

Fujikura Kasei Group

CSR Report 2021



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.



Head Office R&D Center Kuki Logistics Center Sano Plant (Plant No. 1) Nagoya Branch



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Editorial policy (regarding publication of this CSR Report)

This CSR report presents the initiatives undertaken by the Fujikura Kasei Group toward fulfilling its social responsibility and solving social issues, edited under the basic policies of accountability and information disclosure. It is hoped that publication of this report will deepen dialogue with stakeholders and contribute to their comprehensive evaluation of the corporate value of the Fujikura Kasei Group.

Scope of this report

All business activities of Fujikura Kasei and the Fujikura Kasei Group

Period covered by this report

April 1, 2020 – March 31, 2021 in principle

*Includes, in part, information on ongoing initiatives, special notes, etc. that fall outside the specified period.

Reference guidelines

ISO26000 (International Organization for Standardization)

"Guidance on Social Responsibility"

Principles of the United Nations Global Compact

We will strive to achieve sustainable management capable of addressing social changes.

Our achievements

I wish to offer my deepest condolences to the lives that have been lost to COVID-19 and express my deepest sympathies to those who are suffering from the disease. My deepest respect and gratitude also go to all the healthcare workers who are daily fighting against the crisis and to everyone supporting our social infrastructure.

Last fiscal year, the pandemic has plunged society into a prolonged period of difficulty, and our company, too, has been significantly impacted.

During the first half of fiscal 2020 (April – September), sales and profit fell largely below our forecasts, and our profit, in particular, turned to loss. During the second half of the year (October – March), we saw a recovery in performance accompanying an upward momentum in society, and were able to secure a profit, although we could not achieve the targets of our annual plan.

From the outset of 2021, worldwide efforts to overcome the difficult challenge posed by COVID-19 gained momentum, and vaccinations began to be administered in each country. However, there is still no end in sight to this pandemic, and the ongoing situation allows for no optimism.

While fiscal 2021 remains untransparent due to COVID-19, we will focus on accumulating results toward achieving our 11th medium-term management plan, and will act with a conscious awareness of the “quality of change” (boldness, timing) in response to environmental changes that surround us in and outside of Japan.

Responding to social changes with technical development and a firm business attitude

Our company has a history of more than 80 years, but this period of social transformation we are undergoing today is indeed a crucial moment in our effort to achieve sustainable management. With this awareness, we will take action that looks beyond the transformation taking place in society today.

First, we will shift our main focus of manufacturing products that satisfy customer needs as a BtoB company, to also include active efforts to develop original technologies and products toward solving social issues hereafter.

Second, our employees always play the main role in our business activities, so we will place importance on strengthening their motivation. Since our stance of “caring for our employees” characterizes our company, we will further develop this characteristic.

Third, while it is important to respond to social changes, we will stand firm to our belief that it is also important to create a strong foundation for tackling these changes, and that this foundation will gain us the continuous trust of society.

Below, allow me to discuss each point in detail.

Creating new businesses as a pillar for solving social issues

Our company has five business areas. Up to now, each business division operated independently of other divisions, so our markets had been restricted. However, based on the awareness that creating new markets is extremely important to growing our businesses, we installed a Technology Strategy Office under my direct control as president, as I have stated in the Top Interview section of last year’s CSR Report. Through this office, we are aiming to promote collaborations within the company and with Group companies, and are striving to develop products never before seen by horizontally connecting the technologies of each business division. We have accelerated the initiative this April by increasing personnel in the Technology Strategy Office, but we will promote a shared awareness of the initiative not only among members of the office but across the company, to get it on track as early as possible.

At the same time, however, it is difficult to move forward without having a specific area or product as a target. A theme has thus emerged which relates to the SDGs for creating shared values with society and to solving other social issues.

As a company whose businesses are rooted in chemistry, we will place particular emphasis on creating products that contribute to the environment through their life cycles and engage in development activities with strong resolve.

Strengthening our foundation by achieving the goals of our materiality

Before engaging in CSR activities on a full scale, we identified our materiality based on the characteristics of our businesses and established goals for each materiality issue. By addressing our materiality, we aim to strengthen our management foundation.

As I mentioned earlier, our employees are important stakeholders to our company. We cannot grow without their cooperation. Therefore, to maintain and strengthen employee motivations, we believe it is our role as a company to respond to their various expectations so they could engage in their work in safety and comfort. Toward this end, we will introduce and adopt work style reforms and practical systems that respect human rights, and further strengthen safety measures to prevent any occurrence of industrial accidents.

As a chemical company, reduction of environmental burden and proper management of chemical substances are issues that have direct bearing on the continuity of our operations. While it is difficult to make major changes toward reduction of environmental burden in one leap, such as by switching the sources of energy we are using today to renewable energy sources, we are making steady progress by reduction of environmental burden when renovating our

plants and purchasing facilities and equipment. With respect to chemical substance management, we bear in mind the 12th goal of the SDGs on “responsible consumption and production” as we endeavor to ensure the development of safe designs and dissemination of accurate product information.

Our materiality also includes compliance and risk management. Both are priority issues to many other companies as well, as underpinnings of business. At our company, these issues have always been placed under the control and supervision of the respective departments in charge. However, as each department had been operating independently of other departments, as with the business division framework, we have reviewed the organizational framework and systematized it to strengthen inter-department coordination. In conjunction with this change, we will identify any aspects of inadequateness or shortcomings, thoroughly control risks, and do the best of our ability to respond steadily to demands from society.

These initiatives related to our materiality will require a change of mentality that they will be evaluated on a consolidated basis, and will therefore be disseminated not only within our company but also to all Group companies in consideration of business and regional characteristics.

Toward becoming an ever-reliable company through honest and accurate information disclosure

In order for a company to engage in sustainable management, it needs to strengthen not only its profitability and growth potential, but also its sociality*. This sociality precisely translates to CSR activities. By implementing outstanding activities, we can win our stakeholders’ sympathy and trust in our brand.

No matter how outstanding our CSR activities are, however, we would not be acknowledged by society if the activities are implemented in secret without telling anyone. Yet, if we only spotlight the activities that “make us look good,” we cannot be properly evaluated by our stakeholders.

By issuing this CSR Report, we commit ourselves to ensuring honest and accurate disclosure about information on the CSR activities of our company and our Group, with the aim to be an ever-reliable company to society.

Furthermore, we will not use this CSR Report simply as a tool for unilateral information disclosure from our company to society, but will work to improve and refine the content and seek to utilize it effectively both in and outside our company.

We may have our inadequacies and shortcomings, but we appreciate your further support as we continue to move steadily forward.

* Cited from a book written by Professor Daisuke Okamoto at Keio University.

Fujikura Kasei Co., Ltd.
President

Daisuke Kato

History of the Fujikura Kasei Group

Over a period of more than 80 years from our founding to the present, we have continued and expanded our business through the waves of the times, including the emergence of diverse new materials and the transition of industries and the economy. In recent years, we have been focusing on contributing to society through our businesses with an awareness of the importance of "fulfilling our social responsibility as a company" and "creating shared values with society," as our approach to growing our company and to continuously supporting the sustainable development of society.

Business creation and establishment

1938 [Founding]
Fujikura Kagaku Mfg. Co., Ltd. is established after spinning off from Fujikura Mfg. Co., Ltd. (now Fujikura Composites Inc.), mainly manufacturing windshields and coatings for aircraft.



1939 Itabashi Plant

1943 [Architectural coatings business: Building a foundation]
Absorbed Kataoka Toryo Co., Ltd. to strengthen the production and sales framework of general coatings.

1957 [Electronics materials business: Building a foundation]
Released "DOTITE®," an electroconductive paste developed jointly with the Electrical Communication Laboratory of Nippon Telephone and Telegraph Corporation (now NTT).

1958 [Change of company name]
Changed the name of the company to the present name of Fujikura Kasei Co., Ltd.

1962 [Stock listing]
Listed stocks on the second section of the Tokyo Stock Exchange.
→ Promoted to the first section in March 2001.

1971 [Reinforcement of production framework]
Opened Sano Plant in Sano city, Tochigi prefecture.
→ Completed the transfer of the entire production department from the Itabashi Plant to the Sano Plant in 1973.



1972 Sano Plant



1972 Itabashi Plant

Strengthening our technical foundation

1972 [Coatings for plastics business: Building a foundation]
Entered a technical tie-up with Red Spot Paint & Varnish Co., Inc. (U.S.) in the areas of coatings for plastics and coating materials.

1973 [Architectural coatings business: Introduction of new technology]
Entered a technical tie-up with Plastalloy Inc. (U.S.) in the area of water-based elastic coatings.
→ Increased the toughness of coating films.

1974 [Architectural coatings business: Introduction of new technology]
Entered a technical tie-up with Harco Cosmic (U.K.) in the area of water borne multicolor coatings.
→ Achievement of unique coating film designs.

1985 [Functional polymers/polymers & resins business: Strengthening technical capability]
Established Polytribo Inc. in the U.S. with Rohm and Haas Company (U.S.), as a joint venture company in the area of toner binder resins.
→ Diversification of manufacturing methods.

1985 [Coatings for plastics business: Introduction of new technology]
Entered to a technical tie-up with Red Spot Paint & Varnish Co., Inc. (U.S.) in the area of suede-like coatings and with Karl Wörwag Lack- und Farbenfabrik GmbH & Co. KG in the area of soft-feeling paints.
→ Achievement of unique coating textures.



73rd year (year ended March 31, 1984)
Sales (unit)
10.2 billion yen

Establishment of Group companies and business expansion

1984 [Architectural coatings business: Expansion within Japan]
Established Fuji Chemical Co., Ltd. as a sales company for architectural coatings.

1986 [Architectural coatings: Expansion within Japan]
Established Fujichemi Tokyo Co., Ltd. as a sales company for architectural coatings in the East Japan region.

1995 [Electronics materials business: Establishment of the company's first overseas base]
Opened a liaison office in Singapore.
→ Established Fujikura Kasei (Singapore) Pte Ltd. in 1996 as a local subsidiary in Singapore.
→ Closed the company in 2011.

97th year (year ended March 31, 2008)
Sales (consolidated)
50.3 billion yen

1997 [Coatings for plastics business: Advancement into the ASEAN countries]
Opened a liaison office in Bangkok.
→ Established Fujikura Kasei (Thailand) Co., Ltd. in 2002 as a local subsidiary in Thailand.

2000 [Coatings for plastics business: Global expansion]
Entered a comprehensive three-way global alliance in the field of coatings for plastics technology with Red Spot Paint & Varnish Co., Inc. (U.S.) and Sonneborn & Rieck Ltd. (U.K.).

89th year (year ended March 31, 2000)
Sales (consolidated)
24.3 billion yen

2002 [Electronics materials business: Advancement into China]
Opened a liaison office in Shanghai.

2004 [Coatings for plastics business: Establishment of a production base in China]
Established Fujikura Kasei Coating (Tianjin) Co., Ltd. as a local subsidiary in China.



Fujikura Kasei Coating (Tianjin) Co., Ltd.

2005 [Coatings for plastics business: Expansion of the production base in China]
Established Fujikura Kasei (Foshan) Coating Co., Ltd. as a local subsidiary in China.



Fujikura Kasei (Foshan) Coating Co., Ltd.

2007 [Coatings for plastics business: Establishment of production base in Thailand]
Opened a plant in Thailand.
→ Relocated to the present location in 2017.

105th year (year ended March 31, 2016)
Sales (consolidated)
73.7 billion yen



New plant at Fujikura Kasei (Thailand) Co., Ltd. (2017)

2008 [Coatings for plastics business: Global reinforcement]
Acquired Red Spot Paint & Varnish Co., Inc. (U.S.) as a subsidiary company.



Red Spot Paint & Varnish Co., Inc.

110th year (year ended March 31, 2021)
Sales (consolidated)
49.5 billion yen

2009 [Coatings for plastics business: Expansion of the production base in China]
Established Shanghai Fujikura Kasei Coating Co., Ltd. as a new joint venture company and local subsidiary in China.



Shanghai Fujikura Kasei Coating Co., Ltd.

2010 [Coatings for plastics business: Global reinforcement]
Acquired Sonneborn & Rieck Ltd. (U.K.) as a subsidiary and changed its name to Fujichem Sonneborn Ltd.



Fujichem Sonneborn Ltd.

2010 [Coatings for plastics business: Advancement into India]
Established Fujikura Kasei Coating India Private Ltd. as a local subsidiary in India.
→ Constructed a new plant in 2018.



New plant at Fujikura Kasei Coating India Private Ltd. (2018)

2013 [Coatings for plastics business: Expansion into the ASEAN countries]
Acquired additional shares for the local subsidiary in Indonesia and changed its name to PT. Fujikura Kasei Indonesia.



PT. Fujikura Kasei Indonesia

2013 [Coatings for plastics business: Expansion into the ASEAN countries]
Established Fujikura Kasei Malaysia Sdn. Bhd. as a local subsidiary in Malaysia.



Fujikura Kasei Malaysia Sdn. Bhd.

2014 [Coatings for plastics business: Expansion into the ASEAN countries]
Established Fujikura Kasei Vietnam Co., Ltd. as a local subsidiary in Vietnam.



Fujikura Kasei Vietnam Co., Ltd.

1938 - 1970s

1970s - 1980s

1980s - present

Walking Aid Development for

How Fujikura Kasei's RoboChemia® GS Knee® was developed

Fujikura Kasei is working to solve various problems using its unique technologies and products. To support the return to society for those with hemiparesis (weakness or the inability to move on one side of the body often caused by a stroke) or other difficulties with walking, Fujikura Kasei has, by applying its own acquired technologies, developed and launched a walking device to help with rehabilitation, the RoboChemia® GS Knee®. RoboChemia® is a line of products created using new technologies developed by Fujikura Kasei. In this special feature, we take a look at the technical background leading up to, and the stories of those involved with its development.

Joint research expanding the possibilities of ER gels

Conceived from Fujikura Kasei's polymer particle design technology

The RoboChemia® GS Knee® jointly developed by Fujikura Kasei, the Mitsui Laboratory, Department of Advanced Machinery Engineering at Tokyo Denki University, the Senri Rehabilitation Hospital, and the International University of Health and Welfare Graduate School, is an electronically controlled knee brake that aids hemiplegic patients who have suffered some form of cerebrovascular disease in their rehabilitation efforts to walk. The GS Knee® employs our Electro Attractive Material (EAM) brake device technology.

This EAM is applied to electro-rheological (ER) particles developed with our proprietary polymer particle design technology. An ER fluid is an electrically insulating fluid

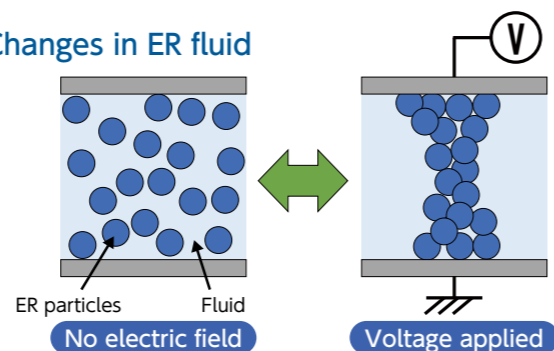
whose viscoelasticity*1 changes with an applied electric field*2. Simply put, it has the consistency of a liquid when no voltage is applied, and the consistency of a gel when voltage is applied.

ER fluids consist of ER particles in an electrically insulating fluid. Due to specific gravity differences however, the particles settle over time causing the viscoelasticity properties to deteriorate.

Fujikura Kasei has been doing research on ER fluids for many years. As a result of this research, we have established a technology for ER gels in which the ER effect persists without the particles completely settling by confining ER particles and silicone oil into the gel structure made by the gelling agent.

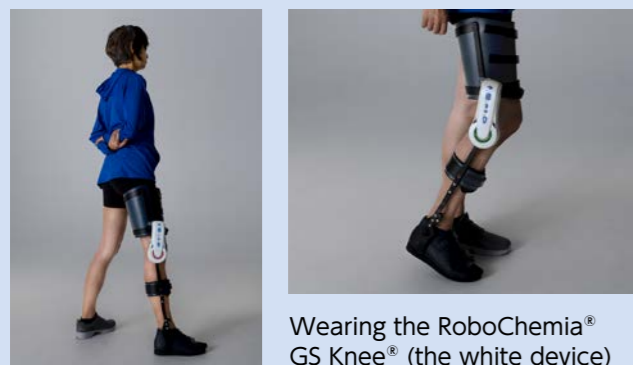
*1. The property of materials that exhibit both viscous and elastic characteristics when undergoing deformation.
*2. Applying voltage or signal to an electric circuit from a power source or another circuit.

Changes in ER fluid



1. Liquid when voltage not applied
2. Gel consistency when voltage applied
3. Returns to liquid when voltage is turned off
4. Turns back into a gel consistency when voltage applied again

RoboChemia® GS Knee®



Wearing the RoboChemia® GS Knee® (the white device)

VOICE

Persevering with product development while development halts

ERG R&D Dept.
Hidenobu Anzai



Development of the RoboChemia® GS Knee® began with development on ER fluids whose viscosity changes when a voltage is applied. We have been working on this development with Professor Mitsui from Tokyo Denki University since 1993. At first, we were thinking to apply the technology to automotive parts, but we were unable to put it into practical use. Development came to a stop between 2000 and 2007, but we continued to go to Professor Mitsui's laboratory. Since then, the assistant director of Senri Rehabilitation Hospital, Doctor Yoshio (physiotherapist and doctor of medicine), and Professor Yamamoto of the International University of Health and Welfare Graduate School, which is doing research on gait analysis, raised the idea about whether the technology could be used for knee brakes to help with walking, and so from 2012 we set our minds toward developing the RoboChemia® GS Knee®.

We developed the materials, designed the mechanism and built the system for the RoboChemia® GS Knee®. It was a major challenge during the prototype stage to reduce the weight of the device, including the battery, while using stronger parts. It weighed nearly one kilogram at the beginning of development but we managed to reduce it to 690 grams. We also succeeded in making the device more durable so we were finally able to get it mass-produced.

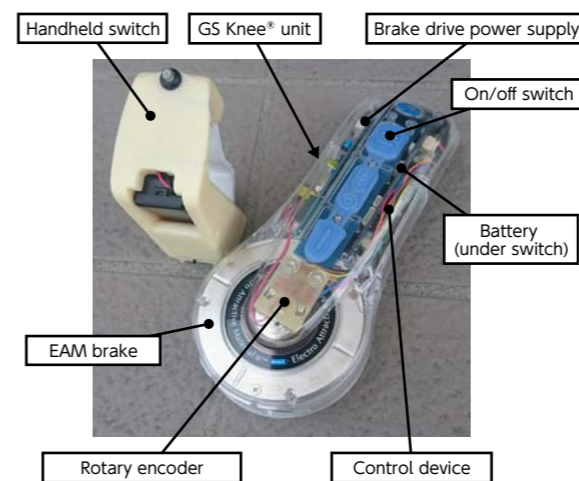
Rehabilitation

From ER gel technology to EAM brake device development

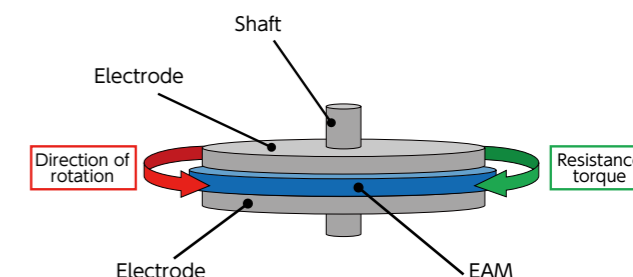
Research on applied technologies that can utilize the properties of ER gel was carried out with Professor Kazuyuki Mitsui of the Department of Advanced Machinery Engineering at Tokyo Denki University as well as with students of the department's Mitsui Laboratory. It is from

this research that the EAM brake device was developed. EAM is a sheet-like functional material that is set after ER particles are dispersed in silicone rubber. When a voltage is applied it produces a force which attracts the particles together, producing resistance between the EAM sheet and the electrodes. The EAM brake, prototyped at Mitsui Laboratory, can generate brake torque with the sheet of EAM sandwiched between the rotating electrodes.

Knee brake components



Basic structure of EAM brake device



Created by the Mitsui Laboratory, Department of Advanced Machinery Engineering, Tokyo Denki University

MESSAGE

Industry-academia collaboration — Where university research meets product development

Department of Advanced Machinery Engineering
School of Engineering,
Tokyo Denki University
Professor Kazuyuki Mitsui



I created the building blocks for automated external defibrillators and power assist aids in the field of medical engineering. It was around the time when I became an associate professor at Tokyo Denki University and had my own laboratory in 1993 that I met a professor who specialized in ER fluids, and I thought that I could apply these to the work I was doing. Thanks to that professor, I was able to connect with Hidenobu Anzai of Fujikura Kasei and we started doing some research together. Since the ER fluid, which is where the RoboChemia® GS Knee® first began, is a liquid, it needs to be sealed which makes the whole thing much larger. After a lot of trial and error with the university students too, we eventually hit upon a sheet-like material. Two to three years after the first prototype was created, the material became more balanced and uniform so we set about trying to make something with it. At first, we thought about using it for a power assist aid for the arm but we couldn't get enough power to hold a weight. However, after repeated improvements were made together with Fujikura Kasei, changing some of the parts and the shape, we were able to produce enough power to support a human body weight. Thanks to the fact that the company directly worked with us at the laboratory to develop a product, it turned out to be a kind of work experience for the students, not to mention it helped them in terms of their education. We are continuing to do research so that electro attractive materials can be applied to various things in the future.

Walking Aid Development for Rehabilitation

How Fujikura Kasei's RoboChemia® GS Knee® was developed

Electronically controlled knee brake "RoboChemia® GS Knee®" completed

The RoboChemia® GS Knee® arrives

According to the Ministry of Health, Labour and Welfare's Summary of Patient Survey (2017), there are about 1,115,000 patients with cerebrovascular diseases (cerebral infarction, brain hemorrhage, and subarachnoid hemorrhage), the leading cause of death among the Japanese population. In many cases, even after the patient has recovered from a cerebrovascular disease, paralysis occurs on one side of the body. The patient's legs and knees do not move well, meaning rehabilitation and walking practice is required. However, since the brace used for conventional walking practice is used with the knee joint in a fixed position, the patient's knee is always extended. Patients who go through rehabilitation in this

way end up learning to walk in an unnatural manner. In response to this, Doctor Yoshio, assistant director of Senri Rehabilitation Hospital, and Professor Yamamoto of the International University of Health and Welfare Graduate School, proposed a device that allows the knee to bend freely when no weight is placed on it.

Fujikura Kasei and the Mitsui Laboratory at Tokyo Denki University partnered together to develop this idea as an EAM brake device. Development of an electronically controlled knee brake that can be attached to a long leg brace proceeded well with the eventual arrival of the RoboChemia® GS Knee®, a walking aid for the rehabilitation of hemiplegic patients.

RoboChemia® GS Knee®



The brake is turned on using the hand-held switch when weight is placed on the knee, otherwise the brake is turned off so the knee can bend.

Making it easier for patients and medical staff

The RoboChemia® GS Knee® is used by attaching the developed EAM brake device to the knee component of a standard long leg brace. By operating the brake device with a hand-held switch, the physiotherapist can control the movement of the knee. When the patient puts weight on to the knee the therapist can apply the brake to support the weight and prevent a fall. When there is no weight on the knee it can be bent freely.

The RoboChemia® GS Knee® helps to reduce the physical burden caused by the patient's unnatural posture and weight transfer to produce a more natural form of walking practice. Not only can it be used as a knee brake by attaching it to a long leg brace for the rehabilitation of hemiplegic patients who have suffered from a cerebrovascular disease, but it can also be used for patients with knee problems caused by accident or illness. Using the RoboChemia® GS Knee® speeds up the rehabilitation process for patients and reduces the burden on hospital staff, helping to keep medical expenses down. We are immensely proud that the RoboChemia® GS Knee® which utilizes Fujikura Kasei technology, contributes to

goal 3 of the SDGs, namely, "good health and well-being," and the product is also directly linked to solving social issues related to goal 8, "decent work and economic growth." Going forward, we will continue to do research and product development that leads to solutions to social issues and business growth.

