target at 4,777 t-CO₂/year and achieved our goal with a result of 2,809 t-CO₂/year. The primary factors behind this achievement included maintaining CO₂-free electricity contracts throughout the year at both the R&D Center and the Kuki Logistics Center, as well as company-wide efforts led by the Energy Conservation Act Committee to review and revise operational management standards and promote more rational energy use. For fiscal 2025, we have set a target of 4,622 t-CO₂/year. We will continue to pursue initiatives from multiple perspectives to ensure ongoing achievement of this target. For reference, the ratio of non-fossil energy in total electricity consumption reached 45.80% in fiscal 2024.

Trends in CO₂ emissions

FY2024 CO₂
emissions reduction target
(38% reduction target)
4,093 t-CO₂
(41% reduction target)
4,777 t-CO₂

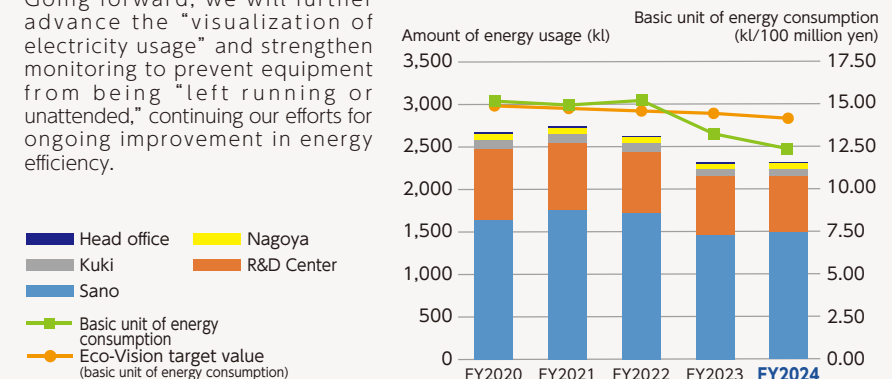
Trends in energy usage and basic unit of energy consumption

Target

Continue reducing the five-year
average basic unit of energy consumption
by more than 1% per year

In fiscal 2024, we achieved our energy consumption intensity target, recording 12.47 kℓ per 100 million yen against the target value of 13.17 kℓ per 100 million yen. The key factors behind this achievement included reductions in energy usage through ongoing energy-saving initiatives, as well as a company-wide review of “operational management standards” to promote more rational energy use. In addition, the decline in the emission coefficient of city gas also contributed to the improved results. Going forward, we will further advance the “visualization of electricity usage” and strengthen monitoring to prevent equipment from being “left running or unattended,” continuing our efforts for ongoing improvement in energy efficiency.

FY2024
energy usage
2,314 kℓ
Basic unit of energy consumption
12.47
kℓ/100 million yen

Trends in energy usage and
basic unit of energy consumption

CSR Materiality

Environmental
ConservationTrends in waste emissions
and waste emission intensity

Target

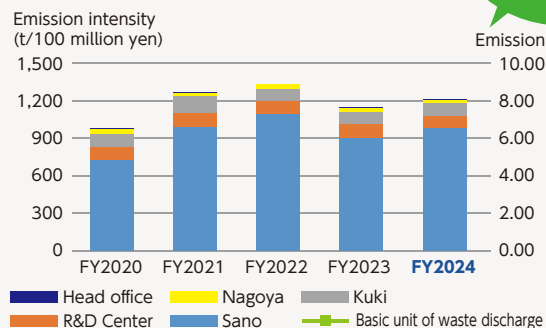
Continue to achieve a year-on-year reduction of more than 1% in waste emission intensity (per unit of sales) by 2030

In fiscal 2024, our waste emission intensity (waste generated per unit of sales) was 6.56 t per 100 million yen, falling short of the target value of 6.49 t per 100 million yen.

However, we ensured strict adherence to safety and proper disposal methods. For lithium-ion batteries, which pose a risk of ignition, we implemented thorough segregation and outsourced their disposal to specialized contractors. In addition, by establishing a circular reuse system for plastic pallets within our logistics processes, we worked to reduce overall waste emissions.

Going forward, in light of the increasing complexity of waste management, we will strengthen on-site inspections to confirm that waste generated by our operations is handled safely and appropriately, while continuing to pursue further reductions.

