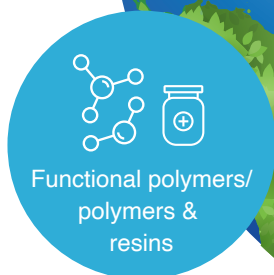


Fujikura Kasei Group

Sustainability Report

2023



Management philosophy

Taking on Challenges and Working Together

Providing the value our customers need

Action guideline

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

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

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

We pursue the realization of comfort through commitment and compassion.

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



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Editorial policy (on publishing this Sustainability Report)

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

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

Period covered by this report—April 1, 2022 to March 31, 2023, in principle
*Includes, in part, information on ongoing initiatives and special items, etc. that fall outside the specified period.

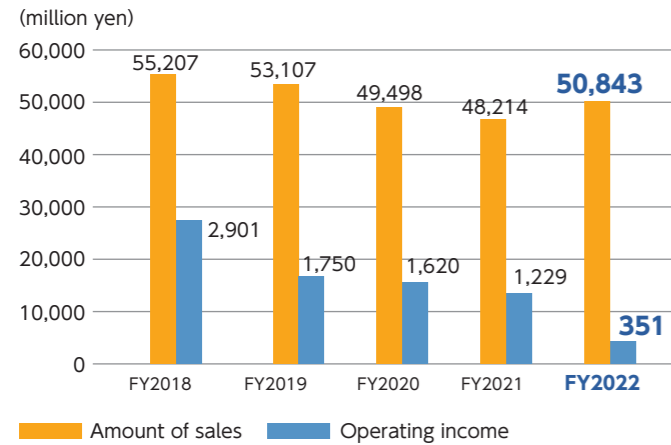
Reference guidelines—This report outlines the sustainability initiatives of Fujikura Kasei and the Fujikura Kasei Group in reference to the following guidelines.

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

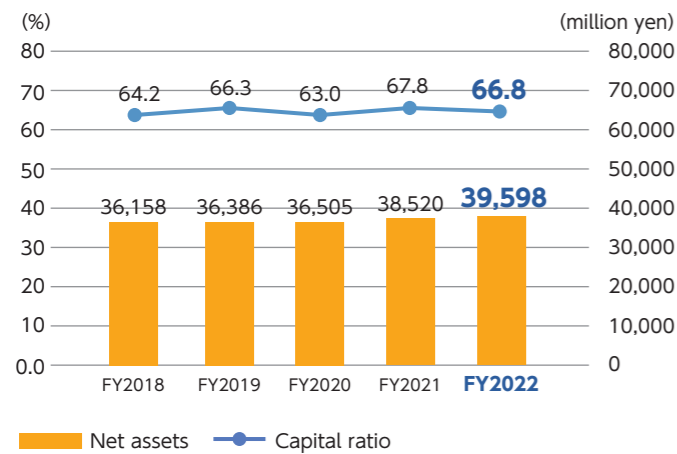
Financial and Non-financial Highlights

Financial Highlights

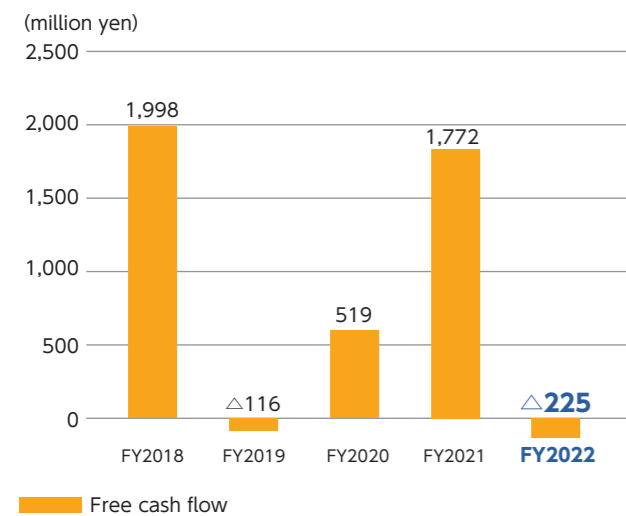
Amount of sales & Operating income



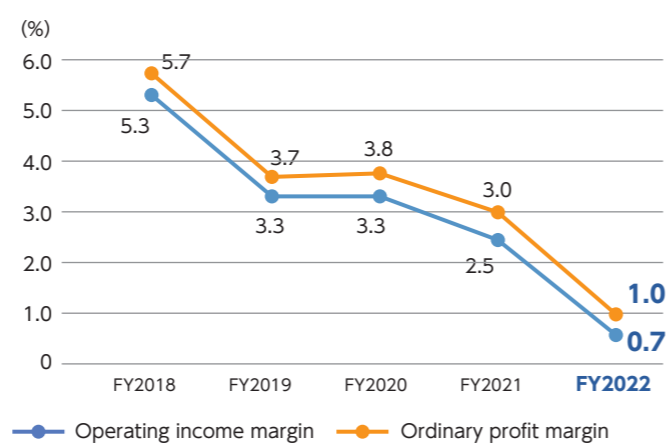
Capital ratio & net assets



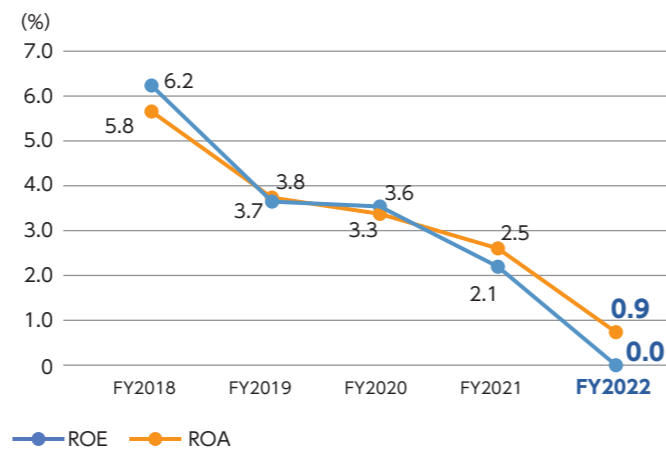
Free cash flow



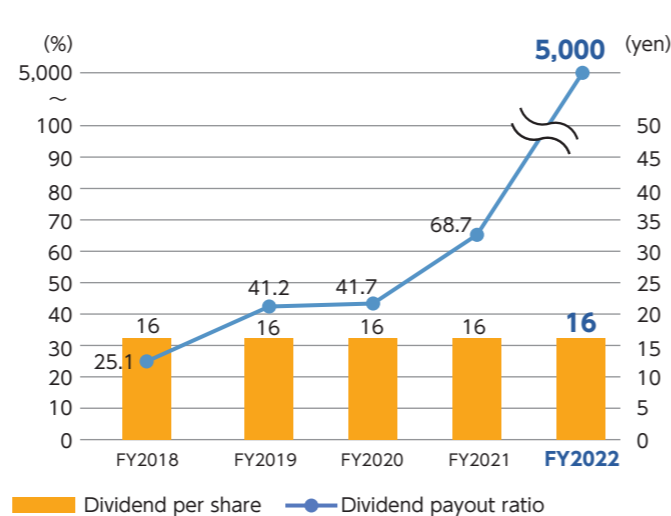
Operating income margin & ordinary profit margin



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

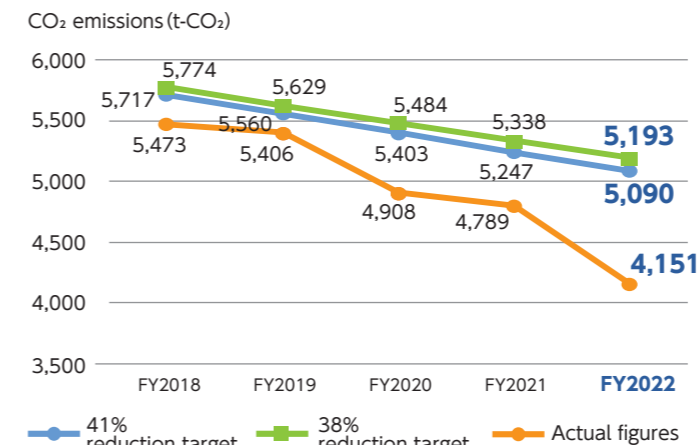


Dividend payout ratio & dividend per share

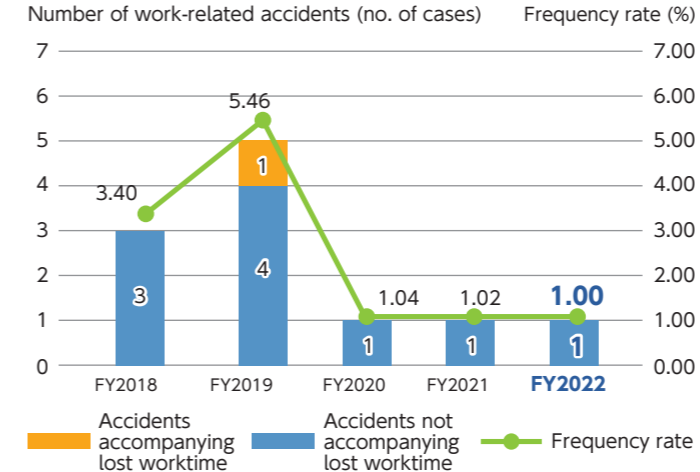


Non-financial Highlights

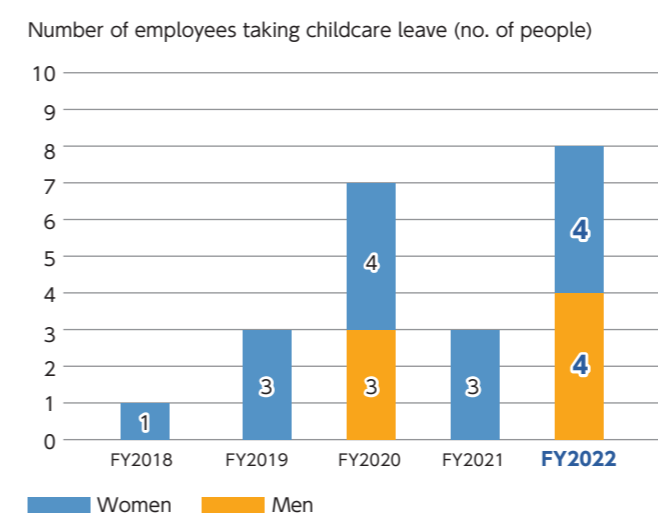
Trends in CO₂ emissions



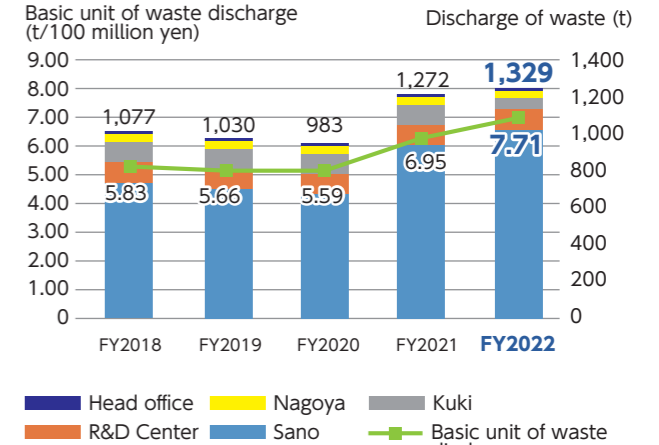
Number of work-related accidents and their frequency rate



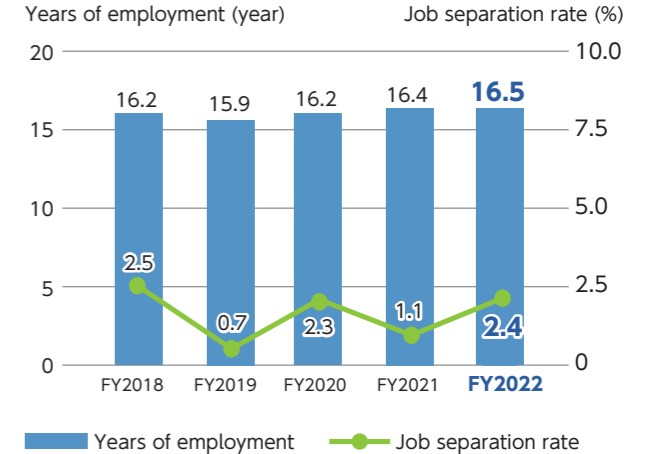
Number of employees taking childcare leave



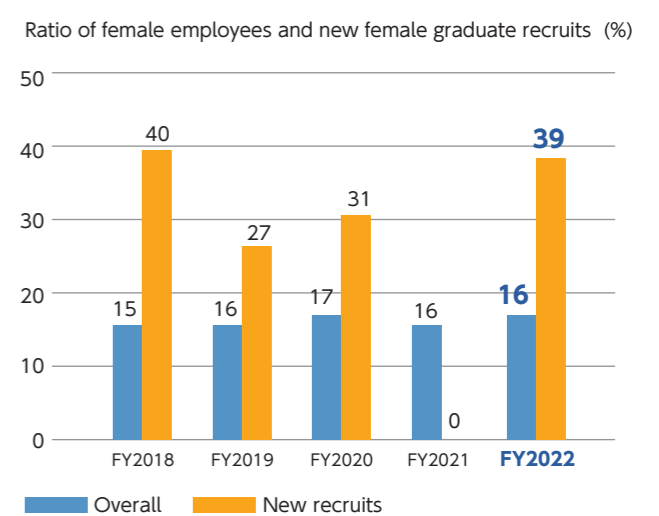
Trends in the discharge of waste and the basic unit of waste discharge



Average years of employment and employee job separation rate



Ratio of female employees and new female graduate recruits

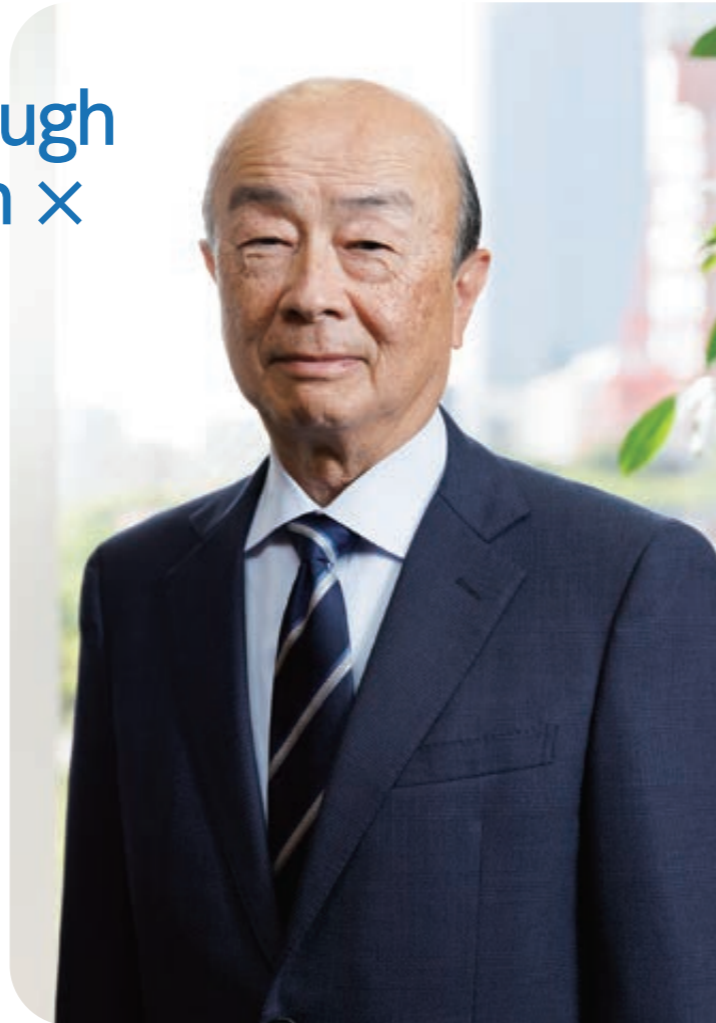


2030 Vision Provide new value through Co-creation × Evolution × Power of Chemistry

In April 2023, Fujikura Kasei launched its 11th mid-term management plan which charts the company's course of action over the next three years. Based on values created by its five business segments, Fujikura Kasei will contribute to the development of a sustainable society as it strives to realize its 2030 vision. Below, we interviewed President Kato about the strategies of the management plan and his thoughts on realizing its goal.

Fujikura Kasei Co., Ltd.
President

Daisuke Kato



Toward “Creating a New Vision for the Next Generation.” Launch of the 11th mid-term management plan

Please reflect on the 10th mid-term management plan.

The 10th mid-term management plan largely fell short of its performance targets. I must acknowledge that this was a crushing failure.

The constraints which COVID-19 placed on our economic activities, the decrease in production of automobiles caused by the shortage of parts supplies, the disruption of the global supply chain, the drastic surge in prices of raw materials, and the deterioration of market conditions due to the invasion of Ukraine, all had a considerable impact on us.

We are involved in a wide range of industry areas with a

variety of products, and the pandemic has hit us hard in almost all areas. For example, we faced a drop in demand in the automotive market, decline in housing starts in the housing market, a decreasing demand in the renovation market, and a downturn in the electronics parts market, among others.

“Change” was the keyword of the 10th mid-term management plan. How did this go?

Although we were unable to achieve the targets of the 10th mid-term management plan, we pushed forward with our

priority measures under the keyword of “change,” such as developing new products, cultivating new markets, and establishing a framework that would lead us to our next opportunity for change. The steady progress we have made despite COVID-19 has generated a certain sense of progress. By giving concrete shape to this momentum, I believe we can segue into the 11th mid-term management plan.

What are the aims and characteristics of the 11th mid-term management plan?

The 11th mid-term management plan sets forth the basic policy of “creating a new vision for the next generation.” To promote this concept, it is necessary for all employees to share the image of our new vision over the long term. We have also specifically defined our 2030 vision as a company that “provide new value through co-creation × evolution × power of chemistry” as a new challenge in strengthening the backcasting approach.

The basic concept of the mid-term management plan was formulated by bringing together the backcasting approach, which required us to recognize the difference between our 2030 vision and the present and consider what needs to be done to achieve the vision, and the forecasting approach, which focused on the future as an extension of the present. Although the 11th mid-term management plan was initially slated to be launched in fiscal 2022, we spent the year as a period of preparation and took time holding discussions on formulating the plan with the participation of all employees. This year marks the 85th anniversary of our company's founding. While there are many aspects of our company that we must pass on as part of our long history, we must also change in response to the significant changes occurring in society.

Among the business strategies outlined in the 11th mid-term management plan, what is the aim of the business portfolio strategy?

We organized our business portfolio along the two axes of profitability and growth and further divided the businesses of our five business segments into three areas: the “Sprouts” “Young leaves” and “Trees” areas.

Based on this business portfolio, we hope to achieve sustainable growth through a constant update of the business profile of each business segment.

Hasn't this concept existed before?