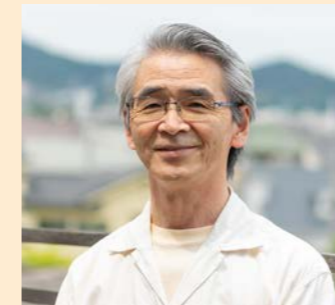


The RoboChemia® GS Knee® being used in rehabilitation

MESSAGE

Thoughts from some of those involved in development

Assistant Director,
Senri Rehabilitation Hospital
Dr. Masaharu Yoshio



Convinced of the potential of long leg braces from the perspectives of anatomy, physiology and orthotics

I have been working as a physiotherapist for 48 years (as of May 2021). Besides clinical practice, I studied anatomy and physiology, was a university researcher, and received a doctorate in medicine. With this knowledge and experience, I have been focusing on orthotics for many years believing that long leg braces were important for walking practice after cerebrovascular disease. However, conventional long leg braces do not allow the knee to bend, and most of them are fixed so the knee doesn't buckle. When walking, we always unconsciously bend our knees to enable our legs to move forward. I therefore wanted to make walking during rehabilitation more like this, more natural. It was at that time that I met Professor Yamamoto and others who were giving a lecture for physiotherapists. I was shown what was to be the prototype of the RoboChemia® GS Knee®, a brace that bends the knee so the patient can walk naturally. I was able to experience firsthand the idea behind the device and how the switch works, which gave me an opportunity to be more involved in its development. We collect data with the prototype at the hospital and continue to evaluate the results. I think we are in the early stages of seeing the RoboChemia® GS Knee® become something bigger.

Director of Therapy,
Senri Rehabilitation Hospital
Dr. Tomoko Masuda



Ascertaining the uses for the RoboChemia® GS Knee®

As a physiotherapist I have been involved in development from the standpoint of actually using the RoboChemia® GS Knee®. The walking practice device, which allows the therapist to apply the brakes at their own timing, was new and innovative for me when I first used it. But in fact, it is quite logical when you think about it. Every patient has a different style of walking and recovery process. It's easier to make tiny adjustments when the brake is applied at the time that is right for that particular person. Of course, working the device also requires a certain amount of skill as a physiotherapist. If you focus too much on operating it you can end up neglecting other aspects of care so this is a little tricky until you get used to it. At the prototype stage, it was important to ascertain for what kind of patient, when, and what symptoms the RoboChemia® GS Knee® could be used for. I don't think there is a one size fits all approach, so not everyone can use it in the same way. That in itself is not a bad thing, it's just a matter of how to use the device, so I think as physiotherapists we need to lead the way by continuing to take data to assess the RoboChemia® GS Knee®.

Department of Assistive Technology Science,
International University of Health and Welfare Graduate School

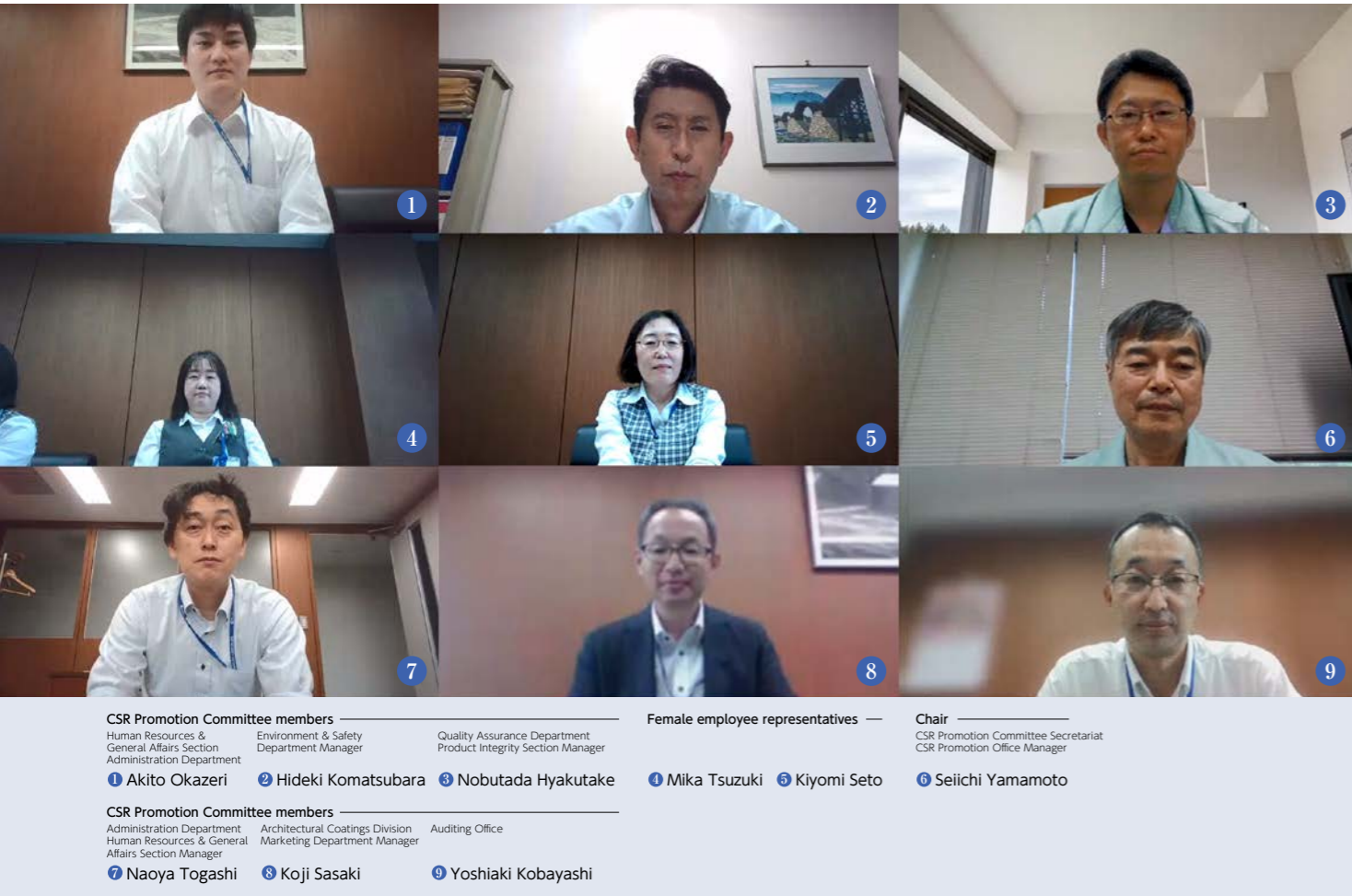
Professor
Sumiko Yamamoto



Manufacturing that reflects the intentions of the physiotherapist

I have been working on gait analysis for a long time. In the work I have done, I have also been involved in the development of ankle foot orthosis (short leg braces from below the knee to the sole of the foot). At a lecture given to physiotherapists, I met Doctor Yoshio and learned that there are issues with rehabilitation using long leg braces and with orthosis itself. After that, I gave advice on gait analysis and published papers as a researcher, and decided to support this development from an academic angle. What we needed was not something that was automatically controlled by a large device to move the legs, but something that could give assistance with minimal effort, something which did not interfere with the natural movement or gait. During site visits in particular, I noticed that the physiotherapist looked closely at how each patient was walking and their physical condition that day. We therefore came up with a device that could directly reflect the intention of the physiotherapist. This was the part I was most focused on. Looking at orthosis in Japan, I think it is more advanced than in other countries overseas. I hope to continue to help expand orthosis not only in Japan but overseas too.

Employee symposium by the same members as last year To More Deeply Address Social Issues



Held via web conference on May 20, 2021

In 2020, the CSR Promotion Committee established the materiality of CSR activities and has pursued activities to achieve the goals of the materiality. To assess the progress and results of those activities and to exchange views on future developments, a symposium was held by the same members who participated in the symposium for CSR Report 2020.

CSR activities and changes that have occurred from 2020

— During the past year, have any changes occurred around you or to yourselves from engaging in CSR activities?

Okazeri: The impact of CSR activities is still small in our workplace as a whole, so in terms of dissemination and penetration, I feel that a large challenge still remains. Many employees have probably simply gained the awareness that “our company also engages in CSR.”

Togashi: I’m of the same opinion as Mr. Okazeri. When I look at our employees from my position in the Administration Department, I see a disparity in awareness between committee members and non-members, so it is difficult to say that CSR is thoroughly disseminated across the company. We

need to more widely spread the awareness of CSR.

Sasaki: When I read the newspaper, the terms CSR and SDGs (sustainable development goals) frequently catch my eye, and I feel this past year has been a year in which I was made aware of various changes in society. As I am in Marketing, I tend to think of these changes as business opportunities. At the same time, however, even among the materials that we have continued to use up to now, there may be some that we may no longer use, in terms of safety and the environment. Some customers are in fact beginning to sort their priorities. In this sense, by understanding CSR, I have begun to look at things from the perspective of business continuity.

Kobayashi: I, too, have begun to see things from the

perspective of CSR and the SDGs. When I went to the library the other day, I discovered for the first time that there is a section on CSR reports, which I never recognized was there before. In the same way, I now realize that things that I had previously thought were unrelated to compliance are indeed related when I see them in reference to CSR and the SDGs.

Komatsubara: To prepare articles for the CSR Report, I conducted interviews with many employees and sensed a positive attitude toward the activities they have engaged in. There were some who even thought it is an honor to be mentioned in the CSR Report. At our plants, various improvement activities have always been pursued with due consideration to safety and the environment. The CSR Report, I believe, is an opportunity and a necessary tool for widely spreading an understanding of such activities both within and outside the company.

Hyakutake: I engage in chemical substance management, an activity that is probably well known throughout the company,

as it has continued since the years of the Safety and Environment Report, before the CSR Report. When focusing specifically on the SDGs, there are indeed companies that implement outstanding advanced activities, but I think Fujikura Kasei should go its own course and pursue its activities from areas related to chemical products, as befitting a chemical company.



Nobutada Hyakutake

Materiality initiatives

— Please describe the progress of the materiality from your perspective as a member of the CSR Promotion Committee.

Okazeri: In the area of “labor,” there has been no particularly noteworthy achievements during this past year, but action plans have been formulated in fiscal 2021 for supporting and fostering the next generations and for promoting the success of women. Within the action plan for promoting the success of women, the issue that “the ratio of female managers is low” is being addressed by setting a target to “assign three or more women to managerial positions,” and the issue that “the rate of male employees taking childcare leave is low” is being addressed by setting a target to “establish numerical targets for the rate of employees taking childcare leave and average length of childcare leave separately for male and female employees.” These issues will be addressed upon defining specific initiatives and implementation periods for each.



Akito Okazeri

Komatsubara: With regard to “safety and the environment,” the goal to “achieve zero industrial accidents” was not fulfilled, as there was one accident not accompanying lost worktime, but the number of industrial accidents was kept low as a whole. Similarly, the goal to “realize a comfortable workplace environment” could be evaluated as basically having been addressed steadily, since our status of compliance with relevant laws and regulations has been verified.

In the environment area, our goals for reducing CO₂ emissions and the discharge of waste have been achieved, but the goal for basic unit of energy consumption was unable to be fulfilled. As a whole, our Eco-Vision targets have mostly been achieved.

Hyakutake: “Chemical substance management” has shown steady progress in the sense that activities were able to be implemented systematically. The recent COVID-19 problem has made it difficult to hold seminars by gathering groups of people, but as we have become used to web conferences, we will get back on track such as by preparing creative presentation materials.

Togashi: For “compliance,” two subcommittees were launched to strengthen the weak areas of our initiatives. Their focuses have been narrowed down to specifically address “information security” and “fair transactions.”

Kobayashi: In the area of “risk management,” “extraction of risks related to management” is identified as a key performance indicator (KPI). Within exchanges with relevant people, everyone has definitely begun to exhibit deeper awareness and understanding of risks than before. I have the impression that a foundation for future developments is gradually being built.

—How do you see the relationship between the SDGs and Fujikura Kasei's business operations?

Tsuzuki: SDG 8 on "decent work and economic growth" is perhaps most related to all of our business operations. It calls for initiatives to achieve decent work for all women and men, including young people and persons with disabilities. While there may be jobs that are better suited to men than women, or better suited to women than men, I think this is premised on having a fundamentally just and fair working environment to begin with.

Okazeri: Along the same line, a training program for female employees is being planned in response to the issue that "the ratio of female managers is low." Through a re-discovery of their own strengths, we hope female employees regard the choice to become a manager in a positive light. Additionally, in response to the issue that "the rate of male employees taking childcare leave is low," we plan to develop an environment conducive to male employees deepening their understanding of childcare leave and actually taking childcare leave themselves.

I think these initiatives are related to SDG 5 on "gender equality" and SDG 8 on "decent work and economic growth."



Koji Sasaki

Sasaki: With respect to the Architectural Coatings Division, I think SDG 11 on "sustainable cities and communities" pertains to our business. Given the decreasing trend in the number of new housing starts in Japan, we are eyeing the renovation market. As there is a growing conscious awareness to live long in one house by taking good care of it and not rebuilding it when it becomes old, we are also responding to re-painting needs.

Komatsubara: Occupational safety mostly involves activities within the company, but our basic activity in the environment area is to make commitments to outside the company. We operate with a sense of crisis that we may be left behind by society if our focuses and targets do not respond to changes in society in a flexible manner.

Hyakutake: SDG 12 on "responsible consumption and production" perfectly coincides with chemical substance management. Chemical substance management fundamentally refers to activities to manage chemical substances in products and to eliminate the mixing of foreign matters, in as appropriate a manner as possible. Based on the premise that all chemical substances are dangerous, we also place importance on conveying to users how to properly handle chemical substances in accordance with their degree of danger, as an activity that would lead to ensuring safety.

Kobayashi: Auditing operations accord with SDG 17 on "partnerships for the goals." Our scope of audit ranges widely from business divisions to Group companies in Japan and overseas. We strive to provide support by establishing relationships of trust through our work.

Togashi: In addition to SDG 17, SDG 16 on "peace, justice and strong institutions" directly relates to the activities of the compliance subcommittee. By addressing the area of fair transactions that had not been sufficiently approached up to now, we aim to build a "good company" that exhibits an enhanced state of management soundness.

—In overseas Group companies, men and women work together in manufacturing sites, and many women occupy the position of director. How do you feel about expanding the roles of female employees?



Kiyomi Seto

Seto: It is said that there are few female managers at Fujikura Kasei, but I think there are two problems to this. One is the problem of whether female employees have the skills and knowledge to become a manager. If they do not, education and training should be provided to enhance their skills and knowledge. The other is that female employees tend to feel doubts and worries when they accept a managerial position. If their doubts and worries could be dispelled, female employees may be more willing to assume such positions.



Mika Tsuzuki

Tsuzuki: Yes, when I talk with female friends who are around the same age as me, we tend to agree that if we were to assume a managerial position, we would probably worry as to whether we are really right for the position. If the number of female managers is to be increased, education and training may be necessary to dispel such worries.

Okazeri: Fostering a strong mentality among our female employees is

an issue that the human resources section must address. Women experience various life events that are unique to women, such as having and raising a child, so not all female employees necessarily wish to

assume a managerial position. We must respond appropriately on a case-by-case basis.

For dissemination of CSR among all employees

—What do you think needs to be done in order to have all employees of the Fujikura Kasei Group regard CSR as their own issue?

Togashi: I think the CSR Report is not something that should simply be distributed. I think CSR briefing meetings and study groups should be held and the CSR Report used as a tool in such meetings. Linking CSR with business operations would probably deepen everyone's



Naoya Togashi

understanding of CSR.

Tsuzuki: As you say, it may be difficult to fully disseminate CSR and the SDGs unless they are integrated with business operations.

Hyakutake: Not many people realize that the SDGs are related not only to business operations but also to their daily lives. For example, sorting household garbage is also related to the SDGs.

Seto: Yes, sorting garbage is indeed related to the SDGs. While some SDGs can be addressed unawares, others cannot be addressed unless there is a specific intention to do so. Thinking about the SDGs in relation to one's own work can be said to be an important "first step" in



Yoshiaki Kobayashi

understanding the SDGs.

Kobayashi: Members of the CSR Promotion Committee necessarily become deeply involved in the SDGs by addressing the materiality. Perhaps it is good to have a specific issue to address.

Okazeri: In order for people to regard CSR as their own issue, I think it is important to provide repeated education. CSR should also be promoted more in the internal newsletter that is familiar to many employees, and members of the CSR Promotion Committee should be replaced more frequently.

By joining the committee and attending conferences, members will come to think more deeply about CSR and the SDGs. I think there are many ways to get employees to think about the SDGs as their own issue.

Komatsubara: As far as the Environment & Safety Department knows, many employees articulated the question, "What does the CSR Promotion Committee do?" As there are few opportunities to publicize the committee's activities, it might be necessary to make them more transparent. There were also voices that CSR briefing meetings should be held. Instead of providing lectures using difficult materials, it would be easier for everyone to understand if CSR is explained in reference to



Hideki Komatsubara

business operations and to the jobs of each employee.

Sasaki: One final point I wish to bring up is that CSR is not a new concept at all. It corresponds to the "sampo-yoshi" philosophy which the Omi merchants abided by since olden days. It taught that business cannot go on even if it is "good for the seller and good for the buyer"; it must also be "good for society." Times may change, but this philosophy continues to be the basics of business.

Fujikura Kasei has continued its business for more than 80 years. It has survived because it abided by the "sampo-yoshi" philosophy. This means that the work of all employees also necessarily corresponds to this philosophy. It is our role as members of the CSR Promotion Committee to have all employees realize that Fujikura Kasei is also engaged in the SDGs without their even having known it.

—Thank you so much.

CSR Management

Fujikura Kasei upholds the management philosophy of "Taking on Challenges and Working Together—Providing the value our customers need." In line with this philosophy, we are making company-wide efforts to fulfill our CSR so that our products, technologies and all of our business activities continue to be trusted by our stakeholders.

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.

Management philosophy

Taking on Challenges and Working Together
Providing the value our customers need

Action guideline

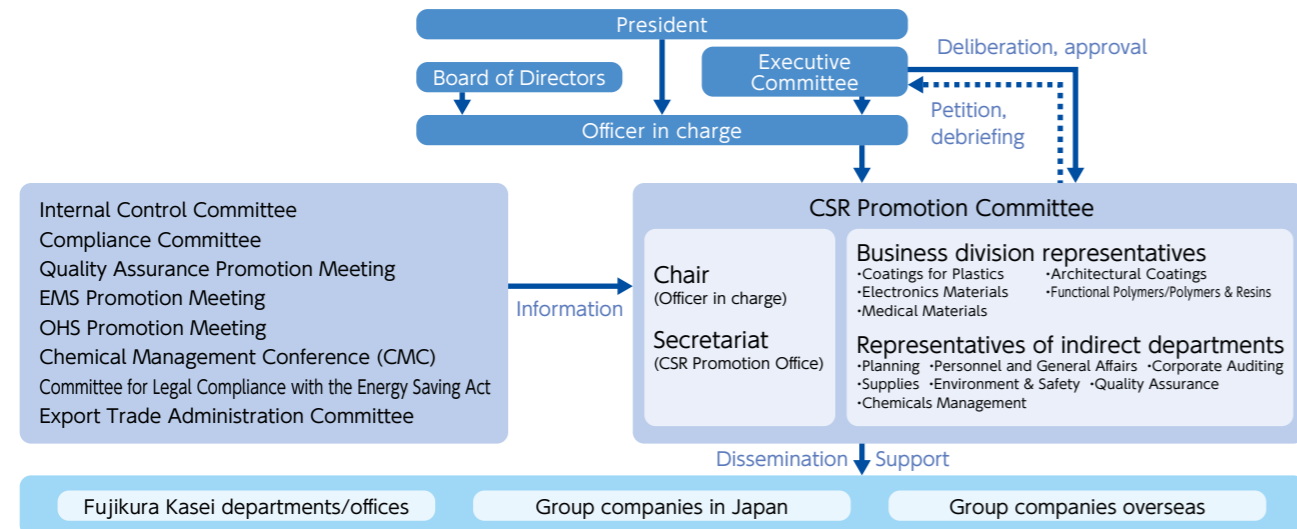
- We share the joy of creation by joining our hands together with all associates.
- We make efforts to be a challenger all the time without fear of failure.
- We aim to be a reliable company by facing customers with sincerity.
- We pursue the realization of comfort through commitment and compassion.
- We are committed to safe and secure manufacturing with compliance to the applicable laws and observance to their spirit.



CSR promotion framework

At Fujikura Kasei, a CSR Promotion Committee acts as a conference body for CSR activities. The committee undertakes all possible activities for promoting CSR across the entire Group, such as the planning and promotion of CSR activities, development of a CSR implementation framework, and provision

of CSR education. Important matters pertaining to CSR promotion across the Group, including the CSR policy, are adopted by the board of directors and executive committee after being discussed by the CSR Promotion Committee.



We aim to solve social issues through our business activities.

CSR Policy

We joined society as a company that designs, manufactures, and sells chemicals in 1938, and with the support of many stakeholders, we have grown to become a global company. Going forward, we will continue to maintain sound relationships with our stakeholders, and in order to realize our management philosophy of "Taking on Challenges and Working Together ~ Providing the value our customers need~" in harmony with society and the earth, we hope to contribute to the sustainable development of society through our business activities. We will carry out CSR activities in order to fulfill our social responsibilities, increase the trust of our stakeholders, and continue to be a company needed by society.

1. We will work to put into practice the "Fujikura Kasei Code of Conduct" in order to fulfill the demands of our stakeholders.
2. We will make full use of our products and our own unique technologies to solve the problems facing society.
3. We will promote CSR activities not only within our company, but also among affiliated companies in Japan and overseas, and the supply chains who cooperate with us.
4. We will widely disclose our CSR activities to everyone in society through our CSR reports and website.
5. In view of the daily changing social conditions, our CSR policy is regularly reviewed for its appropriateness, and necessary revisions are carried out.

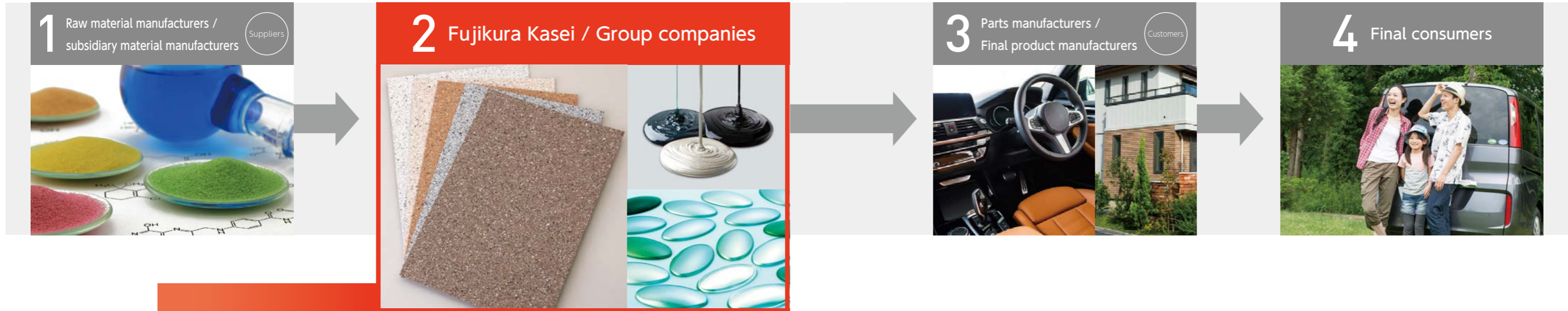
Fujikura Kasei Code of Conduct

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. We value the fundamental human rights and individuality and eliminate any discrimination.
5. We will create a workplace without harassment.
6. We will not engage in acts of war, civil war or 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. We will prevent leakage of information to be managed by strict and appropriate information security management.
15. 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.