FY2024
waste emissions
1,217 t
Waste emission intensity
6.56
t/100 million
yen

Trends in waste emissions and waste
emission intensity

Environmental investment report

In fiscal 2024, we continued to make environmental investments, including investments related to energy conservation, and executed all planned projects, including air-conditioning system upgrades, as scheduled. Total investment for the year amounted to 84.4 million yen.

Energy-saving investments focused on replacing older equipment with more energy-efficient alternatives, while environmental investments centered on upgrading facilities and devices to ensure stronger compliance with relevant environmental laws and regulations.

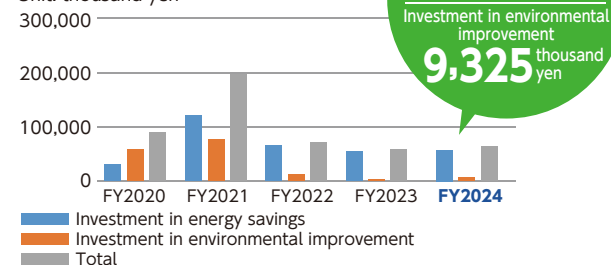
We will continue to proactively invest in energy conservation and environmental initiatives.

FY2024 environmental investment

Investment item	Investment amount (thousand yen)	Corresponding SDGs
Investment in energy savings	75,115	3 (Good health and well-being), 13 (Climate action)
Investment in environmental improvement	9,325	11 (Sustainable cities and communities), 13 (Climate action)
Total	84,440	

Trends in environmental
investments

Unit: thousand yen



FY2024
Investment in
energy savings
75,115
thousand
yen
Investment in environmental
improvement
9,325
thousand
yen

Case examples of Kaizen activities

Reduction of steam loss — Sano Plant Factory No. 1

At Sano Plant Factory No. 1, pure water and steam used in production are centrally managed and supplied to each production line. However, the plant faced a challenge: the longer the distance between the steam source and the production plant, the larger the energy loss.

To address this issue, in fiscal 2024 a dedicated boiler was installed near the production line located farthest from the main steam source, minimizing the distance for steam transfer. This initiative is expected to contribute to reducing both fuel consumption and CO₂ emissions.



LP gas tank



Once-through steam boiler

CSR Materiality

Chemical Substance Management

Chemical substance management initiatives

We believe it is essential to design and provide products that do not have a significant negative impact on the environment, while ensuring the health and safety of everyone involved—from employees engaged in manufacturing to customers and end users.

To this end, we have established a Chemical Management System (CMS), which is integrated into our Quality Management System (QMS), Environmental Management System (EMS), and Occupational Health and Safety Management System (OHSMS).

We also recognize the importance of properly communicating information on chemical substances contained in our products. To ensure this, we manage chemical substances based on the framework shown on the right, centered on the “Fujikura Kasei Chemical Database” (FCDB).

FY2024 activities

In fiscal 2024, we continuously monitored developments related to the Stockholm Convention and, in consultation with our customers, moved forward with replacing any affected chemical substances with suitable alternatives. For products containing UV-328, which became regulated under Japan’s Chemical Substances Control Law on February 18, 2025, we completed the transition well ahead of the enforcement date.

To maintain up-to-date Safety Data Sheets (SDS), we reviewed related data as in previous years and reviewed the information in the Fujikura Kasei Chemical Database (FCDB). As a result, the enhanced system has enabled SDS documents to be prepared more smoothly and with greater accuracy.

Going forward, we will continue reviewing and improving the design and operation of our SDS system in anticipation of future revisions to the Industrial Safety and Health Act and other regulations, ensuring prompt and precise delivery of SDSs for all our products.

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.