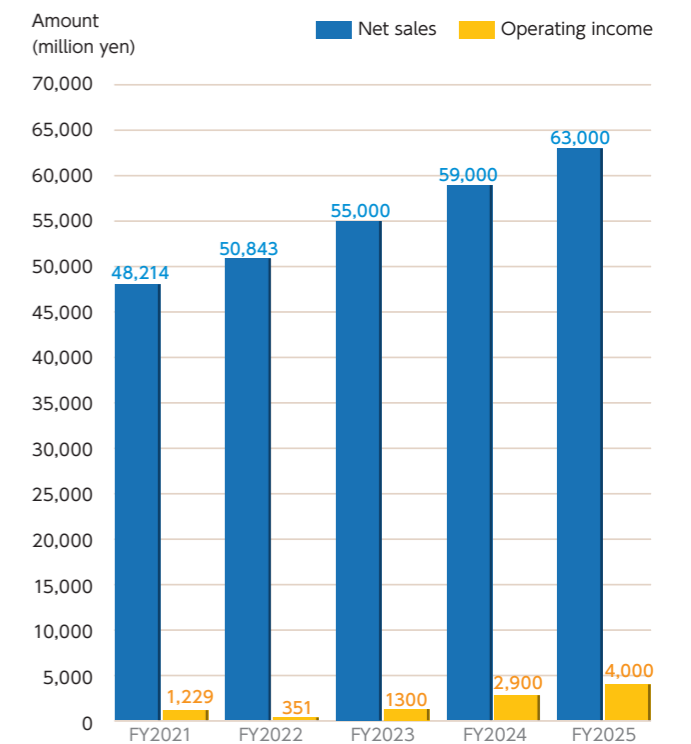
Up to now, the products of each business segment were managed by dividing them into strategic business units (SBU). However, as an enterprise framework, it was obscure in certain respects.

Under the 11th mid-term management plan, I believe the business portfolio model will allow us to use a common company-wide yardstick in pursuing operations from strategy formulation to progress management, in the three areas.

Has a revitalization or change occurred within the company?

The 11th mid-term management has just begun, but it clearly defines the direction we ought to take. In formulating the plan, considerable discussions were held within each business segment as to which of the three areas of the business portfolio their fields and products fall under. They were extremely meaningful discussions that included considerations of the business environment and future prospects of each business segment. They also raised expectations that they would have a direct effect on specific actions under the mid-term management plan.

■ 11th mid-term management plan
Consolidated net sales & operating income targets



Toward realizing our sustainability strategy

Please tell us why particular emphasis is being placed on sustainability at this time as a management strategy.

Within our long history, each of the departments within our company has individually engaged in sustainability initiatives since way before the word emerged. From around 2019, we began to identify issues we need to address as a company under the banner of CSR (corporate social responsibility). Thereafter, demands from society that required our attention became increasingly sophisticated and complex, such that we came to the realization that we must engage in sustainability in even greater depth. Thus, in April 2023, we brought sustainability to the fore and established a sustainability committee so we may make company-wide efforts to engage in sustainability as a management issue.

Sustainability initiatives will lead to sustainable growth of our company. Through the progress we have made, from individual efforts to CSR initiatives and on to sustainability initiatives, I hope to nurture greater awareness of sustainability among all our employees.

How are Fujikura Kasei's businesses linked to social issues?

I am aware that a wide range of social issues exist in society. Some are issues too large and difficult for us to address alone when considering the size of our business. However, as a chemical manufacturer, contributing to addressing environmental issues with our products is a theme that is close to us. We, of course, will address social issues other than those related to the environment, but I believe climate change, in particular, is an urgent social issue shared by the entire world.

Will decarbonization be an integral part of your initiatives?

As a chemical manufacturer, it is our mission to roll out products that contribute to a carbon neutral society through technological development. As a start, we are calculating and disclosing Scope 1, 2, and 3 CO₂ emissions from our supply chain to visualize the situation toward reducing CO₂ emissions.

We have also created a mechanism to calculate the carbon footprint of each product and have begun to disclose this information to our customers. Presently, we are considering visualizing our decarbonization initiatives on a global scale.

Will efforts hereafter focus more on the development of new products and technologies to contribute to society through your businesses and products?

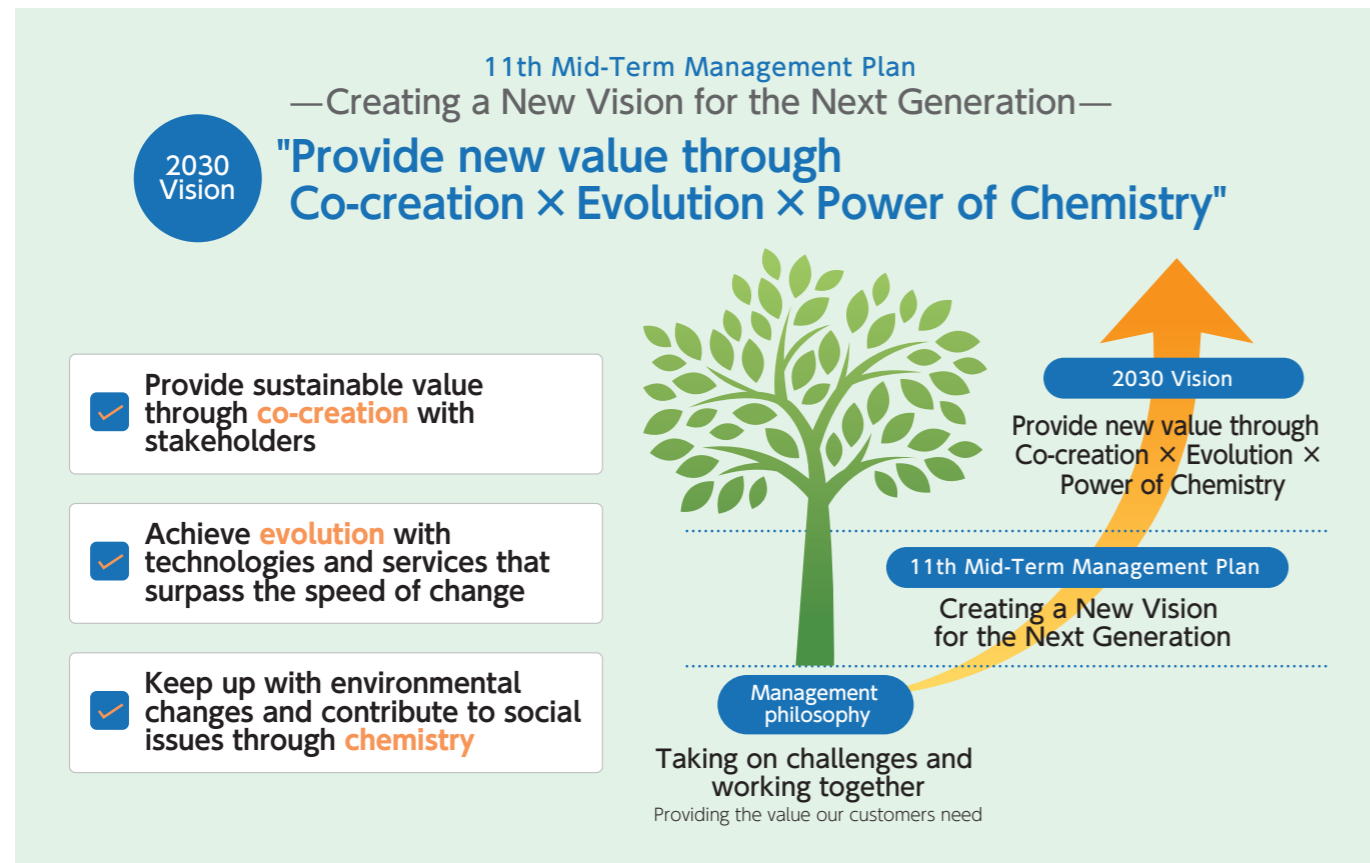
Under the 11th mid-term management plan, we will actively pursue businesses and the development of products that would play a role in solving social and environmental issues, as we have done up to now. For example, solvent-borne architectural coatings and resins, which have been the mainstream, will be gradually replaced by water-borne types, as an example of an apparent change.

Additionally, raw materials will also shift from petrochemical materials to materials derived from biomass, and this shift will likely accelerate along with market demand. Therefore, we will actively engage in product development while keeping a close eye on changes in the world.

Please give a few words about this Sustainability Report to your employees and other stakeholders.

This Sustainability Report marks the first fiscal year of transition from the CSR Report. The CSR Report has played a role as a medium that presents our initiatives and vision, but

even more upgraded information will now be provided in the form of a Sustainability Report. Foremost, I hope it will be instrumental in promoting a shared awareness among all employees of our Group about "what kind of company we are and what we aim to achieve," not only by providing numerical figures such as sales and profit, but also by setting forth our Group's future direction. I also hope this report will provide an opportunity for our stakeholders to get to know even more about our Group.



■ Stages to be achieved toward 2030

		FY2023-2025	Up to FY2029	FY2030
Stage		Period covered by the 11th mid-term management plan	Promote investment and maximize growth businesses	Provide new value through Co-creation x Evolution x Power of Chemistry
Business portfolio	Sprouts	<ul style="list-style-type: none"> Develop new, high value-added products Initiatives of the Technology Strategy Office 	<ul style="list-style-type: none"> Shift the businesses of the Sprouts area to the Young Leaves area 	<ul style="list-style-type: none"> Increase profitability of the Sprouts area
	Young Leaves	<ul style="list-style-type: none"> Concentrate investment in the Young Leaves area Maximize the company's strengths 	<ul style="list-style-type: none"> Maximize the Young Leaves area with the help of investments 	<ul style="list-style-type: none"> Mature the Young Leaves area
	Trees	<ul style="list-style-type: none"> Thoroughly increase productivity and strengthen profitability Increase shares 	<ul style="list-style-type: none"> Make business decisions in accordance with the business portfolio 	
ROE		8%	9%	10%
Shareholder return		More than 70% (total payout ratio)	40-50% (dividend payout ratio)	

Our History of Creating Value

Business and Product Development

The Fujikura Kasei Group was founded in 1938 as a production company that mainly handles windshields and coatings for aircraft. The company has developed innovative technologies and produced high value-added products in a variety of areas including coatings for plastics, architectural coatings, functional polymers/polymers & resins, electronic materials, and medical materials. While striving to achieve our 2030 vision as a company that "Provide new value through Co-creation × Evolution × Power of Chemistry", we will aim to reduce CO₂ emissions and environmental burdens, create technologies and products that enhance people's lives, and contribute to solving social issues.

1938 Founding of the company
Separated and became an independent company from Fujikura Mfg. Co., Ltd. (now Fujikura Composites Inc.) as Fujikura Kagaku Mfg. Co., Ltd., mainly handling windshields and coatings for aircraft.

1958 Name change
Changed the name of the company to the present name of Fujikura Kasei Co., Ltd.

1962 Stock listing
Became listed on the Second Section of the Tokyo Stock Exchange.

1971 Strengthening of production system
Established Sano Plant in Sano, Tochigi→Completed the full transfer of the production department of Itabashi Plant in Tokyo to Sano Plant in 1973.

1980s Architectural coatings: Expansion in Japan
Established Fujichemi Tokyo Co., Ltd., Fujichemi Kinki Co., Ltd., and Fuji Chemical Co., Ltd. as sales companies for architectural coatings.

1996 Strengthening of R&D
Established R&D Center.

March 2001
Stock listing promoted to the First Section of the Tokyo Stock Exchange.

2000s Coatings for plastics: Global expansion
Formed a comprehensive three-way global alliance with Red Spot Paint & Varnish Co., Inc. in the U.S. and Sonneborn & Rieck Ltd. in the U.K. in the area of coatings for plastics.

2010s
Expanded the coatings for plastics business into the ASEAN.

April 2022
Transferred to the Prime Market of the Tokyo Stock Exchange.

Future developments

1938-1940s

1950s-1960s

1970-1980s

1990-2000s

2010-2020s

Founding

Acrylic coatings (for architecture and roofing tiles) were developed from coatings for aircraft that were manufactured at the time of the company's founding. This became the cornerstone of the architectural coatings business that was launched in the 1950s.

Coatings for aircraft

Acrylic coatings (for architecture and roofing tiles)

Methacrylic ester

Acrybase

Acrybase was developed from methacrylic ester that was manufactured at the time of the company's founding. This became the cornerstone of the functional polymers/polymers & resins business that was launched in 1946.

These were key products at the time of founding of the company as the first acrylic resins manufacturer in Japan. The company engaged in processes from the manufacture of MMA monomers to their polymerization and molding. It initially catered to munitions demand, but switched to responding to civil demand after the war and came to manufacture acrylic resin plates and molding materials. It withdrew from this business in the 1970s.

Windshields for aircraft and methacrylic resins

Withdrawn

1970s

1990- Medical materials area

1972- Coatings for plastics business

- Coatings for plastics
- Hard coatings
- Coatings for PVD process
- Coatings for non-adhesive plastics
- UV coatings

1972- Coatings for glass

- Coatings for agricultural vinyl greenhouses
- Super-matte, high-texture coatings

Coatings for mobile phones

- TBX-free coatings

Water-borne coatings

- Anti-fog coatings
- Environment-friendly coatings

1943- Architectural coatings business

- Formal coatings
- Acrylic lacquer coatings
- Two-component acrylic urethane coatings

Water-borne multicolor coatings for interiors

- Single-layer elastic coatings
- Multi-layer elastic coatings

Suede-touch coatings

- Joint fillers for dry construction

Metallic finish coatings

- Renovation coatings

High-durability, water-borne multicolor coatings

- High-durability coatings for sidings

Water-borne metallic finish coatings

1957- Electronics materials business

- Conductive resins
- Epoxy resin adhesives

Membrane switches

- Silicon resin adhesives
- Silver through-holes
- Digital-compatible products

1946- Functional polymers/ polymers & resins business

- Acrylic syrup
- Roll films
- Lacquer

Resins for copying processes

- Adhesives

Resin-based charge control agents

- Block polymers
- Organic particles
- Urethane resins
- Biomass materials

1970s

1990- Medical materials area

- Latex for diagnostic pharmaceuticals
- Latex reagents
- High-performance latex
- Applications of latex reagents

Coatings for plastics business

Architectural coatings business

Electronic materials business

Functional polymers/ polymers & resins business

Medical materials area

Coatings for plastics business

- Biomass products
- High performance products
- Reduction of work processes & energy consumption
- Expansion of the film market

Architectural coatings business

- High-design, high-durability products
- Products that reduce work processes
- Development of new materials
- Entry into the civil engineering field

Electronic materials business

- Products for automotive applications, automated driving, and EVs
- 5G communications products
- Eco-friendly products
- Acquisition of new applications

Functional polymers/ polymers & resins business

- Biomass products
- UV adhesives
- Development of high functionality resins
- Application to the urethane market

Medical materials area

- Quality improvement of latex reagents
- Continued development of reagent items
- Application to compact measuring instruments
- Application to markets in newly emerging countries

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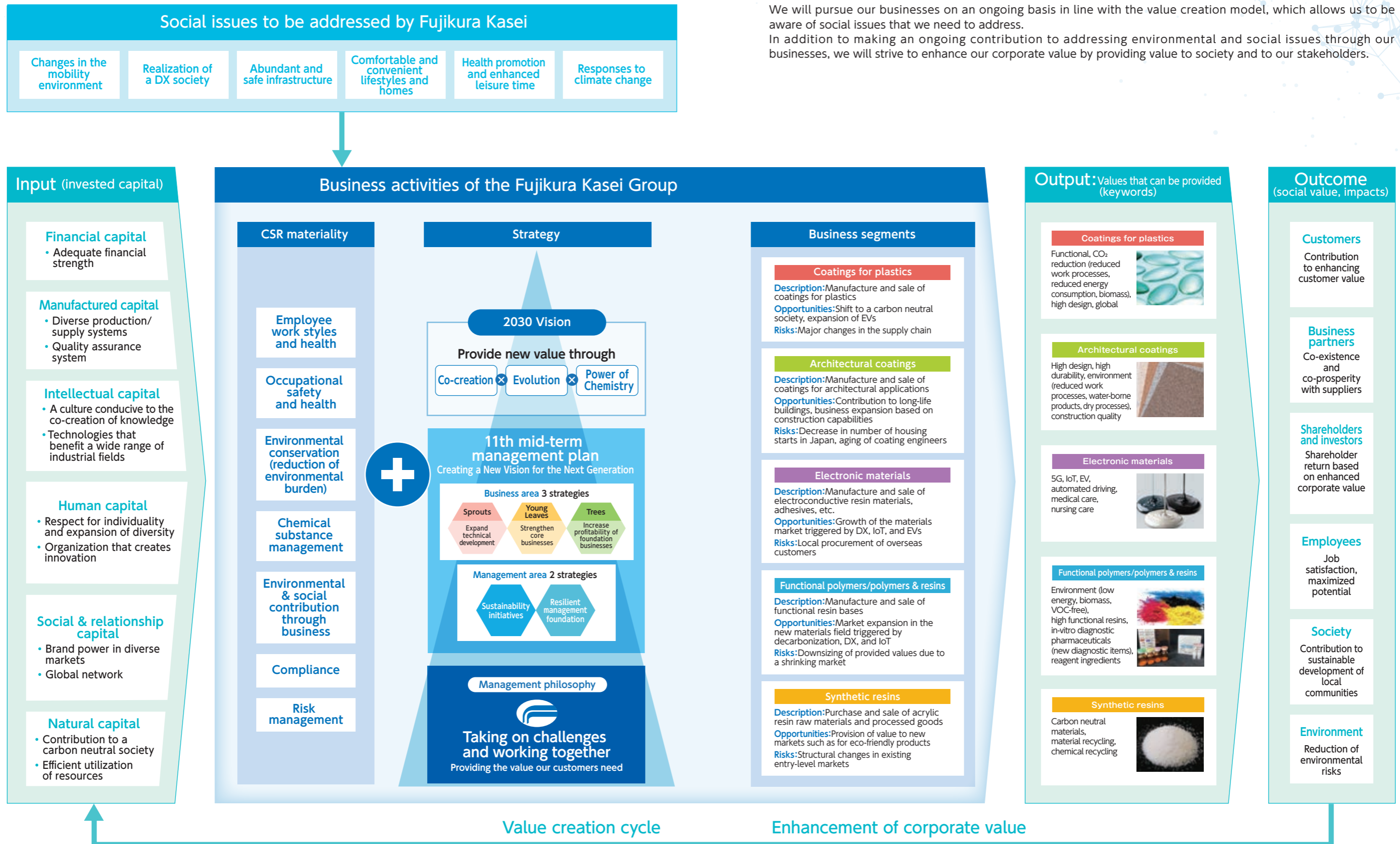
FUJIKURA KASEI GROUP SUSTAINABILITY REPORT 2023 10

Our Value Creation Model

The Fujikura Kasei Group's Aims

The value creation model is a business model that outlines how the Fujikura Kasei Group will create social value (contribution to society) and economic value (profit creation) through its business activities and realize sustainable growth.

