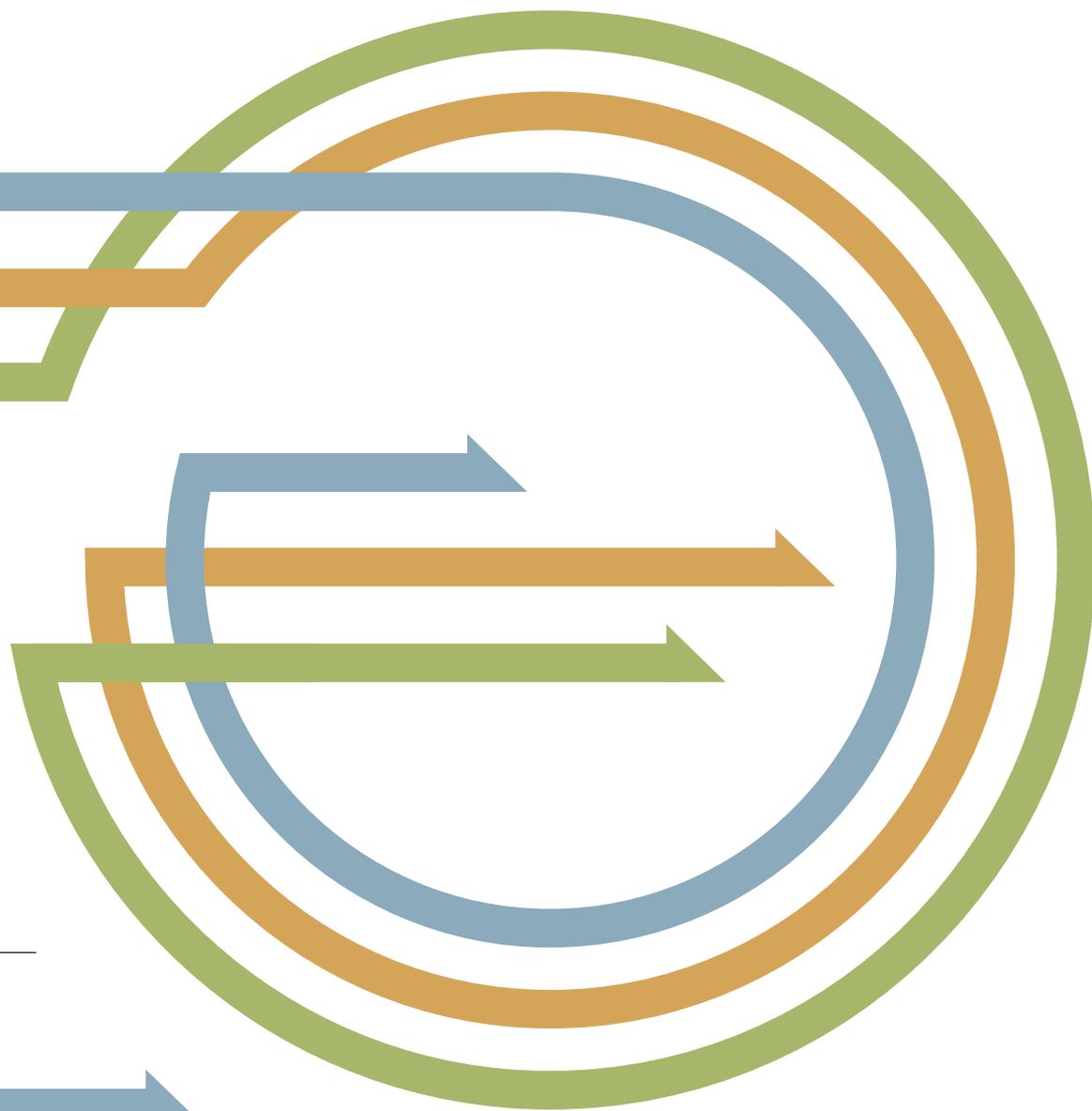


F.C.C.

Sustainability Report 2024



Corporate Philosophy

Fundamental Policy

We are committed to making a contribution to society by supplying products and services that make the best of unique ideas and technologies to satisfy customers.

Action Guidelines

- We will place safety and environment first when conducting business activities.
- We will employ ingenuity and creative thinking for active business operation.
- We will renew and improve ourselves and our business every day.
- We will carry out our work in a speedy and timely manner.
- We will honor harmony among people and make our workplace a place filled with a positive atmosphere.

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Editorial Policy

The *F.C.C. Sustainability Report 2024* is disclosed as information regarding the initiatives to contribute to the realization of a sustainable society as a nonfinancial information (ESG information) disclosure tool.