Maintaining and updating the chemical substance management framework

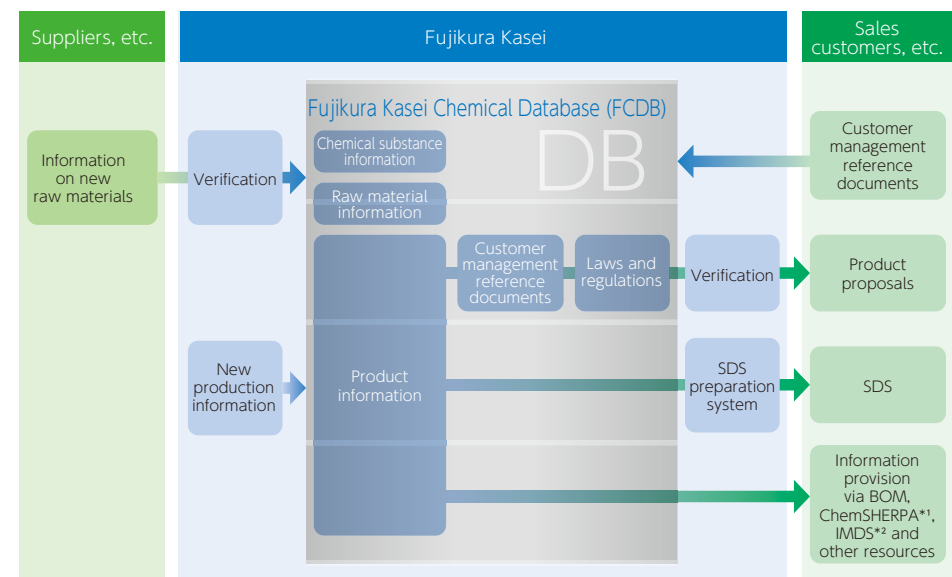
As global efforts to assess the safety of chemical substances advance, legal frameworks are being strengthened in many countries. To respond swiftly and appropriately to these developments and industry requirements, we continuously maintain and update the Fujikura Kasei Chemical Database (FCDB).

To prevent management standards from becoming outdated, we regularly review relevant groups of chemical substances at appropriate times and designate them as either prohibited or requiring approval. During new product development, we ensure strict chemical management throughout the entire process.

In addition, to operate this framework effectively, we place strong emphasis on employee education—starting with training at the time they are employed and continuing through in-house seminars to enhance knowledge and competency.

Through these efforts, we aim to continue providing products that customers can use with confidence and peace of mind.

● Our chemical substance management scheme



*1 Chem SHERPA: A common scheme for conveying information on the chemical substance content of products

*2 IMDS: Stands for International Material Data System. A database of materials and its scheme.

CSR Materiality

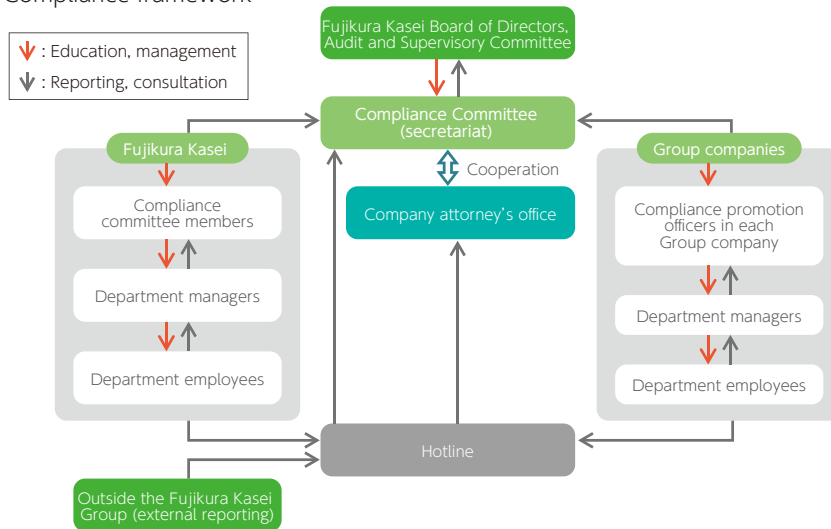
Compliance

Each officer and employee of the Fujikura Kasei Group is committed to acting with integrity and fairness, conducting business in accordance with the Compliance Charter and the Fujikura Kasei Code of Conduct.

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 framework



Whistleblower system

We have a Compliance Hotline (Whistleblower System) in place to prevent misconduct and corruption and to ensure prompt response to any incidents or harassment. Under this system, employees and stakeholders may report suspected violations of laws and regulations, harassment, fraud, corruption, and other improper business practices to either the Compliance Committee Secretariat or an external law firm.

The system guarantees that whistleblowers do not suffer any disadvantage or retaliation as a result of making a report. Anonymity is strictly protected, and all reports and communications received through the hotline are handled fairly and with confidentiality.

Fair Trade and Ethics Policy

We recognize that our corporate activities are supported by sound partnerships with our business partners. As a responsible member of society, we seek to earn the trust of all stakeholders by faithfully adhering to our Fair Trade and Ethics Policy and conducting business fairly and with integrity.

In fiscal 2024, we responded to surveys conducted by the Japan Fair Trade Commission regarding price pass-through practices and the Subcontract Act, and our efforts were verified by the Fair Trade Subcommittee. In addition, we revised and updated our Fair Trade and Ethics Policy, focusing particularly on sections related to corruption and bribery prevention.