We will pursue our businesses on an ongoing basis in line with the value creation model, which allows us to be aware of social issues that we need to address. In addition to making an ongoing contribution to addressing environmental and social issues through our businesses, we will strive to enhance our corporate value by providing value to society and to our stakeholders.



Mid-term Management Plan and Sustainability

Moving forward to realize our “future vision” in line with the 11th mid-term management plan

We defined our 2030 vision as a company that “provide new value through co-creation × evolution × power of chemistry” This vision embodies our wish to “provide sustainable value through co-creation with stakeholders,” “achieve evolution with technologies and services that surpass the speed of change,” and “keep up with environmental changes and contribute to social issues through chemistry.” Following the launch of the 11th mid-term management plan in April 2023 as our first step toward achieving our long-term goal, we will move forward to realize our future vision.

Identification of social issues and values which Fujikura Kasei can provide

Based on the awareness that realizing our 2030 vision is directly related to addressing social issues through our businesses, we first identified relevant social issues and contemplated what values we can provide through each of our five business segments with regard to those issues. By deriving our future direction from the values we can provide through our five business segments, we will push forward initiatives that ride on our company’s strengths based on the 11th mid-term management plan.



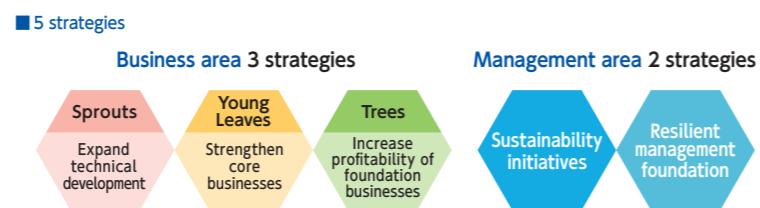
Executive Director and General Manager of Administration Headquarters
Susumu Kurihara

Social issues	Values that can be provided (keywords)
<ul style="list-style-type: none"> Changes in the mobility environment Realization of a DX society Safe and sound infrastructure Comfortable and convenient lifestyles and homes Health promotion and enhanced leisure time Responses to climate change 	<p>Coatings for plastics business Functional, CO₂ reduction (reduced work processes, reduced energy consumption, biomass), high design, global</p> <p>Architectural coatings business High design, high durability, environment (reduced work processes, water-based products, dry processes), construction quality</p> <p>Electronic materials business 5G, IoT, EV, automated driving, medical care, nursing care</p> <p>Functional polymers/polymers & resins business Environment (low energy, biomass, VOC-free), high functional resins, in-vitro diagnostic pharmaceuticals (new diagnostic items), reagent ingredients</p> <p>Synthetic resins business Carbon neutral materials, material recycling, chemical recycling</p>

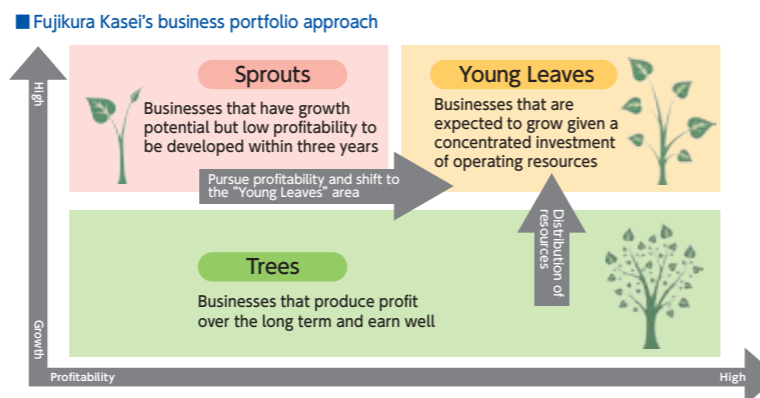
11th mid-term management plan “Creating a New Vision for the Next Generation”

In the 11th mid-term management plan, we set forth the basic policy of “creating a new vision for the next generation.” Based on this policy, we have formulated three strategies in the business area and two strategies in the management area also within the plan, and will pursue them through company-wide efforts as our five strategies for sustainable growth.

The three strategies in the business area include “Sprouts: Expand technical development,” “Young Leaves: Strengthen core businesses,” and “Trees: Increase profitability of foundation businesses.” The business portfolio approach was introduced and these strategies were placed along the two axes of “profitability” and “growth.” Our five business segments will carry out their business portfolio strategy by dividing the business areas and products they each handle into three areas. Their respective efforts to continuously create new value and promote a renewal of our business content will lead to sustainable growth.



The two strategies in the management area are “sustainability initiatives” and “resilient management foundation.” In April 2023, we established a Sustainability Committee and are taking initiatives with the awareness that sustainability is an important management issue. In addition to our CSR activities to date, we will also pursue efforts to solve social issues through our businesses so we may ultimately achieve sustainable growth. Additionally, with an eye to making our management foundation more resilient, we will promote DX as suited to the operations of each department and support their responses to changes and sustainable growth. Furthermore, in addition to information about our achievements and business strategies, we will also proactively disclose non-financial information, to enhance our disclosure of information to all stakeholders.



Fujikura Kasei identified the year 2030 as a long-term milestone and launched the 11th mid-term management plan in April 2023 as the first step toward that goal. With the support of all our stakeholders, we will make steady steps toward our future vision.

Implementation of the business portfolio approach and a capital efficiency-oriented management

In line with the growth strategy that is based on the respective business portfolio of our five business segments, the Fujikura Kasei Group aims to achieve 63 billion yen in sales and 4 billion yen in operating profit by the final fiscal year of the 11th mid-term management plan. We will aim to realize this goal by executing three strategies in the business area and two strategies in the management area.

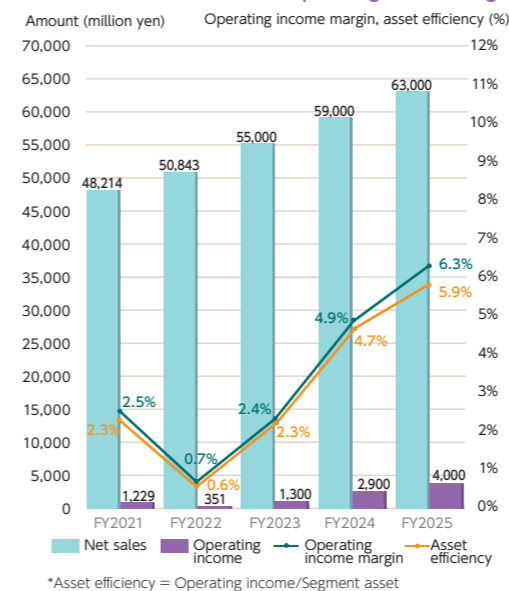
Profit plan in the 11th mid-term management plan

Firstly, priority will be placed on the early recovery of our Group’s performance that has been on the decline over the past few years. Raw material prices are surging, but we will strive to improve profitability by ensuring fair purchase and sales prices on the premise of providing stable supplies to our customers. The “Trees” area of the business portfolio will play an important role in the recovery of our immediate business performance. As such, we will focus on improving the earnings structure of all our operations. With respect to making new investments in the “Sprouts” and “Young Leaves” areas as a growth strategy, we will ascertain not only growth potential but also the efficiency of invested capital in quantitative terms so we may establish an optimal business portfolio and ultimately enhance our corporate value.

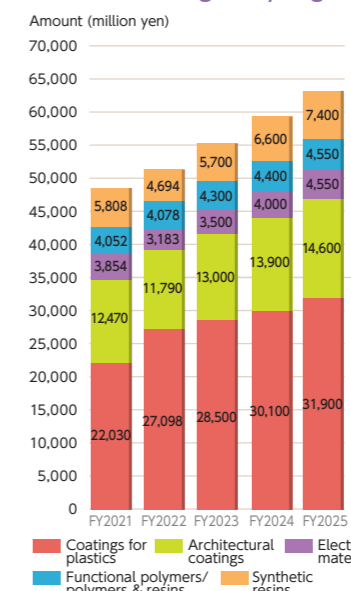


Executive Director and Deputy General Manager of Administration Headquarters
Toyohiro Tsuchiya

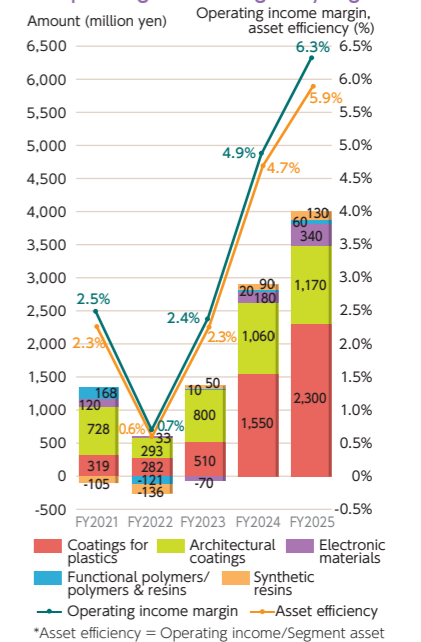
Consolidated net sales & operating income targets



Net sales targets by segment



Operating income targets by segment



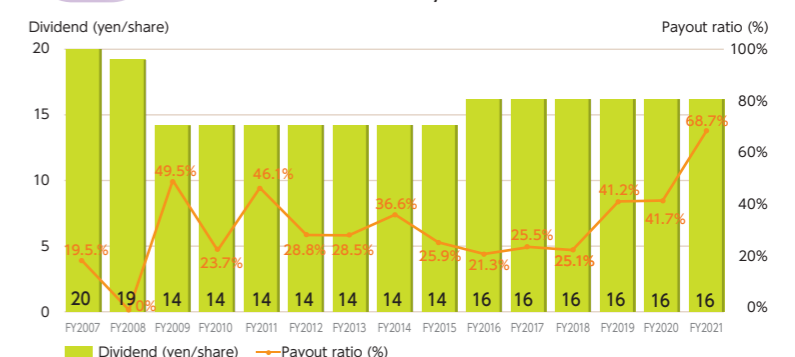
Shareholder return and capital policy

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

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

Shareholder return

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



Business Portfolio Approach

Toward Sustainability and a Stronger Management

Coatings for Plastics



Basic policy for value creation

Pursue next-generation functions to provide new value on a global scale

Business overview and value creation policy

Overview, features, and strengths

The coatings for plastics business is a pioneer in its field, providing coating materials with excellent design and functional properties for diverse sectors and leading the industry in Japan and overseas. In recent years, we are actively pursuing the development of eco-friendly, high-performance products. In the automobile market, we have gained a high global share and trust as a leading company in coatings for plastics. In other markets as well, we provide a wide range of products that satisfy diverse needs, including plastics for cosmetics containers and home appliances, among others. A global network serving Asia, North and South America, and Europe allows us to provide products and services of the same quality within Japan and throughout the world.

The "basic policy of value creation" of the coatings for plastics business

Creating value with our stakeholders and providing sustainable value calls for the advancement of technologies and services surpassing the speed of rapid changes in the external environment. The coatings for plastics business will pursue functions that are needed to address these environmental changes and issues accompanying the transition to a carbon neutral society. We will seamlessly provide newly created values to the world via a global network as our contribution to solving social issues through our company's products.

Toward realizing value creation, sustainable growth, and enhanced corporate value

Looking ahead to the transition to a carbon neutral society, we will promote product development while aiming to reduce CO₂ emissions. Our core products will be eco-friendly products that are conducive to decarbonization. Toward this end, we will shift to water-based and biomass products that have eco-friendly properties, propose energy savings through shorter work processes, and utilize new technologies such as plating alternatives and films. Additionally, we will strengthen our global network to respond to the anticipated reorganization of the supply chain and aim to solve worldwide social issues, such as changes in the mobility environment, climate change, and others.



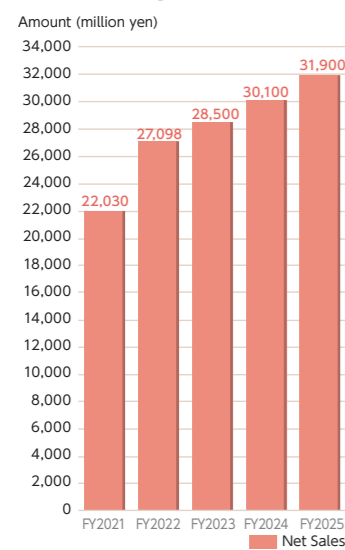
Executive Director and General Manager of the Coatings for Plastics Division
Hitoshi Kawaguchi

Opportunities Transition to a carbon neutral society, expansion of EVs

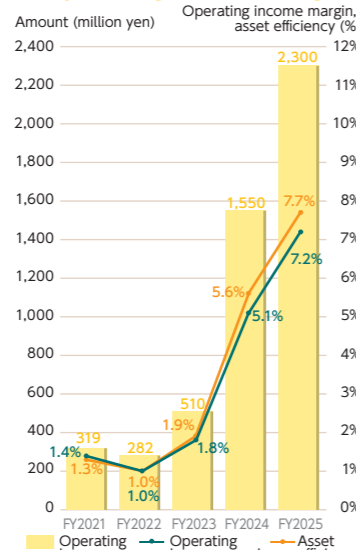
Risks Major changes in the supply chain

Policies under the mid-term management plan

Sales Target



Operating Income Target



- Sprouts**
 - Expand technical development
 - Promotion of development toward reduction of CO₂ emissions
 - Film market
 - Sophistication of elemental resin technologies
- Young Leaves**
 - Strengthen core businesses
 - Plating alternatives
 - Functional coatings
 - Acquisition of global approval
- Trees**
 - Increase profitability of foundation businesses
 - Automotive parts
 - Cosmetics containers
 - Hobbies

Architectural Coatings



Basic policy for value creation

Contribute to the future society from residential sector through the co-creation of material strengths and construction strengths

Business overview and value creation policy

Overview, features, and strengths

The architectural coatings business is centered on architectural coatings for residential homes. Dedicated coatings and specifications are customized for each housing manufacturer, to deliver values such as high durability, functionality, and design. In the area of coatings for renovation, our Group company provides high-quality construction under a manufacturer-responsible construction system. In the area of multicolor coatings, we boast top-level performance in the industry, by reproducing the textures of natural materials and providing excellent workability based on our long years of history and experience. Furthermore, our high-durability coatings contribute to long-life housing with performance backed by a wide range of durability tests conducted by R&D Center as well as our long years of field data.

The "basic policy of value creation" of the architectural coatings business

No matter how high the quality of a coating is, it cannot exhibit outstanding performance unless it has been made according to proper specifications and conditions. By undertaking the entire series of operations from the R&D and production of architectural coatings to their delivery and construction management, the Fujikura Kasei Group acts as one to create new value from two approaches: "materials development with a long perspective up to the construction stage" and "construction based on thorough knowledge of materials."

Toward realizing value creation, sustainable growth, and enhanced corporate value

To realize a sustainable society, we will promote homes that provide even longer life, higher functionality, and carbon neutrality by pursuing high-performance coatings such as ultra-durable coatings, heat-shielding/insulating coatings, and completely water-based coatings. For the application of such coatings, we will promote the development of human resources as a priority issue to ensure safety, quality, and efficiency. Furthermore, we will endeavor to address the social issue of aging infrastructure based on the technologies and knowledge we have acquired to date mainly in the field of residential coatings.



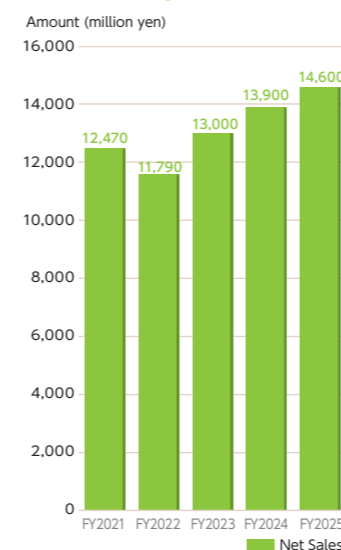
Senior Vice President and General Manager of the Architectural Coatings Division
Hisashi Kajiwara

Opportunities Contribution to long-life homes, expansion of business based on construction capabilities

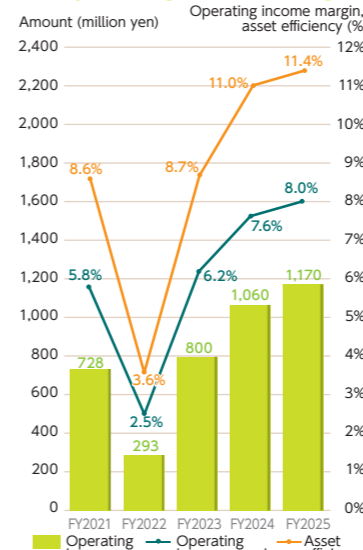
Risks Decrease in the number of housing starts in Japan, aging of coating engineers

Policies under the mid-term management plan

Sales Target



Operating Income Target



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

Electronics Materials



Basic policy for value creation

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

Business overview and value creation policy

Overview, features, and strengths

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

The "basic policy of value creation" of the electronic materials business

In anticipation of the business environment in 2030, we have defined our priority fields as the "next-generation automobile industry (autonomous driving, dissemination of EVs)," "information communications industry (expansion of communication infrastructure, dissemination of IoT)," and "healthcare industry (growth of remote sensing/wearable devices)." In these fields, we are expanding our business with our sights on "Society 5.0" as a vision of future society, as advocated by the Cabinet Office.

Toward realizing value creation, sustainable growth, and enhanced corporate value

In the automobile industry, we will respond to the increase in demand for on-board devices such as high-reliability control components and sensors, accompanying the dissemination of advanced driving systems. In the information communications industry, we will contribute to the development of IoT-based high-speed communications and infrastructure for digital home appliances such as smartphones and personal computers. In the healthcare industry, we will contribute to solving social issues by reducing the human burden of nursing care using robots and artificial intelligence (AI). We will also promote the design and development of customized products in response to our customers' voices and individual needs. Products of the electronic materials business are produced at the Sano Plant, which has acquired the IATF16949 international certification for automotive quality management systems. The market for electronic materials is increasingly shifting to "lighter, thinner, shorter, smaller" components. As silver powder is the principle raw material for our products, we will work to curb the use of the natural resource and respond to the trend in the development of resource-saving products. At the same time, we will strive to reduce the use of environmentally harmful substances in anticipation of a carbon neutral society and promote the sales of energy-saving (low-temperature, quick curing) products. Furthermore, we will support customers who engage in procuring local materials from throughout the world, based on our reliable framework that ensures comparable quality and services.