Responses to social issues within our businesses

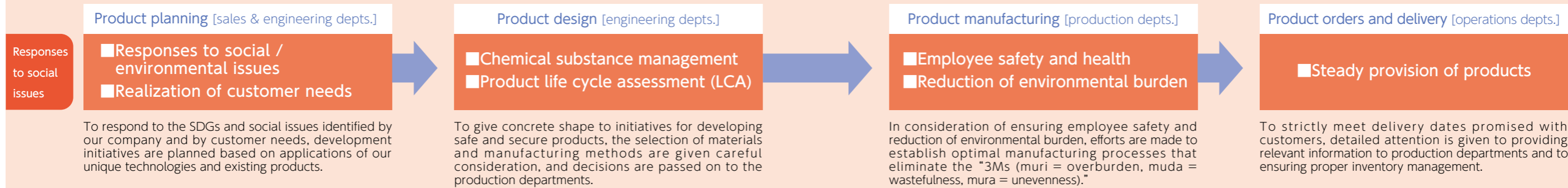
In our CSR policy, we clearly express our hope to “contribute to the sustainable development of society through our business activities.” Based on this commitment, we have taken the occasion of this CSR Report to examine the roles of our business in society and our responses to social issues within our business activities. This has allowed us to clearly identify our CSR concept, that “CSR activities are our business itself.”

The position of our Group in the supply chain



Responses to social issues within our business

Direct operation departments



Indirect operation departments



Materiality

In fiscal 2020, we formulated our materiality as a basis for planning and promoting CSR initiatives, and are working to achieve the goals defined for each materiality issue.

Fujikura Kasei's Materiality

Materiality	Priority theme	Materiality	Priority theme
Employee workstyles and health	<ul style="list-style-type: none"> Creation of a comfortable workplace that gives careful consideration to employee health 	Chemical substance management	<ul style="list-style-type: none"> Maintenance and enhancement of Fujikura Kasei's chemical substance management database
Occupational safety and health	<ul style="list-style-type: none"> Creation of a workplace that guarantees employee occupational safety Ensuring a strong foundation for employee health and safety 	Compliance	<ul style="list-style-type: none"> Thorough compliance with important laws and regulations Strong framework for preventing misconduct
Environmental conservation (reduction of environmental burden)	<ul style="list-style-type: none"> Reduction of global and regional environmental burden by improving in-house manufacturing processes 	Risk management	<ul style="list-style-type: none"> Establishment of a risk management framework Creation of a disaster-resilient company
Environmental & social contribution through business	<ul style="list-style-type: none"> Contribution to solving environmental issues by using in-house products and original technologies 		

Goals of our materiality

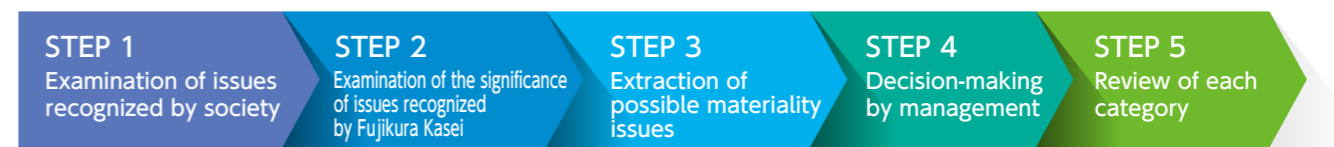
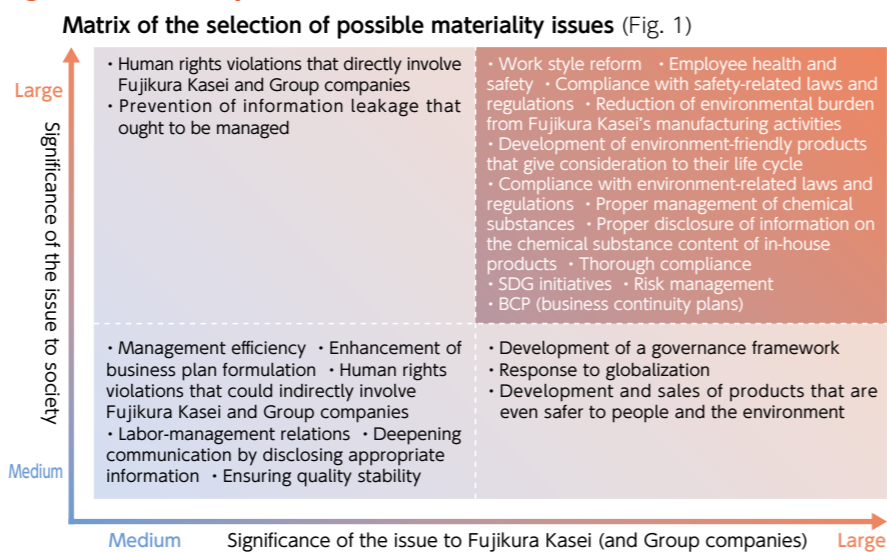
In selecting our materiality, it is important to consider focusing on essential areas that are impacted the most, with an eye to ensuring the proper selection and concentration of management resources for implementing CSR activities and increasing their efficiency. Our CSR activities consist of various items, but we have identified our materiality divided into five categories, based on social trends, degree of impact on stakeholders, our medium-term management plan, and other such factors. The five categories have thereafter been reviewed to establish even more specific activity goals, such that we are now approaching our materiality with regard to the seven items shown above.

Process and background of selecting our materiality

Materiality reflects a company's characteristics (expectations from stakeholders, the company's growth strategies, characteristics of the industry to which the company belongs, the circumstances of the company, etc.), and is selected in consideration of the following points.

- The final decision regarding materiality should be made by the corporate manager or the management
- Materiality should represent issues in which their significance to society matches their significance to the company.

Members of our CSR Promotion Committee are selected from all business divisions (including the medical materials area) and principal indirect departments. Possible materiality issues were selected by the CSR Promotion Committee according to the procedure shown below.



STEP 1 Examination of issues recognized by society

Heeding the advice of outside professionals, we used items commonly listed in the list of industry-specific issues identified by SASB*1 (chemicals industry) and various other resources*2 to assess the priority of issues recognized by society.

STEP 2 Examination of the significance of issues recognized by Fujikura Kasei

Members of the CSR Promotion Committee extracted issues their respective division faces, and the extracted issues were then converted into the language used to describe the issues recognized by society in STEP 1, to assess their priority.

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.

STEP 5 Review of each category

Upon another deliberation by the CSR Promotion Committee, the five materiality issues were expanded to seven categories, to establish even more specific activity goals. More specifically, the Labor issue was divided into the two subcategories that were identified in fiscal 2020, namely "employee work styles and health" and "occupational safety and health," and the Environment issue was similarly divided into the two subcategories of "reduction of environmental burden" and "environmental and social contribution through business." Through this expansion of materiality issues, we aim to clarify the internal departments in charge of each issue and to more clearly identify activities that accord with our business activities.

*1 Sustainability Accounting Standards Board
*2 UN Global Compact, ISO26000, OECD Guidelines for Multinational Companies, SDGs, etc.

Conforming to the SDGs

We believe that CSR (corporate social responsibility) refers to a company's capacity to respond to social demand and to engage in activities that relate to both "corporate social responsibility" in the literal sense of the word and "creating shared value (CSV)" with society.

As a means for "creating shared value," we are endeavoring to solve social issues (problems in society) by using our original technologies and products. In this respect, we regard our identification of today's social issues as equaling the SDGs.

The SDGs comprise 17 goals and 169 targets. Since each target is a significantly large issue, we will address the specifically targets that pertain to us, to the greatest extent possible.

17 goals to change the world



Relationship between our materiality and ESG & the SDGs

We believe our activities have no meaning unless the materiality we have established can be shared with society. Therefore, to take inventory of the materiality issues we have identified, we have examined their correlation with representative ESG and SDG issues.

ESG	Materiality of the Fujikura Kasei Group	Social issue	Related SDGs	Our Group's initiatives
E	Environmental conservation (reduction of environmental burden)	Global warming	13 Climate Action	Company-wide reduction of CO ₂ emissions
		Energy	7 Affordable and Clean Energy, 12 Responsible Consumption and Production	Company-wide reduction of energy usage
		Waste	6 Clean Water and Sanitation, 12 Responsible Consumption and Production	Reduction of the discharge of sedimentary sludge
		Environmental conservation	6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, 13 Climate Action	Compliance with environmental laws and regulations
	Chemical substance management	Safe products	3 Good Health, 12 Responsible Consumption and Production	Safe product design and appropriate information disclosure to the next process (incl. customers)
E	Environmental & social contribution through business	Corporate social contribution	3 Good Health, 8 Decent Work and Economic Growth, 11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, 14 Climate Action	Creation of products that contribute to the environment and society
S	Employee workstyles and health	Protection of workers	3 Good Health, 4 Quality Education, 5 Gender Equality, 8 Decent Work and Economic Growth, 10 Reduced Inequalities	Support for work-life needs Promotion of diversity Management of employee health
			3 Good Health, 4 Quality Education, 6 Clean Water and Sanitation, 12 Responsible Consumption and Production	Achievement of zero workplace accidents Realization of a comfortable workplace environment
S	Occupational safety and health	Fair transactions, ethics	5 Gender Equality, 10 Reduced Inequalities, 16 Peace, Justice and Strong Institutions	Strengthening awareness of compliance and the foundation of compliance
			17 Partnerships for the Goals	Identification, evaluation and implementation of measures against management risks
G	Risk management	Supply responsibility	11 Sustainable Cities and Communities, 17 Partnerships for the Goals	Creation of a disaster-resilient company

State of progress of each materiality issue

Materiality	Goal (KGI)	Means for achieving the goal (KPI)	Progress evaluation index	FY2020 status of KPI achievement	Self-evaluation	FY2021 targets	Related Fujikura Kasei code of conduct
Employee work styles and health	Creation of a comfortable workplace that gives consideration to employee health	Provision of support in response to work/life needs	Number of interviews and workshops held	Interviews held based on a self-assessment system (22 interviews in response to 22 requests) <small>* See p. 27 for information on the self-assessment system.</small>	○	Continued implementation of interviews	4. Value fundamental human rights, eliminate discrimination
		Promotion of diversity	Number of interviews and workshops held	100% implementation of interviews when employees take childcare leave or when they return to work	○	Continued implementation of interviews Promotion of career design training and women's active participation	5. Create a workplace without harassment
		Management of employee health	Rates of medical examinations and stress checkups	Rate of medical examination: 100% (excl. employees on leave) Rate of stress checkups: 95.2%	○	Continuation of medical examinations and stress checkups	
Occupational safety and health	Achievement of zero industrial accidents	Appropriate activities by the Safety and Health Committee	Number of KY sheet targets achieved	479 risks extracted Target: 476	○	Extraction of 479 risks	8. Establish an occupational safety and health management system, work with priority on safety and health
		Appropriate activities by the OHS Promotion Meeting	Number of accidents accompanying lost worktime Number of accidents not accompanying lost worktime	0 1	○ △	Achievement of zero industrial accidents Achievement of zero industrial accidents	
	Realization of a comfortable workplace environment	Compliance with the Industrial Safety and Health Act Appropriate activities by the Safety and Health Committee	Verification of the status of compliance with relevant laws and regulations Verification of the status of compliance with priority activities	Verified that all departments are in compliance with relevant laws and regulations Implementation of all 39 priority activity items through the year	○ ○	Compliance with regulations based on laws and regulations Completion of the activity plan by the Safety and Health Committee	
Environmental conservation (reduction of environmental burden)	Reduce CO ₂ emissions by 7% by FY2030 compared to FY2013	Reduce energy usage by promoting energy saving activities	CO ₂ emissions (unit: t)	Preliminary figure: 4,908t Target figure: 6,314t	○	CO ₂ emissions below 6,288t	9. Establish an environmental management system, reduce environmental impact from business processes
		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)	Basic unit: 15.22kl/100 million yen Target figure: 14.94kl/100 million yen	△	
	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)	Discharge of waste by the company as a whole: 969t Target: 1,183t	○	Discharge of less than 1,165t of waste	
	Comply with environmental laws and regulations	Operate an environmental management system	Proof of verified compliance with relevant laws and regulations	Verified that 32 departments are in compliance with relevant laws and regulations	○	Compliance with regulations based on laws and regulations	
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	Implementation of initiatives for environment friendly development from the development planning stage	○	Continuation	2. Provide excellent products and services
		Dissemination of environment friendly products throughout the value chain	Sales ratio of environment friendly products	Target achieved in total by the four prescribed business divisions	○	Continuation and development of new products	9. Contribute to the environment by creating environmentally friendly products 16. Contribute to the local community
Chemical substance management	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	99.7%	○	Tackle information that is difficult to upgrade	11. Establish a chemical management system, minimize health problems associated with chemicals
			Number of entries of raw material information that is upgraded	1,673	○	Continuation	
Compliance	Thorough compliance with essential laws and regulations	Strengthening awareness of compliance	Number of study meetings implemented	3 study meetings (follow-up training, subcommittee meeting x 2)	○	Continuation	3. Comply with laws and regulations, respect the cultures and customs of the countries and areas in which we operate
		Steady response to whistleblowing cases	Degree of enhancement of the system	No whistleblowing cases	△	Ongoing efforts to disseminate the system	6. Do not engage in acts of war, civil war or antisocial forces
	Strong framework for preventing misconduct	Rebuilding the foundation of compliance	Number of themes taken up by the Compliance Committee	Launch of a subcommittee on fair transactions and information security	○	Address as a priority theme	7. Build a proper and transparent partnership with stakeholders 13. Disclose information concerning the Fujikura Kasei Group in a timely and appropriate manner
Risk management	Establishment of a risk management framework	Extraction of risks related to management	Review of extracted criteria	Drafted a risk management list	△	Verification and dissemination accompanying a review of the corporate governance code	14. Prevent leakage of information to be managed 15. Properly manage and operate the property of the company (including intellectual property), do not infringe on the property of other companies
		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	Conducted a review and implemented emergency drills upon upgrading hazard maps, prepared emergency stockpiles Begun after creating disaster prevention manuals in each region	△ ×	Ongoing reviews as necessary Monitoring the progress of creation of disaster prevention manuals in each region

Toward the dissemination of CSR among all employees

Questionnaire survey on the CSR Report and CSR activities

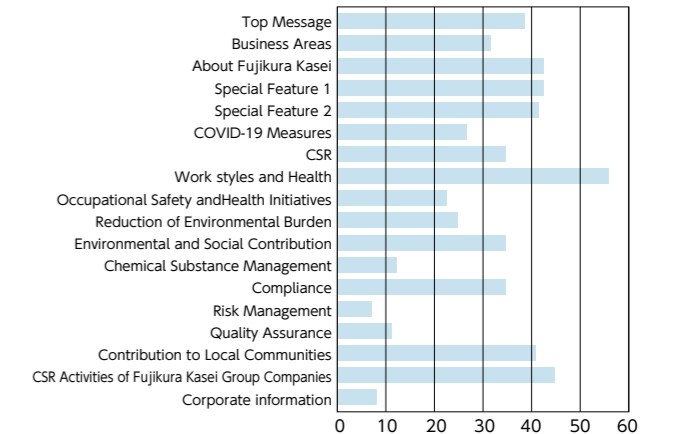
We issued our first report on CSR activities at the end of September 2020 in the form of a CSR Report. As the new report was a large makeover from the Safety & Environment Report that had been published until 2019, we

sought to survey how our employees regarded this change, and thus conducted a questionnaire that also focused on surveying employee awareness of CSR activities. The survey was conducted from late October to mid-November 2020.

Result of the survey on the CSR Report

Approximately 75% of all respondents received the impression that the CSR Report has changed significantly from the Safety & Environment Report, and there were comments that the new report is easy to read and understand. The results of the survey thus showed that our first CSR Report was well received. With regard to individual sections, the section on "work styles and health," which relates directly to all employees, and sections describing general aspects of the company, gained strong interest as shown in Graph 1. In contrast, interest was low for sections relating to specific departments.

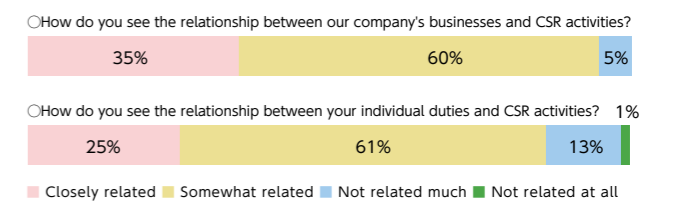
[Graph 1] Which sections in the CSR Report interested you?



Result of the survey on employee awareness of CSR activities

Responses to questions concerning "the relationship between our company's businesses and CSR activities" and "the relationship between your individual duties and CSR activities" were compared as shown in Graph 2. The result shows that employees tend not to see the relevance of CSR activities to their own duties.

[Graph 2] Relationship between CSR activities and our businesses and your duties



Assessing the questionnaire results

Through the questionnaire, we found that many employees are vague as to why CSR activities are important and how CSR relates to them. Therefore, we will make an effort so that future CSR awareness activities will deepen their understanding of these points.

Toward the dissemination of CSR among all employees

Awareness raising activities for all employees

We ran an article titled "Publication of the CSR Report and results of the questionnaire survey on CSR" in our internal newsletter. To make sure our CSR Report does not become a one-way flow of information from the CSR department, we will continue to engage our employees in communication in the form of dialogues, as we aim to enhance an awareness of CSR activities across the company.



Internal newsletter

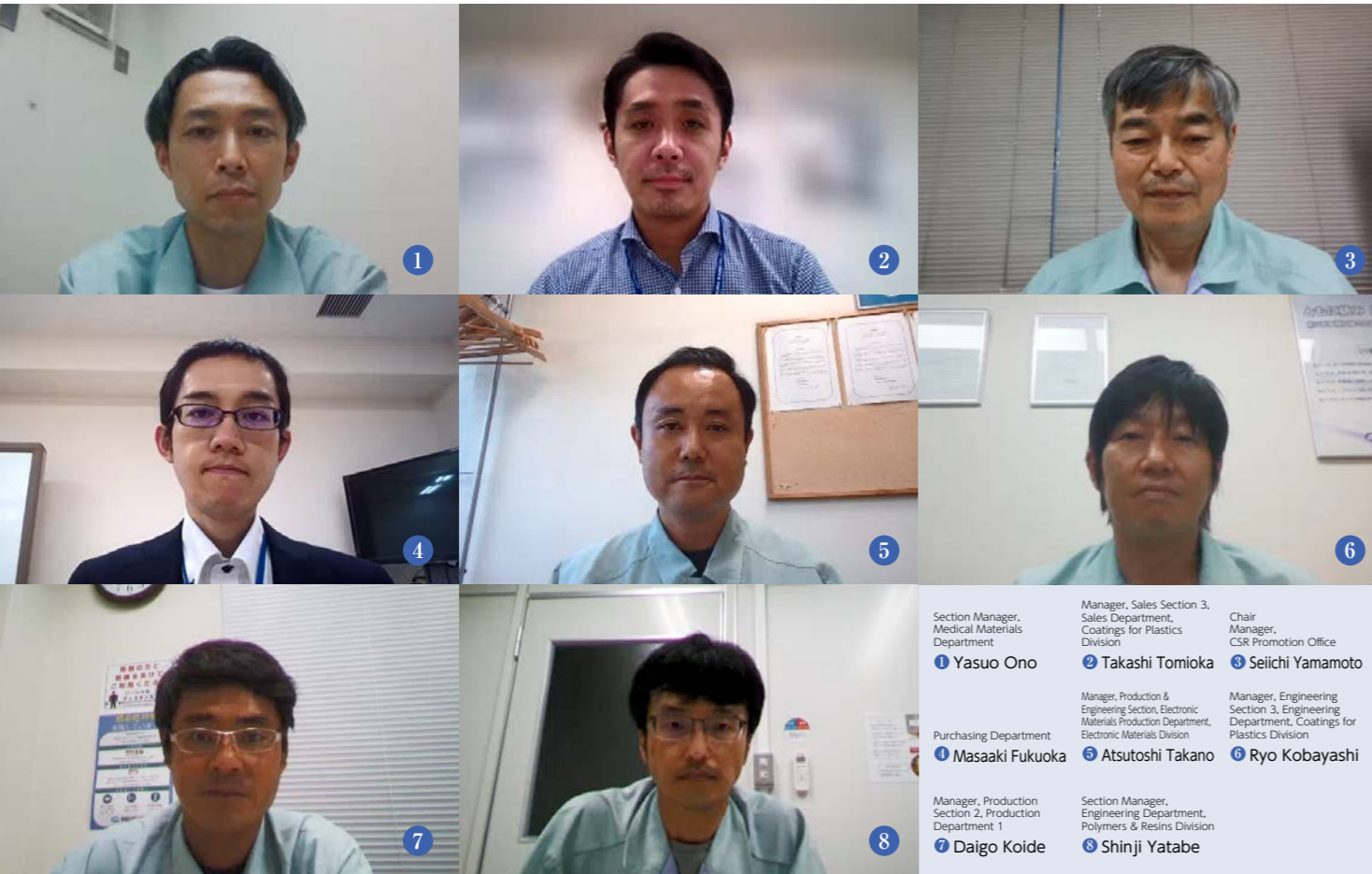
Briefing of the CSR Report to Group companies

After sending the CSR Report to all Group companies, briefing sessions were held with companies that requested such a meeting. They included two companies in Japan (Fuji Chemical, Tohoku Jushi) and seven companies overseas (Thailand, Indonesia, Vietnam, Malaysia, India, Shanghai, Foshan). In addition to providing explanations of the CSR Report, the content of customer questionnaires on CSR was also discussed from the perspectives of promoting Group-wide understanding of CSR activities in response to social needs, offering hints for future activities by each Group company, and seeking contributions to future CSR Reports.

SDG information seminar for engineering department managers

Our company has a policy to "engage in CSR activities through business." From the standpoint that the SDGs are an integral part of this approach, we held SDG information seminars intended for engineering department managers in each business division. We believe that efforts to develop technologies and products by examining how they may contribute to solving social issues lead to creating shared value with society.

Linking CSR to Work and to the Future



Held via web conference on May 18, 2021

Middle-level employees on the frontlines of Fujikura Kasei's departments were assembled to talk on the theme of "CSR through business." Introduced below are the thoughts with which Fujikura Kasei employees daily address and practice CSR within their duties.

Fujikura Kasei employees and CSR

— What is your impression of the "Fujikura Kasei CSR Report 2020," and what changes have you experienced, if any, after reading the report?

Takano: After reading the report, I was able to quite plainly recognize anew that my work is linked to CSR. It was easy to understand the status and vision of CSR at Fujikura Kasei.

Koide: Indeed, the company's CSR vision is clear. However, even if the report is distributed to all employees, I wonder if everyone will actually read it. Some form of gimmick might be needed to have everyone read the report.

Kobayashi: I agree. By reading the report from cover to cover, I was able to see that it contains a lot in detail, but it takes time to read the entire report. People who have only a certain

measure of interest in CSR may stop reading it part way through.



Ryo Kobayashi

Yatabe: In that sense, information on our materiality was easy to understand. When we design products, we do so in consideration of compliance and risk management, so I was able to reconfirm the significance of these two issues.



Shinji Yatabe

Tomioka: In Marketing, we receive requests for information about Fujikura Kasei's environmental initiatives from our customers, so we read the CSR Report as soon as it is issued. We even borrow information from the pamphlet and include them in our presentation slides when we give a presentation. I think we will be handing the report to our customers on an increasing number of occasions hereafter.

Fukuoka: I was on the side of creating the report, but I realized as we progressed that I was only lightly aware of materiality issues that I was not in charge of. I found that there were issues and CSR activities that are respectively important to production, engineering, and marketing, even if they do not pertain to me directly. However, I think we should begin by deepening our understanding of issues that we personally engage in.

Ono: Somewhere in their mind, employees think that CSR is unrelated to their own work, so the question is how to approach those who work earnestly nevertheless. The management referred to CSR in the presentation on 2021 management policies. If it proceeds in the direction of its commitment, CSR will be synonymous with our corporate activities, and the CSR activities described in the report will necessarily be linked with everyone's own work.

— Do you work with an awareness of CSR and the SDGs?

Koide: The Production Department actively engages in activities to reduce environmental impact and properly manage chemical substances. There are few situations where conscious attention is given to CSR, but we are confident that improvement activities related to our ordinary work are precisely a demonstration of CSR.

Tomioka: In Marketing, there is frequent mention about reducing CO₂ emissions and other environment-related topics within our exchanges with customers. I sense that our customers are watching us closely to see how our company as a whole engages in CSR.