Human rights initiatives

We regard respect for human rights as a vital foundation for business continuity, and promote initiatives under the leadership of the Compliance Committee, chaired by the Director and General Manager of the Corporate Management Division.

We place human rights at the core of our business activities and promote responsible practices to prevent adverse impacts on stakeholders throughout our supply chain. In fiscal 2024, we strengthened our CSR survey for business partners by adding items related to human rights and labor practices. We also reviewed and revised our Human Rights Policy, with particular emphasis on eliminating forced labor.

Compliance education

We recognize that compliance is the foundation of sustainable corporate activities. It goes beyond legal compliance to include honoring commitments to stakeholders, adhering to social rules and ethical standards, and, at our overseas sites, respecting local customs and practices.

Raising individual awareness among employees is essential to embedding a culture of compliance. In fiscal 2024, we and our key subsidiaries conducted video-based compliance training on topics such as information security, human rights, and harassment (including mental health care).

We will continue to promote ongoing compliance education to further strengthen ethical awareness across the organization.

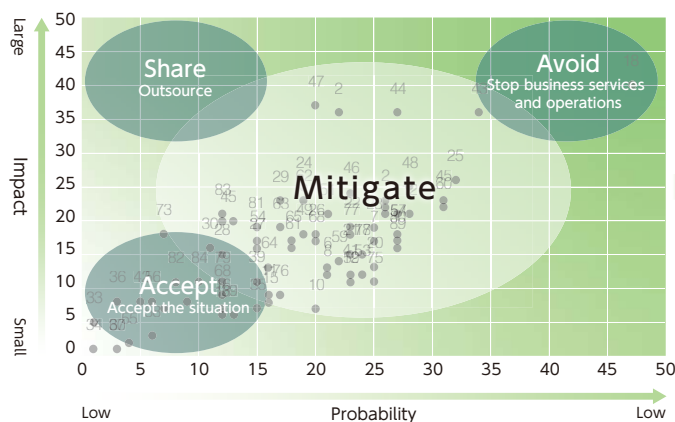
CSR Materiality

Risk Management

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 Analyze the environment surrounding our company
- 2 Identify risks (risk identification)
- 3 Calculate the significance of the risks (risk analysis)
- 4 Prioritize risk responses (risk evaluation)
- 5 Formulate risk responses



*Risks classified under "mitigate" are those that need to be addressed.
*Risks covered by existing management systems are excluded.

At Fujikura Kasei, we have established a comprehensive risk management framework to prevent potential risks across all business operations, ensuring sound and smooth corporate management. For risks identified as requiring action, we designate a "risk owner" (responsible executive) and promote company-wide initiatives to mitigate those risks under their leadership.

1. Environmental analysis

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

2. Identification of risks

We identified 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. Risk analysis

We weighed the identified risks, creating a risk matrix based on impact and probability. The risks were classified into four categories—share, avoid, accept, and mitigate—with those categorized under "mitigate" identified as risks that need to be addressed. Risks other than those already covered by existing management systems were defined as potential risks.

4. Company-wide efforts to mitigate identified risks

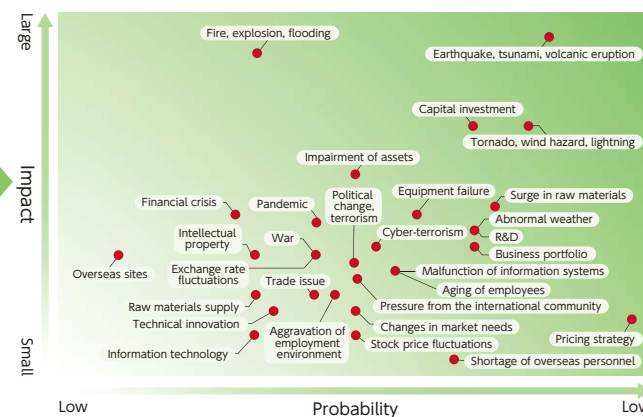
At the beginning of fiscal 2024, risks identified as requiring company-wide attention were addressed under the direction of the President. Each "risk owner" (responsible executive) clarified risk-mitigation measures when setting annual objectives, and department managers translated these measures into action plans, promoting implementation across the organization.