Precautions on Future Prospects

The report contains forecasts, business plans, and future prospects regarding the business environment of the Group. The descriptions are based on information that was available at the time of publication and include uncertainties as well. Accordingly, they may differ from those described in the report depending on the results of business activities and changes in various conditions.

Standards and Guidelines Referenced

- GRI Standard in accordance with the Global Reporting Initiative (GRI)
- Ministry of Economy, Trade and Industry Value Co-Creation Guideline 2.0
- Ministry of the Environment *Environment Reporting Guidelines*
- Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations

Publication Period

FY 2023 (April 1, 2023, to March 31, 2024)

*Some information after April 2023 is included as well.

Relevant Organizations and Notations

F.C.C. Co., Ltd., and the entire group are reported.

In the text, F.C.C. Co., Ltd., (nonconsolidated) is referred to as "the Company" and the consolidated group is referred to as "the Group" to distinguish between the two.

Top Message

Taking on a challenge of paving the way for an era of transformation and creating sustainable value

■ For a new challenge looking ahead to a sustainable future



President, F.C.C. Co.,
Ltd.

Yoshitaka Saito

Our business environment has been changing rapidly in recent years. While the world economy is gradually showing a recovery trend, it remains uncertain because of a global credit crunch, price rise, and unstable geopolitical risks. In addition, while addressing climate change and the rapid progress of digital technologies, the Group is not only enhancing the clutch business, which is our current fundamental business, but also proactively taking on a new challenge looking ahead to the sustainable future. In order to create value in *electrification* and *the era of CASE*, we are pursuing business transformation aiming for sustainable business management. Under this severe environment, the Group has worked on strengthening its management base and transforming the business portfolio by setting the 12th midterm management plan with the theme of “The Second Foundation toward a New F.C.C.” starting from the FY 2023. Regarding the progress shown at the halfway point of the three-year plan, not everything has been smooth sailing, but we do not take a pessimistic view of it.

We have worked feverishly for a year and a half while adopting what is good and ceasing from what is not good to try another new way. I think it is not bad for us to be aware of the fact that we cannot change unless we try. I feel that the working attitude of our employees and the organizational climate have been changing, apart from the favorableness of our business, and it is as planned.



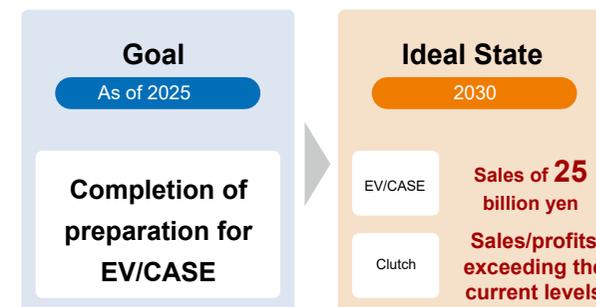
Motorcycle business

With regard to our motorcycle business, the Indian and Indonesian markets are particularly performing well, supporting the growth of the Group as a pillar. In India, we are expanding the sales of low-end models and introducing highly value-added technologies actively to promote activities for achieving 70% of market share. In addition, we have positioned the African market with large imports from India as the next area of growth by promoting strategies for that. There are various challenges in cultivating the African market, including a lack of infrastructure, such as a distribution network and energy supply, and gaps in consumers' purchasing power. However, as the market has great demand for a wide range of products including motorcycles, we are steadily preparing for future growth. As for our clutch business, which offers our core products, our new challenge has paid off. We have succeeded in the development of the automatic starting clutch, which started five years ago, and the Group will launch it for the first time in the world with OEMs in Europe as a start. This product provides a comfortable running experience with no need for clutch lever operation at startup and, at the same time, achieves an improvement in fuel efficiency and the reduction of CO₂ emissions, which contribute to mitigating the environmental impact. As a leading company with the top market share in the world, we will work on the further evolution of our clutch business.

We are also steadily preparing for electrification. In India, since we have completed the preparation for the mass-production of electric motor cores, we are continuing to develop highly value-added technologies and devote resources. In particular, we look to the mass-production of the motor assemblies in India and Japan as an important pillar for supporting sustainable growth. Also in this fiscal year, we have made a new investment in a venture capital firm called Rebright Partners, which has a base in Singapore and India and performs very well targeting fast-growing new industries in Asia, for the first time.

With support from the fund, we are accelerating the transformation of our business portfolio according to the 12th midterm management plan of upholding the theme of "The Second Foundation toward a New F.C.C." By pursuing collaboration with leading emerging companies mainly in India and the ASEAN Region, we will push ahead with increasing the sophistication and added-value of the motorcycle mobility sector, including EV/CASE and the clutch business.

In addition, going beyond the scope of conventional manufacturing, we will enhance value provision to *servitization* and *people* and contribute to solving social issues and providing services that are helpful for our life to accelerate our business development for new growth.