Ono: The Medical Materials Department also receives questionnaires from business partners regarding CSR activities along the supply chain, so our entire department, including the manufacturing and development sections, makes it a point to respond to them appropriately. Given such a change in society as a whole, we tell our members to first read our own company's CSR Report.

Kobayashi: In the Coatings for Plastics Division, there has been a strengthening awareness of CSR and the SDGs since a few years back. As Mr. Tomioka noted, requests and inquiries from business partners concerning CSR and the SDGs have also been increasing, and the trend is becoming stronger.

Fukuoka: Raw materials manufacturers and trading firms who are our business partners increasingly introduce to our Purchasing Department raw materials that conform particularly to SDG goals related to the environment. I think it is too early yet to say whether the SDGs could be new business seeds for Fujikura Kasei, but there is certainly a strong need.



Masaaki Fukuoka

— Please share your views about Fujikura Kasei's materiality on "work styles and health."

Kobayashi: Many employees are working remotely due to COVID-19, but from my standpoint as an engineer, there is a limit to how much we can do at home. However, the situation provided a good opportunity for me to reconsider the way I work. I realized that I can work a few days a week at home if I divide my schedule into experiment days and data sorting days.

Fukuoka: At the head office, there were views that remote working is difficult if internal systems are involved. In fact, there was a disparity in the rate of employees working at home between the marketing departments and indirect departments. As Mr. Kobayashi noted, many employees in engineering cannot work at home because they need to perform experiments. Even if the company approves of remote working, they cannot actually do so.

To maintain employee motivations to work, I think it is also necessary to create a workplace where discontent and complaints do not arise among employees. Personally, I wish we had a leave system that goes one step further in providing for childcare and nursing care.

Ono: I think we need to avoid a situation where the company relies on the capacity of individual employees, such that work tends to concentrate on these employees but evaluations are made uniformly across the board. In order for employees to maintain high motivation, there should be systems and frameworks in place that allow close management and evaluation of employees in accordance with their work styles.

Koide: Male employees have also recently begun to take childcare leave, but in production sites, the atmosphere is not conducive to employees actually coming out and saying they wish to take a leave, because everyone is busy due to a shortage of workers. I wish we could take holidays and leaves a bit more easily.

Yatabe: From what I hear from our customers, I am of the impression that having staggered working hours is significantly efficient. Rather than everyone arriving at work at the same time, employees can choose to arrive at work when it is most convenient for them to work. Our company has introduced the flex-time system, but there are employees in certain jobs who cannot take advantage of the system. It needs to be improved to match actual onsite situations.

Takano: In my department, the rate of employees taking paid holidays is high, so everyone seems to be concentrating on their work in a comfortable work environment. At the same time, however, I worry about the impacts of the solvent we handle on everyone's health. We are thus strengthening measures to protect the health and safety of our workers, and are making ongoing efforts to reduce risks.



Atsutoshi Takano

What Fujikura Kasei can do for society

— Please tell us about any new activities related to CSR and the SDGs.

Tomioka: A working group has been launched in the Coatings for Plastics Division. As I mentioned earlier, our customers face the issue of reducing the environmental impact of their products, and the situation thus requires us to clearly indicate how much CO₂ emissions our company is reducing. As this is a large theme, executive officers and managerial officers in Marketing and Engineering have formed a working group and are both conducting and receiving interviews with relevant parties.



Takashi Tomioka

Ono: The Medical Purchasing Department is looking to cultivate new markets, and is exploring the possibilities of supplying products to medical facilities in poor regions, an area which has not received much attention up to now. This is based on the thinking that our supplies could promote fair

purchasing, and that we could cultivate a new market, in such regions. Environmental factors, such as social mechanisms and infrastructure, make it extremely difficult to establish a product supply framework in such regions, but we are beginning our challenge by doing what we are able to do.

Yatabe: In the past, toner materials used to be made using large amounts of materials containing metals, but owing to the polymer resin technology of the Polymers & Resins Division, we now provide and have made it possible for our customers to use polymer-based environment friendly toner materials. Furthermore, by applying the synthetic technology, we have expanded our lineup of environmental products, from solvent-based to water-based products, and launched them on the market.

Kobayashi: Speaking from the engineering perspective, defining target customers is an important factor when developing products that conform to the SDGs and CSR. In the case of existing customers, we could add new value to our products to convey a message. For example, we could say that newly improved coatings with greater weather resistance would extend the waste cycle of products. As there are many more products and technologies in our company that conform to the 17 goals and 169 targets of the SDGs, we could expand our channels of product development and perhaps approach new customers.

Takano: Production sites have conventionally engaged in activities to reduce waste as a natural order of things. They have never used the word "CSR," but going forward, approaches might be needed to promote deeper

understanding of the meaning of CSR by using the occasion of morning meetings and "zero disaster days."

— What kind of company do you wish Fujikura Kasei to be in 2050? What can you do to make that happen?

Tomioka: I wish for our company to be a company that can make a clear contribution to society as a chemical manufacturer. Our products are frequently used where they cannot be seen, but it would be nice if we could come out with something with which we can clearly show our contribution to society.

Kobayashi: I am of the same opinion as Mr. Tomioka, and wish for us to be a company whose social contributions are known inside and outside the company, and a company for which we can be proud to work for. I have always felt happy to see the products that I have helped create being sold, so I wish to see an increase in the numbers of people who enjoy manufacturing in the same way.

Yatabe: As one who engages in polymer and resin technologies, I wish our line of environment friendly products could be expanded. I wish to communicate to society our innovative technologies, such as our capacity to develop biomass-derived high-performance products.

Koide: When I transferred from the Engineering Department to the Production Department, I reaffirmed the importance that safety operations take priority above all else in plants. Hazards exist at our plants because we handle hazardous materials. Thus, we will create schemes to reduce the risks of such hazards and be mindful of continuing safe operations.



Daigo Koide

Takano: As Mr. Koide noted, no matter how careful we are in the manufacturing site, the possibility of injury increases when exhaustion accumulates. I wish to eliminate such risks, and wish to pursue safe and secure operations so that everyone can keep healthy and live a long life.

Fukuoka: The Purchasing Department must closely communicate with business partners and internal departments, so I hope to continue to engage in work where I can act as a go-between in building win-win relationships. As I am the youngest member here, I will probably still be

working for this company in 2050. I think Fujikura Kasei retains the good aspects of Japanese-style management but can also respond flexibly to changes. I think we are a strong company capable of overcoming any social change, even changes brought about by COVID-19.

Ono: Personally, my overriding mission is to eventually hand over my duties to the next generation and leaving behind a business environment where people whom I have worked with can continue working until mandatory retirement age. I think this is synonymous with being a company needed by society. The Medical Materials Department manufactures products based on firm technical grounds. Therefore, as I mentioned earlier, if we offer our products to new markets, disparities in healthcare could be reduced, and our company could expand its businesses. I wish to take on the challenge of such new businesses.



Yasuo Ono

— Thank you so much.



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.

Notes before you read this page:

- This page provides a report on activities that aim to “create a comfortable workplace.”
- The fiscal 2020 report spotlighted our labor management systems in relation to three issues (KPIs).
- This year, focus is placed on the status of utilization and operation of our labor management systems.

Provision of support in response to work/life needs

We believe employees play the main role in business activities, and that strengthening their motivation leads to an invigoration of business. Thus, we have introduced a system that supports diverse and flexible work styles in response to the work/life needs of our employees. By increasing employee independence, responsibility and motivations, we aim to realize a workplace where everyone can comfortably work to their fullest.

Paid leave reserve system

The paid leave reserve system allows employees to keep up to 100 days of annual paid holidays that normally lapse in three years as reserve holidays, and use them to recuperate, provide nursing care, care for a sick/injured child, or for other such purposes. As reserve holidays are treated in the same manner as annual paid holidays, employees receive their regular salary in full during reserve holidays. In fiscal 2020, the requirements for taking reserve holidays have been eased and revised in part, through discussion between labor and management.

(1)The requirement has been eased for employees taking a reserve holiday due to a continuous personal illness/injury.

Before	When a continuous personal illness/injury requires a leave of more than 7 days (calendar days) from work	▶	Revised	When a continuous personal illness/injury requires a recuperation of more than 5 days (calendar days)
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(2)The requirement has been eased for employees taking a reserve holiday to care for a child.

Before	With respect to children not yet in primary school	▶	Revised	With respect to children up to the third grade in primary school
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Interviews based on a self-assessment system

The self-assessment system is intended for regular employees up to the age of 34. Every three years, they complete a self-assessment form regarding their current work and work style and submit the form to the human affairs department. The human affairs manager then holds a private interview with each employee to share an understanding of the HRD policies of the company and workplace and to verify the desired work style of the employee. These interviews about work, workplace, and work styles that accord with each stage in their life also presents employees an ideal opportunity to think about their future.

Status of the system in fiscal 2020

In usual years, interviews have been held directly with all regular employees who qualify for the self-assessment system, but in fiscal 2020, interviews were held online only with employees who requested an interview, as a measure against COVID-19.

Promotion of diversity

A large diversity of people work in our company, ranging widely in age, gender, and other specific factors. We respect the basic human rights and individuality of all our employees, and endeavor to eliminate all forms of discrimination to create a workplace environment where they can all work comfortably.

Childcare leave by male employees

Up to fiscal 2019, there were no male employees who chose to take childcare leave, but the childcare leave program was used by male employees for the first time in fiscal 2020. A total of three men, two in general office work positions and one in a managerial position, took advantage of the program. In fiscal 2020, the rate of male employees taking childcare leave was 16.6%*1 in our company, surpassing the general rate of 7.48%*2 announced by the Ministry of Health, Labour and Welfare.

Pursuant to our action plan that defines our support for development of the next generation up to 2026, we will strive to develop new work style schemes with the aim of increasing the rate of male employees taking childcare leave to more than 7% between 2021 and 2026. In case of female employees, taking childcare leave was 100% continuing from the last fiscal year.



Our internal newsletter featured an interview with male employees who took childcare leave.

*1 Calculated based on the number of employees who qualified for the program between April 2020 and March 2021.

*2 Cited from “2019 Basic Survey of Gender Equality in Employment Management.”

Number of female employees

Female employees comprise roughly 30% of all new employees, maintaining the same ratio as previous years up to fiscal 2019.

Number of female employees among all new employees (figures in parentheses are the total numbers of new employees)

	FY2017	FY2018	FY2019	FY2020
New employees	5 (15)	4 (15)	4 (13)	4 (12)
Mid-career hires	3 (5)	2 (9)	3 (13)	2 (7)

Interviews when taking childcare leave and when returning to work

Both when employees take childcare leave and when they return to work from childcare leave, an interview is held among the employee, the employee’s workplace manager, and a member representing the human affairs department. The interview when taking childcare leave is to broadly explain the program and the procedures that need to be taken such as for receiving childcare leave benefits, and to verify the job handoff process. The interview after the employee returns to work is to verify the employee’s treatment (salary increases, paid holidays, etc.), the nursery school situation, the reducing of working hours going forward, and job responsibilities. At the same time, both when employees take childcare leave and when they return to work, their workplace manager receives training on harassment prevention.

By conducting interviews with the attendance of each employee’s workplace manager, job responsibilities can be verified anew, and information on employee childcare concerns can be shared. Particularly when employees return to work from childcare leave, the interview that is held in preparation for their return helps alleviate their worries and emotional burden stemming from having been absent from their workplace for a long period of time.

TOPICS

Our action plans for supporting and fostering the next generations and for promoting the success of women can be found on our website. They define our initiatives for creating an employment environment where women can continue to work actively for a long time and where all employees can achieve a good balance between work and childcare.

URL : <https://www.fkkasei.co.jp/english/csr/policy.html>

Fujikura Kasei website >
Corporate Social Responsibility >
Initiatives > Action Plan



Management of employee health

We take care to manage our employees’ health and stress levels pursuant to the Industrial Safety and Health Act. Every year, we require all employees to receive a regular medical examination and stress checkup, and provide consultations with an occupational physician or psychiatrist or other such measures depending on the diagnosis.

Process of the stress checkup system

A stress checkup is provided to all employees every year. After everyone receives a stress checkup, a collective analysis meeting is held with the participation of the president and board members to confirm the stress situation in the workplace. The stress checkup was implemented at a rate of 95.2% in fiscal 2020, surpassing the 90% level as in previous years. Overall health risk, which is an indicator of employee health and their state of stress, remained lower than the nationwide average, as last year.



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.

Notes before you read this page:

- This page provides a report on activities that aim to "create a safe and secure workplace."
- The fiscal 2020 report spotlighted our approach to safety, our safety promotion system, and our improvement efforts.
- This year, focus is placed on our improvement efforts based on constructive proposals from employees and activities within the promotion system.

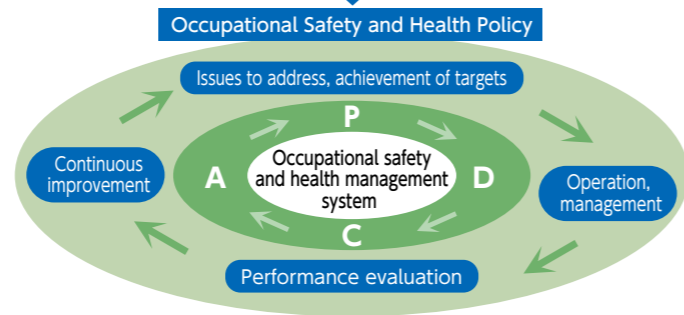
《 Occupational Safety and Health Policy 》

1. As a company that handles chemical substances and chemical reactions, we will introduce an occupational safety and health management system and make continuous improvements to ensure the system is effective.
2. We will aim to create a safe, healthy and comfortable workplace by setting occupational safety and health targets, evaluating our degree of achievement of these targets and disseminating occupational safety and health activities across the company.
3. We will comply with laws and regulations on safety and health that apply to our business activities, as well as with requirements that we have agreed to and voluntary standards we have adopted independently.
4. We will provide safe and healthy working conditions to protect our personnel from injury and illness.
5. We will promote communication (discussion, participation) with all employees and implement occupational safety and health activities with full employee participation.
6. We will provide our personnel the education, drill and safety guidance that is needed to raise their awareness of the importance and their responsibility to maintain safety and health.
7. We will disseminate our Occupational Safety and Health Policy to all personnel in writing.
8. We will disclose our Occupational Safety and Health Policy to the public.

Occupational safety and health management system

In December 2019, we switched to an occupational safety and health management system in accordance with ISO45001:2018. We moved from the conventional BS-OHSAS 18001:2007 certification, obtaining the new certification from an external authority in November 2020. We will continue our activities to realize a comfortable working environment with no occupational accidents.

Occupational safety and health promotion system
Management philosophy: Taking on challenges and working together



OHS Promotion Meeting activity report

While continuously working to improve the occupational safety and health management system, the OHS Promotion Meeting* conducts a wide range of activities such as the rollout and response to information on revisions to laws and regulations related to occupational safety and health. The OHS Promotion Meeting also checks the progress of improvements recommended by the authorities, and checks the progress of instructions given by the president through management reviews.

In addition, various external information related to occupational safety and health is also checked by the Safety and Health Committee with activities carried out in line with the whole company. Moreover, in the event of an occupational accident, we promptly disseminate information to each business site. We share the cause of the accident and preventive measures, relaying the information across the company to ensure similar accidents do not happen again.

*A council to determine important matters related to the occupational safety and health management system.

Safety and Health Committee activity report

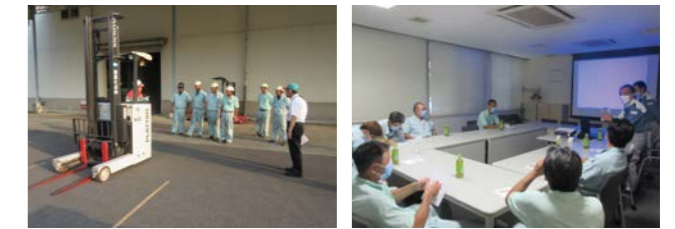
Regional safety and health committees have been set up at each site with the Central Safety and Health Committee at the core to promote various activities to prevent any dangers or health problems affecting employees at work. Activities were carried out in fiscal 2020 with the goal of establishing a disaster-free company in line with the committee's action plan to enhance safety measures from all angles with emphasis on the site. Although it was difficult for the committee to come together owing to the pandemic, it was able to go ahead with

planned proceedings with a certain amount of dexterity. In addition to sustainable safety patrols and predicting potential dangers, specific objectives included deciding on priority activities in the annual plan and proceeding with ticking off a wide range of check points. The committee also reports on topics related to occupational safety and health both inside and outside of Fujikura Kasei, sharing information throughout the company.

Safety training

Forklift safety training

Every year, safety training is held at each business site to prevent forklift accidents from happening on the premises. In fiscal 2020, we held safe handling meetings, using videos too, for employees as well as for contractors who drive forklifts on-site, giving training on forklift accidents and unsafe behavior so that we can continue to uphold our record of no occupational accidents.



Forklift safety training

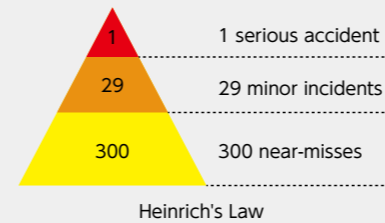
Safety and health initiatives — Safety best practices

Risk prediction (KY) activities

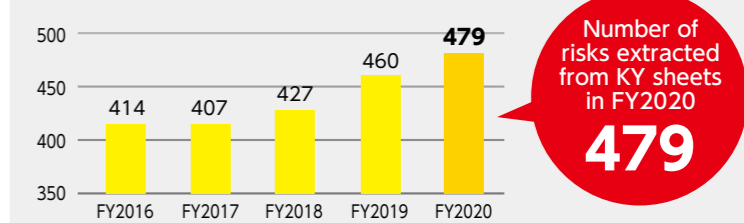
Every year at Fujikura Kasei we engage in activities to predict potential risks across the company. In fiscal 2020, we identified 479 potential risks (104% on last year) within the company. Needless to say, we are working hard to reduce the number of potential safety and health risks at each business site. Herbert Heinrich of the United States proposed a theory,

or relationship, which states that there are 29 minor incidents behind one serious accident, and an additional 300 near-misses behind that. We aim to achieve zero occupational accidents by raising awareness among all employees of this idea, continuously minimizing potential risks.

Industrial accident = Unsafe situation × Unsafe act



Number of risks extracted from KY sheets at Fujikura Kasei



Safety and health initiatives — Safety best practices

Identified risk 1

●Potential risk

When doing slightly heavy work while wearing a mask, the protective goggles could mist up and block the field of view which may cause an accident.

●Measures

Wear a face shield instead.



Face shield protective equipment

Identified risk 2

●Potential risk

The glass desiccator lid may fall off and cause injury.

●Measures

The desiccator has been changed to a box type with a non-detachable lid.



Identified risk 3

●Potential risk

When putting in or taking out materials from a 105°C dryer, there is a risk of burns should the arm touch the metal shelves inside.

●Measures

The regular gloves have been changed to oven gloves giving more protection to the arms.



Safety and Health Initiatives

Fujikura Kasei is working on occupational health and safety by reducing the potential risks identified by employees, disseminating and sharing information to other business sites where necessary.

Safety and health initiatives — Safety best practices

Identified risk 4

●Potential risk

There is a risk of static electricity accidents happening with the antistatic grounding clip because the screws inside the cover loosen during repeated use, resulting in insufficient grounding.

●Measures

We have created a checklist. Screws are checked before use with any loose screws tightened.

Checking for loose screws



Checklist

Identified risk 5

●Potential risk

We often see images on the news of photocopiers crashing about at high speed during an earthquake, so there is a risk of being hit and injured by a photocopier when an earthquake strikes.

●Measures

Commercially available earthquake-resistant stoppers have been fixed to the wheels to stop them moving.

Before



After

Identified risk 6

●Potential risk

The stand for fixing the dust collection hose next to the agitator is too big so there is limited space. And because the stand is unstable there is a risk it may fall over causing an injury.

●Measures

The stand has been replaced. The size of the base has also been adjusted so that it fits between the wall and the base of the agitator, making it easier to use.

Before



After

Activities to realize a comfortable working environment

Topic: Making the workplace an easier place to work (preventive measures team, Sano Plant)

A preventive measures team has been set up at the Sano Plant mainly to prevent human error. To make the workplace a more comfortable place to work, the team looks to get "points of notice" from each workplace on many different aspects such as safety, the environment, energy saving, quality, and the five S's ("sort," "set in order," "shine," "standardize," and "sustain"). These points of notice are written in sticky note and posted on a board. Activities are then carried out to try and improve the situation

surrounding these potential hazards. As the preventive measures team visits all the different areas of the workplace they can share the good points with employees in other parts of the company. In fiscal 2020, 598 points of notice were highlighted within the entire Sano Plant with 595 of these improved upon. By immediately resolving all the small things that employees notice, the Sano Plant is working to prevent human error and are inching closer to realizing a comfortable working environment.



Points of notice posted on a board



Connected hoses separately identified

Topic: Making the workplace an easier place to work (Production Division 3, Production Department 1, Sano Plant)

Deterioration of the working environment because of dust when handling fine powder products has become a problem. Moreover, flammable dust could cause an explosion. Employees therefore need to do a safety check when using local ventilation or a dust collector, seeing for example how much static charge there is. Production Division 3 (in Production Department 1) first took a hold of the situation and quantified targets using the workplace's own assessment table. They then investigated the

source of dust, and worked on improvement activities to realize a comfortable working environment. As a countermeasure, they improved the dust collector and devised a valance for it. They were able to achieve the numerical targets set after safety checks, such as seeing how much charge there was. As a result of their activities, the Production Division 3 realized a comfortable working environment without excessive dust. They also saw some additional benefits such as shorter cleaning time after work.



Before

After



Checking amount of static charge

VOICE

We thought about what a comfortable workplace is, identified the problems unique to workplaces that handle fine powder products and improved the dust scattering environment. As a result, we were able to improve work efficiency by shortening cleaning times because there was less dust about, and it looked much better too. Rather than ending with this activity, we aim to create a safe, secure and comfortable workplace one step at a time.

Production Division 3,
Production Department 1,
Sano Plant
Toru Omameuda



Topic: Realizing a comfortable work environment by managing plant CO₂ levels (Medical Materials Dept., Sano Branch, R&D Center)

As the plant is a difficult place to ventilate, the Medical Materials Dept. (Sano Branch) was concerned about an increase in levels of carbon dioxide. According to the Industrial Health and Safety Law's Ordinance on Health Standards in the Office, CO₂ concentrations in rooms with air-conditioning equipment must be 1,000ppm or less. If carbon dioxide levels exceed 1,000ppm, it may cause drowsiness, and if levels

further increase, it may cause health problems such as headache, fatigue, and inattention. As a measure to protect against this, ventilation fans were added and louvers installed in doors to improve air flow so the plant could be sufficiently ventilated. Carbon dioxide meters have also been installed to monitor daily carbon dioxide levels, sounding an alarm when concentrations exceed 1,000ppm.



Carbon dioxide meter



A louver in the door



A ventilation fan

VOICE

Before the ventilation was improved carbon dioxide levels in the plant were found to be higher than 1,000ppm occasionally. After improvements were made however, levels dropped below 1,000ppm and the stuffy feelings I sometimes felt disappeared.

Medical Materials Dept.,
Sano Branch
Nobuyuki Akasaka

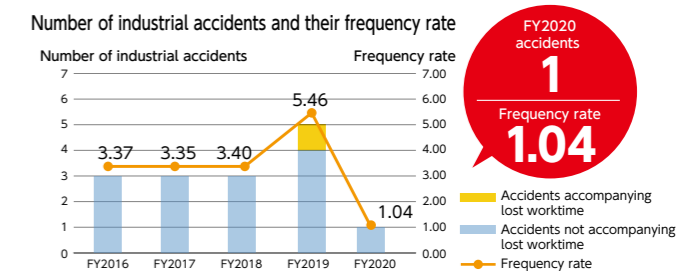


A preventive measures team has been set up at the Sano Plant mainly to prevent human error. To make the workplace a more comfortable place to work, the team looks to get "points of notice" from each workplace on many different aspects such as safety, the environment, energy saving, quality, and the five S's ("sort," "set in order," "shine," "standardize," and "sustain"). These points of notice are written in sticky note and posted on a board. Activities are then carried out to try and improve the situation surrounding these potential hazards. As the preventive measures team visits all the different areas of the workplace they can share the good points with employees in other parts of the company. In fiscal 2020, 598 points of notice were highlighted within the entire Sano Plant with 595 of these improved upon. By immediately resolving all the small things that employees notice, the Sano Plant is working to prevent human error and are inching closer to realizing a comfortable working environment.