5. Evaluation of risk-mitigation efforts

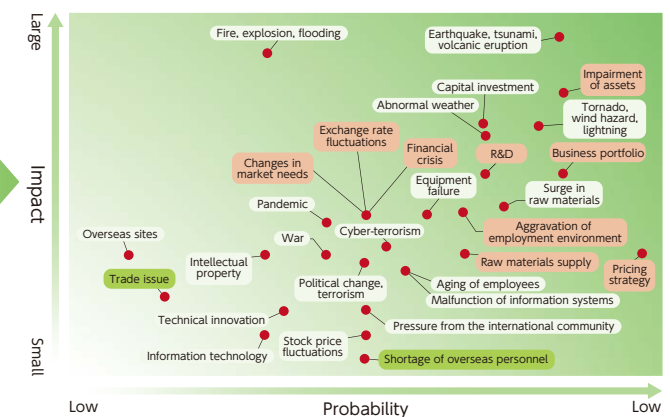
After implementing mitigation measures during the year, each risk owner conducted a new risk analysis at the end of fiscal 2024. The results showed that several items have higher potential impact or likelihood of occurrence due to factors such as increased internal awareness and changes in the external environment.

We will continue to identify emerging risks and perform ongoing risk analyses to strengthen mitigation efforts. The progress of these initiatives will be regularly discussed and reviewed by the Sustainability Committee to further enhance our company-wide risk management framework.

● Beginning of FY2024 before risk mitigation initiatives



● End of FY2024 after risk mitigation initiatives



CSR Materiality

Risk Management

Information security

Amid the rapid changes in the business environment in recent years, the importance of information security has further increased. At Fujikura Kasei, we work to reduce risks to our information assets and to maintain and enhance overall information security through the Information Security Subcommittee.

Response to information security

Recognizing the importance of our social responsibility to protect information assets—including customer and employee personal information—we have established an “Information Security Policy” to ensure proper management in daily operations. In accordance with the “Information Security” Training Manual, we identify information assets such as terminals, servers, confidential information, and personal data, and define handling procedures for day-to-day operations as well as incident response procedures.

The Information Security Subcommittee is responsible for company-wide coordination. It is a cross-functional organization chaired by the head of the Compliance Committee (Director and General Manager of the Corporate Management Division) and composed of the Information Systems Department, administrative divisions at each site, and managers from each business unit. Responding promptly to changes in the business environment, it works to strengthen information security measures by reviewing potential risks such as guidelines established by industry association to which our stakeholders belong, social demands, cloud migration, AI utilization to increase efficiency, and information security incidents and accidents.

FY2024 initiatives

- Consideration of introducing cyber security insurance
- Implementation of targeted email (phishing) training
- Video-based training on responding to fake news and misinformation
- Update of the industry association’s security checklist
- Introduction of company-approved generative AI tools and related training on preventing information leakage
- Revision of the Information Security Training Manual

Corporate disaster prevention

About corporate disaster prevention

Corporate disaster prevention refers to initiatives to protect employees and assets and ensure business continuity in the event of natural or human-made disasters. It is mainly centered on two key components: a “Disaster Prevention Plan” and a “Business Continuity Plan (BCP).”

● Disaster Prevention Plan

Focuses on protecting lives and assets during a disaster through initiatives such as evacuation drills, emergency communication systems, and disaster response manuals.

● Business Continuity Plan (BCP)

Aims to minimize damage and ensure business continuity and rapid recovery during emergencies by securing alternative means and establishing recovery procedures.

Our initiatives

The Disaster Prevention Plan and BCP are closely related, with many common elements. Since fiscal 2024, we have established the Corporate Disaster Prevention Committee to enhance and coordinate the two frameworks and ensure effective and resilient corporate disaster management.

● Corporate Disaster Prevention Committee

Oversees initiatives to develop and strengthen corporate disaster prevention measures through collaboration between two subcommittees.

● Disaster Prevention Subcommittee

Supervises disaster prevention plans at each site. In fiscal 2024, a comprehensive earthquake drill was planned and conducted. The lessons learned from the drill were shared company-wide to support continuous improvements in disaster preparedness.

● BCP Subcommittee

Works to develop and strengthen the company’s business continuity framework. In fiscal 2024, efforts were made to acquire knowledge for implementing an “all-hazards BCP,” with full-scale restructuring of the BCP scheduled to begin in fiscal 2025.

Corporate Disaster Prevention Committee

Disaster Prevention Subcommittee

Ensures employees’ lives and safety
Reduces physical damage

BCP (Business Continuity Plan) Subcommittee

Maintains and rapidly restores critical operations (early recovery planning)

Corporate Responsibilities

Ensures personal safety, prevents secondary disasters, maintains business continuity, and contributes to and coexists with local communities

Recognizing corporate disaster prevention as an important priority, we will continue these initiatives to become a disaster-resilient company.