Fundamental Business <Clutch Domain>

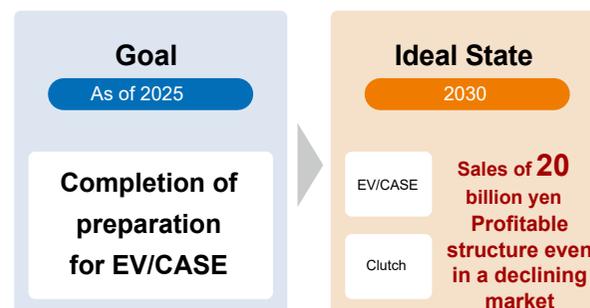
- ◆ **Polishing up low-cost/highly value-added technologies**
 - ▷ Establishing technological evolution through DX and automation
- ◆ **Strengthening cost-competitiveness through standardization/optimization**
 - ▷ Reducing cost and pursuing the expansion of NEXT market through standardization of specifications and optimal production by shared facilities.

New Businesses <CASE Domain>

- ◆ **Accelerating CASE business development**
 - ▷ Seeking for creating value in both products and solutions capitalizing on F.C.C.'s core technologies and customer bases.
- ◆ **Commercializing compact EV power units**
 - ▷ Building a bridgehead to the EV market with compact/differentiated technologies and a strong global production base centered on India/ASEAN.

■ Automobile business

With regard to the automobile business, since the North American market is expected to continue growth while the Chinese market shows an economic slowdown, we are working to increase our earning power further through carrying cost over to prices properly and controlling cost thoroughly. Today, the automotive industry faces the era of diversification when internal combustion engine (ICE) vehicles, hybrid electric vehicles (HEVs) and battery electric vehicles (BEVs) coexist; therefore, it is important to flexibly review resource distribution to meet each market trend and technical trend. Because the clutch business, which is our fundamental business, is performing well now, I think we can fully demonstrate our rich experience and technological capability. Keeping our antenna spread out to catch a wide variety of market needs that include HEVs and BEVs while focusing on the transition to future electrification, we are working to maximize revenues. In the field of electrification, for example, we have started the preparation for the mass-production of a motor core submodule in China. Starting with this electrical product, which is scheduled to be mounted on the 2026 models, we aim to make it an important operating foothold to meet the demand for electrification particularly in North America and China. Since the automotive industry is undergoing a significant transformation, the Group will strengthen competitiveness further through flexible and strategic approaches to realize sustainable growth.



Fundamental Business <Clutch Domain>

◆ Building a bottom structure *and resource-shift with an eye to production decline

- ▷ Dramatically reducing fixed costs through selection and concentration
 - ▷ Strategies for integration/efficiency based on products/regional axes
- *Building a profitable structure even if the production volume faces structural decline.

New Businesses <CASE>

◆ Entering into the motor core submodule business

- ▷ Taking advantage of proprietary technologies and global production bases to promote the development of differentiated technologies for differentiation with the aim of becoming a pillar of future businesses

◆ Accelerating the development of CASE products/ businesses

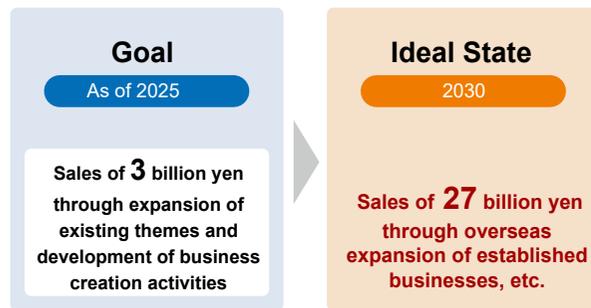
- ▷ Diversification of value we provide through core technologies cultivated in our fundamental businesses
(Highly value-added aluminum die-cast products, joining dissimilar materials, and thermal management)

■ Non-mobility Business

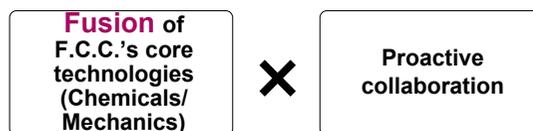
With regard to the non-mobility business, we are actively promoting new business development that may contribute to achieving carbon neutrality or solving social issues for the purpose of realizing sustainable society. We apply our technological ability, which has been fostered in the mobility industries, to areas outside our industry to diversify our business, aiming for further diversification of revenue sources.

As an example, we achieved the development and market launch of chip firing ceramic setters using our porous paper ceramics technology based on the development of the friction material for clutches, which is our core technology. As this setter performs environmentally better in terms of reducing CO₂ emissions than conventional ones, it can contribute to the sustainable manufacturing process. We believe that this is an important step toward carbon neutrality and will play a role of supporting the decarbonization of whole society.