Activities to achieve zero occupational accidents

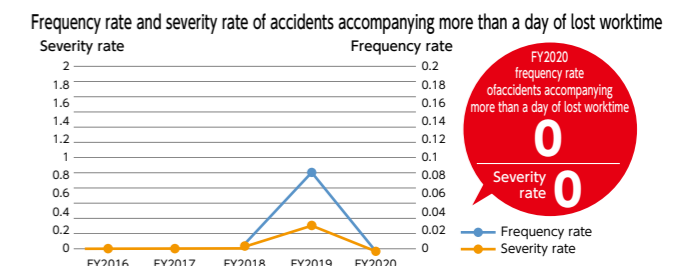
Number of industrial accidents

In fiscal 2020, one accident not accompanied by lost worktime happened at R&D Center. The target for fiscal 2020 was set at zero accidents, but unfortunately this wasn't achieved. We will continue our efforts to eliminate all accidents at work by doing hands-on safety training and other initiatives to further raise awareness on safety issues.



Industrial accident indices

In fiscal 2020 there were no accidents that required time off from work making the frequency rate and severity rate of accidents accompanying more than a day of lost worktime equal to zero. We intend to maintain these rates at zero and we will strive to raise awareness of potential dangers so that the frequency rate of accidents not accompanied by lost worktime is also zero.





Environmental Conservation Activities

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.

Notes before you read this page:

- This page provides a report on activities that aim to “reduction of environmental burden of our business activities on earth and on local communities.”
- The fiscal 2020 report spotlighted our reasoning behind the establishment of Eco-Vision, performance data, and environmental improvement measures.
- This year, focus is placed on trends in performance data with regard to each environmental improvement measure.

reduction of Environmental Burden

Environmental policy

1. We will engage in environmental improvement activities to the extent that is technically and financially feasible, by identifying both external and internal issues and understanding stakeholder needs, in all processes from product development to purchasing, production, distribution, and waste treatment.
2. We will review our “EMS target setting chart” every year, to establish environmental targets.
3. We will endeavor to prevent environmental pollution, to minimize harmful impacts on the environment.
4. We will promote the development of environment-friendly products, to utilize resources effectively and to protect the environment.
5. We will promote energy saving activities, to mitigate climate change.
6. We will comply with environment-related laws and regulations and requirements we have promised with stakeholders, including local residents.
7. We will develop, maintain and continuously enhance an environmental management system. We will also ask cooperating companies for their understanding and implementation of the system.
8. We will engage in environmental improvement activities with the participation of all employees.
9. We will disclose our environmental policy to all employees and to the public.

Activity report of the EMS Promotion Meeting

The EMS (environmental management system) Promotion Meeting collects data on the environmental performance of each plant (energy usage, water usage, status of waste and CO₂ emissions), to verify the level of achievement of Eco-Vision targets. It also discusses the future outlook of environmental management, checks whether energy usage, in particular, is appropriate not only in terms of basic unit of sales but also in reference to amount of production, and investigates the causes of increases or decreases in energy usage. It furthermore disseminates and responds to information on amendments of environment-related laws and regulations, verifies the status of

addressing items for observation specified by examination bodies, confirms the progress of matters instructed by the president in management reviews, and otherwise engages in a wide range of activities while constantly enhancing the environmental management system. Lastly, it widely verifies external information related to the environment, to promote coordinated activities across the company. When an incident occurs that may have an impact on the environment, each plant is promptly notified, and the causes of the incident and recurrence prevention measures are shared, to prevent against any occurrence of similar incidents.

Case example of an EMS activity

Improvements to comply with the Water Pollution Prevention Act (R&D Center)

Buried pipes make leak detection and inspection difficult, so leaks are rarely discovered promptly. For this reason, at the R&D Center, pipes are installed aboveground where possible. This has facilitated the inspection of piping deterioration and the early discovery of leaks when they occur.



Aboveground installation of piping that was previously buried in the ground

Activity report of the Committee for Legal Compliance with the Energy Saving Act

The Committee for Legal Compliance with the Energy Saving Act, composed of energy managers from all offices, engages in activities that aim to reduce CO₂ emissions and to reduce the basic unit of energy consumption by 1%. Additionally, to strengthen the

framework for promotion of energy saving activities, it has established an “energy saving policy” and “policy for energy saving initiatives.” All offices take action in line with these policies, which clarify the objectives and goals of energy saving activities.

Energy saving policy

1. We will promote business activities that aim to utilize energy efficiently.
2. We will endeavor to contribute to society by providing products that give consideration to energy performance and environmental conservation.
3. We will promote energy saving activities with the participation of all employees and aim to enhance our energy performance.

Policy for energy saving initiatives

We make constant efforts to ensure efficient energy utilization toward reduction of environmental burden.

1. **[Target]** Basic unit of energy consumption: reduction by 1% per year.
2. **[New installation/upgrading of facilities]** We will give consideration to energy efficiency when newly installing or upgrading facilities, and will promote the introduction of energy saving devices.
3. **[Operation of facilities]**
 - We will operate major facilities by setting control standards.
 - In consideration of the peak shift of electricity, we will strive to control peak power consumption by monitoring demand in districts that exclude the Head Office.
4. **[Activities]**
 - We will manage the status of legal compliance in each district by establishing a “Committee for Legal Compliance with the Energy Saving Act” chaired by an energy management supervisor.
 - We will promote energy saving activities by designating members of the “Committee for Legal Compliance with the Energy Saving Act” as energy saving officers in each district.
 - Employees will take an active part in company-wide and district-wide energy saving activities.
5. **[Education and training]** Education and training will be implemented in accordance with “Education and Training Regulations.”

Case example of an energy saving activity

Award for excellence received from the Kanto District Rational Electricity Use Committee (Sano Plant)

The Sano Plant was highly evaluated for its energy saving activities and was presented the Award for Excellent Energy Management from the Kanto District Rational Electricity Use Committee. The award recognizes businesses and individuals who have made a significant achievement in the rationalization of electricity usage such as by promoting the effective utilization of electric power or minimizing the load factor. An award ceremony was held on March 16, 2021, by welcoming members from TEPCO Energy Partner Inc. representing the committee.

Comment from Plant Director Watanabe

I am greatly honored to receive this award on behalf of all employees of the Sano Plant whose hardworking efforts have made this award possible. To minimize any burden on the global environment, we will continue to work as one to pursue energy saving activities and ensure efficient utilization of electricity.



Activity theme: “Saving energy by re-examining the operations of heat insulating facilities”

(Coating Production Section, Production Department 2, Sano Plant)

Among the uses of electric power in the plant, the Sano Plant focused on the operating requirements of its heat insulating facilities, which constantly consume a certain amount of power even during the nighttime and holidays, and examined summertime (April – September) energy saving measures. Specifically, it checked the differences in temperature in different parts of a heat insulating chamber set to maintain a preset temperature. It also compared the power consumption when continuous operation of the heat insulating facility is turned off during the weekend and when its preset temperature is lowered, to derive operating conditions under which an energy saving effect could be obtained while maintaining safety and quality. As a result of operating the facility under the derived operating conditions, the energy saving effect shown below was obtained.

- Energy savings between April and September: 1,665kW of reduction
- Compared with before the initiative: 64% reduction

VOICE

We learned a lot from this activity, such as the importance of achieving a good balance between quality assurance and energy savings, and methods for calculating energy saving effect. As there are diverse types of equipment in the plant, we will manage them properly to prevent any wasteful energy usage, and will continue to engage in energy saving activities.

Production Department 2, Sano Plant
Coating Production Engineering Section
Hisashi Kuroda
Coating Production Section
Manabu Kameyama





Environmental Conservation Activities

We have established Eco-Vision, comprising our original long-term goals for environmental conservation, and engage in environmental conservation activities with the aim of attaining each of those goals.

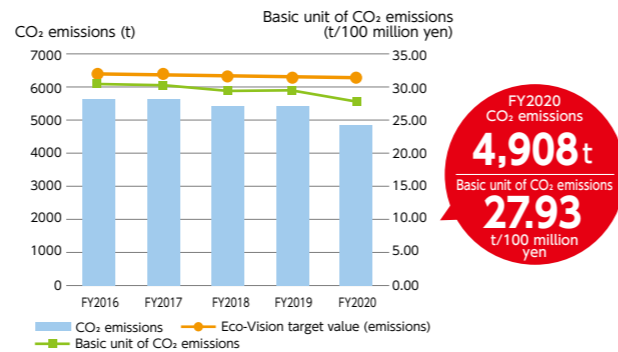
About Eco-Vision, the long-term goals of our environmental conservation activities

Trends in CO₂ emissions and basic unit of CO₂ emissions

Target Reduce CO₂ emissions by 7% by FY2030 compared to FY2013

In fiscal 2020, we were able to reduce our CO₂ emissions by approximately 9% compared to fiscal 2019. This corresponds to a reduction of approximately 6% in terms of the basic unit of CO₂ emissions. We think that our reduced usage of fuel compared to fiscal 2019 largely contributed to this significant reduction in CO₂ emissions. Other factors also helped, such as the reduction in our usage of power and the decrease in the CO₂ emission coefficient of electric power. Eco-Vision set forth a target to reduce CO₂ emissions by 2.9% compared to fiscal 2013, by fiscal 2020. We achieved a result that greatly surpassed the goal with a 23.0% reduction. By making ongoing improvements in energy usage, we will continue our efforts to reduce CO₂ emissions.

●Trends in CO₂ emissions and basic unit of CO₂ emissions

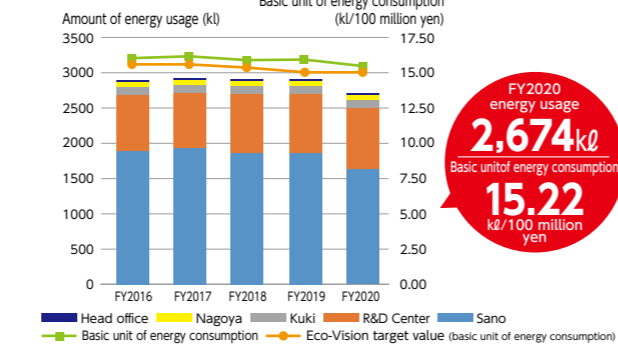


Trends in energy usage and basic unit of energy consumption

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

In fiscal 2020, our basic unit of energy consumption decreased by approximately 4% from fiscal 2019. Energy consumption in fiscal 2020 also decreased by approximately 7% from the previous year. The COVID-19 pandemic had a significant impact on our business throughout fiscal 2020, but we think the reduction in our usage of electric power and fuel contributed to this decrease in basic unit of energy consumption. The Eco-Vision target for fiscal 2020 was a basic unit of energy consumption of 14.94kl/100 million yen, however, with a result of 15.22kl/100 million yen, we were unable to achieve the target. Thus, we will make ongoing efforts to reduce energy consumption and the basic unit of energy consumption by continuing to engage in energy saving activities and promoting the efficient usage and eliminating the wasteful usage of energy.

●Trends in energy usage and basic unit of energy consumption

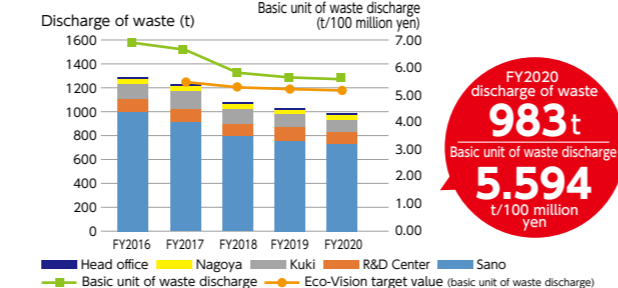


Trends in the discharge of waste and basic unit of waste discharge

Target Reduce the discharge of waste by 7% by FY2022 compared to FY2017

In fiscal 2020, we were able to reduce our discharge of waste by approximately 4% compared to fiscal 2019, corresponding to a reduction of approximately 1% in terms of basic unit of waste discharge. This achievement can be largely attributed to the continued decrease in the discharge of sludge from fiscal 2019. A reduction was also seen in the discharge of waste plastics and other forms of waste. The Eco-Vision target for fiscal 2020 was a reduction of 4.2% compared to fiscal 2017. The result was 20.5%, so we have succeeded in achieving the target. We intend to continue our activities to reduce waste from multiple perspectives that include process management and inventory management, among others.

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



Inspection of waste treatment facilities

We regularly conduct inspections of waste treatment companies, but we forewent them in fiscal 2020 due to COVID-19. We hope to resume the inspections in fiscal 2021, if the situation allows it.



Facilities of waste treatment companies

Improving sedimentary wastewater

In 2019, we introduced a vacuum solid-liquid separator to improve sedimentary wastewater quality. It was expected to (1) reduce the discharge of sedimentary sludge in the final pit, (2) reduce the amount of flocculants needed, and (3) reduce the discharge of undiluted liquids by vacuuming.

As a result of using the separator in fiscal 2020, (1) we recovered approximately 0.4t of sludge in the process immediately before the final pit, and consider this as the amount of sedimentary sludge we have been able to

reduce. (2) We also reduced the amount of flocculants needed from 4.823kg/m³ to 4.296kg/m³, corresponding to a reduction rate of approximately 11%, and (3) eliminated the need to vacuum the pretreated sludge tank after steady operation.

Through a year of using the vacuum solid-liquid separator, we were able to derive optimal operating conditions. However, as we must still address the issue of employing wintertime anti-freezing measures, we will continue our activities toward reducing sedimentary sludge.

Environmental Improvement Measures

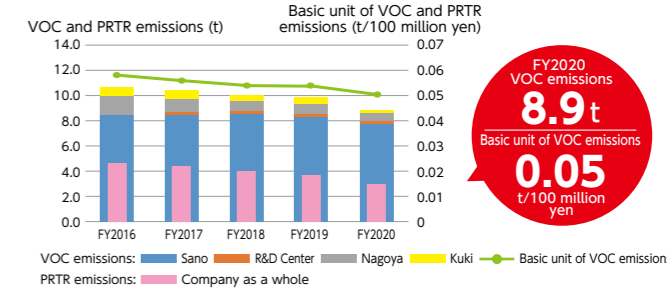
Anti-pollution measures

Reducing VOC emissions

VOC emissions in fiscal 2020 decreased by approximately 9% compared to fiscal 2019. This is partly an impact of COVID-19, but mainly owing to start the marketing of products that reduce amounts of PRTR substances such as toluene and xylene than before, which consequently reduced our handling of such substances.

We will continue our efforts to reduce the use of PRTR substances such as toluene and xylene, and VOCs.

●Trends in VOC and PRTR emissions

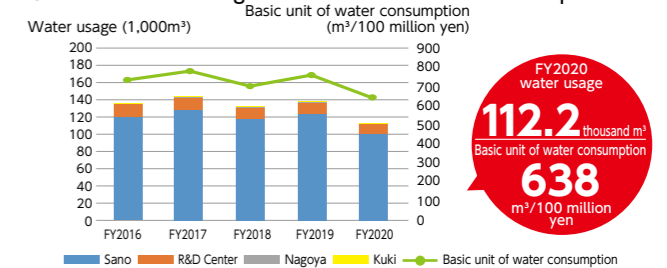


Trends in resource conservation measures, water usage and basic unit of water consumption

The amount of water we used in fiscal 2020 decreased by approximately 18% compared to fiscal 2019. This large reduction was owing to activities implemented with the objective of improving water usage.

As we expect a continued increase hereafter in water consumption accompanying product manufacturing, we will make ongoing efforts to reduce our usage of the valuable resource.

●Trends in water usage and basic unit of water consumption



Global warming countermeasures

Plan for total elimination of designated fluorocarbons (R12, R22)

The Sano Plant, Kuki Logistics Center and Nagoya Branch Office have implemented activities in line with a plan to totally eliminate designated fluorocarbons, and have hereby completely eliminated their usage. R&D Center will continue its activities, aiming for their complete elimination by 2022.

Plan for promoting LED lighting equipment

We formulated a plan to replace the fluorescent lamps in our lighting equipment with LEDs in all offices by 2023. By doing so, we expect to reduce electricity consumption by approximately 30%. Furthermore, by reducing the amount of electricity consumed by our lighting equipment, we believe we can also reduce CO₂ emissions.

Going forward, we will monitor the effect of this initiative in terms of CO₂ equivalents.

*Total investment in three years: 130 million yen

Environmental investment report

We make environmental investments, including energy savings, on an ongoing basis, and made a total investment of approximately 120 million yen, worth a crude oil equivalent of approximately 100kl/year, in fiscal 2020. We will continue to make active environmental investments hereafter.

Investment item	Investment amount (thousand yen)	Corresponding SDGs
Investment in energy savings	42,099	7.3, 13.3
Investment in environmental improvement	77,715	11.6, 13.3
Total	119,814	



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.

Notes before you read this page:

- This page provides a report on products born from our business activities that aim to “contribute to society through CSR activities in our business.”
- The fiscal 2020 report spotlighted the products of three business divisions from the perspective of environmental contribution, and the products of two business divisions and one area from the perspective of social contribution.
- This year, focus is placed on the products of five business divisions and one area from among our SDG initiatives.

Our unique technologies and products

The roles expected of companies has increased within the scope of the United Nations' Sustainable Development Goals (SDGs). Furthermore, the focus of CSR is shifting toward “solving social issues and contributing to society through business.” As a manufacturer that handles chemical substances, we believe it is important to address environmental issues, in particular, among diverse social issues. We are thus committed to implementing activities from the aspects of reducing environmental burden by improving in-house manufacturing processes and solving social issues through our business.

Basic concept of environmental and social contribution
Contribute to environmental conservation and the realization of a better society through business activities



Solving environmental and social issues
(environmental conservation, traffic safety, medicine and health, etc.)

Products that contribute to the environment

Coatings for plastics business

To reduce water pollution

Coatings for thin film deposition are commonly used for aesthetic components, and the technology is showing widespread popularity in various industries as an alternative to the plating technology, which generates large amounts of contaminated wastewater. The UV coatings for thin film deposition developed by the Coatings for Plastics Division can be used on diverse substrates, both hard and soft substrates alike, and can reproduce the appearance of all types of metals by adjusting their properties such as color and gloss. In recent years, we have also developed aesthetic and functional coatings for discontinuous thin film deposition to express the appearance of metals that have radio wave transmittance. They are adopted in home appliances, automobile emblems compatible with millimeter wave radar systems, and other such applications. We will continue to contribute to the environment with our coatings, such as by promoting a shift from solvent-based coatings to water-based coatings, and by developing high-solid coatings that contain less solvent and coatings that can cure under an energy-saving LED lamp instead of a high-voltage mercury lamp.



UV coating for thin film deposition



Functional polymers/polymers & resins business

To eliminate hazardous substances

A charge control agent is one of the raw materials of copy machine toners, used to control the electric charge of particles. Inorganic control agents have been used up to now, but because they contain hazardous elements, they are gradually falling subject to today's chemical substance restrictions. Under this situation, the Functional Polymers/Polymers & Resins Division has succeeded in developing and marketing organic polymer charge control agents that ensure high safety. As toners tend to be released into the atmosphere, albeit in trace amounts, we will work to ensure safety by making ongoing efforts to develop products that do not release hazardous substances.



Toners containing organic polymer charge control agents for greater safety



Architectural coatings business

For effective utilization of buildings by enhancing materials and building designs

Conventional metal-like coatings were commonly applied by spraying, but they were difficult to use onsite because the orientation of the brightness filler tended to become uneven. Solvent-based coatings are thus mainly used, but they pose an issue of safety. Leveraging its original coating formulation technology, the Architectural Coatings Division has developed and marketed a water borne metal-like coating called “Ferbriller®.” It offers excellent design properties, durability, safety and onsite applicability, and has made it possible to apply a stylish metal-like finish not only to new buildings but to the restoration of existing buildings as well. We will continue to pursue the development of coatings that regenerate buildings or increase their added value as our contribution to the environment and society.



Ferbriller® metal-like coating



Products that contribute to society

Electronics materials business

To enrich people's lives

Electroconductive pastes applied to film substrates enable the formation of circuits that conform to deflections and bends. The Electronics Materials Division has marketed a stretchable paste for conductive circuits, which could not be achieved with conventional electroconductive pastes. It is expected to contribute to the healthcare, medical supply, and automotive interior switch sectors, among others, and will be also be incorporated in wearable devices in trending markets. For example, it will be used to manage heart rate information when jogging and walking, control daily physical conditions, and promptly detect heart diseases in the nursing and medical fields.



Stretchable paste for conductive circuits



Medical materials area

To contribute to universal health coverage

The early discovery and regular monitoring of diseases is effective for preventing diseases and minimizing the risks of severity, as well as financial burden. The Medical Materials Department develops latex particles for diagnostic agents, latex turbidimetric reagents, and various other such products using our fine particle synthesizing technology. Efforts are being made to disseminate these products around the world at fair prices, to contribute to improving people's QOL*.

*QOL: Quality of Life



Right: Latex particle kit for diagnostic agents
Left: Latex turbidimetric reagents



Synthetic resins business

To prevent infectious diseases

Our Group company Tohkoh Jushi has applied its long years of expertise and knowledge as a trading company specializing in synthetic (and particularly acrylic) resins to develop and market products for preventing droplet infection in response to social needs amid the COVID-19 pandemic. As acrylic resins, in particular, are characterized by high transparency among other excellent features and provides good visibility, it is now being used in various new situations in diverse industries.



Clear acrylic panel



High-transparency anti-reflection panel for rostrums



Face shield for helmets (for reducing the physical burden of wearing a mask in summertime)



Management of Chemical Substances to Retain Trust

Chemical substances benefit our lives. At the same time, however, they can pose a serious health risk 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.

Notes before you read this page:

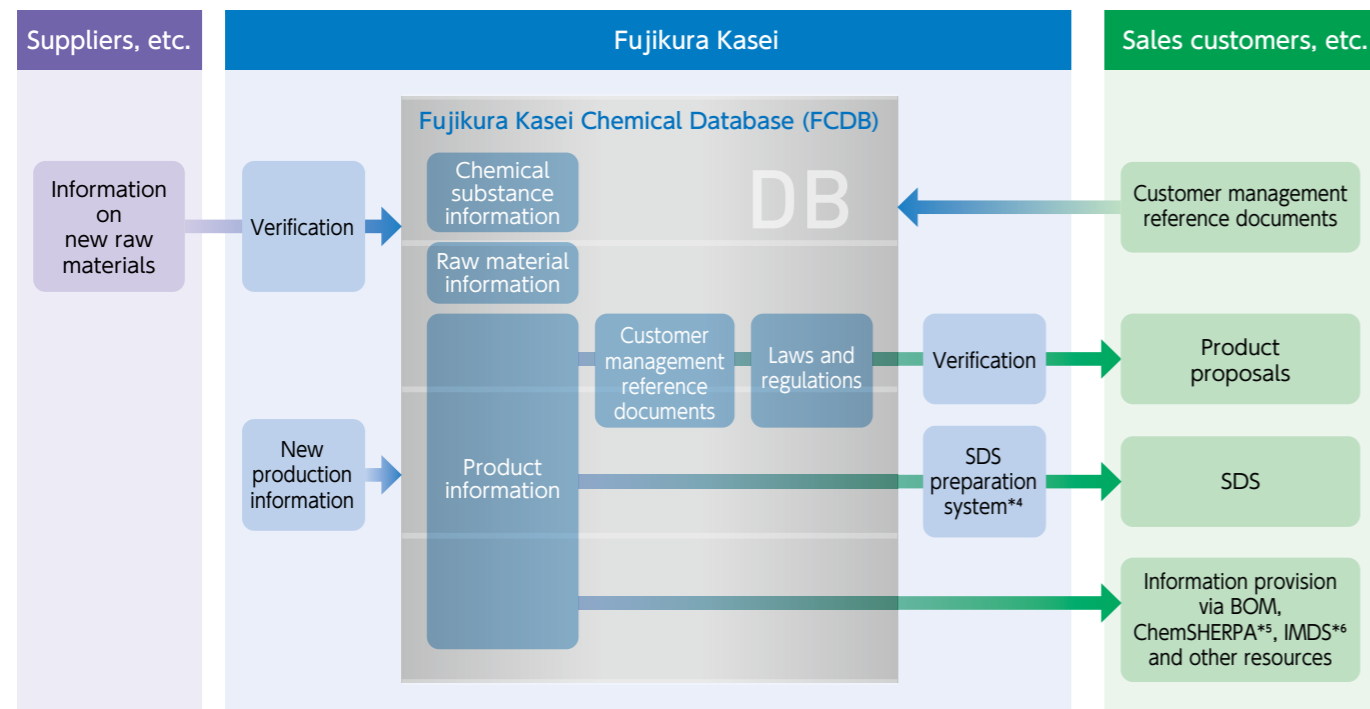
- This page provides a report on our activities that aim to “properly manage chemical substances.”
- The fiscal 2020 report spotlighted our management system for promoting chemical substance management.
- This year, focus is also placed on internal activities that aim to disseminate an understanding of chemical substance management.