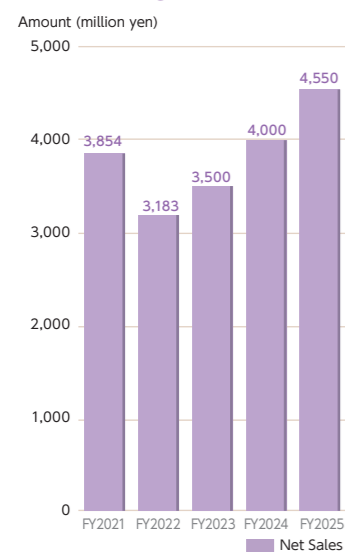
Executive Director and General Manager of the Electronic Materials Division
Takahiro Ishii

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

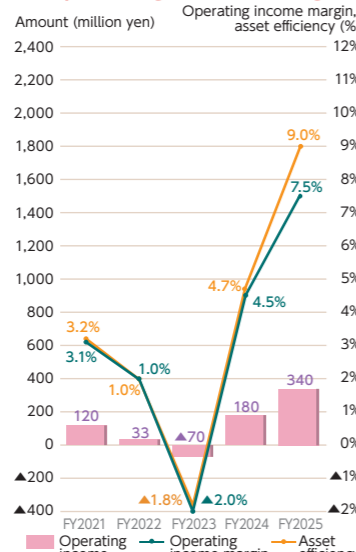
Risks Local procurement by overseas customers

Policies under the mid-term management plan

Sales Target



Operating Income Target



- Sprouts**
 - Expand technical development
 - Electronic parts, semiconductors, modules
 - Automobiles, medical care, nursing care
 - Global expansion
- Young Leaves**
 - Strengthen core businesses
 - Acquisition of new applications
 - Increased market share
 - Eco-friendly products
- Trees**
 - Increase profitability of foundation businesses
 - Expansion of existing markets
 - Strong reliability and customer response
 - Response to high-mix, low-volume production

Functional polymers / polymers & resins



Basic policy for value creation

Evolve by providing fine, functional technologies and products based on our founding resin polymerization technology

Business overview and value creation policy

Overview, features, and strengths

The functional polymers/polymers and resins business has developed based on the polymer synthesis technology. We provide high molecular polymers that are functional and safe to diverse sectors, in the form of industrial adhesives, materials for electronic parts, and electrophotographic materials, and so on. We also develop latex reagents that incorporate polymer properties and have advanced into the field of in vitro diagnostic pharmaceuticals for diabetes, rheumatism, and other such diseases. These products are helping to enhance people's daily lives in inconspicuous ways. In recent years, we are also focusing on solvent-free and water-based products in consideration of the environment, and are providing products that respond to wide-ranging needs.

The "basic policy of value creation" of the functional polymers/polymers & resins business

We are aiming to expand our share in new fields we have technically advanced into during the period of our previous mid-term management plan, such as the fine materials, functional polymers, sintered resin, and new in vitro diagnostic pharmaceuticals and materials fields. Based on technologies we have cultivated to date, including the suspended particulate, functional emulsion synthesis, urethane synthesis, triblock and UV technologies, we will develop products that satisfy customer needs in each field and live up to their trust.

Toward realizing value creation, sustainable growth, and enhanced corporate value

The business portfolio of the functional polymers/polymers & resins business can be largely divided into the polymers and resins division, which handles high molecular polymers, and the medical materials department, which handles in vitro diagnostic pharmaceuticals. In the polymers and resins division, we have grouped our products in the business portfolio with an eye on the opportunity for market expansion in the new materials field triggered by decarbonization, DX, and IoT. Fine polymer particles and urethane resins, such as adhesives and ceramic sintering resins for fine materials, tapes, and films, have been grouped in the "Sprouts" area, and carrier coatings and UV curable materials have been grouped in the "Young Leaves" area as items that will play a key role in the next mid-term management plan. The medical materials department will roll out in vitro diagnostic pharmaceuticals, latex for in vitro diagnostic pharmaceuticals, magnetic and fluorescent particles for in vitro diagnostic pharmaceuticals, and other such products on the back of a growing health awareness. These products will contribute to further expanding the functional polymers/polymers & resins business.



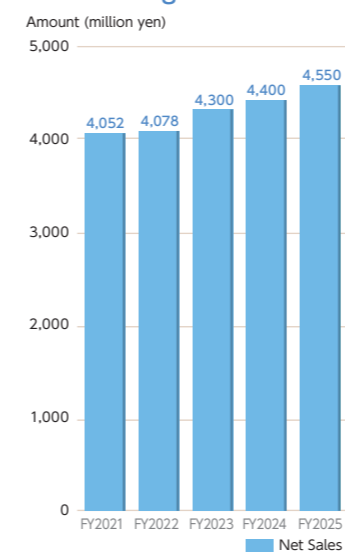
Executive Director and General Manager of the Functional Polymers/Polymers & Resins Division
Satoshi Watanabe

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

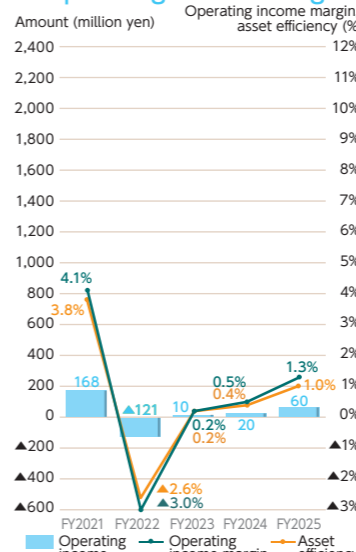
Risks Downsizing of provided values due to a shrinking market

Policies under the mid-term management plan

Sales Target



Operating Income Target



- Sprouts**
 - Expand technical development
 - Cultivation of fine chemicals
 - Decarbonization based on the use of biomass
 - Diagnostic pharmaceuticals field
- Young Leaves**
 - Strengthen core businesses
 - Functional products based on molecular design
 - Eco-friendly products
 - Expansion of sales of new diagnostic pharmaceuticals and ingredients thereof
- Trees**
 - Increase profitability of foundation businesses
 - Retention of existing customers and discovery of new overseas demand
 - Optimization of production processes
 - Expansion of existing diagnostic pharmaceuticals

Synthetic Resin



Basic policy for value creation

Make active proposals to a broad customer base to contribute to solving social issues

Business overview and value creation policy

Overview, features, and strengths

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

The "basic policy of value creation" of the synthetic resins business

In this day and age when petrochemical-derived plastics are regarded as a social and environmental issue, we must adapt to the changes of the times. By widely proposing products that are born from a process of evolution to customers we have cultivated through our sales of synthetic resins and expanding our sales network, we will contribute to solving social and environmental issues.

Toward realizing value creation, sustainable growth, and enhanced corporate value

In the synthetic resins business, we address environmental and social issues based on our business as a specialized trading company. To create new value, we will coordinate businesses between customers and suppliers, such as by introducing energy-saving products that contribute to reducing CO₂ emissions, proposing materials for lithium-ion batteries in response to the expansion of electrification, and developing new applications that increase yields of synthetic resins toward resource conservation, among other efforts.



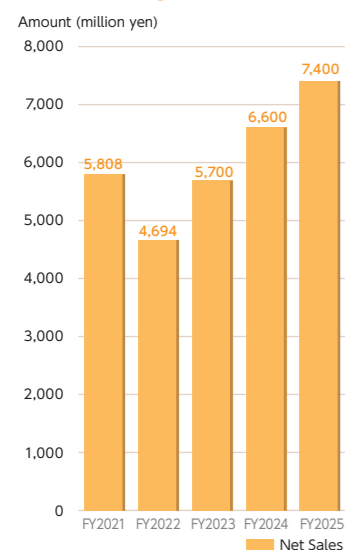
Tohkoh Jushi Co., Ltd.
President
Manabu Ikegami

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

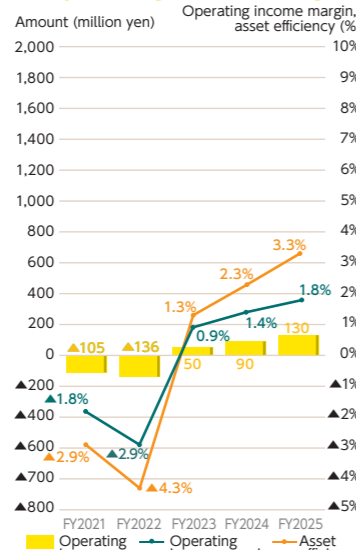
Risks Structural changes in existing entry-level markets

Policies under the mid-term management plan

Sales Target



Operating Income Target



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

Production



Basic policy for value creation

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

Business overview and value creation policy

Features and strengths

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

The "basic policy of value creation" of the production department

Quality manufacturing cannot be achieved by our company alone. The cooperation of diverse business partners, including raw materials manufacturers and affiliated companies, is indispensable. In particular, the production department values human relationships and dialogue as its basic policy for increasing productivity. Based on relationships of trust with all relevant parties, we will strive to create value throughout our entire supply chain, from the procurement of raw materials to production and physical distribution.

Toward realizing value creation, sustainable growth, and enhanced corporate value

We will make prompt and active capital investments in response to market changes so that we may enhance safety, ensure stable factory operations, introduce automation and digitalization, and thereby increase production efficiency. Additionally, we will engage our employees in dialogue toward creating a comfortable and safe workplace environment for all employees and realize their well-being. By strengthening safety, quality and human resource development while also giving consideration to earth's environment, we will create new value and realize sustainable corporate growth.



Executive Director and Director of Sano Plant
Masahiro Takano

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

Risks Changes in the chemical industry accompanying decarbonization

Policies under the mid-term management plan



Sano Plant



Contributing to a Decarbonized Society

Addressing Climate Change as a Corporate Social Responsibility



At Fujikura Kasei, we recognize our responsibility to address climate change as a management issue and engage in assessing greenhouse gas emissions from throughout our supply chain. We also strive to ensure proper disclosure in line with the international reporting framework of the Task Force on Climate-related Financial Disclosures (TCFD) while making an active contribution to reducing greenhouse gases.

The climate change issue and our responsibility

Responding to global-scale climate change is one of the goals of the Sustainable Development Goals (SDGs) which is being addressed throughout the world since the Paris Agreement entered into force in November 2016. In October 2020, Japan pledged to achieve carbon neutrality by 2050, and responding to climate change has thereafter taken on increasing importance. For our part, we are taking initiatives to reduce greenhouse gas emissions based on the awareness that we have an

important social responsibility as a company to address climate change. As we have reported in our CSR Reports, we have heretofore kept on top of CO₂ emissions from our business activities pursuant to the Act on Promotion of Global Warming Countermeasures. We have also made ongoing efforts to promote the efficient utilization and reduction of fuels and electricity based on the Eco Vision medium to long-term environmental targets we have established independently.

Calculating and assessing greenhouse gases within the entire supply chain (FY2022 Scopes 1, 2, and 3 calculation results)

The GHG Protocol provides international standards for calculating and reporting emissions of CO₂ and other greenhouse gases. It emphasizes emissions (indirect emissions) in the entire supply chain, from upstream to downstream, and sets forth standards by which they should

be calculated and reported (see Table 1). At Fujikura Kasei, we have conventionally been calculating direct emissions of greenhouse gases from our company, but we are now also calculating emissions from our entire supply chain, to stay on top of the situation.

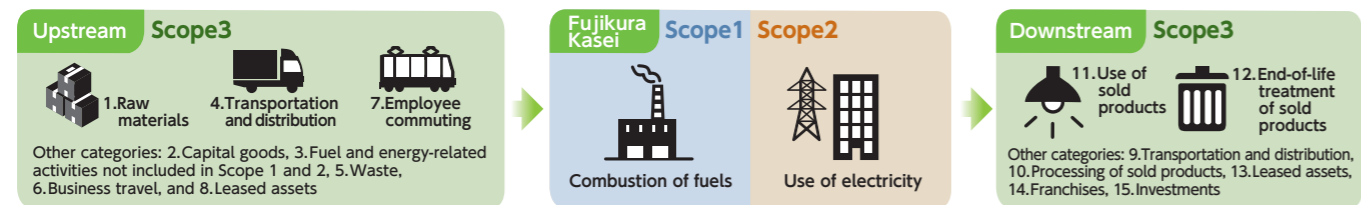
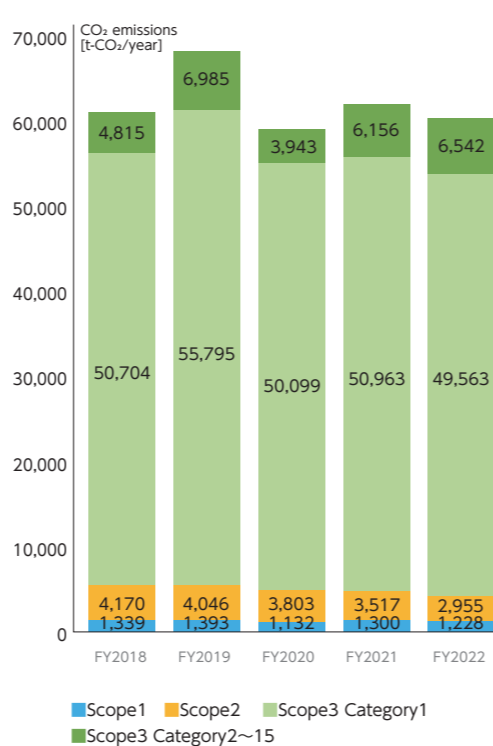


Table 1. Greenhouse gas calculation method for the entire supply chain

Category and calculation method	
Scope 1	
Direct emissions	Amount of fuel purchased × emission intensity
Scope 2	
Energy-derived indirect emissions	Amount of electricity purchased × emission intensity
Scope 3 Category	
1. Purchased goods and services	Amount of raw material purchased × emission intensity from IDEA ver.3.2
2. Capital goods	Amount of capital investment × MoE's database for chemical products
3. Fuel and energy-related activities not included in Scope 1 and 2	Amount of fuel purchased × emission intensity from MoE database Amount of electricity purchased × emission intensity from MoE database
4. Upstream transportation and distribution	MoE database transportation ton/km method, procurement, conveyance, goods distribution arranged by us as shipper
5. Waste generated in operations	Amount and type of waste × emission intensity from MoE database
6. Business travel	Number of employees × emission intensity from MoE database
7. Employee commuting	Number of employees × emission intensity from MoE database for the city classification for each office
8. Upstream leased assets	None
9. Downstream transportation and distribution	MoE database transportation ton/km method, goods distribution arranged by customer as shipper
10. Processing of sold products 11. Use of sold products 12. End-of-life treatment of sold products	Not included in calculation this time
13. Downstream leased assets 14. Franchises 15. Investments	None

CO₂ emissions throughout our supply chain



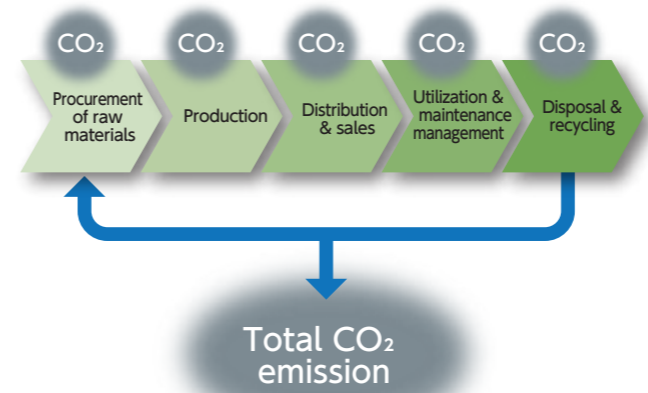
IDEA is a Life Cycle Inventory database developed to simulate environmental impacts of all Japanese businesses based on national statistics.

Calculating carbon footprint

Definition of carbon footprint

Carbon footprint is defined as "the amount of greenhouse gas emissions associated with a particular product or system calculated according to a Life Cycle Assessment of impacts on climate change, minus amounts that have been removed or absorbed, and converted to CO₂ equivalent emissions."

It is an indicator of the total amount of greenhouse gases emitted from each stage of a product's life cycle, from the procurement of raw materials to production, distribution & sales, utilization & maintenance management, and disposal & recycling of the product, minus amounts that have been removed or absorbed. (Cited from Ministry of Economy, Trade and Industry, "Carbon Footprint Report")



Method of calculating carbon footprint (policy adopted by Fujikura Kasei)

At Fujikura Kasei, carbon footprint is calculated according to the following policy.

Scope 1, Scope 2

- Manufacturing: By categorizing into more than ten product categories based on the manufacturing process similarity
- R&D Center & headquarters offices: By dividing total CO₂ emission by the number of personnel in each department

Scope 3 Category 1

- By multiplying the formulation ratio of raw materials in a product by the primary data from the raw material manufacturer or a database value (IDEA ver.3.2)

Scope 3 Categories 3 to 5

- By allocating CO₂ emissions to each department according to their production volume, etc.

Scope of calculating carbon footprint (policy adopted by Fujikura Kasei)

As a manufacturer of intermediate materials, Fujikura Kasei adopts the "Cradle to Gate" concept with regard to the scope of carbon footprint calculation.

The scope of calculation is based on the Pathfinder Framework issued by the World Business Council for Sustainable Development (WBCSD).

Carbon footprint reporting forms

Amid an acceleration of initiatives to reduce greenhouse gases, customer demand for reports concerning product CO₂ emissions is increasing.

At Fujikura Kasei, we have established reporting forms so we may respond precisely and promptly to diverse requests from our customers. They include the "Report on calculation of Scope 1, Scope 2 CO₂ emissions in product manufacturing" and "Carbon footprint calculation report."



Creating new value from climate change measures

At Fujikura Kasei, we recognize our responsibility to address climate change as a management issue. In May 2023, we expressed our agreement with the Task Force on Climate-related Financial Disclosures (TCFD) and conducted a stand-alone scenario analysis based on TCFD recommendations. (See p. 37 for details)

In addition to pursuing the reduction of greenhouse gases

associated with our products, we also seek to contribute to reducing greenhouse gases by working together with our customers so our products may be applied to new technologies and new fields. By taking climate change measures as an opportunity to create innovative value, we will promote proactive R&D and innovation efforts and aim to realize a sustainable society.