Quality Assurance

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.

● Quality management system certification status (Table 1)

Management system	Certification Division	Scope of application
ISO9001*1	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*2 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*3 International standard specially for the automotive industry	Electronics Materials Division	Design and manufacture of conductive and insulation pastes.

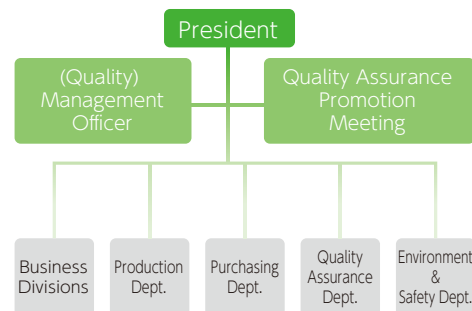
*1 Japan Management Association Quality Assurance Registration Center (JMAQA) *2 SGS Japan Inc. *3 LRQA Limited

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

	Number of production site companies*4	Number of certifications acquired	Certification rate
Japan	4	3	75%
Overseas	10	9	90%
Total	14	12	86%

*4 Companies that have production sites, including Fujikura Kasei

● Fujikura Kasei organizational chart (Table 3)



Quality assurance framework

We have a comprehensive framework in place covering all processes—from product planning, design, manufacturing, and shipment to customer use—to ensure consistent product quality. 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. (Table 3)

Medium to long-term initiatives for our quality assurance system

In fiscal 2024, we implemented the following initiatives to strengthen our quality assurance system.

1. Group-wide efforts to deliver high, globally consistent quality

- Implemented quality maintenance activities at overseas group companies in India, Thailand, and China (Shanghai and Foshan) to unify inspection methods and equipment and to establish a consistent quality assurance framework.
- Enhanced information sharing among all sites to ensure timely understanding of quality issues occurring at Group companies.
- Completed the introduction of trend management for raw materials and products to improve manufacturing quality and prevent quality issues.

2. Initiatives to build a sustainable quality assurance framework

- Strengthened horizontal deployment and follow-up of preventive measures, along with enhanced design reviews, to prevent quality issues and reduce waste.
- Promoted quantification and visualization of appearance evaluations—areas prone to human subjectivity—to prevent inappropriate inspections and improve consistency.

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

We operate five offices in Japan and engage in active communication with the local communities in which they are respectively located. We also implement social contribution activities through our business and employees, valuing these opportunities to interact with the communities.

● 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
Blood donation via a mobile blood bank on more than two occasions	R&D Center
Implementation of training for students from Satte Nursing School (Public Health Nursing Department)	R&D Center
Internship program for high school students	Sano Plant
Co-sponsoring of a local festival	Sano Plant, Kuki Logistics Center
Participation in the beautification of industrial parks and local communities	R&D Center, Sano Plant, Nagoya Branch

Blood donation activities

In fiscal 2024, we received a letter of appreciation from the Japanese Red Cross Society and Saitama Prefecture in recognition of our continued blood donation efforts at the R&D Center.



● Activities by domestic Group companies

Activity	Implemented by
Contribution of 2,900 eco-caps to the eco-cap campaign organized by the Eco-cap Promotion Association	Fujichemi Tokyo
Donation to the Tenjinsai 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

Red Spot

At Red Spot, a volunteer team called RSVP, composed of members from various departments, plans and carries out volunteer activities both inside and outside the company. In fiscal 2024, the team supported initiatives such as granting wishes for children with serious illnesses and donating the equivalent of one hour of employees' wages. In total, USD 60,000 was donated to 33 organizations.



Donation of 1,100 pairs of socks



Christmas caroling and gift-giving at nursing homes

Fujikura Kasei Thailand

Fujikura Kasei Thailand donated refrigerators in celebration of Elderly Day, and provided tricycles and other items to nursery schools and kindergartens as part of its ongoing efforts to contribute to the local community.



National Elderly Day activities



Donations to children

Shanghai Fujikura Kasei Coating

In fiscal 2024, Fujikura Kasei (Shanghai) participated in a sports festival hosted by the Fengxian District Labor Union. Employees took part in events such as table tennis, jump rope, and running, strengthening connections and interaction with local residents.



Sports Day organized by the labor union