Chemical substance management initiatives

As a company that handles chemical substances, 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*1, EMS*2 and

OHSMS*3, 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). Through this scheme, we endeavor to provide products that our customers can use without worry.

Our chemical substance management scheme



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

Restrictions on chemical substances in products

Substances that have a markedly adverse impact on people's health and the environment are restricted by laws, regulations, and industrial standards. At Fujikura Kasei, we widely designate such substances as “prohibited substances.” Substances that are not restricted but pose a concern regarding their effects are designated as “approval required substances,” and are managed upon determining whether they may be used or whether their use should be restricted via an assessment by our Chemical Management Conference

(CMC). Substances that are restricted in part according to their purpose or by country are properly managed by widely seeking information on them as “controlled substances.” In compliance with company standards, we also take thorough measures to handle substances that are newly restricted by laws and regulations and products that have been found to contain restricted substances, by replacing them with alternative products or terminating their usage as the situation demands.

TOPICS

Revision of our Chemical Management Manual

We have a Chemical Management System (CMS) in place that is efficiently operated in conjunction with other management systems. We have previously prepared and operated a chemical substance management manual that incorporated the basic principles of CMS, but we have reviewed and revised the manual in April 2021 in response to social changes. To conform to the latest JISZ7201:2017 standard, the

new manual has been prepared in line with the “Guidelines for the Management of Chemicals in Products (Edition 4.0)” issued by JAMP (Joint Article Management Promotion-consortium). We believe this new manual will further facilitate the management of chemical substances in our products. The Chemical Management Policy provided in the manual is also disclosed on our website.

Chemical Management Policy

1. We will establish a system for handling chemical substances in a manner that is safe to the people handling the substances and to the environment, in all processes from the design and development of products to their purchasing, production, physical distribution, and waste processing.
2. We will comply with laws and regulations related to chemical substances and to customer requirements. We will also convey to our customers accurate information on chemical substances contained in our products.
3. We will handle chemical substances properly through continuous improvement of our chemical substance management activities. We will also endeavor to prevent health damage to people involved in all processes in our company, and to prevent environmental pollution.
4. We will provide education and engage all employees in awareness raising activities to enhance their understanding and awareness of chemical substance management. We will also seek the understanding and cooperation of our business partners.
5. We will disclose our Chemical Management Policy to the public.

Training for employees

As included in the KPIs for chemical substance management, employee capacity building is also indispensable to ensuring proper management of chemical substances. Employees who join our company receive regular training as required. New employee training and sixth-month follow-up training are mandatory to all employees, as they are designed to provide the

minimum required abilities. Others include training on the proper use of the FCDB and training on laws and regulations on chemical substance management in each country, which are provided in accordance with employees' duties. Capacity building is thus promoted through appropriate combinations of internal and external training programs.

Updating chemical substance information

As we have been doing up to now, we will regularly update our raw materials information as one of our KPIs. Information is updated by classifying them into

information that must be updated and information for which updating is not imperative but preferable. We will continue to properly update all relevant information.

Compliance

At Fujikura Kasei, we regard compliance as a cornerstone of our corporate activities. Compliance includes not only legal compliance but also promises with customers and social rules and norms. As a company that operates on a global scale, we aim to promote a global standard of compliance (friendly to people and the environment) while also giving due consideration to customs and practices in each country and region where our affiliates are located.

Notes before you read this page:

- This page provides a report on our activities that aim to "ensure compliance with laws, regulations, and social norms that form the foundation of trust from society."
- The fiscal 2020 report spotlighted our compliance promotion framework, including corporate governance.
- This year, corporate governance has been separated from this section, to focus solely on compliance and compliance activities.

Compliance initiatives

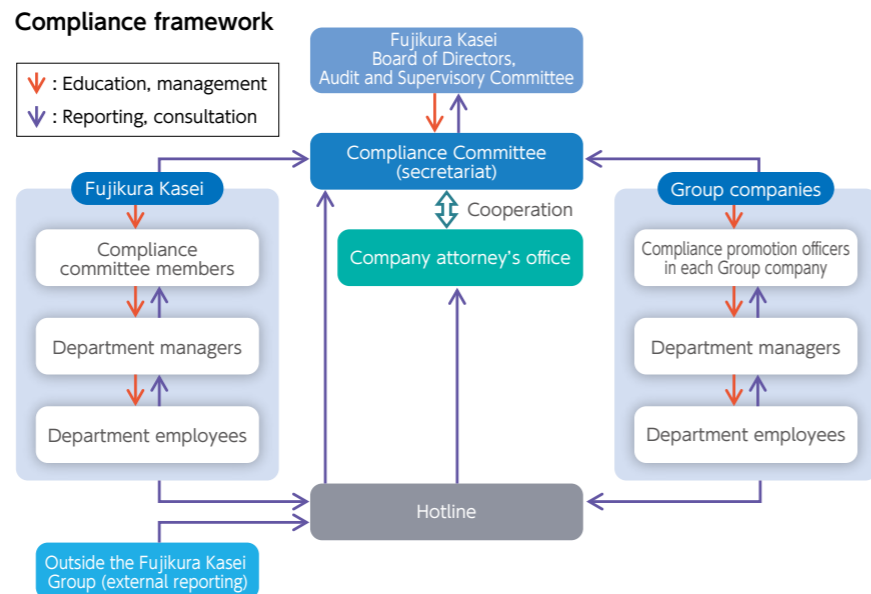
All officers and employees of our Group pursue and engage in fair corporate activities in good faith, based on our Compliance Charter and Code of Conduct.

Compliance Charter of the Fujikura Kasei Group

- We will comply with all relevant laws, regulations and social norms, and act with a high sense of ethics.
- We will respect basic human rights and personality, and will eliminate all forms of discrimination.
- We will respect the culture and customs of each country and undertake business activities that contribute to environmental conservation and to local communities.
- We will maintain and strengthen safety and health in the workplace and local community by ensuring thorough risk management.
- We will establish relationships of trust with our stakeholders by engaging in fair, transparent transactions and disclosing information in a timely manner.
- We will ensure strict management of corporate information, personal information and information about other companies.

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. We also 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.



Activities of the Compliance Committee

Activity report of the Compliance Committee

To reconfirm the underpinnings of our Group's corporate activities, the Compliance Committee has created and used a compliance check sheet to assess current situations and identify relevant laws and regulations. Upon analyzing the results of the check sheet, subcommittees were established to address "fair transactions" and "information security," areas where development of the Group's compliance framework has been delayed. Composed of members from the management departments and business divisions in each site, the subcommittees are placed in charge of such activities as verifying relevant laws and regulations and developing a checking system. The first subcommittee meeting was held in March 2021, with the agenda of holding a workshop conducted by an invited professional, inspecting teaching materials, assessing current situations, verifying issues, and other such items. Continued efforts will be made to further improve our compliance framework.

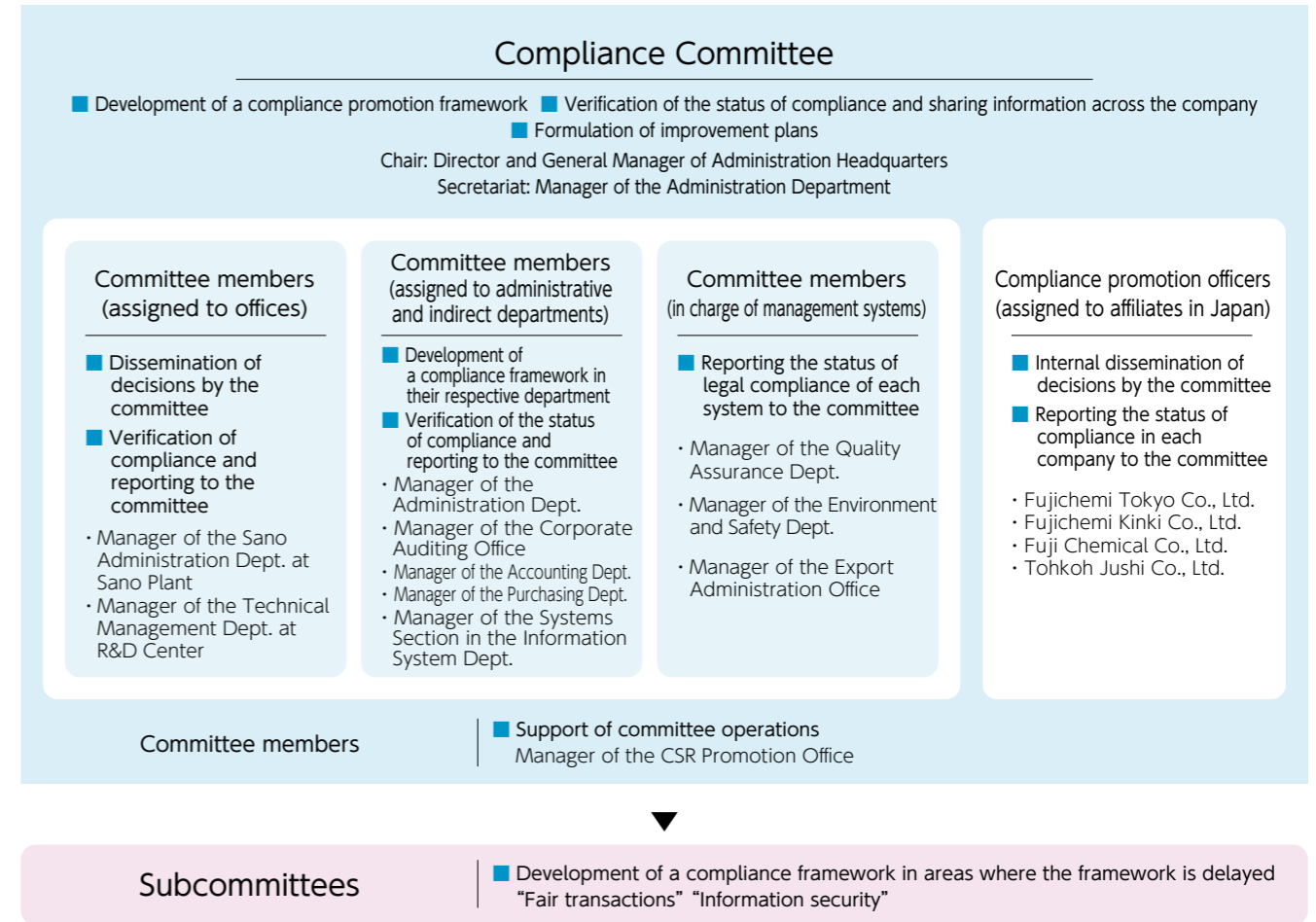


Subcommittee on "fair transactions"



Subcommittee on "information security"

Structure and role of the Compliance Committee



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.

Notes before you read this page:

- This page provides a report on our activities that aim to “minimize the impact of risks on business activities in the event they occur.”
- The fiscal 2020 report spotlighted our concept of risk management with reference to a disaster prevention drill as a case example, and also focused on information security.
- This year, focus is placed on developments in information security thereafter, and on measures for preventing COVID-19 infection as a pandemic incident where potential risks have surfaced.

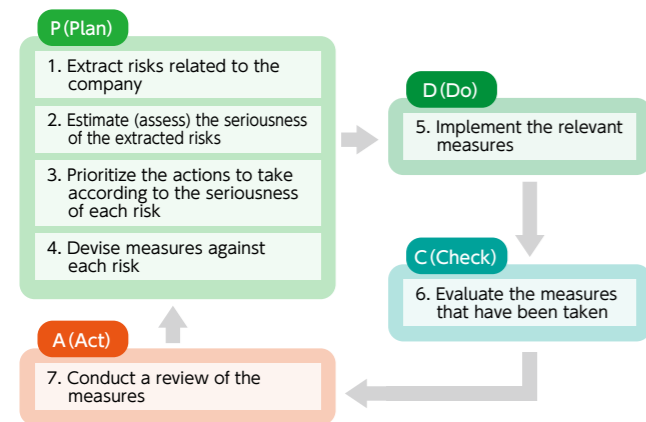
Our concept of risk management

Preventing the occurrence of serious risks and minimizing the impact of serious risks on our business activities in the event they occur, are priority management issues at our company. We are thus working to develop a risk management framework that would minimize stakeholder impact as much as possible, and establishing measures in response to each type of risk.

Type of risk	Management framework	Chief department in charge
Environment	Environmental management system	Environment & Safety Dept.
Occupational safety and health	Occupational safety and health management system	Environment & Safety Dept.
Quality	Quality management system	Quality Assurance Dept.
Accounting	Calculated control	Accounting Dept.
Other (ordinary times)	Comprehensive risk management	Compliance Committee
Other (times of emergency)	Comprehensive responses	Emergency Response Headquarters (Manager: President)

Basic concept of risk response

We have laid out a clear process of risk management in preparation against unexpected situations, such as by extracting business-related risks. By defining proper measures in response to each risk, we aim to build a strong corporate culture.



Risk response pattern at the “Do” stage

- (1)Prevention**
Take measures to lower risk probability (e.g., activities for preventing man-made disasters)
- (2)Mitigation**
Take measures to minimize impacts should a risk occur (e.g., response to natural disasters, etc.)
- (3)Transfer**
Take measures to transfer the impacts to a third party should a risk occur (e.g., enroll in an insurance plan, etc.)
- (4)Acceptance**
Accept the occurrence of the risk and do nothing

Information security

We minimize the risk of information leaks with respect to confidential information, personal information and other such information that must be strictly managed. In fiscal 2019, we shifted our Groupware system to the Cloud environment, and have also renewed the rules for connecting to our internal system as a measure against potential new threats. In fiscal 2020, we established a subcommittee on information security within the Compliance Committee. Recent years are seeing an increase in targeted email attacks and leakage of

confidential information and personal information caused by virus infection in many companies. Such incidents have heightened the awareness of threats to information security, and have also led to the establishment of laws and regulations. The subcommittee on information security sorts and assesses the information handled by each department. Through these activities, it aims to counter information security risks from both the software and hardware aspects so that information of all types can be handled appropriately.

Risk response activity: Operation of a BCP against infectious diseases

Our BCP regards outbreaks of infectious diseases as one form of disaster risk and defines basic measures against them. Amid the recent spreading of COVID-19, we believe our sites are respectively taking thorough measures, such as collecting information on the status of the epidemic, wearing a mask, sanitizing hands and fingers, and monitoring daily health conditions. With respect to aspects that had not been fully anticipated, including the development of home office environments and

responses in the event of suspected infections, we have adopted ideas as appropriate to each situation and made ongoing efforts to improve the overall quality of our measures. We regret we were only able to respond mainly to immediate problems on hand and could not act systematically, but we will take this experience to heart and review our actions not only toward improving our measures against infectious diseases but also to renew our BCP.

Measures against COVID-19

Case examples of activities by the Safety and Health Committee

Information regarding responses to COVID-19 has been exchanged among the Safety and Health Committees in each district, and case examples of initiatives taken in each district have been introduced by the Central Safety and Health Committee with hopes of disseminating the information and knowledge across the company. For example, in addition to notices regarding “response procedures when someone in the workplace becomes infected” and “a recommendation to work from home or to use staggered work hours,” COVID-19 initiatives

implemented in each district have been introduced, such as the installation of non-contact temperature screening devices, alcohol sanitizers and acrylic partitions and the adoption of a two-shift lunchtime system. This information was applied to COVID-19 initiatives in each district and led to the enhancement of the level of company-wide measures against COVID-19. The Safety and Health Committee will make every effort to widely disseminate useful information through active communication with each district.

Examples of infection prevention measures

Visualizing ventilation conditions Introduction of high-precision CO₂ sensors

As an important measure against COVID-19, high-precision CO₂ sensors have been introduced to verify ventilation conditions. By visualizing the CO₂ level, rooms can be appropriately ventilated.



CO₂ sensor

Raising awareness by sharing information Utilization of digital signage

Digital signage has conventionally been used to share information within each office, but it has also come to be utilized to provide information on COVID-19 infection status and to post notices regarding COVID-19 measures. Information provided via digital signage is daily updated.



Digital signage

Health management Introduction of non-contact temperature screening devices

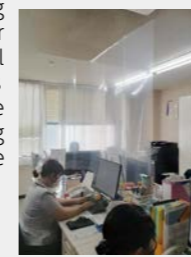
Non-contact temperature screening devices have been installed at all entrances. Employees are required to take their temperature when they come in to work, and visitors are also requested to cooperate in taking their temperature when they visit our facilities. Daily health management is important not only to prevent becoming infected, but also to prevent infecting others.



Non-contact temperature screening device

Installation of plastic barrier curtains to prevent droplet infection

To minimize droplet infection among employees, plastic barrier curtains have been installed in our offices. Even in workplaces where remote working is not suitable or where physical distancing is difficult, creative efforts are being made to minimize droplet transmission.



Plastic barrier curtain to prevent droplet infection (inside the office)

Adoption of a two-shift lunchtime system and promoting silent dining

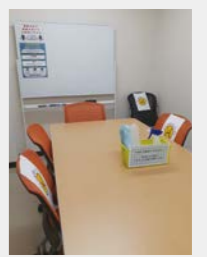
Mealtimes pose an increased risk of infection, because people would take their masks off and enjoy conversations with each other. Therefore, a system was introduced that divides lunchtime into two shifts, and tables and chairs were rearranged to all face one direction to promote silent dining.



Arrangement of tables in the dining hall

Reducing the seating capacity in reception rooms and conference rooms

The seating capacity in reception rooms and conference rooms has been reduced by half, so people can maintain a safe distance from each other when they use these rooms. Every other seat is marked with a “no sitting” sign, an alcohol sanitizer is installed in each room, and tables are thoroughly wiped down after each meeting.



Reception room

Producing Products from our Customers' Standpoint

Our products are purchased by corporate customers as industry goods. To convince our customers that purchasing Fujikura Kasei's products leads to guaranteed assurance, we engage in quality assurance activities with the aim not only to improve the quality of our products but also to enhance the quality of our work.

Our basic concept of quality assurance

We produce our products always from the standpoint of our customers and engage in company-wide quality assurance activities.

Quality policy

1. We always work on our products with creativity and aim to be number one in customer satisfaction with "Quality and Speed".
2. In order to further strengthen our quality-oriented management, we will strive to improve effectiveness by conforming to the ISO9001 quality management system standard and continuous improvement.
3. In order to meet the expectations of our customers, we set quality goals, evaluate the degree of achievement, and carry out quality improvement activities across the company.
4. We will communicate the quality policy to all employees, promote understanding and dissemination, and carry out education and enlightenment activities for all employees in order to realize the quality goal.
5. In order to maintain the operation of the quality management system in consistency with the quality policy, we regularly review its suitability and carry out necessary reviews.

Quality assurance framework

Quality management system certification

To meet customer expectations, we have acquired and maintain ISO9001 certification for our quality management system, and endeavor not only to guarantee product quality but also to enhance work quality. Some business departments have already acquired and maintain sector-specific quality management system certification (ISO13485, IATF16949) to respond to increasingly sophisticated customer demands.

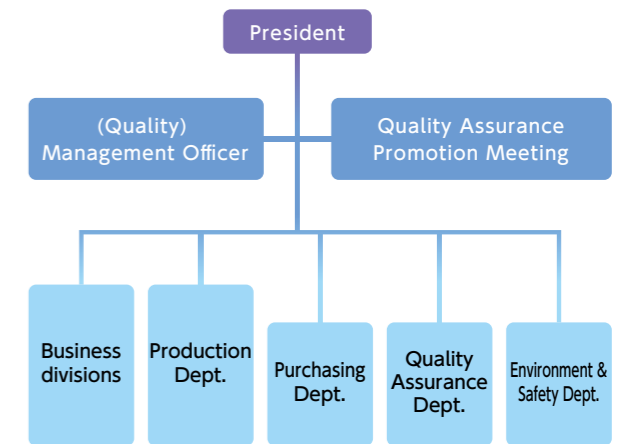
Management system	Year of certification	Scope of application
ISO9001	1999*1	< Whole company > Design, development, production and sales of coatings, conductive paste, and chemical products (except for in vitro diagnostic and all products handled in Medical Material Department).
ISO13485 International standard specifically for the medical equipment industry	2007*2	< Medical Material Dept. > Design and manufacture of in-vitro diagnostic reagents for measuring of proteins, enzymes, lipids/lipoproteins, carbohydrates, hormones, therapeutic drugs.
IATF16949 International standard specially for the automotive industry	2019*3	< Electronics Materials Division > Design and production of conductive and insulation pastes.

*1 Japan Management Association Quality Assurance Registration Center (JMAQA) *2 SGS Japan Inc. *3 Lloyd's Register Quality Assurance Ltd.

Quality assurance framework

To maintain product quality (including the management of chemical substances contained in products*), 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 flaw or customer complaint, our business departments and production departments work as one to investigate the cause and take action to prevent recurrence. To guarantee quality always from the standpoint of customers, the Quality Assurance Department exists as a separate department independent of other business divisions and the production department and reports directly to the president. 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 management system and proposing solutions to quality-related issues. From fiscal 2018, the Quality Assurance Department has taken the initiative in promoting and supporting the early implementation of a design review with the objective of preventing customer complaints. 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 responses.

*4 Details on the management of chemical substances contained in products are provided in the section on chemical substance management on pages 39-40.



Quality assurance activities

Quality maintenance activities of the Fujikura Kasei Group

To raise the quality of the entire Group, we are encouraging our Group companies both in Japan and overseas to acquire ISO9001 certification, and are implementing quality maintenance activities. Of our 14 Group companies in Japan and overseas that operate a production base, a total of 10 companies (71%) have acquired certification, with the addition of one overseas company in June 2021. In fiscal 2020, all visits to Group companies were postponed due to the impacts of COVID-19, but efforts were made to mutually maintain the quality of our Group, such as by exchanging views via web conferences.

ISO9001 certification status of Group companies in Japan and overseas that have production sites

	Number of production site companies	Number of certifications acquired	Certification rate
Japan	4	1	25%
Overseas	10	9	90%
Total	14	10	71%

Quality improvement activities

We have established a company-wide system of encouraging improvement proposals and implement proposals that specifically lead to quality improvement. The presentation of activity case examples that is held every year with the participation of company-wide employees was canceled in fiscal 2020 due to the impacts of COVID-19, but the Award for Outstanding Quality Improvement Activity was presented to a winning activity, as in usual years. This year, the award was presented to an activity recognized for its outstanding achievement in eliminating the need for our customers to conduct an acceptance inspection of our products and thereby shortening delivery times by winning their trust in our quality control framework. We also encourage philosophy promotion activities that aim to heighten awareness of our management philosophy and encourage improvement activities among all employees, and present an award to outstanding activities in accordance with keywords*5 that have been extracted from the Action Guideline defined in our Management Philosophy. In fiscal 2020, an activity that contributed to improving the quality of our coatings was awarded in the category of "trust."

*5 Keywords: "creation," "challenge," "trust," "comfort" and "promise"



Award for Outstanding Quality Improvement Activity



Award for Outstanding Philosophy Promotion Activity

Contribution to Local Communities

We place importance on maintaining a good relationship with local communities by actively engaging local communities in communication and implementing social contribution activities through our businesses and employees.