Sustainability Management

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

The sustainability concept

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



CSR initiatives

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

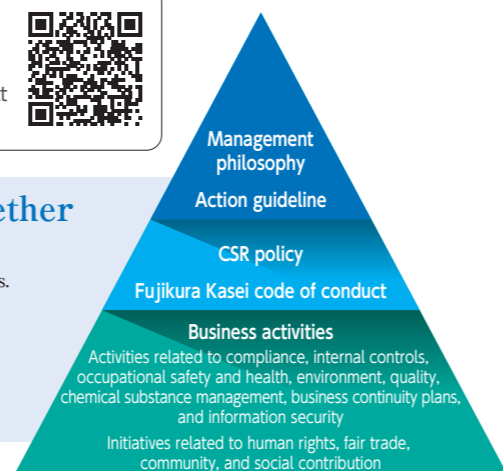
CSR policy
Fujikura Kasei
code of conduct



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

Action guideline

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



Framework of sustainability management

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

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



Recognition of sustainability issues

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

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

CSR Materiality

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

CSR materiality goals

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

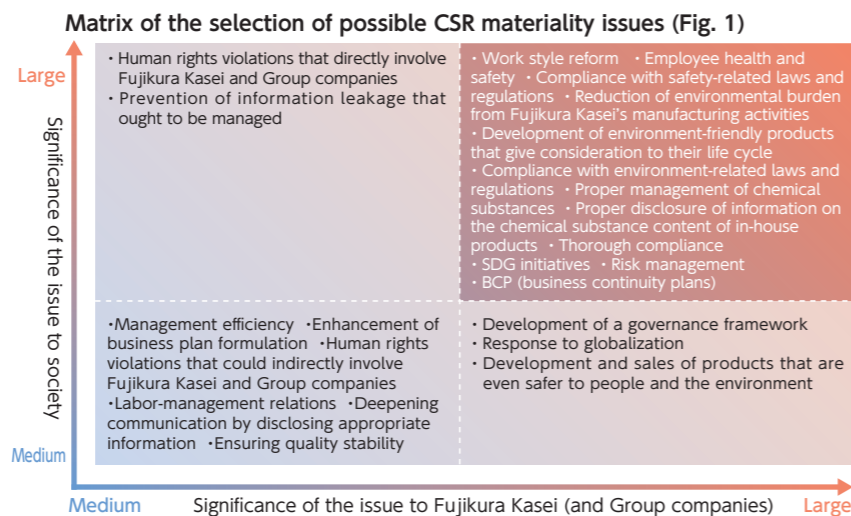
CSR materiality of the Fujikura Kasei Group

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

CSR materiality selection process and background

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

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



STEP 1 Examination of social issues

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

STEP 2 Examination of Fujikura Kasei's corporate issues

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

STEP 3 Extraction of possible materiality issues

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

STEP 4 Decision-making by management

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

Contributing to ESG and the SDGs through our CSR materiality

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



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

State of Progress of Each CSR Materiality Issue

Materiality	Goal (KGI)	Means for achieving the goal (KPI)	Progress evaluation index	FY2022 status of KPI achievement	Self-evaluation	FY2023 targets	
<p>Employee work styles and health →P29</p>	Creation of a comfortable workplace that gives careful consideration to employee health	Provision of support in response to work/life needs	Number of interviews and workshops held	Held interviews based on a self-assessment system (10 interviews in response to 10 requests), implemented a second career training program (11 participants in response to 11 requests)	○	Continued implementation of interviews and training	
		Promotion of diversity	Number of interviews and workshops held	Rate of interviews held when employees take childcare leave or when they return to work: 100%	○	Continued implementation of interviews and training	
		Management of employee health	Rates of medical examinations and stress checkups	Rate of medical examination: 100% (excl. employees on leave) Rate of stress checkups: 97.2%	○	Continued implementation of examinations and checkups	
<p>Occupational safety and health →P31</p>	Achievement of zero industrial accidents	Appropriate activities by the Safety and Health Committee	Number of KY sheet targets achieved	Target number of extracted risks: 481/year Result: 500, target achieved Achievement level: 104%	○	Target number of extracted risks: more than 481 risks	
		Appropriate activities by the OHS Promotion Meeting	Number of accidents accompanying lost worktime Number of accidents not accompanying lost worktime	0 accidents, target achieved 1 accident, target not achieved	○ ×	Achievement of zero industrial accidents Achievement of zero industrial accidents	
		Compliance with the Industrial Safety and Health Act	Verification of the status of compliance with relevant laws and regulations	100% compliance	○	No deviation from relevant laws and regulations	
<p>Environmental conservation (reduction of environmental burden) →P33</p>	Realization of a comfortable workplace environment	Reduce energy usage by promoting energy saving activities	CO ₂ emissions (unit: t-CO ₂)	Target: Less than 5,090t-CO ₂ Actual figure: 4,566t-CO ₂ Target achieved	○	Less than 4,934t-CO ₂	
		Continue to reduce the five-year average basic unit of energy consumption by more than 1% per year	Reduce energy usage by promoting energy saving activities	Crude oil equivalent basic unit of sales (unit: kl/100 million yen)	Target basic unit: 14.84kl/100 million yen Actual figure: 15.26kl/100 million yen Target not achieved	×	Less than 15.11kl/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)	Target discharge amount: Less than 7.43t Actual figure: 7.71t Target not achieved	×	Less than 7.63t
		Comply with environmental laws and regulations	Operate an environmental management system	Proof of verified compliance with relevant laws and regulations	100% compliance	○	Legal and regulatory compliance based on relevant laws and regulations
<p>Chemical substance management →P38</p>	Maintenance and upgrading of the Fujikura Kasei Chemical Database (FCDB)	Dissemination of the awareness of chemical substance management	Identification of databases that require upgrading and the rate of upgrading Number of entries of raw material information that is upgraded	84% Target achieved 3,624 entries, more than the previous year	○ ○	Response to information that requires updating in consideration of revised laws and regulations Continuation	
		Number of in-house training on chemical substance management and number of participants	Number of training programs: 15 Number of participants: 180 Target achieved	○	Continuation upon close consideration of training details		
		Strengthening conscious awareness of developing environment friendly products	Number of environment friendly products developed	○	Continuation		
<p>Environmental & social contribution through business →P39</p>	Contribution to solving environmental issues using Fujikura Kasei's products and unique technologies	Dissemination of environment friendly products throughout the value chain	Sales ratio of environment friendly products	Failed to achieve the target for environment friendly products due to company-wide poor business performance	×	Continuation	
		Thorough compliance with essential laws and regulations	Strengthening awareness of compliance	Number of study meetings implemented	Implemented awareness-raising education for company-wide and affiliated companies in Japan Implemented training as part of new manager training and follow-up training	○	Implementation of continuous education
<p>Compliance →P41</p>	Strong framework for preventing misconduct	Steady response to whistleblowing cases	Degree of enhancement of the system	No cases of whistleblowing	○	Responses based on hotline regulations	
		Rebuilding the foundation of compliance	Number of themes taken up by the Compliance Committee	Established policies for "human rights," "fair trade and ethics," and "information security"	○	Human rights: Implementation of a questionnaire on businesses in the supply chain as the first step toward human rights due diligence Fair trade: Verification of initiatives via a questionnaire on the Subcontract Act and other means Information security: Strengthening initiatives such as by preparing an accident reporting form	
<p>Risk management →P39</p>	Establishment of a risk management framework Creating a disaster-resilient corporate culture	Extraction of risks related to management	Review of extracted criteria	Responded to social demand by updating educational documents on information security	○	In-house dissemination of updated education documents and continuation of subcommittee activities	
		Preparation of a disaster prevention manual for each district	Preparation of a disaster prevention manual in consideration of anticipated disasters in each district	○	Dissemination of the prepared manual		
		Creation of a company-wide disaster prevention manual	Shared situations among bases through the disaster prevention subcommittee	○	Implementation of company-wide emergency drills		

Transitioning from “corporate social responsibility (CSR)” to “sustainability”

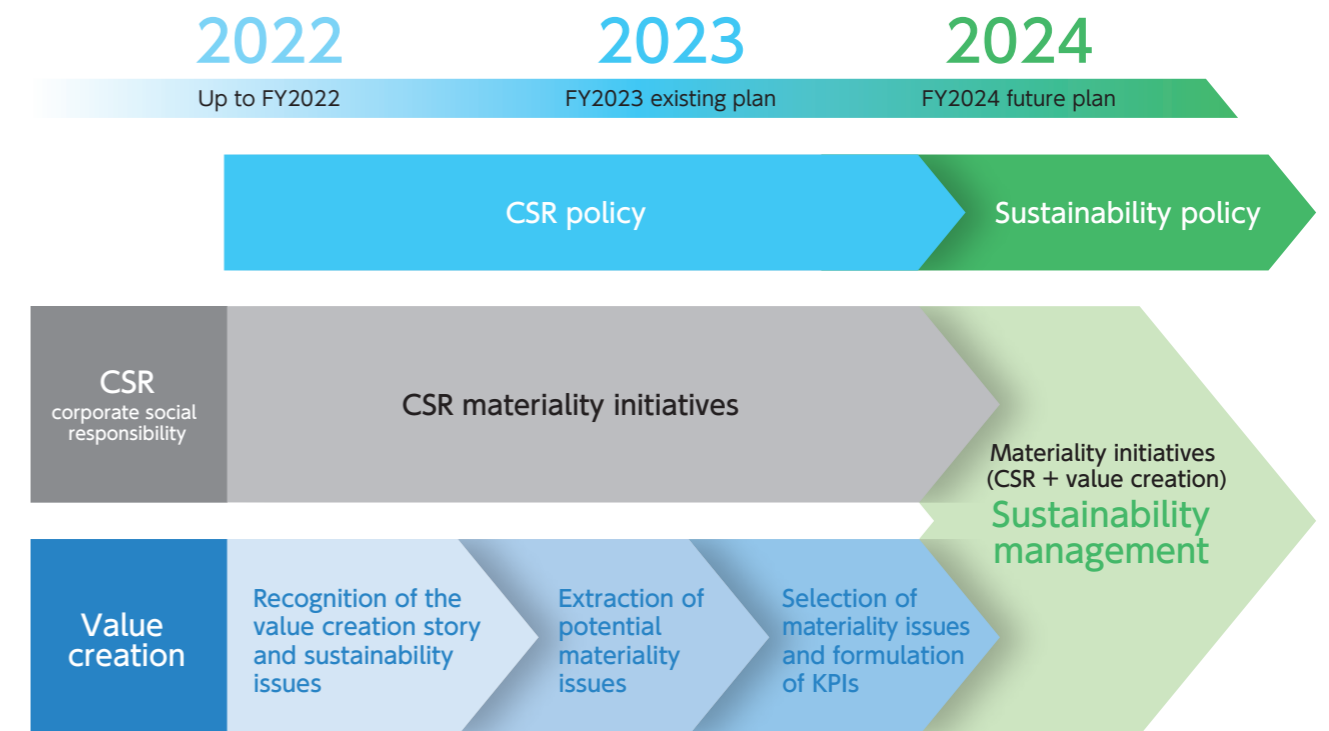
The Fujikura Kasei Group has pursued initiatives to fulfill its corporate social responsibility based on the CSR materiality that it established in 2020. Over the past few years, however, social and environmental issues of relevance to the Group have become increasingly diverse and serious. We will make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

At the same time, we will strive to enhance our corporate value in a sustainable manner by providing value to society and all stakeholders. To more clearly define the direction of our initiatives, we have changed the name of our initiatives from “CSR” to “sustainability” in April 2023 and will hereafter be placing more focus on sustainability.

Sustainability policy and materiality initiatives

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

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





Employee Work Styles and Health

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

Support tailored to work and life careers

We offer a "self-assessment program" and "second career support program" to our employees to provide opportunities and information for them to think about their working life and their life after work. The second career support program is intended for employees who have reached the age of 50. It offers the opportunity for them to learn and think about their life career plan (their career up to now and future plans), money plan (assessment of current income, expenditure, and assets, and projection of future income and expenditure after work), and risks (nursing care, cancer, lifestyle-related diseases, etc.).

Continued implementation of interviews

In fiscal 2022, we continued implementing interviews with relevant employees based on the self-assessment program and second career support program. In addition to these interviews held by the personnel department, feedback interviews are also held to share the results of bi-annual employee performance reviews with relevant superiors.

Program	Relevant employees	Objective	Rate of implementation
Self-assessment program	Employees in their 1st, 4th, 7th, 10th, and 13th year with the company after graduating from university	To develop a flexible development strategy suited to each employee	100% (all who are interested)
Second career support program	Employees who reach the full age of 50	To provide an opportunity for relevant employees to think about their second career life	100% (all who are interested)

Promotion of diversity

We are striving to create and operate systems and schemes that promote employee health and physical well-being while also providing happiness and job satisfaction. The childcare leave program is one example of this undertaking.

Modification of the childcare leave program

We have modified our childcare leave program pursuant to the enforcement of the revised Child Care and Family Care Leave Act. The program has been made to reflect the provision on "relaxation of requirements for child/family care leave by fixed-term workers" which began on April 1, 2022, and the provision on "divided acquisition of postnatal childcare leave (postnatal daddy leave) and childcare leave" which began from October 1, 2022. We have also launched the following two initiatives on April 1 to create a working environment that facilitates childcare leave.

- (1) Reinforce the consultation framework by creating a "childcare & nursing care consultation desk"
- (2) Disseminate the policy regarding the leave system and promotion of taking a leave

The policy is stored in the company's Intranet for browsing at any time.

©Policy

In today's world where diverse work styles are sought, we engage in various initiatives toward their realization. The childcare leave program is a manifestation of our wish as a company to actively help employees balance their work and childcare at the child-raising stage of their life cycle. We thus hope our employees will utilize this program to their full advantage.

As a result of these initiatives, more male employees have begun to take childcare leave, and four male employees have taken the leave in fiscal 2022. However, compared to the 100% rate of women taking childcare leave, the rate of male employees taking childcare leave stood at around a low 30%. Furthermore, while most female employees took a leave for more than a year, most male employees took a leave for less than six months.

Employee health management

We strive to create a workplace where employees can work in good physical and mental health, by for example, encouraging employees to undergo more detailed examinations based on the results of physical examinations and stress checks, and by arranging interviews with

industrial physicians and psychiatrists. We continued to conduct health examinations for all employees and report the results of group analysis of the stress check system to board members in fiscal 2022 in an effort to improve the workplace environment.

Activities for company-wide unified implementation of medical examinations

Up to now, examination items for health checkups varied according to each business base. Therefore, we have decided to unify the items for examination company-wide based on items included in the Fujikura Composites Health Insurance Association's general and additional medical checkups. Among the additional checkup items, we lowered the age for cancer screening items to include all employees above the age of 35, while also offering the option to employees

younger than 35 who wish to receive a screening. To prevent lifestyle-related diseases, specific health guidance is also provided to relevant employees in cooperation with the Fujikura Composites Health Insurance Association. We will review the implementation details of health checkups from time to time from the perspective of protecting our employees' health.

Installation of a "refreshing room"

At Fujichemi Tokyo, a "refreshing room" that may be used as a multipurpose room has been created to realize work style reform under a systematic healthcare management plan. With a flooring that looks like a bed of natural grass and pebbles, employees use the room not only to take a break or to refresh themselves but also to get some exercise using exercise equipment provided in the room or to hold standing meetings. It is hoped that the room will help employees to stay healthy and to perform better, and thereby lead to greater business achievements.



Wellness challenge

Red Spot Paint & Varnish offers programs that helps employees manage their health via a medical institution website. One of them is Great River Walk, which encourages users to get exercise as they walk along the Mississippi River online and absorb the culture and history of various riverside

areas and information about the geography. The Strong to the Core Challenge provides new exercise instructions that strengthen the body's core and pelvic muscles. Various other programs are available, all of which promote health in an entertaining manner.





Safety and Health Initiatives

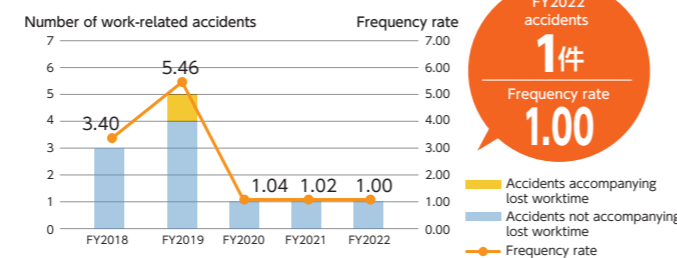
At Fujikura Kasei, we strive to create a workplace where employees can work safely and securely. To achieve this, we have formulated an Occupational Safety and Health Policy and run an occupational safety and health management system that complies with ISO45001.

Activities to achieve zero occupational accidents

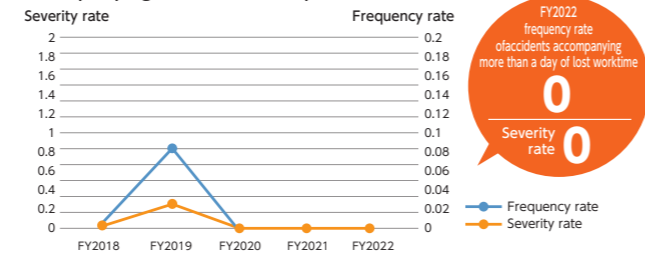
Number of occupational accidents

In fiscal 2022, an accident not resulting in lost worktime occurred at the R&D Center. The annual goal of achieving zero occupational accidents consequently failed to be achieved. Taking seriously the repeated occupational accidents that have occurred in the past, we will seek to prevent them in the future. We will examine danger sources that have been identified based on past incidents in addition to risk predictions and will reexamine the validity and effectiveness of countermeasures.

Number of work-related accidents and their frequency rate



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



Indicators of occupational accidents

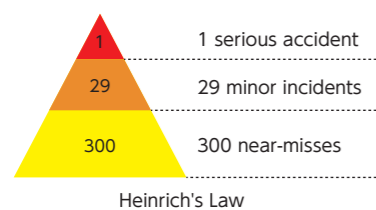
No accidents resulting in lost worktime occurred in fiscal 2022. Therefore, we maintained a frequency and severity rate of zero for accidents resulting in more than a day of lost worktime. We will continue to monitor the occurrence of occupational accidents resulting in more than a day of lost worktime by using the two rates as indicators.

Safety best practices

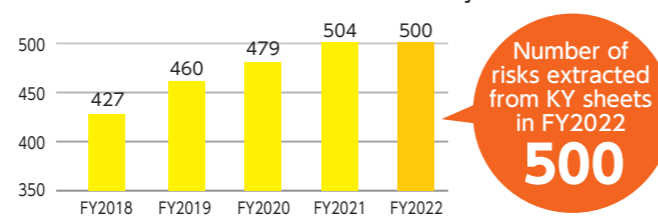
Risk prediction (KY) activities

Every year at Fujikura Kasei we engage in activities to predict potential risks across the company. In fiscal 2022, we identified 500 potential risks (99% on last year) within the company. Needless to say, we are working hard to reduce the number of potential safety and health risks at each business base. We aim to achieve zero occupational accidents by raising awareness among all employees of this idea, continuously minimizing potential risks.

Industrial accident = Unsafe situation × Unsafe act



Number of risks extracted from KY sheets at Fujikura Kasei



Activities to reduce exposure to chemical substances <Fujikura Kasei Nagoya Branch>

When handling chemical substances, we require our workers to wear protective equipment based on proper risk assessment to prevent them from coming into direct contact with or being exposed to the substances. Furthermore, improvement activities have been implemented per work process, such as measuring individual chemical exposure and identifying problems in existing operations, and personal exposure has been reduced by 57% as a result of these activities.



Measuring exposure during product-filling work



Half-closed lid to reduce exposure risk during product-filling work

Reduced psychological burden by the introduction of a weight checker <Fujikura Kasei Sano Plant>

Product-filling work used to be manual work, such that when there were many vessels to fill, the work placed a particularly heavy psychological burden on workers. The introduction of a weight checker made it possible to automatically verify volume, number of vessels, and processing amount per hour, and the psychological burden on workers was mitigated.



Verification of filling volume using a loading cell



Counting the number of filled vessels using a sensor

Initiatives to prevent contact accidents between forklifts and pedestrians <Fuji Chemical>

On the shop floor, forklift paths and pedestrian paths are color-coded to prevent contact accidents between forklifts and pedestrians. Safety is secured, because the two do not intersect each other. Additionally, when a forklift passes through the plant's entrance, a buzzer sounds to warn pedestrians.



Dedicated forklift paths



Dedicated pedestrian paths



Vehicle safety sign paths

Elimination of protruding wires on drum lifters <Fujikura Kasei Malaysia>

The drum lifters are equipped with a metal cover to protect workers, but protruding wires have created the risk of occupational accidents in the form of cuts and scratches if workers come into contact with them. To eliminate this risk, the protruding wires were trimmed to prevent occupational accidents.



Before



After

Installation of a portable safety shower <Fujichem Sonneborn>

Large amounts of raw ingredients and products are handled in the outside shipping area. However, even if a worker accidentally came into contact with a harmful substance, prompt treatment was not possible, as no eye washer or shower was installed in the plant. Installing a portable safety shower outside the plant made it possible to provide immediate treatment.



Portable safety shower

Improved method of securing the flexible hose to the local exhaust <Fujikura Kasei (Thailand)>

A local exhaust is used in the mixing process to prevent organic solvent fumes from dispersing in the work area. However, fumes cannot be efficiently released outside if the flexible hose is set improperly. By steadily securing the hose using a specially made jig, the local exhaust became able to be used efficiently.



Before



After



Securing jig

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.

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

Fiscal 2022 was a year in which energy-saving activities gained greater significance than ever before, particularly given the drastic change in the CO₂ emission reduction target and soaring energy prices. To face these changes, we engaged in energy-saving activities from various perspectives. For example, we developed a demand-response system, visualized electric power, assessed wasteful power using a thermal camera, remedied compressor air leaks, reviewed

steam trap operations, and made an investment in energy savings. Going forward, a change in awareness in each employee will be increasingly essential. Toward this end, we will conduct patrols by the Energy Saving Act Committee to verify the status of compliance with management standards and promote the sharing and lateral dissemination of initiatives taken by each plant.

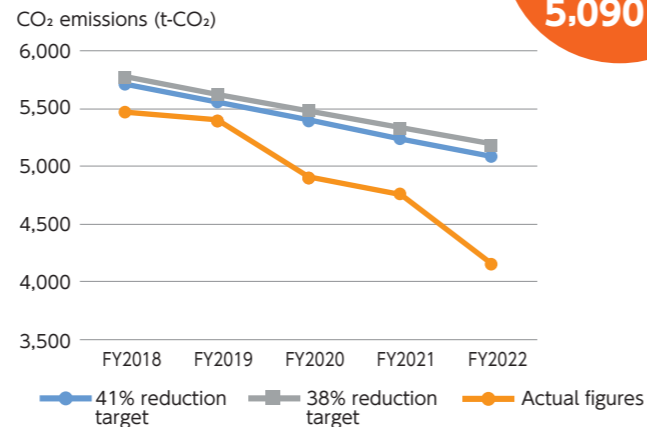
Eco-Vision performance data

CO₂ reduction target and actual figures

Target Reduce CO₂ emissions by 41% by FY2030 compared to FY2013

In fiscal 2022, we drastically changed our CO₂ emission reduction target from the 7% to 41% compared to fiscal 2013 by fiscal 2030. We will monitor our actual reduction values in reference to the 38% industrial target under the Act on Promotion of Global Warming Countermeasures and our own 41% voluntary target. We are also implementing company-wide energy-saving activities via the Energy Saving Act Committee to achieve our target. The R&D Center and Kuki Logistics Center reexamined their electricity contract in fiscal 2022 and increased their ratio of non-fossil electricity. This has contributed to achieving the target in fiscal 2022, with actual emissions of 4,151t-CO₂ against the target value of 5,090t-CO₂ or less. We will continue to engage in activities from various approaches to achieve our target on a continuous basis.

Trends in CO₂ emissions

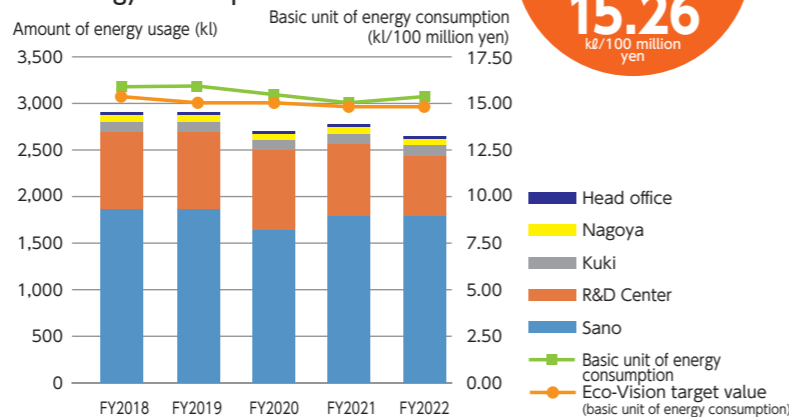


Trends in energy usage and basic unit of energy consumption

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

Our target for basic unit of energy consumption in fiscal 2022 was 14.84, but with a final result of 15.26, we failed to achieve our target. The main reason was that although we engaged in the visualization of electricity and investment in energy savings during the year, energy usage per unit of production volume increased. We will work to further promote, monitor, and strengthen our visualization of electricity.

Trends in energy usage and basic unit of energy consumption

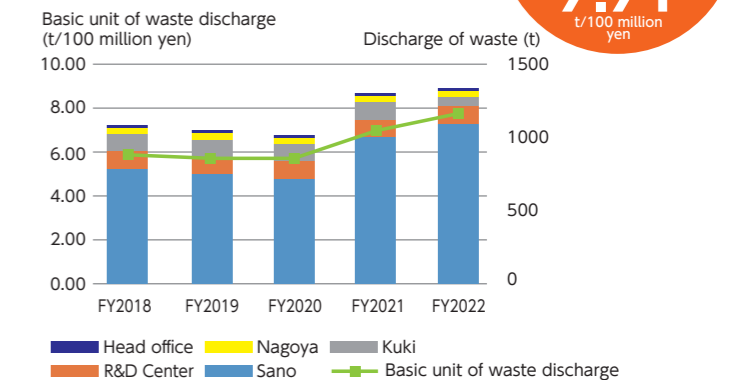


Trends in the discharge of waste and the basic unit of waste discharge

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

In fiscal 2022, we newly established our target amount of waste discharge in the form of basic units of waste discharge with the amount of sales as the denominator. We pursued specific activities for reducing waste under the targets "to reduce final disposal volume by increasing recycling rate" and "to reduce the discharge of one-way plastics by 25% by fiscal 2030." We also launched a working group on reducing industrial waste. However, these activities resulted in a basic unit of waste discharge of 7.71t/100 million yen, which fell short of the target of 6.88t/100 million yen. We will continue our efforts from multiple approaches to further reduce waste.

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



Environmental investment report

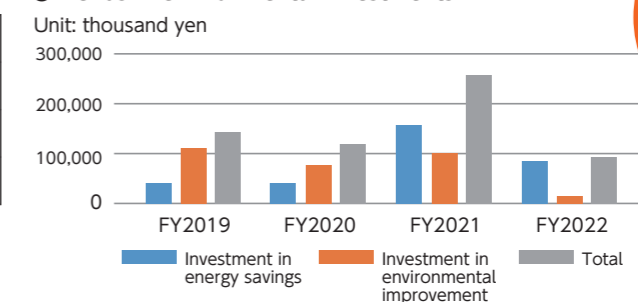
In fiscal 2022, environmental investments, including investment in energy savings, were made as in previous years, and medium to long-term investments, such as in LED projects, were implemented as planned. These investments totaling 95.9 million yen were expected to produce an effect worth a crude oil equivalent of 31.531kl/year, and the result

ultimately corresponded to a CO₂ equivalent of 56t-CO₂. We will continue to make active environmental investments, such as employing products subject to the top-runner system.

FY2022 environmental investment

Investment item	Investment amount (thousand yen)	Corresponding SDGs
Investment in energy savings	87,250	7.3, 13.3
Investment in environmental improvement	8,650	11.6, 13.3
Total	95,900	

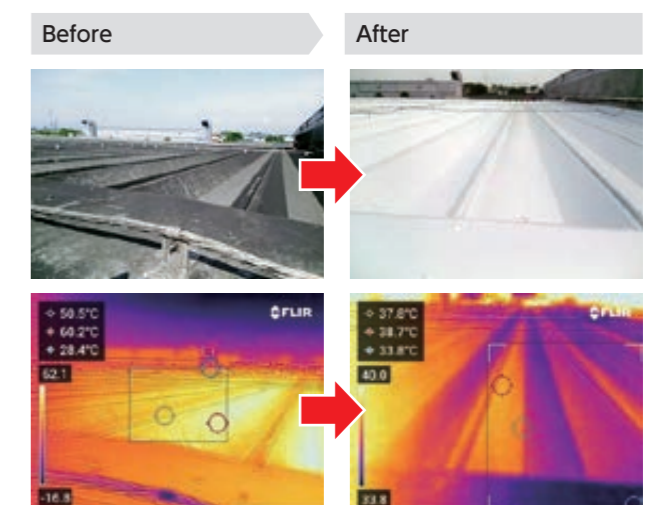
Trends in environmental investments



Case examples of environmental improvement activities: Energy-saving initiatives

Energy saving by applying a roof insulation coating <Fujikura Kasei Kuki Logistics Center>

Measures against the high rate of summertime electricity usage by air conditioners had conventionally been to observe prescribed temperature settings and to install green curtains, for the most part. However, more drastic measures were needed. Therefore, roof temperatures were measured using a thermal camera, and it was found that the temperature reached more than 60°C in some places. After applying an insulating coating as a countermeasure, roof temperatures dropped by approximately 20°C, and it became possible for air conditioners to operate without overload during the summer season.



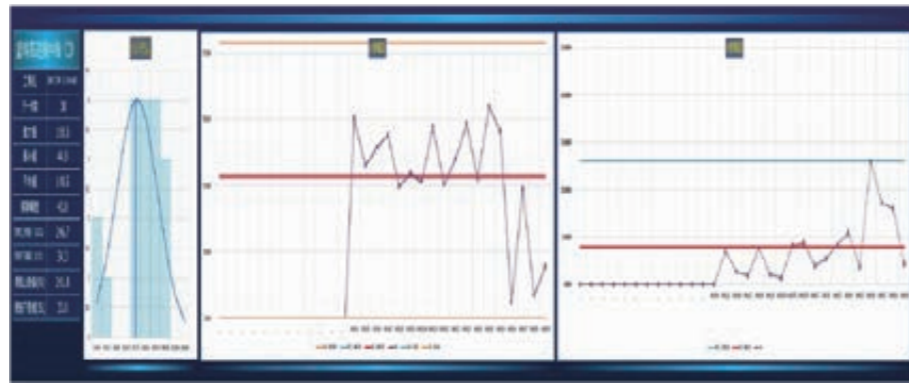
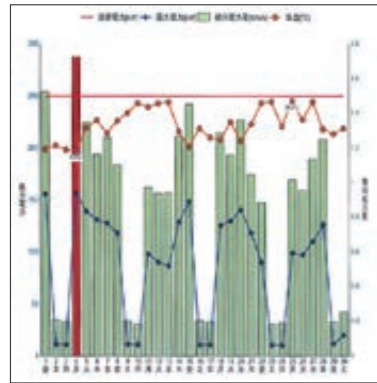


Environmental Conservation Activities

Energy saving by visualizing electricity usage <Fujikura Kasei Sano Plant>

Visualizing electricity is promoted as a means for the effective utilization of electricity. Data obtained from a demand monitoring device and electric utility data are plotted on a control chart and monitored as to whether the amount of

electricity befits the production status and usage situation. When an abnormality is detected, devices are checked that they have been turned off, production equipment is examined for errors, and so on, to ensure rational electricity usage.



Case examples of environmental improvement activities: Emergency drills against environmental risks

Emergency drill to prepare against chemical substance leakage accidents

<Fujikura Kasei (Foshan) Coating>
<Fujikura Kasei (Thailand)>

Because various types of chemical substances are handled, risk assessment is implemented without fail, and emergency drills are held regularly to ensure prompt response in the event of a leak. By regularly implementing this drill, a framework that prevents external leaks is maintained.



Drill against a leak from a stored product



Drill against a leak from the lower part of the tank

Emergency fire drill <Fujikura Kasei (Thailand)> <Fujikura Kasei Vietnam>

In the event of a fire, it is foremost important to take prompt initial extinguishing action to prevent the damage from spreading. To ensure this action can be taken, a fire drill is held regularly, and training in the use of dry chemical extinguishers and fire hoses is consistently provided so they can always be handled promptly when needed.



Initial fire extinguishing drill using a portable fire extinguisher



Fire extinguishing drill using a fire hose

Ensuring proper industrial waste disposal <Fujikura Kasei Indonesia>

Used solvents and expired materials are disposed of through an authorized chemical disposal company. By entrusting the disposal to such a company, it is possible to track the waste and guarantee that the disposed waste is properly treated to prevent environmental pollution.



Collection of waste by a chemical disposal company



Transportation by a chemical disposal company

Maintenance and inspection of the VOC facility <Fujikura Kasei Coating (Tianjin)>

Air pollution is prevented by using a deodorizing unit. In addition to regularly exchanging the active carbon inside the unit, the unit is inspected by the manufacturer of the facility. An inspection is also held by the Tianjin Ecology and Environment Bureau and the Ecology and Environment Bureau of TEDA, to ensure that production activities are implemented with consideration to the environment.



VOC facility



Inspection by the Tianjin Ecology and Environment Bureau and the Ecology and Environment Bureau of TEDA

Introduction of a flammable gas warning system <Shanghai Fujikura Kasei Coating>

The environment in the manufacturing area is monitored by a flammable gas warning system. However, there had been an incident where the warning system did not function during a power outage, so an uninterruptible power supply (UPS) was introduced. As a result, a stable power supply was able to be secured even during a power failure, and the warning system was able to be used continuously.



Flammable gas warning system



Monitoring the work environment

Case examples of environmental improvement activities: Greenification initiatives

Tree-planting activity <Fujikura Kasei Coating (Tianjin)> <Fujikura Kasei Coating India>

At Fujikura Kasei's overseas affiliates efforts are made to prevent global warming not only by reducing energy usage through energy saving activities, but also by promoting tree-planting. Fujikura Kasei Coating (Tianjin) participated in a tree-planting event sponsored by the Environmental Protection Association of TEDA, and Fujikura Kasei Coating India is actively planting as many trees as possible within its plant.



Tree-planting event at Fujikura Kasei Coating (Tianjin)



Trees planted onsite at Fujikura Kasei Coating India



Case examples of environmental improvement activities: Initiatives for sustainable environmental activities

Activity to reduce CO₂ emissions associated with domestic transportation

In fiscal 2022 Fujikura Kasei organized a company-wide distribution reform conference as its contribution to realizing a carbon-neutral society and launched initiatives to reduce CO₂ emissions associated with domestic transportation. This was prompted by rapid demand for initiatives to reduce CO₂ emissions not only from the company itself (Scope 1, Scope 2) but also along the supply chain, including the upstream and downstream segments (Scope 3).

A value stream map (VSM) was prepared for each business division to assess the present status of physical distribution. Based on this map, discussions were held regarding inter-facility transport and reduction of transport frequency, among other issues. We will make continued efforts with the conscious objective of reducing CO₂ emissions from our company, as well as from throughout our supply chain



Responses to Climate Change

(Disclosure based on TCFD Recommendations)



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

Governance

We will establish a framework to ensure that important resolutions concerning climate change are discussed and decided on as management issues by the Sustainability Committee, which is chaired by the president, and by the Board of Managing Directors. Also under this framework, all resolutions will be properly supervised and monitored by the Board of Directors. Specific responses and initiatives will be discussed by the Sustainability Committee, and the content of these discussions will be reported to the Board of Directors at least once a year. The sustainability committee composed of full-time directors, shall convene twice a year or more, as necessary.

Strategy

We have analyzed scenarios based on TCFD recommendations and conducted a business impact assessment (Fujikura Kasei non-consolidated) of risks and opportunities that have been identified, in light of the world outlook if temperatures were to increase by 1.5°C and 4°C.

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

Category	Subcategory	Business impact	Assessment
Transition risks	Policies & regulations	<ul style="list-style-type: none"> Increase in expenses in proportion to the amount of greenhouse gases emitted from our offices, due to the government's carbon pricing system and promotion of the introduction of the emissions trading system Increase in expenses for switching to higher efficiency facilities and devices and making capital investments, when energy conservation and renewable energy regulations are strengthened 	Large
	Technologies & markets	<ul style="list-style-type: none"> Weakening of brand strength as a result of a delay in responding to decarbonization Increase in expenses caused by an increase in the prices of petrochemical raw materials, etc. Possible decrease of customer transactions and switches to competitor company products in the event that environmental consideration is insufficient 	Large
	Reputation	<ul style="list-style-type: none"> Increase in the cost of capital procurement in the event that environmental consideration and environmental information disclosure are insufficient 	Medium
Physical risks	Acute	<ul style="list-style-type: none"> Direct damage and corresponding costs from a disruption of the supply chain or destruction of the company's production sites in the face of increasing natural disasters, and spreading of their impact on sales opportunity losses 	Large
	Chronic	<ul style="list-style-type: none"> Increased costs due to an increase in the usage of air-conditioning facilities in plants and offices Increased risks of accidents in handling dangerous articles due to a rise in temperature Increased health risks among workers 	Large
Opportunities	Resource efficiency	<ul style="list-style-type: none"> Increase in demand for recyclable products Development of products using recycled raw materials 	Large
	Energy sources	<ul style="list-style-type: none"> Decrease in the cost of procuring renewable energy Effective utilization of waste heat 	Large
	Products/services	<ul style="list-style-type: none"> Expanded sales by achieving differentiation and enhanced brand strength with products that are process-saving, energy-saving, and low energy consuming Increase in demand for our company's products owing to the dissemination of decarbonization technologies and products in sectors such as the mobility, residential, infrastructure, and IT sectors 	Large
	Markets	<ul style="list-style-type: none"> Enhanced corporate value as a result of pursuing eco friendliness and environmental information disclosure Decrease in capital procurement cost 	Medium
	Resilience	<ul style="list-style-type: none"> Stable supply of products owing to a diversification of raw materials Differentiation by strengthening business continuation measures 	Medium

Risk management

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

Metrics and targets

Greenhouse gas emissions by Fujikura Kasei (non-consolidated) in fiscal 2022 came to Scope 1: 1,228t/year, Scope 2: 2,955t/year, and Scope 3: 56,105t/year. Our target toward reducing environmental burden associated with our business activities is to reduce Scope 1 and Scope 2 CO₂ emissions by 41% (compared to FY2013) by fiscal 2030.