Overview (digest) of activities in FY2019

In fiscal 2019, active community contribution activities were implemented at each office. In particular, the Sano Plant engaged in volunteer disaster restoration activities in the wake of the typhoon that struck East Japan, and R&D Center provided its stockpile of foods to a welfare facility as its contribution to eliminating food loss.

FY2020 community contribution activities

Our company has five offices, and the residents of communities where these offices are located are stakeholders of our company. Thus, we engage in community contribution activities with the aim of establishing a relationship of coexistence and co-prosperity with local residents.

Last year's CSR Report reported mainly on the community activities of each office during fiscal 2019. However, such activities held in coordination with local communities and activities held with the participation of local residents were unfortunately canceled one after another in fiscal 2020 due to the COVID-19 pandemic. Therefore, provided below is a report of activities in which our plant participated on its own initiative.

Community activities of R&D Center

R&D Center (Kuki City, Saitama Prefecture) is located near Higashi Washinomiya Station on the JR Utsunomiya Line. Ever since direct railway service commenced between Tokyo Station and Higashi Washinomiya Station in 2015, many residential homes have been built, and the number of new residents has increased. Meanwhile, R&D Center possesses a fleet of company-owned

cars, and 61 of its 142 employees commute by car. Therefore, initiatives to ensure safe driving compose an important activity in ensuring the safety of local residents.

In fiscal 2020, R&D Center implemented the following awareness raising activities intended for employees who drive to work, as befitting a business facility supervised by a safety driving manager.

Activity hosted by the Saitama Prefecture Driving Safety Manager Association

Participation in a traffic accident prevention contest (held over 6 months, from August to January)



The SD (Safe Driver) card is issued to participating drivers as proof of "no accidents, no violations." It retains a record not only of the period of participation in the contest, but of all periods during which the driver has maintained a safe driving record.

Activity hosted by Kimura Unity Co., Ltd.

Participation in the "100-day no-accident campaign" (September to December)



Kimura Unity engages in activities to prevent traffic accidents under the sponsorship of Aichi Prefectural Road Safety Association. Approving of the cause, R&D Center participated in the "100-day no-accident campaign" planned by Kimura Unity, and achieved 100 days of no accidents. Although R&D Center is located in Saitama Prefecture, it received a certificate of appreciation from Aichi Prefectural Road Safety Association in recognition of this achievement.

CSR Activities of Fujikura Kasei Group Companies

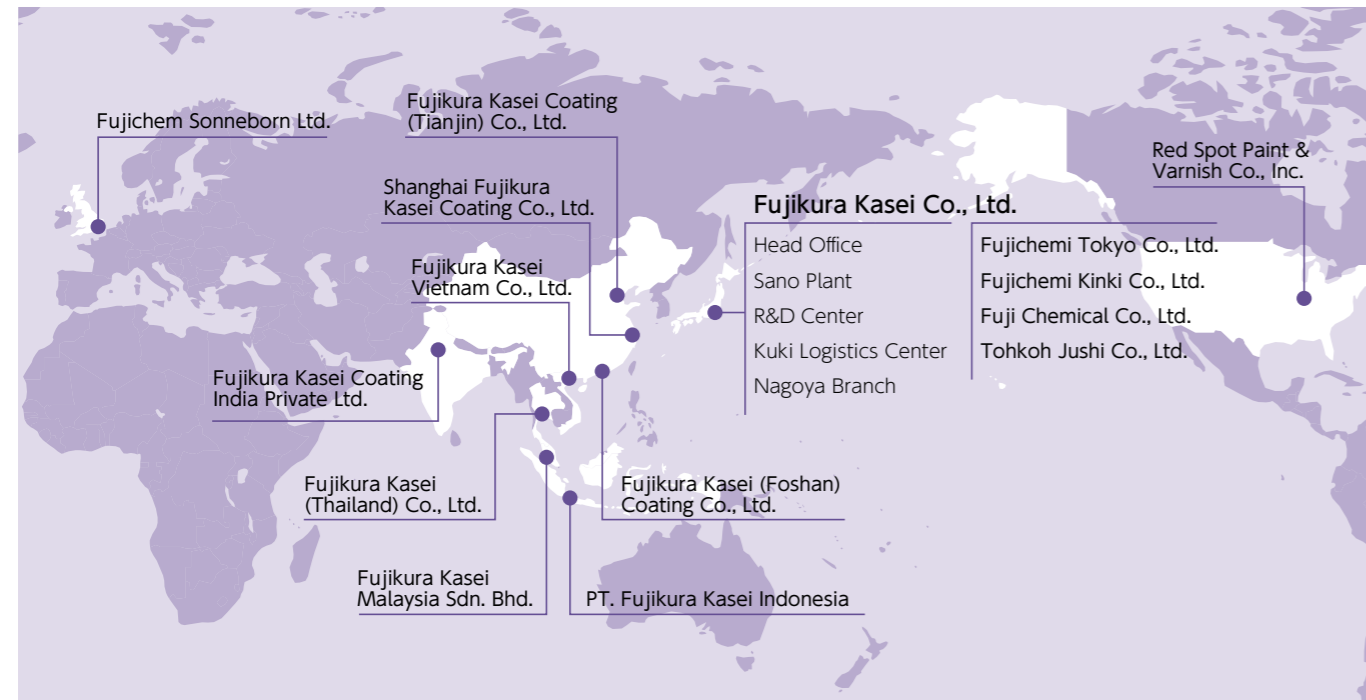
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Overview of the Fujikura Kasei Group

The Fujikura Kasei Group works with fellow companies around the world. Our laws, customs and ways of thinking vary by country or region, but we share the same CSR vision. We have just begun to implement CSR activities as a Group, so there are differences in the level of activities according to the history and scale of CSR activities that have so far been implemented respectively by each Group company, but we will strive to raise the CSR level of our Group as a whole and deliver even more substantial reports of our activities.

Group Company Network



Business Overview

Group Companies in Japan

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

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 plastic coatings; sales of electroconductive coatings and polymers/resins

Fuji Chemical Co., Ltd.

2-3-10 Aratsu, Chuo-ku, Fukuoka-shi, Fukuoka

【Main business】
Manufacture, sales and construction management of architectural coatings

Tohkoh Jushi Co., Ltd.

NBF Higashi Ginza Square 7F, 1-13-14 Tsukiji, Chuo-ku, Tokyo

【Main business】
Sales of raw materials for synthetic resins; sales of processed items

Group Companies Overseas

Red Spot Paint & Varnish Co., Inc.

1107 East Louisiana St., Evansville, Indiana 47711 U.S.A.

【Main business】
Manufacture and sales of plastic coatings

Fujichem Sonneborn Ltd.

Jaxa Industrial Finishes 91-95 Peregrine Road, Hainault, Ilford Essex, IG6 3XH England

【Main business】
Manufacture and sales of plastic coatings

Shanghai Fujikura Kasei Coating Co., Ltd.

No.177 Yingong Road, Fengxian district, Shanghai 201417, China

【Main business】
Manufacture and sales of plastic coatings

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 business】
Manufacture and sales of plastic coatings

Fujikura Kasei Coating (Tianjin) Co., Ltd.

Room2706, Teda Central Hotel, No.16, 3rd Avenue, Teda, Tianjin, China 300457

【Main business】
Manufacture and sales of plastic coatings

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 plastic coatings; sales of architectural coatings and electroconductive coatings

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 plastic coatings

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 plastic coatings

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 plastic coatings

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 plastic coatings

Activity Reports of Fujikura Kasei Group Companies

Employee Work styles and Health

To us, our employees are our greatest stakeholders. This thought is shared by all our Group companies as we strive to promote the growth of our employees, our human assets.

1 Formulation and dissemination of work style systems

We constantly strive to enhance our systems relating to work styles, and make every effort to disseminate and promote an understanding of these systems among all employees.

Fujichemi Kinki Co., Ltd. (Japan)

To document the company's organizational culture and strengthen the sense of unity within the company, Fujichemi Kinki has created and begun operating the "Fujichemi Kinki Identity Book," containing company policies, rules and annual goals.



Staff members holding the Identity Book in their hands

Fujichem Sonneborn Ltd. (U.K.)

Fujichem Sonneborn regularly reviews its policies and procedures, including its code of conduct, recruiting policy and welfare policies. It also publishes a monthly magazine called "Wellbeing Magazine," to deliver messages concerning health, safety and the environment.

With regard to mental health, four trained mental health emergency responders are on staff at Hainault (head office, research base) and Chesterfield (manufacturing base).



Wellbeing Magazine

Red Spot Paint & Varnish Co., Inc. (U.S.A.)

Equal employment opportunity, anti-discrimination policy

Red Spot Paint & Varnish upholds the principle of equal employment opportunity and aims to create a workplace free of any discrimination based on race, religion, skin color, nationality, gender, age, military position, disability, hereditary information, or status of citizenship. The company's corporate code of conduct provides a general statement on discrimination, and is available to be viewed by all employees.

No retaliation against whistleblowing and whistleblowers

The company strictly forbids any retaliation or other disadvantageous treatment of employees who report a suspected violation of the company's code of conduct. Forbidden acts of retaliation include, but are not limited to, demotion, suspension, dismissal, breach of fair employment recommendation, or refusal of other employment benefits.

Dissemination of the corporate code of conduct

Employees receive training based on the corporate code of conduct every year so that it fully disseminates in. They are also taught a number of whistleblowing means, including "talking to their immediate superior," "reporting to a personnel affairs officer," "contacting an ethics officer in the company," or "reporting a complaint to a confidential third-party manager via telephone or website."

FY2020 performance

In fiscal 2020, there were no complaints filed with regard to any item prescribed in the corporate code of conduct. This result is reported to the board of directors every year.

2 Revision of work style systems

We make decisions regarding the need to improve work style systems and take action, as appropriate.

Shanghai Fujikura Kasei Coating Co., Ltd. (China)

As part of the revision of work regulations, Shanghai Fujikura Kasei Coating has established administrative regulations on the safety examination of production departments (trial version), prescribing employee safety measures and environment friendly actions. These regulations, which have been put into effect on a trial basis, are expected to strengthen employee awareness of safety.



Work regulations

3 Assessment of the status of utilization of work style systems

The operational status of work style systems is assessed to verify any need for improvement.

Fujikura Kasei Malaysia Sdn. Bhd.

At Fujikura Kasei Malaysia, 22 employees currently work eight-hour days and maintain a sound work-life balance as a whole.

- Yearly working days: 247 days (corresponding to 68% of the year)
- Overtime work hours: 363 hours across the board, 1.38 hours/person-month
- Number of days of paid leave taken: 15 days/person (rate of taking paid leave: 73%) Up to 7 days of paid leave may be carried forward to the following year, but they must be taken within the first three months of that year.

4 Activities for improving workplace environments

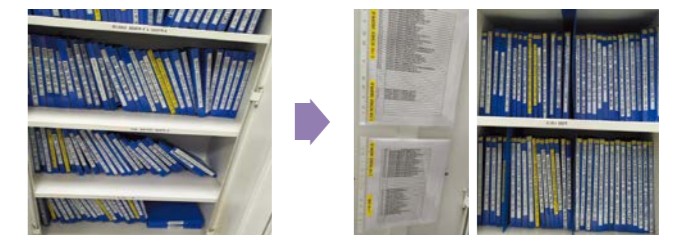
Activities for improving workplace environments are implemented not only by a top-down approach, but also by incorporating employees' views in an interactive manner.

Fuji Chemical Co., Ltd. (Japan)

In fiscal 2020, Fuji Chemical launched an activity where each employee submits at least one business improvement proposal concerning a system, initiative, educational activity, etc. that would lead to creating a comfortable workplace. Additionally, at the company's plants, efforts are made to improve workplace environments by holding twice-yearly hearings of employee opinions regarding systems, initiatives and awareness raising activities related to human rights.

Fujikura Kasei Coating India Private Ltd. (India)

At Fujikura Kasei Coating India, rules for keeping documents organized and in order have been established to increase work efficiency.



Before

After

5 Health management initiatives

All Group companies engage in initiatives to maintain employee health and to assess the physical conditions of all employees.

Fujichemi Tokyo Co., Ltd. (Japan)

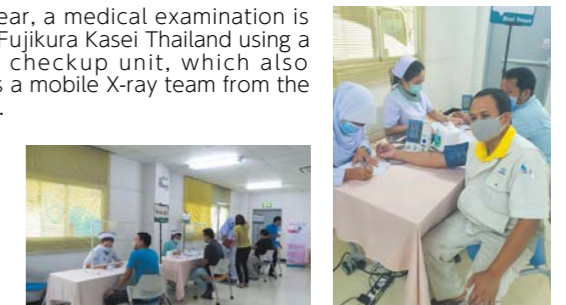
In fiscal 2017, Fujichemi Tokyo introduced a low-cost meal provision system called "OFFICE DE YASAI" to keep its employees healthy. It offers a lineup of dishes and rice bowls that employees can enjoy for lunch or a light meal.



OFFICE DE YASAI

Fujikura Kasei (Thailand) Co., Ltd.

Every year, a medical examination is held at Fujikura Kasei Thailand using a mobile checkup unit, which also includes a mobile X-ray team from the hospital.



Medical examination at the company

PT. Fujikura Kasei Indonesia

As a means for daily self-checkups, employees are instructed to drink eight cups of water every day and verify whether they are sufficiently hydrated by the color of their urine.



Urine color chart

Fujikura Kasei Malaysia Sdn. Bhd.

At Fujikura Kasei Malaysia, all new employees undergo a medical examination when they are first employed. Thereafter, they sign up for the company's added insurance to prepare against accidents resulting in injury or death, and to cover for hospital expenses.

Activity Reports of Fujikura Kasei Group Companies Safety and Health Initiatives

In addition to ensuring compliance with laws and regulations concerning safety, our Group companies address various issues to improve their quality of safety.

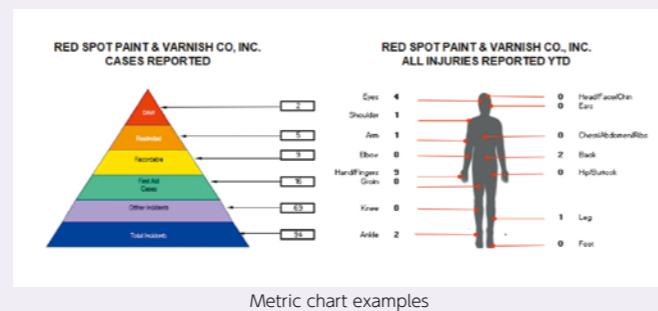
1 Response to EHS management systems

Red Spot Paint & Varnish Co., Inc. (U.S.A.)

Establishing a management system for occupational safety and health forms the foundation of business activities. Red Spot Paint & Varnish had already established and operated an EHS (environment, health, safety) management system from early on, and makes an effort to improve the system every year.

The PDCA is utilized to engage in the following initiatives under the EHS management system.

- 1 Preparation and operation of written standards regarding designated facilities
- 2 Establishment of an EHS organization that brings an active change in employee awareness
- 3 Support for achieving targets and aims (KPIs) by standardizing the collection of EHS metric* data
*Analytical calculation of data stored in a data source
- 4 Standardization of a feasible EHS program at the facility level
- 5 Implementation of an EHS internal audit program
- 6 Participation in "major" committees to promote EHS initiatives
- 7 Continued expansion of initiatives related to local communities



Metric chart examples

2 Improvement of work environments

Production sites handle machines, facilities and chemical substances, so safety and health risks potentially exist in all sites. Initiatives are taken by each company to reduce such risks.

Fujichemi Kinki Co., Ltd. (Japan)

At Fujichemi Kinki, a palletizer has been introduced to reduce the burden of manual loading procedures and to improve work efficiency in the production site. It is contributing to reducing the risk of lower back pains.



The palletizer that has been introduced

Fujikura Kasei Coating India Private Ltd. (India)

Fujikura Kasei Coating India introduced a drum lifter to reduce physical burden (accumulation of fatigue) resulting from the frequent task of preparing raw materials.



Before



After

Fujikura Kasei (Foshan) Coating Co., Ltd. (China)

At Fujikura Kasei (Foshan) Coating, plastic cans for powder raw materials were replaced with steel cans as a measure against static electricity accidents. The plant floor has also been surface-treated with a conductive material.



Before



After

3 Safety measures for facilities

Facility safety is ensured not only by verifying operations via regular maintenance, but also by responding to findings by internal patrols and external audits.

Fujikura Kasei Coating (Tianjin) Co., Ltd. (China)

Responses to matters pointed out in public inspections
As a result of a legal enforcement inspection by the Tianjin Emergency Authority, Fujikura Kasei Coating (Tianjin) received and responded to instructions to install a power exhaust device in its internal warehouse.



Inspection by the Chinese authority



After installation of a power exhaust device

Safety inspection of production facilities

Production facilities are regularly inspected to ensure their safety.



Maintenance of a high-speed disperser



Inspection of the alarm system



Construction of a blast wall

4 Strengthening safety awareness

Risks cannot be completely eliminated no matter what types of measures are employed. Therefore, various initiatives are taken to strengthen the awareness of safety among all employees, as an important element of safety activities.

Fuji Chemical Co., Ltd. (Japan)

At Fuji Chemical, managers engage in daily patrol activities and report their results at a debriefing meeting held every three months. Initiatives are also taken to implement safety and health activities based on an annual safety and health plan and to verify the proper use of protective gear in daily morning assemblies.

Fujikura Kasei Malaysia Sdn. Bhd.

Fujikura Kasei Malaysia held a safety poster session and internal safety lecture intended for all employees. A specialist from a government agency was also invited to give a lecture to promote an understanding of chemical substances and prevent risks associated with chemical substances.



Safety posters



Lecture on chemical substances

PT. Fujikura Kasei Indonesia

Fujikura Kasei Indonesia offers a variety of training programs. They include internal training on respiratory protection in the workplace, internal training on risk prediction four times a year, internal training on the introduction of an audit of the HSE (health, safety, environment) management system, internal training on preventing and addressing HIV & AIDS in the workplace, and monthly HSE committee meetings.

Shanghai Fujikura Kasei Coating Co., Ltd. (China)

Employees of Shanghai Fujikura Kasei Coating participate in designated training programs to strengthen their awareness of safety. Employees who handle chemical substances also study using an online workbook every day via smartphone.



Smartphone safety workbook

5 Safety guidance for cooperating companies

Some of our Group companies carry out their business with the cooperation of subcontracting companies, so the safety and health of their employees must also be considered.

Fujichemi Tokyo Co., Ltd. (Japan)

Fujichemi Tokyo undertakes the following initiatives to raise safety awareness among employees of cooperating companies who engage in onsite painting work.

Safety training program

A hands-on training program is held in 19 districts. In fiscal 2020, 465 people participated in this program and experienced an occupational accident through a re-enactment of an accident that actually occurred in the previous year.



Safety training program for cooperative companies

Special education

A special education on full harnessing was held with the attendance of 181 employees from 67 companies, and a special supervisor education program was held with the attendance of 45 employees from 19 companies.



Special education for cooperative companies

Support for preventing heatstroke

Some 750 first-aid items for heatstroke were distributed to cooperating companies.



Activity Reports of Fujikura Kasei Group Companies Environmental Activities

Conservation of the earth's environment is a materiality of global scale. Our Group companies strive to reduce the environmental impact of their business activities such as by strengthening their awareness of environmental improvement and by saving energy and resources.

1 Strengthening awareness of environmental improvement

Employee awareness of the need for improvement is an important element of environmental activities.

Red Spot Paint & Varnish Co., Inc. (U.S.A.)

At Red Spot Paint & Varnish, employee awareness of environmental improvement is maintained and enhanced by creating and putting up posters that visualize the results of environmental improvement activities and sharing the information among all employees.



2 Energy and resource saving initiatives

Our Group companies engage in various initiatives to save energy and resources depending on the size and capacity of each company.

Fujichem Sonneborn Ltd. (U.K.)

The electric power used in the head office and manufacturing centers of Fujichem Sonneborn is now entirely derived from renewable energy sources. None of the sites depends on private power generation, but their electric power is supplied by renewable energy sources (certified). Although the power company has not disclosed its sources of energy, it is assumed to be a mixture of energy from wind, biomass, solar, and hydroelectric power generation to secure a stable supply.



Renewable energy certificate

Fujikura Kasei Coating India Private Ltd. (India)

At Fujikura Kasei Coating India, 45 to 50% of the total amount of electric power used between January and December 2020 came from a renewable energy source (solar), although there were some fluctuations in relation to production volumes.



Solar panels that have been installed

Fujichemi Tokyo Co., Ltd. (Japan)

Various measures are taken at Fujichemi Tokyo to save electricity, for example by implementing the Cool Biz initiative, turning off lights in places in the office where they have no bearing on business operations, and turning off lights in bathrooms and elevator halls and during lunch break. Additionally, all company vehicles have been replaced with hybrid vehicles in the effort to reduce CO2 emissions.

PT. Fujikura Kasei Indonesia

At Fujikura Kasei Indonesia, electricity and water conservation posters encourage employees to engage in environmental conservation activities. Additionally, efforts are made to reduce the use of paper by promoting soft (electronic) copies.



Electricity conservation poster



Water conservation poster

Shanghai Fujikura Kasei Coating Co., Ltd. (China)

Shanghai Fujikura Kasei Coating switched the lighting fixtures used in its solvent borne coatings plant from the conventional lighting comprising a fluorescent lamp and UV protection film to LED lighting, and consequently saved electricity by 15% while increasing brightness in the plant. As added advantages, the switch to LED also reduced the frequency of lamp repairs and the risk of falling during repairs.



Before



After

Fujikura Kasei Coating (Tianjin) Co., Ltd. (China)

An electricity monitoring system was installed at Fujikura Kasei Coating Tianjin as part of an environmental protection project. The operational conditions of the system are routinely inspected.



The electricity monitoring system that was installed



Inspection of operational conditions

3 Pollution prevention initiatives

Various initiatives are taken to prevent environmental pollution in regions where Fujikura Kasei Group companies operate.

Fujikura Kasei Malaysia Sdn. Bhd.

Prohibiting the use of polystyrene containers

Take-out polystyrene containers affect the environment, because they are not biodegradable. Therefore, Fujikura Kasei Malaysia prohibited the use of polystyrene within its plant premises, to protect the environment from pollution caused by hazardous chemical substances. It also provides cutlery to promote the disuse of plastic spoons.



Polystyrene containers are prohibited



Provision of cutlery

Monitoring the discharge levels of hazardous chemical substances

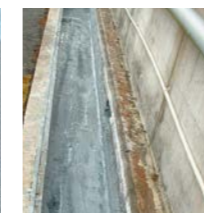
To monitor the discharge level of hazardous chemical substances from its plant, Fujikura Kasei Malaysia monitors atmospheric emissions and local exhaust devices every year. In the monitoring of atmospheric emissions, heavy metals and gaseous substances discharged from the plant chimney are measured. The result showed that the discharge level of these substances was significantly lower than Malaysia's 2014 environmental quality (clean air) regulations. In the monitoring of local exhaust devices, it was confirmed that discharge levels satisfy ACGIH and USECHH regulations 2000, and that aerial pollutants are effectively removed from work areas.

Fuji Chemical Co., Ltd. (Japan)

At Fuji Chemical, the gutters leading to the waste liquid pit are cleaned regularly to prevent the discharge of waste liquids from the gutters to outside the plant, and to check for any cracks in the concrete that could cause underground leaks and penetration.



Before cleaning



After cleaning

Fujikura Kasei Coating (Tianjin) Co., Ltd. (China)

At Fujikura Kasei Coating Tianjin, a VOC measuring device was installed. Palettes were also purchased and installed to prevent the leakage of coating waste.



VOC measuring facility



Palettes for preventing the leakage of coating waste

Fujikura Kasei (Foshan) Coating Co., Ltd. (China)

At Fujikura Kasei Foshan, the damage to the duct of the VOC abatement system was found and repaired.



Damage portion



After repair

Activity Reports of Fujikura Kasei Group Companies

Management of Chemical Substances to Retain Trust

The Fujikura Kasei Group handles chemical substances. Therefore, chemical substance management is an important activity deeply related to the health, safety and environment of our employees in all sites, as well as our customers and end users. Information on chemical substances contained in the raw materials we use and in our products are provided by the product design departments of Fujikura Kasei and other related companies, and Group companies engage in their respective activities based on this information.

1 Employee education on chemical substances

Our Group companies provide employee education on chemical substances based on the belief that it is foremost important for employees who directly handle raw materials to acquire proper knowledge of chemical substances.

Fuji Chemical Co., Ltd. (Japan)

At Fuji Chemical's plants, on-the-job training is provided on the handling of high-risk raw materials, including activities on checking the latest safety data sheets twice a year.

Fujikura Kasei (Thailand) Co., Ltd.

In preparation against incidental accidents that might occur during production operations or activities performed in the warehouse area, Fujikura Kasei Thailand provides employee training on responding to emergency situations that may occur when handling chemical substances. This internal training is held every year by safety managers, to provide knowledge of legal definitions and the risks of all chemical substances in the company. It is a full-day training consisting of lectures during the morning and onsite response drills in the afternoon.



Lecture on laws and the risks of chemical substances



Onsite response drill held under the scenario of an emergency situation when handling chemical substances

PT. Fujikura Kasei Indonesia

At Fujikura Kasei Indonesia, internal training is provided on the basic knowledge of chemical substances (two days) and on GHS marks and labels.



Internal training on the basic knowledge of chemical substances

2 Development of new products in response to chemical substance regulations

Chemical substance management accompanies risks, but also presents opportunities to develop new products.

Fujichem Sonneborn Ltd. (U.K.)

Fujichem Sonneborn has consistently responded to changes in chemical substance regulations to ensure compliance. It is now facing the additional need to respond to REACH regulations in the U.K. and Turkey. The R&D team at Fujichem Sonneborn has worked hard to ensure that the company's products conform to even stricter EU laws on the safety of chemical substances, and has developed a new, water borne coating system for car interiors.

Activity Reports of Fujikura Kasei Group Companies

Compliance

Our Group companies respectively engage in compliance initiatives beside activities that are implemented in conjunction with Fujikura Kasei.

1 Employee compliance education

With regard to compliance with laws and regulations, social norms, customs and company rules, it is important for employees to take conscious action based on an understanding of the significance of compliance.

Fujichemi Tokyo Co., Ltd. (Japan)

At Fujichemi Tokyo, compliance training was provided to manager-level and middle-level employees on three occasions in fiscal 2020, with the objective of ensuring a fair workplace environment free of misconduct.



Compliance training

Fuji Chemical Co., Ltd. (Japan)

As a company-wide initiative at Fuji Chemical, educational materials on compliance were distributed to manager-level employees to disseminate thorough understanding of compliance across the company.

2 Verification and actions to maintain compliance in each company

With regard to corporate activities implemented in each company, it is important to regularly verify the status of compliance in the company and take appropriate action in response to the result of such verification.

Fujichem Sonneborn Ltd. (U.K.)

Fujichem Sonneborn verifies that it complies with all relevant compliance matters on a consistent basis (this includes the provision of annual data to the British Coatings Federation). The company's manufacturing base in Chesterfield is subject to annual inspections relating to work environment licenses by the North East Derbyshire County Council, and has passed all inspections to date.

PT. Fujikura Kasei Indonesia

Fujikura Kasei Indonesia holds an internal compliance conference regularly to verify the company's status of compliance. In fiscal 2020, it filed an application for permission to install a temporary storage site for hazardous materials before disposal, pursuant to relevant law.



Temporary storage site for hazardous materials before disposal, installed according to relevant law



Minutes of a compliance conference

Fujikura Kasei Malaysia Sdn. Bhd.

Fujikura Kasei Malaysia has verified proper compliance with regard to the following items.

Financial statements

Financial statements are prepared in compliance with the Malaysian Financial Reporting Standards (MFRS), the International Financial Reporting Standards (IFRS), and Malaysia's Companies Act 2016.

Waste treatment

Pursuant to the guidelines of the Department of Environment (DOE), waste treatment is outsourced to a designated DOE-approved company, waste treatment records are submitted to DOE on a monthly basis.

Chemical Health Risk Assessment (CHRA)

As a registered member of the Department of Safety and Health (DOSH), Fujikura Kasei Malaysia performs Chemical Health Risk Assessments (CHRA).

Risk Management

Each of our Group companies takes initiatives to minimize damage from any incidents that may impact our business. Below are their measures against COVID-19, one of the most immediate issues of concern.

1 Measures against COVID-19

COVID-19 rapidly spread throughout the world after it was first reported in the latter half of 2019, and has greatly impacted people's lives and global economies. Our business continuity plans (BCPs) define measures against pandemics, but the activity reports of each company particularly with regard to COVID-19 shall serve as a reference if and when a similar crisis occurs again in the future.

Fujichemi Tokyo Co., Ltd. (Japan)

At Fujichemi Tokyo, exchanges of views and updates are held during weekly meetings so that employees can adopt staggered working hours, and work rotation charts are created and implemented to allow employees to work at home.

Tohkoh Jushi Co., Ltd. (Japan)

Tohkoh Jushi encourages its employees to use staggered working hours or to work at home, but because there are occasions when employees must come to the office, measures have been taken to prevent droplet infection. The partitions in the office are the company's own products made using materials produced by the company.



Partition between adjacent seats



Partition between facing seats



Poster urging employees to wash their hands with soap



Posters urging employees to maintain a social distance from others and to wear a mask at all times



Fujichem Sonneborn Ltd. (U.K.)

- 1 Verification of updates of the British government's guidelines by holding COVID-19 task force meetings (weekly)
- 2 Switching the attendance management system from fingerprint recognition to a touchless temperature sensor that incorporates an attendance management feature, as an infection prevention measure
- 3 Provision of the necessary protective gear to employees
- 4 Review of the BCP in response to the recent pandemic



Touchless temperature sensor that also incorporates an attendance management system

Fujikura Kasei Malaysia Sdn. Bhd.

Fujikura Kasei Malaysia takes measures to make sure it can resume business in the shortest possible time when a risk arises. In particular, ascertaining the safety of all employees is a priority initiative in its business continuity plan (BCP). The company also implements ongoing preventive measures against pandemics. During ordinary times, employees receive briefing and counseling, so they can act according to a pre-established action plan in the event of an emergency situation or pandemic. The list at right shows specific initiatives against pandemics that are taken at Fujikura Kasei Malaysia.

- 1 Tracing survey using the application software for contact confirmation (My Sejahtera) created by the Malaysian government and the company's QR code
- 2 Measuring the body temperature of all employees and visitors
- 3 Restrictions on holding a meeting in a closed room
- 4 Encouraging employees to eat alone
- 5 Canceling or postponing not only daily events but also indoor events
- 6 Periodic disinfection of common areas
- 7 Maintaining social distance in all workplaces
- 8 Frequent hand-washing and wearing of masks
- 9 Remote working
- 10 Maintaining social distance between employees' seats

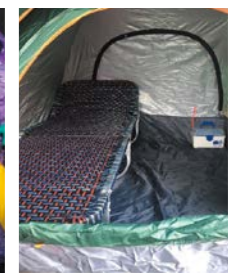


QR code used for the tracing survey

Fujikura Kasei Vietnam Co., Ltd.

In Vietnam, extremely strict measures are taken when people contract COVID-19 or when they have contact with someone who has contracted COVID-19. Primary contacts are required to quarantine themselves in an isolation facility for 21 days and receive a PCR test three times. Secondary contacts are required to quarantine themselves at home for 21 days and remain at home until the primary contact tests negative in the PCR test they receive three times. Therefore, in the event an employee contracts COVID-19, the company's business activities are considerably affected.

- 1 Employees in the office and plant are respectively grouped into two work shifts (Group A, Group B).
- 2 Measures have been taken so that members in the office do not come into contact with members of the plant.
- 3 As instructed by the government, the entire company has been disinfected, and a quarantine space has been created.



Disinfection of the office and plant

Quarantine space

Shanghai Fujikura Kasei Coating Co., Ltd. (China)

- 1 Quick response: Distribution of masks in advance of the Chinese New Year holiday Establishment of an employee countermeasures team
- 2 Procurement of supplies: Procurement of supplies through various routes Disinfection prior to the Chinese New Year holiday
- 3 Normalized prevention: Normalized prevention measures as required Securing sufficient supplies for prevention of epidemics



Internal awareness raising notices

Fujikura Kasei Coating (Tianjin) Co., Ltd. (China)

In response to the Tianjin development district management committee, Fujikura Kasei Coating Tianjin has prepared a stock of emergency supplies, including body temperature measuring devices and thermometers for employees, disposable gloves and masks, alcohol sanitizers, instant noodles, biscuits, and liquid hand soaps.



Body temperature measuring before meals



Procured supplies



Room set up as a quarantine room

Risk Management

Case examples of our Group companies' activities in preparation against man-made disasters and natural disasters are introduced below.

2 Drills and measures to minimize damage in the event of an incident

In the event of a man-made disaster such as an explosion or fire, or a natural disaster such as an earthquake or flood, actions are firstly taken to secure people's safety and minimize any subsequent damage. It is necessary, however, to practice these actions in ordinary times so proper response can be taken in the face of a sudden disaster.

Fuji Chemical Co., Ltd. (Japan)

At Fuji Chemical's plant, an initial fire-fighting drill using a fire extinguisher was held under the instructions of a contractor.



Learning how to handle a fire extinguisher prior to conducting a drill



Igniting a fire

Fujikura Kasei (Thailand) Co., Ltd.

All male employees and security personnel at Fujikura Kasei Thailand participated in a drill on handling water hoses that are connected to fire pumps and water hose reels under the instructions of firefighters affiliated with the government, wearing actual firemen's uniform. Basic fire extinguishing drills and evacuation drills are also held every year as required by laws and regulations in Thailand.



Fire-fighting lecture



Wearing actual firemen's uniform



Fire extinguishing drill



Evacuation drill

Fujikura Kasei Coating (Tianjin) Co., Ltd. (China)

Fire lines have been marked on the premises of Fujikura Kasei Coating Tianjin in response to a request from the Tianjin development district firefighting unit. Fire extinguishing and evacuation drills have also been conducted.



Fire lines



Fire extinguishing drill

Shanghai Fujikura Kasei Coating Co., Ltd. (China)

At Shanghai Fujikura Kasei Coating, a company fire brigade composed of a group of ten employees receives weekly lessons on firefighting theories and training on actual firefighting operations, to improve their capacity for emergency response.



Firefighting drill

Fujikura Kasei (Foshan) Coating Co., Ltd. (China)

To secure the necessary amount of fire extinguishing water when a fire occurs, Fujikura Kasei Foshan Coating repaired the outdoor underground piping at its facility.



Outdoor underground piping after repair

3 Fulfilling our responsibility to supply products to customers

If an in-house incident occurs, the supply of products to our customers may be disrupted. Every effort is therefore made to prevent impacting our customers' production activities.

PT. Fujikura Kasei Indonesia

In preparation against the occurrence of a disaster in the plant, Fujikura Kasei Indonesia made arrangements to utilize not only its onsite warehouse but a warehouse operated by Yusen Logistics for the temporary storage of raw materials, and commenced this operation.



Inside of the Yusen warehouse

4 Protection of employees who are unable to go home in the event of a disaster

When a large-scale disaster occurs that affects an entire community, public transportation may be suspended to prevent confusion. In preparation against such situations, initiatives are taken to provide for employees who are unable to go home and local residents in need.

Fujichemi Kinki Co., Ltd. (Japan)

As a measure against natural disasters and other disasters, Fujichemi Kinki keeps a stockpile of emergency rations at its head office and plant. From fiscal 2020, it has adopted a policy to secure three days' worth of rations for each employee in preparation against unexpected disaster.



Stockpile at the head office



Stockpile at the plant

Producing Products from the Customer Standpoint

Our Group companies engage in quality assurance activities with the aim of enhancing customer satisfaction.

1 Enhancing employee abilities

Enhancing employee abilities is indispensable to quality assurance.

Fuji Chemical Co., Ltd. (Japan)

At Fuji Chemical, a new skills assessment chart has been established in the plant, to assess the skills status of each employee based on self-assessment and managerial assessment. The results of these assessments will hereafter be used to ensure quality by performing a review of the inspection framework and providing education on improving inspection skills.

Fujichem Sonneborn Ltd. (U.K.)

To effectively satisfy customer needs and gain trust in the market, Fujichem Sonneborn utilizes IATF16949:2016 as a foundation to improve work processes and strengthen its quality management system. It implements core skills training programs and also trains employees to become certified internal auditors. Through the training and strengthening of internal audit skills, employees become able to more appropriately manage work processes.

PT. Fujikura Kasei Indonesia

At Fujikura Kasei Indonesia, a Brookfield type viscometer was newly purchased to strengthen quality assurance, and training on how to use the device has been provided to its employees.



Newly introduced Brookfield type viscometer

2 Case examples of quality improvement

Below are case examples of the how the quality of actual products has been improved.

Fujikura Kasei Coating India Private Ltd. (India)

Products packed in a cardboard box that is not visually appealing were sometimes subject to rough handling during transport and ended up being damaged in some cases. As this used to cause displeasure to customers receiving such products and posed a quality issue, Fujikura Kasei Coating India renewed its packaging material.



Before

After

3 Providing quality education to cooperating companies

The features of coating films that are our final products are achieved through the combination of our paints and their application. Therefore, providing education to cooperating companies that undertake the actual application work is important to ensuring good quality.

Fujichemi Tokyo Co., Ltd. (Japan)

As a form of quality improvement education, Fujichemi Tokyo held workshops to introduce case examples of defective construction in 19 districts with a total attendance of 631 participants. It also launched a video channel called "Fuji Nuri Fuji Channel" with the aim of improving construction quality.



Quality workshop

4 Maintaining accreditations

Group companies that have acquired certification for its quality management system and other systems regularly undergo examinations by accreditation organizations and internal audits to maintain and enhance their systems.

Fujikura Kasei Malaysia Sdn. Bhd

●Internal audit On May 19 and 20, 2020, an internal audit was carried out at Fujikura Kasei Malaysia, based on ISO9001:2015. All key persons in each department participated in the audit as auditees, and were audited by the company's internal auditors. The purpose of the audit was to check their compatibility with the quality management system and the effectiveness of the system, and to look for any areas that require improvement. Improvements were made in response to some minor points, and the goal of the audit was achieved.

●Renewal audit Due to the impacts of COVID-19, the renewal audit for fiscal 2020 was conducted online on June 5, but was able to be conducted onsite on August 10. As no nonconformities were found and no recommendations were issued, the company's accreditation was maintained.

Contribution to Local Communities

Our Group companies engage in various community contribution activities, to exist in mutual harmony and prosperity with local residents. Donations comprised most of these activities in fiscal 2020 due to COVID-19.

1 Donations

Our Group companies voluntarily initiate various donation activities in view of the situation in each community.

Red Spot Paint & Varnish Co., Inc. (U.S.A.)

Every year at Red Spot Paint & Varnish, employees vote on activities they wish to implement during the year from among a number of nominated activities. In fiscal 2020, they engaged in the activities shown at right.

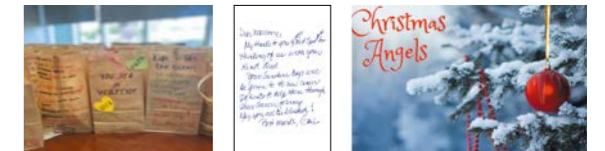
- 515 disposable paper masks, 285 cloth masks, and 100 safety charms were donated so children can return to school in August.
- Donation goods were collected and sent to Chemo Buddies (an organization established to give hope and encouragement to people going through cancer treatment), to be distributed to patients as a "sunshine package" (tissue, hand sanitizer, lip balm, puzzle book, lotion, candies).
- A total of 23,499 dollars and 23 cents were collected from 76 employees and donated to United Way (an organization that promotes children's development).
- Under the Christmas Angel Program to support families in need, donations were collected from employees, and Christmas presents, cleaning supplies, and advent (food) boxes were provided to three families and four children.



An organization established to give hope and encouragement to people going through cancer treatment



An organization that promotes children's development



Christmas Angel Program

Fujichem Sonneborn Ltd. (U.K.)

Fujichem Sonneborn made donations to the three charitable organizations at right through direct donations from employee wages and in-house fundraising activities.

- Barnardo's: An organization established to protect, support and develop children who represent the most vulnerable group in the U.K.
- Dove Hospice: An organization that provides care to patients with a life-limiting illness
- Ashgate Hospice: An organization that provides care to patients with a life-limiting illness

PT. Fujikura Kasei Indonesia

Fujikura Kasei Indonesia made donations to a children's home.



Children and visiting staff members at the home

Fujikura Kasei Malaysia Sdn. Bhd.

Fujikura Kasei Malaysia distributed hand sanitizers not only to all employees, but also to other businesses and customers in the community.



Hand sanitizers that were distributed



Distributing hand sanitizers to neighborhood residents and businesses



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.

Overview of our corporate control framework and reason for adopting the framework

To further strengthen corporate governance and increase our medium to long-term corporate value, we have shifted from a company with a Board of Company Auditors to a company with an Audit and Supervisory Committee upon resolution by the General Meeting of Shareholders on June 27, 2019.

(1) Board of Directors

Our Board of Directors is composed of 7 directors, 2 outside directors and 3 directors who are Audit and Supervisory Committee members. The Board of Directors and Managing Directors are decision-making bodies that 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 composed of three audit and supervisory members. Two of the three members are outside directors.

Directors

Post	Name	Role and responsibility
President	Daisuke Kato	
Senior Vice President	Hiroaki Watanabe	Director of R&D Center, General Manager of the Polymers & Resins Div., Medical Materials Dept., Quality Assurance Dept., CSR
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	General Manager of the Electronic Materials Div., affiliated companies (synthetic resins)
Executive Director	Hitoshi Kawaguchi	General Manager of the Coatings for Plastics Div., affiliated companies (overseas)
Executive Director	Susumu Kurihara	General Manager of Administration Headquarters, Corporate Auditing Office, affiliated companies (Japan)
Executive Director	Osamu Tanaka	Outside director
Executive Director	Yoichi Nagahama	Outside director
Executive Director	Yoshizo Shimoda	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

Response to the corporate governance code accompanying market segment changes in the Tokyo Stock Exchange

On April 4, 2022, the stock market operated by the Tokyo Stock Exchange will be restructured into three new market segments: Prime Market, Standard Market, and Growth Market. These segments will be based on clear concepts, with the Prime Market oriented to companies which center their business on constructive dialogue with global investors, the Standard Market oriented to companies with sufficient liquidity and governance levels to be investment instruments in a public market, and the Growth Market oriented to companies with high growth potential.

Anticipating a demand for an even stronger governance framework hereafter, we have introduced a new platform and an online system for exercising voting rights and began operating them from the general meeting of shareholders held in June 2021.

We will make such changes and improvements on a continuous basis to further enhance our governance framework.

●Schedule for the change in market segments in the Tokyo Stock Exchange and revision of the corporate governance code

Spring 2021: Official announcement of the revision of the corporate governance code

September – late December 2021: Filing of an application for selection of a new market segment and a revised corporate governance report by all companies

April 4, 2022: Transfer to the new market segment

Company Overview of Fujikura Kasei

Business overview

Fujikura Kasei's business areas have widely expanded from its original coatings and resin materials businesses that the company has engaged in since its founding, to also include the in-vitro diagnostic pharmaceutical products business anew.

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) work.

The Electronic Materials Business provides a wide lineup of its 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, and 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.

Profile

■ **Founding** / September 22, 1938

■ **Capital** / 5,352,120,526 yen (as of June 30, 2021)

■ **No. of employees** / 433

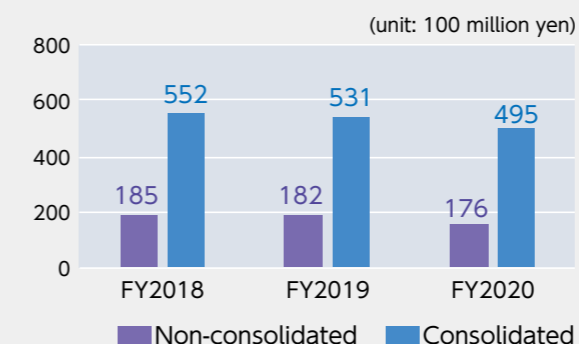
■ **Main banks** / Mizuho Bank, Ltd.
Sumitomo Mitsui Banking Corp.
Sumitomo Mitsui Trust Bank, Limited
The Gunma Bank, Ltd.
The 77 Bank, Ltd.
The Shizuoka Bank, Ltd.

■ **Main shareholder** / Fujikura, Ltd.

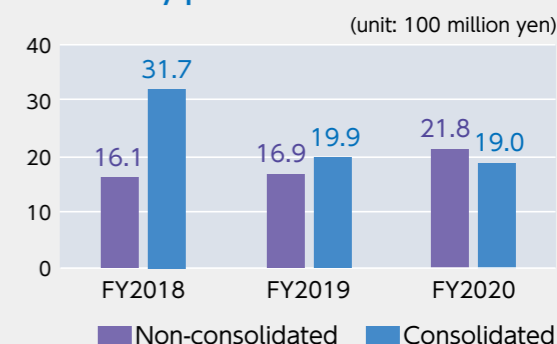
■ **Offices** / Head Office
R&D Center
Kuki Logistics Center
Sano Plant 1
Sano Plant 2
Sano Plant 3
Sano Distribution Center
Nagoya Branch
Shanghai Liaison Office

Financial Highlights

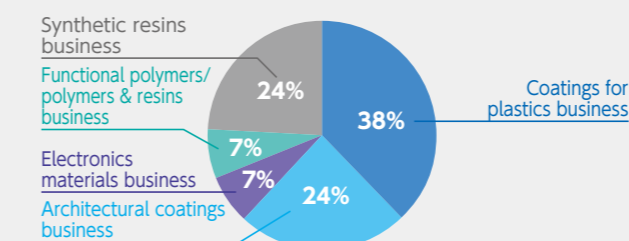
Sales



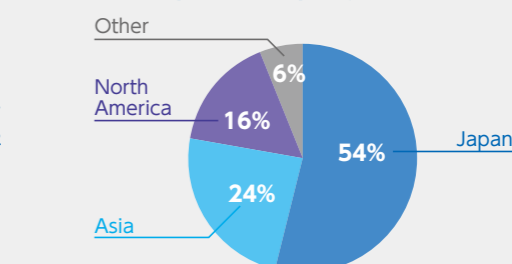
Ordinary profit



Sales composition by business (consolidated)



Sales composition by region (consolidated)





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105-0011
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Administration TEL. 81-3-3436-1101

[R&D Center]

13-1, Sakurada 5-chome, Kuki-shi, Saitama,
340-0203
TEL. 81-480-57-1155

[Kuki Logistics Center]

1205, Takayanagi, Kuki-shi, Saitama
349-1125
TEL. 81-480-48-5421

[Sano Plant]

Sakaecho 12-1, Sano-shi, Tochigi
327-0816
Office: TEL. 81-283-23-1881
Distribution Center: TEL. 81-283-21-0680

[Nagoya Branch]

Sanbanwarinaka 3-banchi, Nawa-machi, Tokai-shi, Aichi
476-0002
TEL. 81-52-601-0551

Fujikura Kasei Group

<Japan>

- ▶Fujichemi Tokyo Co., Ltd.
- ▶Fujichemi Kinki Co., Ltd.
- ▶Fuji Chemical Co., Ltd.
- ▶Tohkoh Jushi Co., Ltd.

<Overseas>

- ▶Red Spot Paint & Varnish Co., Inc.
- ▶Fujichem Sonneborn Ltd.
- ▶Fujikura Kasei Coating (Tianjin) Co., Ltd.
- ▶Fujikura Kasei (Foshan) Coating Co., Ltd.
- ▶Shanghai Fujikura Kasei Coating Co., Ltd.
- ▶Fujikura Kasei (Thailand) Co., Ltd.
- ▶PT. Fujikura Kasei Indonesia
- ▶Fujikura Kasei Malaysia Sdn. Bhd.
- ▶Fujikura Kasei Vietnam Co., Ltd.
- ▶Fujikura Kasei Coating India Private Ltd.