Management of Chemical Substances to Retain Trust

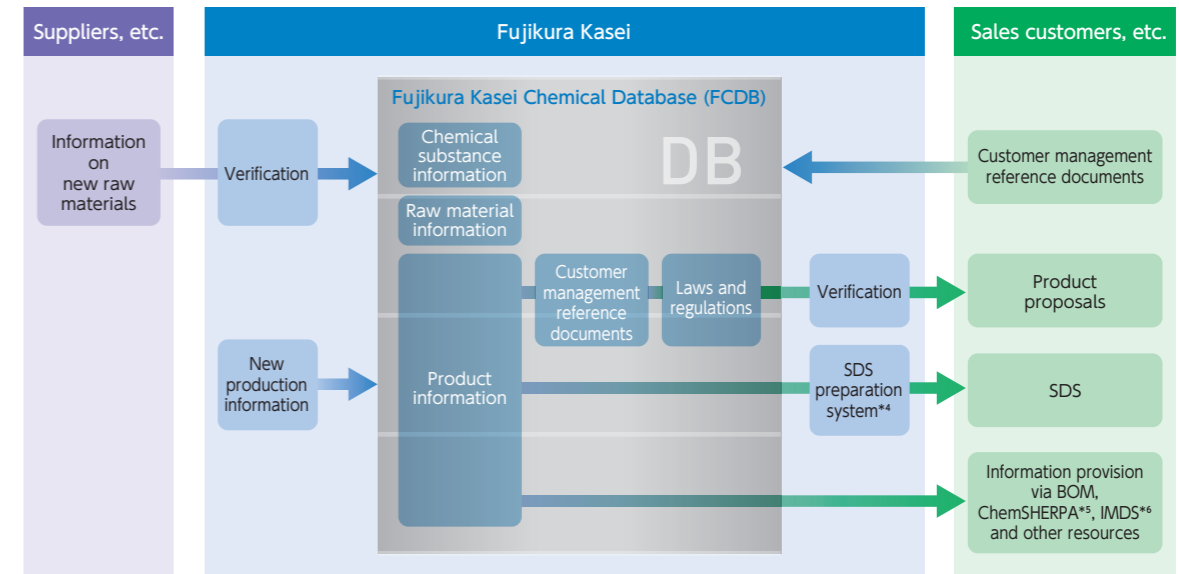
Chemical substances benefit our lives. At the same time, however, they can pose a serious health risk to a human being and can result environmental pollution if they are handled improperly. At Fujikura Kasei, we have a strict management framework in place that includes within its scope not only our business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

Chemical substance management initiatives

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

Chemical Management System (CMS) in our QMS*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).

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.

Review of the chemical substance management system

Today, chemical safety assessment is advancing around the world, and laws and regulations concerning chemical safety are being established one after another. Fujikura Kasei is also working to ensure prompt and proper response to relevant laws and regulations and industrial requirements by continuing the maintenance and management of FCDB. Additionally, chemical

substances group that need to be monitored are reviewed as appropriate so that management standards do not become outdated. This allows us to develop new products while steadily managing the necessary chemical substances. Through these schemes, we strive to provide products that our customers can use without worry.

Restrictions on chemical substances in products

Substances that, when used, 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.



Environmental & Social Contribution through Business

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

Coatings for plastics business



Reduction of CO₂ emissions by using water-borne in-mold coating

Water-borne, one-component coating "458W," developed by Red Spot Paint & Varnish in-mold coating, allows molding and coating to be performed simultaneously by directly applying it to the mold. With conventional coatings, the molding and coating processes must be performed separately, but this innovative coating reduces the number of work processes and thereby realizes energy savings and a reduction of VOC and CO₂ emissions. Continued efforts will be made to develop products that contribute to reducing CO₂ emissions as our contribution to our customers, society, and the environment.



In-mold coating surface achieved using 458W

Architectural coatings business



Enhancement of architectural value using water-borne metallic coatings

To propose new added value to buildings, the development of completely water-borne, high-durability products is underway with the aim of contributing to SDGs 11, 12, and 13. Among these products, the water-borne one-component metallic coating "ferbriller" not only exhibits the water-borne highly durable technology that Fujikura Kasei has cultivated to date, but also combines both high design and easy application properties, and can be used for architectural interiors, exteriors, and iron components. The metallic shine highlights the exterior design of buildings and lends a sense of luxury to building interiors. It is designed for easy application using a roller, and contributes to enhancing the value of a building while reducing environmental burden.



ferbriller

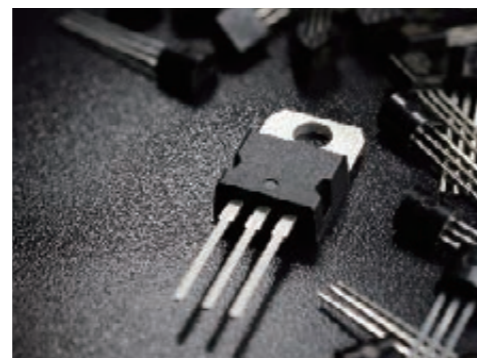


Electronic materials business



Contribution to heat dissipation and energy savings of electronic devices

Electronic device components today generate a large amount of heat during their operation, so it is necessary to dissipate that heat. Thus, the electronic materials department has developed and marketed a high thermal conductivity sintering paste. It can be applied by conventional methods such as by screen printing or using a dispenser, and delivers stable electroconductivity and adhesive strength without pressurization to efficiently dissipate heat from a component. The electronic materials business will continue to provide useful products to the energy-saving, low-power power electronics market and contribute to realizing a sustainable society.



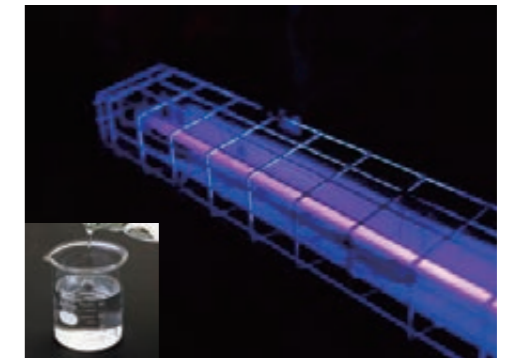
Power transistor

Functional polymers/polymers & resins business

Reduction of CO₂ emission using UV-curable adhesives



UV-curable adhesives do not use organic solvents, and can be commercialized by using resin only. To our company, this translates to a reduction in the usage of organic solvents. To our customers, this means a reduction of work processes such as drying, solvent recovery, and combustion. Up to now, adhesives that utilize organic solvents required energy to heat them in the drying process and to recover and incinerate the solvent. This consequently caused increased CO₂ emissions. However, by using UV-curable adhesives, energy savings and CO₂ emission reduction can be achieved simultaneously.



UV-curable adhesive

Medical materials area



Contribution to the dissemination of early diagnosis and enhancement of people's QOL

Diabetes has become a social problem throughout the world, but it can be prevented from becoming severe by receiving early diagnosis and proper instructions from a physician. For our part, we provide diabetes test reagents widely around the world at reasonable prices so even people who are not readily able to receive an examination can do so without worrying about prices. Furthermore, rather than promoting post-examinations after the onset of symptoms, we aim to realize a society where early diagnosis is possible through regular examinations.

From the perspective of animal welfare, we are recommending replacing reagents made from animal-derived protein with silk cocoon-derived protein using gene recombination technology and will be working toward its dissemination.



HbA1c reagent

Synthetic resins business



Contribution to diverse work styles and energy savings

Today, a gradually increasing number of convenience stores are closing during late-night hours due to the diversification of work styles.

To cover their open-style showcases when stores are closed at night, Tohkoh Jushi sells night covers. They prevent the leakage of refrigerated air, help maintain the freshness of products in the cases, and deliver high electricity savings and dust prevention. As a specialized trading company, Tohkoh Jushi brings together customers who have a problem and suppliers who have solutions, and thereby contributes to the diversification of work styles and to solving the social issue of energy conservation through its business.



Night cover

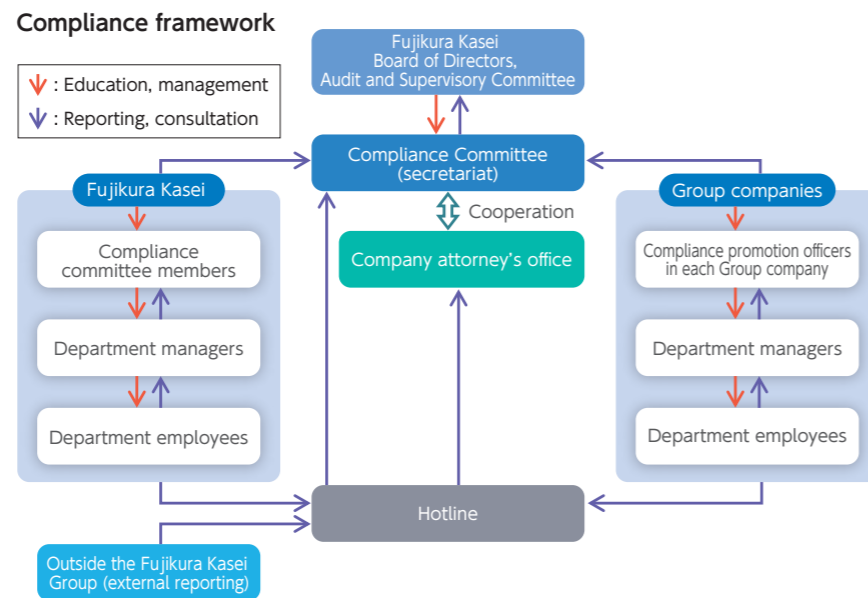
Compliance

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

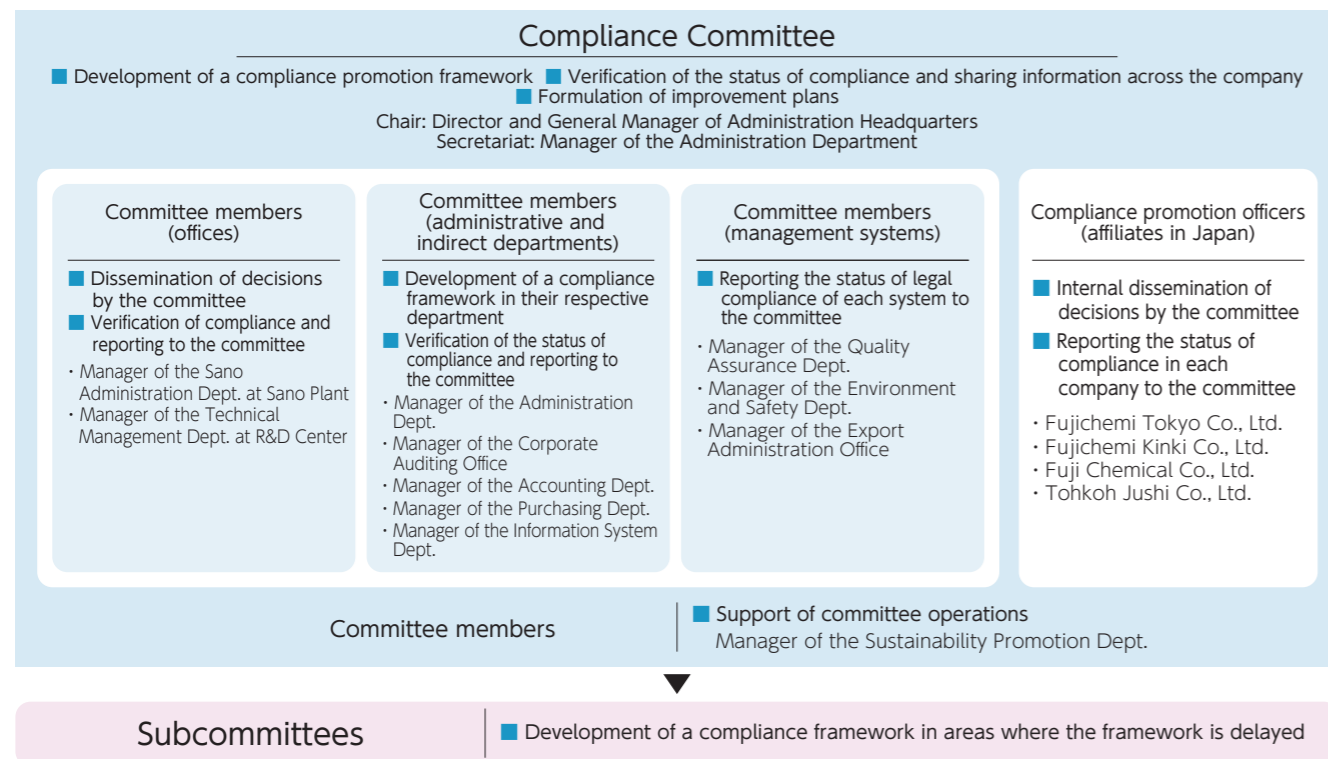
Compliance initiatives

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.



Structure and role of the Compliance Committee



Fair trade initiatives

(Fair trade and ethics policy)

Our corporate activities are made possible by our firm partnership with our business partners. As a member of society, we will steadily comply with the following provisions and engage in corporate activities with a fair and sincere attitude so that we may gain the trust of all our stakeholders.

1. Preventing Corruption

We will not engage in or be a party to bribery, excessive gifts and business entertainment, threats, or embezzlement, and will comply with this policy on a continuous basis.

2. Prohibition of unfair competition

We will neither give nor receive goods or services that have direct or indirect value for the purpose of acquiring new businesses or inappropriate advantages.

3. Proper information disclosure

We will provide or disclose accurate information so that our stakeholders can make appropriate judgment about our company, and will not make any false report regarding the information we provide/disclose.

4. Respect for intellectual property rights

We will respect not only our own intellectual property rights but also the intellectual property rights of our competitors and business partners.

5. Compliance with laws and regulations

We will comply with all laws, regulations, and social norms concerning fair competition and fair trade as we pursue fair business practices, and will not engage in cartels or other such restrictive agreements, unfair transactions, or misleading representations. We will neither make contact with anti-social forces nor slander, defame, or infringe on the rights of others.

6. Protection of whistleblowers

We will protect the confidentiality of the information we obtain via internal reports of wrongdoings and the anonymity of whistleblowers, and will eliminate any retribution against whistleblowers.

7. Responsible procurement of minerals

We will properly judge and address the use of conflict minerals in our products in line with our quality management system and chemical substance management system.

We will seek our business partners' understanding and cooperation with this policy and together strive to realize a sustainable society as good corporate citizens.

Survey of the status of CSR initiatives by our business partners

Today, the scope of social demand includes not only initiatives of our company alone but also initiatives along our entire supply chain. Therefore, we have conducted a survey of the status of CSR initiatives by our business partners. We had our business partners further their understanding of CSR activities by having them read through our various policies. These include our CSR policy, the Fujikura Kasei code of conduct, human rights policy, occupational health

and safety policy, environmental policy, energy conservation policy, fair trade and ethics policy, quality policy, chemical substance management policy, and information security policy. We also requested them to self-evaluate the status of their initiatives regarding the eight items below. We will conduct the survey again as necessary and continue our initiatives for enhancing CSR along our entire supply chain.

Survey items

CSR in general	Verify policies, codes of conduct, and promotion organizations concerning CSR and the status of initiatives to disseminate information on CSR
Human rights & labor	Verify the status of policies, frameworks, and legal compliance, and the management of risks
Health and safety	
Environment	
Fair trade & ethics	Verify policies and frameworks
Quality	
Information security	Verify policies, frameworks, and the management of risks
Social contribution	Verify the status of activities directed to the international community and regional communities

Human rights initiatives

At Fujikura Kasei, we consider respect for human rights an important foundation for business continuation and ensure it is promoted mainly via the Compliance Committee. Human rights initiatives are undertaken in line with the Japanese government's "Guidelines on Respect for Human Rights in Responsible Supply Chains" regarding initiatives expected of companies. Respect for human rights will always form the basis of our relationships with stakeholders who could be impacted by the supply chain of our business activities. We will also promote human rights to prevent any such impacts.

Responses to information security

We have formulated our information security policy and information security education document based on the awareness that it is essential to take measures against information risks. The Information Security Subcommittee is responsible for promoting information security compliance. It is a company-wide cross-cutting organization led by the chairperson (director) of the Compliance Committee and composed of the general manager of the Information Systems Department and management-level members from the management and business departments in each site. In line with the guidelines of industrial organizations with which our business partners are affiliated, in addition to other social requirements, the subcommittee revises the company's information security education documents and otherwise engages in strengthening compliance.



Risk Management

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

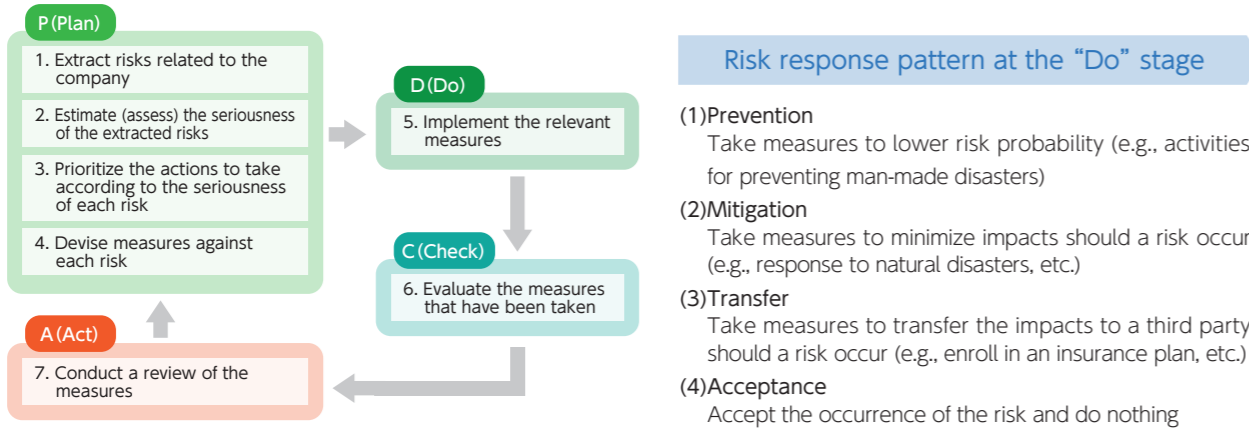
Our concept of risk management

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 (before occurrence)	Comprehensive risk management	Compliance Committee
Other (after occurrence)	Comprehensive responses	Emergency Operations Headquarters (headed by 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.



Corporate disaster prevention

Introducing the concept of corporate disaster prevention

We will newly introduce the concept of “corporate disaster prevention” by reconsidering the conventional definition of BCP (business continuity plan), which broadly included “disaster prevention plans” that defined initial responses in the event of a disaster or accident and subsequent “early recovery plans.”

Corporate disaster prevention can be understood as the combination of disaster prevention plans and BCPs, with BCPs placing weight on initiatives for the early recovery of business activities.

Implementation of emergency drills <Fujikura Kasei Vietnam>

Natural disasters occur in various forms. In Japan, emergency drills are generally held against earthquakes in particular. At Fujikura Kasei Vietnam, employees participated in a lifesaving drill and fire drill under the supervision of the fire department, for readiness against fires that may break out accompanying a disaster. There are plans to hereafter create an emergency manual and hold relevant drills regularly.



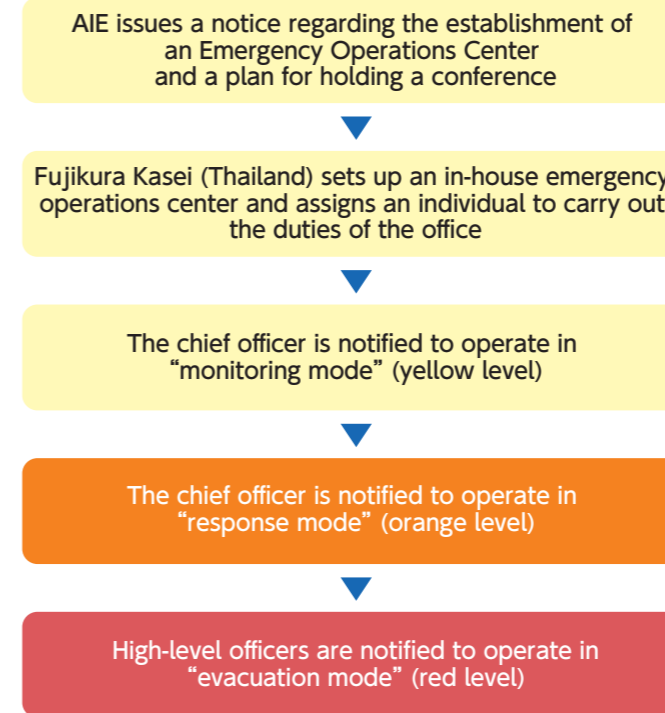
BCP

Formulation of emergency flood responses <Fujikura Kasei (Thailand)>

Emergency flood responses have been formulated at Fujikura Kasei (Thailand). All actions outlined in the emergency operations plan have been approved by the Emergency Operations Center set up in the Asia Industrial

Estate (AIE) which is composed of AIE members and all companies located in the estate. The plan will be implemented under instructions that have been agreed on.

Emergency operations flowchart



Duties of Fujikura Kasei (Thailand) 's emergency operations center

- Assign a chief officer for the emergency operations center
- Assign an individual to represent Fujikura Kasei (Thailand) in the AIE Emergency Operations Center
- Act as a coordinator between government departments

- Monitor the status of floods
- Customer logistics
- Food + water + medicine
- BCP
- Embankments: Outside the company (prevent inflows from outside) and inside the plant (protection of non-movable machines)
- Relocate properties to higher ground

Evacuation

Note:

- Duties to carry out in “monitoring mode”

- Duties to carry out in “response mode”

- “Evacuation mode”
Each mode will be notified by AIE via the Emergency Operations Center, short message service, or other such communication tools in consideration of the status and water level of rivers and canals in the vicinity.

Establishment of a risk control framework with overseas sites <Tohkoh Jushi>

Tohkoh Jushi, as a specialized trading firm, is heedful of future business risks overseas. It holds monthly meetings to share issues regarding risk management in overseas sites (credit management charts, overseas damage insurance, etc.) with managers in overseas sites (1 in the U.S., 1 in

China), Tohkoh Jushi board members (3), group leaders (3), advisers (2), and consulting lawyers (2). By repeating the PDCA approach, efforts are made to reduce risks to overseas businesses.

Occupational safety and health

Full harness education and training <Fujichemi Tokyo>

Fujichemi Tokyo provides education and training on the use of full harnesses in high-place works, to prevent fall accidents. Workers are required to receive this education and training when using fall arrest gear (full harness-type safety belt) in places that are more than 2 meters high where it is difficult to assemble a work platform.



Information security

Information security measures

In recent years, control systems in plants and various other information systems are connected to the Internet, but this connection is increasing the threat of cyberattacks. At Fujikura Kasei, measures against risks identified by the industrial organizations of our business partners have been examined, and information security educational materials (in-house guidelines) have been updated with regard to

“production impacts and delivery delays caused by virus infection,” “external leakage of confidential information,” and “springboard attacks by computer viruses via networks.” Measures against information security risks are taken beyond our company to also involve our partner companies. They will be strengthened continuously to reduce information security risks.



Corporate Governance

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

Our basic concept of corporate governance

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

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

Our corporate control framework

(1) Board of Directors

Our Board of Directors is composed of 8 directors, 2 outside directors and 4 directors who are Audit and Supervisory Committee members. As decision-making bodies, the Board of Directors and the Executive Committee discuss, deliberate, and decide on company-wide management issues.

Additionally, a business executive meeting composed of directors and department managers is held regularly every month to promote effective business management.

(2) Audit and Supervisory Committee

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

(3) Nomination and Remuneration Committee

The Meeting of the Board of Directors held on March 30, 2022 passed a resolution to install a Nomination and Remuneration Committee as an arbitrary advisory body to the Board of Directors.

The committee is composed of three members that include one inside director and two outside directors.

In 2023, the committee convened in January and April to formulate and submit draft recommendations to the board of directors. The recommendations pertained to candidate directors and other board members for the following year, and to individual remunerations including the performance-based remuneration for directors, among others.

Directors

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

Initiatives taken in FY2022

(1) Reduction of cross-shareholdings

As we have last year, we conducted an annual review of the shares we hold, such as in terms of whether our reason for owning them is appropriate and whether their benefits and risks measure up to their capital cost, by taking into account

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

(2) Responses to items described in the securities report for the term ended March 2023

We are promoting our responses to the two items below in relation to our sustainability principles and initiatives as described in our Securities Report for the term ended March 2023.

1. Response to climate change (information disclosure in line with the TCFD recommendations)
2. Human capital and diversity

(3) Skills matrix of the board of directors

A skills matrix summarizes the skills that directors possess in one chart. At Fujikura Kasei, we aim to identify the skills of

each director, secure diversity, and disclose all relevant information to our stakeholders.

Skills matrix of the board of directors

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

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

Reasons for selecting each skill

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

Producing Products from our Customers' Perspective

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

Our basic concept of quality assurance

We produce our products always from the customer needs point of view. We have established a quality management system based on ISO9001 standards (Table 1) and engage in quality assurance activities as one across our Group so we may respond promptly and accurately to upgraded customer demand for quality. Furthermore, to provide globally uniform quality across our entire Group, we are promoting the acquisition and/or maintenance of ISO9001 certification by our Group companies in and outside Japan and ensuring continuous improvement by implementing quality maintenance activities.

● Table 1. Quality management system certification status

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

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

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

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

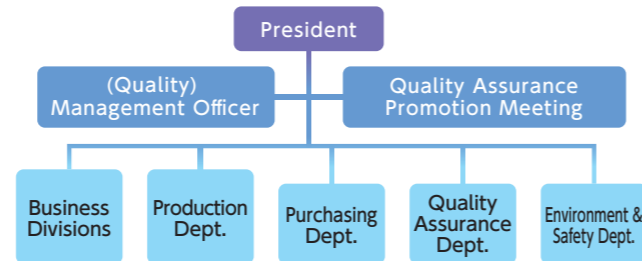
*4 Companies that have production sites, including Fujikura Kasei

Quality assurance framework

To maintain product quality (including the management of chemicals in products*5), we have a quality assurance framework in place for all processes from the planning, design, manufacture and shipment of products to their use by customers. In the event of a quality trouble (quality flaw or customer complaint), the Quality Assurance Department, business divisions, and production departments work as one to investigate the cause and take action to prevent recurrence. The Quality Assurance Department has a proper system in place to guarantee quality always from the customer needs point of view, as a separate department directly under the president, independent of other business divisions and the production department. Additionally, we have established a Quality Assurance Promotion Meeting composed of members from each division and department to pursue activities such as for maintaining and improving our company-wide quality management system and proposing solutions to quality-related issues. From fiscal 2018, efforts are being made to prevent quality

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

*5 Details on the management of chemical substances contained in products are provided in the section on chemical substance management on pages 38.



Medium to long-term initiatives concerning our quality assurance system

At Fujikura Kasei, we have formulated our 11th mid-term management plan with an eye to realizing our 2030 vision. Among the quality activity plans, we will place particular focus on the following.

- (1) Initiatives to provide high quality and globally uniform quality by the entire Group
 - a) Unify quality management and inspection methods and inspection devices within the Group
 - b) Establish a system for transferring out manufacturing technologies to Group companies and cooperating companies (outsourcing companies)
 - c) Manage the trends in quality of all products and raw materials and share information with production departments to enhance and stabilize manufacturing quality and prevent quality troubles

- (2) Initiatives for establishing a sustainable quality assurance system
 - a) Ensure information sharing and energy saving by digitalizing data and documents as well as operation systems (promote DX)
 - b) Prevent quality troubles and reduce waste by visualizing management losses and information of past quality troubles
 - c) Eliminate elements of fraudulent inspections by visualizing and sharing inspection data and issuing automatic inspection reports, etc.

Contribution to Local Communities

Fujikura Kasei and its Group companies engage in social contribution activities that conform to the characteristics of the region where they are located. Some of the major activities in fiscal 2022 are introduced below.

Activities of Fujikura Kasei and Group companies in Japan

Fujikura Kasei

Our five offices in Japan engage in communication with the local community in which they are respectively located. They also implement social contribution activities through their business and employees and value these communication opportunities with their local community. In fiscal 2022, the offices actively engaged in various activities even while heeding the restrictions that were in place due to COVID-19.

Activity	Office
Made a donation to Fujikura Gakuen (support facility for people with intellectual disabilities)	Head office
Made donations to the Red Feather Community Chest and Japanese Red Cross Society	Head office
Donated a stockpile of emergency supplies to the Hasuda City welfare council	R&D Center
Received a mobile blood bank on more than two occasions	R&D Center
Received high school student interns	Sano Plant, Kuki Logistics Center
Co-sponsored a local festival	Sano Plant, Kuki Logistics Center
Joined a plant reunifications agreement	Nagoya Branch
Participated in the beautification of the industrial park and local community	R&D Center, Sano Plant, Nagoya Branch

Tohkoh Jushi

Tohkoh Jushi offers scholarships to personally funded students from abroad via the public interest incorporated foundation Japan Educational Exchanges and Services. Intended for students majoring in environmental and recycling issues, the scholarship contributes to the development of human resources possessing advanced specialized knowledge, by mitigating financial insecurities and allowing students to concentrate on their studies.

Fujichemi Kinki

Tenjinsai is considered one of Japan's three major festivals and a representative festival of Osaka boasting a history of more than 1000 years. The festival is held mainly at Tenmangu Shrine near today's Tenmanbashi, where Fujichemi Kinki's office has been located since it was founded as Kansai Fujikura Paint some 50 years ago. With thoughts of gratitude to the local community and contribution to the traditional festival, Fujichemi Kinki has continued to donate money to the Tenjinsai every year. The Funatogyo boat procession along the Okawa River that flows in front of the company and the votive fireworks that are released into the sky above the city are magnificent sights.



Activities of Group companies overseas

Fujikura Kasei (Thailand)

The second Saturday in January is children's day in Thailand. On Children's Day in 2023, Fujikura Kasei Thailand presented bicycles, stationary supplies, and a money donation to a school in the industrial estate.



Bicycles and stationery that were donated

Red Spot Paint & Varnish

● Earth Day employee event

At Red Spot Paint & Varnish, an employee event is held on Earth Day every year. In fiscal 2022, a tree-planting event was held with the participation of all employees. The company also donated unused goods to Saint Vincent, and properly treated and processed harmful waste matter.



Employee event held on Earth Day

● Evansville Rescue Mission's (ERM) gobbler gathering event

Employees of Red Spot Paint & Varnish worked as one to achieve the goal of donating 500 boxes of Macaroni and Cheese. A volunteer box-packing operation was also held to send Thanksgiving packages to families in the tri-state area.



Macaroni & Cheese donations

● Christmas angel program

As part of the annual Christmas angel program, boxes of presents were delivered to two families in fiscal 2022.



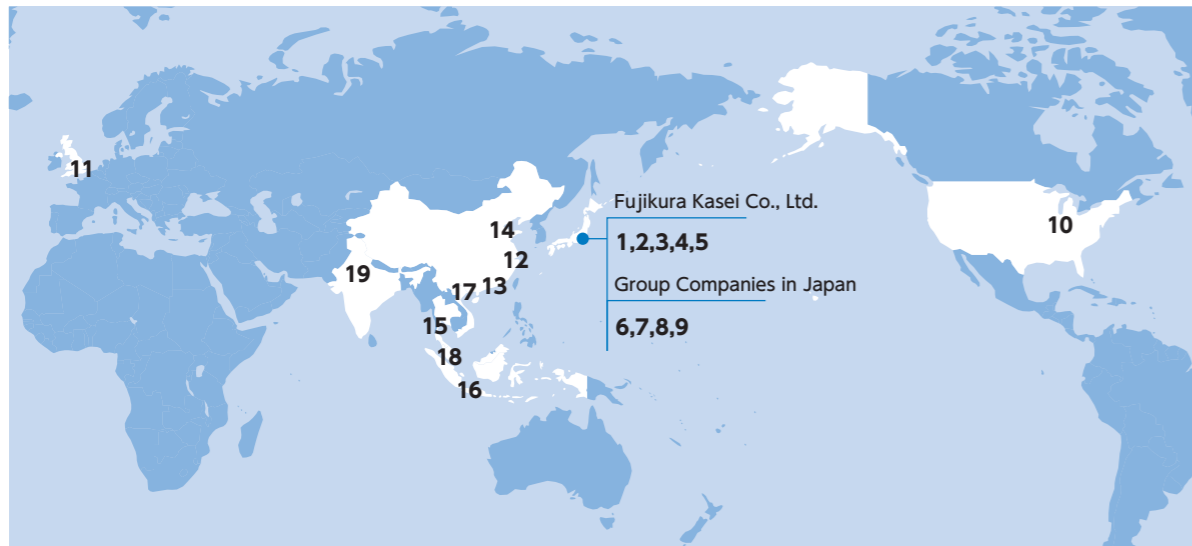
Christmas presents that were delivered

Overview of the Fujikura Kasei Group

Business overview

Our business areas have widely expanded from the original coatings and resin materials businesses the company has engaged in since its founding, to now include the in-vitro diagnostic pharmaceutical products business. The Coatings for Plastics Business is centered on coatings for plastic materials as its main products, and responds to needs in a wide range of business areas that include automotive parts, home appliances, cosmetic containers, agricultural materials, and hobby supplies. The Architectural Coatings Business mainly handles paints for residential exterior walls, and undertakes exterior wall painting works in an integrated fashion, from the painting of newly built residential homes to re-painting (renovation) works. The Electronics Materials Business provides a wide lineup of the Dotite® brand of electroconductive resin materials such as pastes, adhesives, and shields to the electric and electronic equipment sectors. The Functional Polymers/Polymers & Resins Business handles resin materials, and has a share in numerous markets, including the markets for adhesives, resins for printer toners, molding materials, stationary materials, electronic component materials, medical materials. The Synthetic Resins Business, run by a subsidiary of our company, engages in the sale of raw synthetic resin materials and processed synthetic resin products.

Group Company Network



Fujikura Kasei Co., Ltd.

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

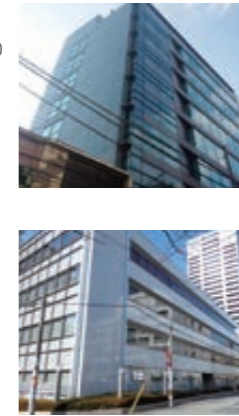


Profile

- **Founding**
September 22, 1938 (Fujikura Kasei Co., Ltd.)
- **No. of employees (as of March 31, 2023)**
1,251 (442 in Fujikura Kasei alone)
- **Capital related information (as of March 31, 2023)**
 - Capital: 5.352 billion yen
 - No. of issued shares: 32,716,878
 - No. of shareholders: 3,709 (excl. shareholders owning shares of less than one unit)
 - Major shareholder: Fujikura, Ltd.
- **Consolidated financial information (for the term ended March 2023)**
 - Total assets: 54,908 billion yen
 - Net assets: 39,598 billion yen
 - Capital ratio: 66.8%
 - Book value per share: 1,189 yen
- **Consolidated R&D related information (for the term ended March 2023)**
 - R&D expenses: 2.838 billion yen
 - Percentage of sales: 5.6%

Group Companies in Japan

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



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



Group Companies Overseas

- **10. Red Spot Paint & Varnish Co., Inc.**
1107 East Louisiana St., Evansville, Indiana 47711 U.S.A.
[Main business] Development, manufacture and sales of coatings for plastics



- **11. Fujichem Sonneborn Ltd.**
Jaxa Industrial Finishes 91-95 Peregrine Road, Hainault, Ilford Essex, IG6 3XH England
[Main business] Development, manufacture and sales of coatings for plastics



- **12. Shanghai Fujikura Kasei Coating Co., Ltd.**
No.177 Yingong Road, Fengxian district, Shanghai 201417, China
[Main businesses] Manufacture and sales of coatings for plastics



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



- **14. Fujikura Kasei Coating (Tianjin) Co., Ltd.**
Room2706, Teda Central Hotel, No.16, 3rd Avenue, Teda, Tianjin, China 300457
[Main businesses] Manufacture and sales of coatings for plastics



- **15. Fujikura Kasei (Thailand) Co., Ltd.**
88/69 Asia Industrial Estate Suvarnabhumi (AIES) Moo 4, Khlongsuan, Bangbo, Samutprakarn 10560 Thailand
[Main business] Manufacture and sales of coatings for plastics; sales of architectural coatings and electroconductive coatings



- **16. PT. Fujikura Kasei Indonesia**
Kawasan Industri Jatake, Jl. Industri 3, Blok AC No. 6B, Bunder, Cikupa, Tangerang, Banten, Indonesia 15710
[Main business] Manufacture and sales of coatings for plastics



- **17. Fujikura Kasei Vietnam Co., Ltd.**
Plot 13.1, Road no.10, Cam Dien-Luong Dien Industrial Park, Luong Dien Commune, Cam Giang District, Hai Duong Province, Vietnam
[Main business] Manufacture and sales of coatings for plastics



- **18. Fujikura Kasei Malaysia Sdn. Bhd.**
No.2, Jalan Palam 34/18A, Taman Perindustrian Pak Chun, 40470 Shah Alam, Selangor Darul Ehsan, Malaysia.
[Main business] Manufacture and sales of coatings for plastics



- **19. Fujikura Kasei Coating India Private Ltd.**
Plot No. 201-202, 225-226, Sector-9, Phase-3, IMT-BAWAL, 123501, Haryana, India
[Main business] Manufacture and sales of coatings for plastics





6-15, Shibakoen 2-chome, Minato-ku, Tokyo
105-0011
https://www.fkkasei.co.jp/english/index_e.html



<Note regarding forecasts>

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