We are also working on the development of conductive auxiliaries for lithium-ion batteries. As it is expected to improve the battery performance by using our unique dispersion technology, we aim at supporting the spread of recyclable energy use and progress in electric mobility. Furthermore, in order to accelerate the pace of commercialization of the new business, we have incorporated collaborative partnership with other companies in the plan. In the past, we expanded our business based on the culture of placing importance on in-sourcing or the internalization of technologies and know-how.



New Business (Non-mobility Domain)



◆ Circular Economy

▷ Products/solutions linked to purification of water and air, and circulating systems

◆ Energy Solution

▷ Energy solutions utilizing energy creation, energy storage, energy saving and thermal management (fuel cells, catalysts, etc.)

◆ Creation of diverse businesses that generate new values and fostering a corporate culture

▷ Servitization business
▷ Fostering a culture of internal creation and developing new businesses to suit overseas needs

However, in these days when the speed of change is accelerating, We recognize that we need to work flexibly without persisting in conventional ways. Using the knowledge, technologies and resources of partners and combining resources that are needed to realize quicker business creation and expansion, we will pursue open innovation. Such a partnership is maximizing the synergistic effect that we cannot gain alone and accelerating new value creation. Through these efforts, we will work on new value creation to expand our business base in the non-mobility domain and will pursue sustainable development that realizes harmonization between the environment, society, and the economy. The Group will push ahead with providing new value for the next generation as a company that contributes not only to the mobility field but also to society at large.

■ For continued sustainable growth

The Group is making efforts to create products and services that contribute to a sustainable society through our mobility and non-mobility businesses. With the target of achieving carbon neutrality by 2050, we are actively promoting the use of recyclable energy and energy-saving measures, as well as working on the establishment of a production structure that contributes to CO₂ reduction. And regarding efforts for human capital, we are not only working on the development of the basis for creating innovation, including the development of human resources for DX and the introduction of AI but also promoting the development of an organization that unifies all employers for sustainable future in order to improve respect for diversity and employees' engagement.

Since I assumed the position of president, we have upheld the philosophy of aiming for a company and people that can continue changing under the slogan of “No Change, No Value – Let’s really change both the Company and people.” The theme “change” might have been a universal proposition for F.C.C. since its foundation. We are known as a manufacturer specialized in clutches but have a history of having created various products that include resin products and of having continued manufacturing to meet the changing times since its foundation. This flexibility and our progressive spirit have driven the growth of the Group. Today, we keep on trying to create new value not only in the mobility domain but also in the non-mobility domain. I think the key to sustainable growth is to build many medium-thick pillars in both the mobility and non-mobility domains. We would like to foster a culture in which each employee put up their antenna high, instead of all employees' relying solely on one new flagship product, to take on new challenges boldly and enjoy change. We at F.C.C. hope to be a company that keeps on creating value that is requested from society all the times. We will realize sustainable development for the future through each employee's continued growth without fearing change. Please look forward to an F.C.C. that keeps on creating new value.

Business Overview



Motorcycle Business

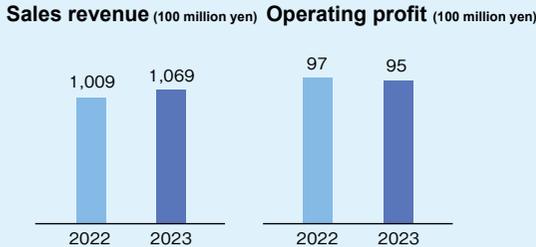
Manufacturing and sales of clutches for motorcycles, scooters, ATVs (buggies), and products in the EV/CASE domain



Multi-disc clutch



Motor ASSY

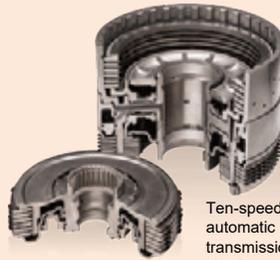


Because of the increase in the sales of clutches for motorcycles in India and Indonesia, as well as the weak yen, sales revenue was 106.9 billion yen (up 5.9% from a year earlier). Operating profit was 9.5 billion yen (down 1.9% from a year earlier) because of the increase in research and development costs.



Automobile Business

Manufacturing and sales of clutches for manual and automatic transmissions and products in the EV/CASE domain



Ten-speed automatic transmissions clutch



Motor core



Because of the increase in the sales of clutches for automobiles in the United States, as well as the weak yen, sales revenue was 133.3 billion yen (up 13.0% from a year earlier) and operating profit was 8.2 billion yen (up 85.4% from a year earlier).



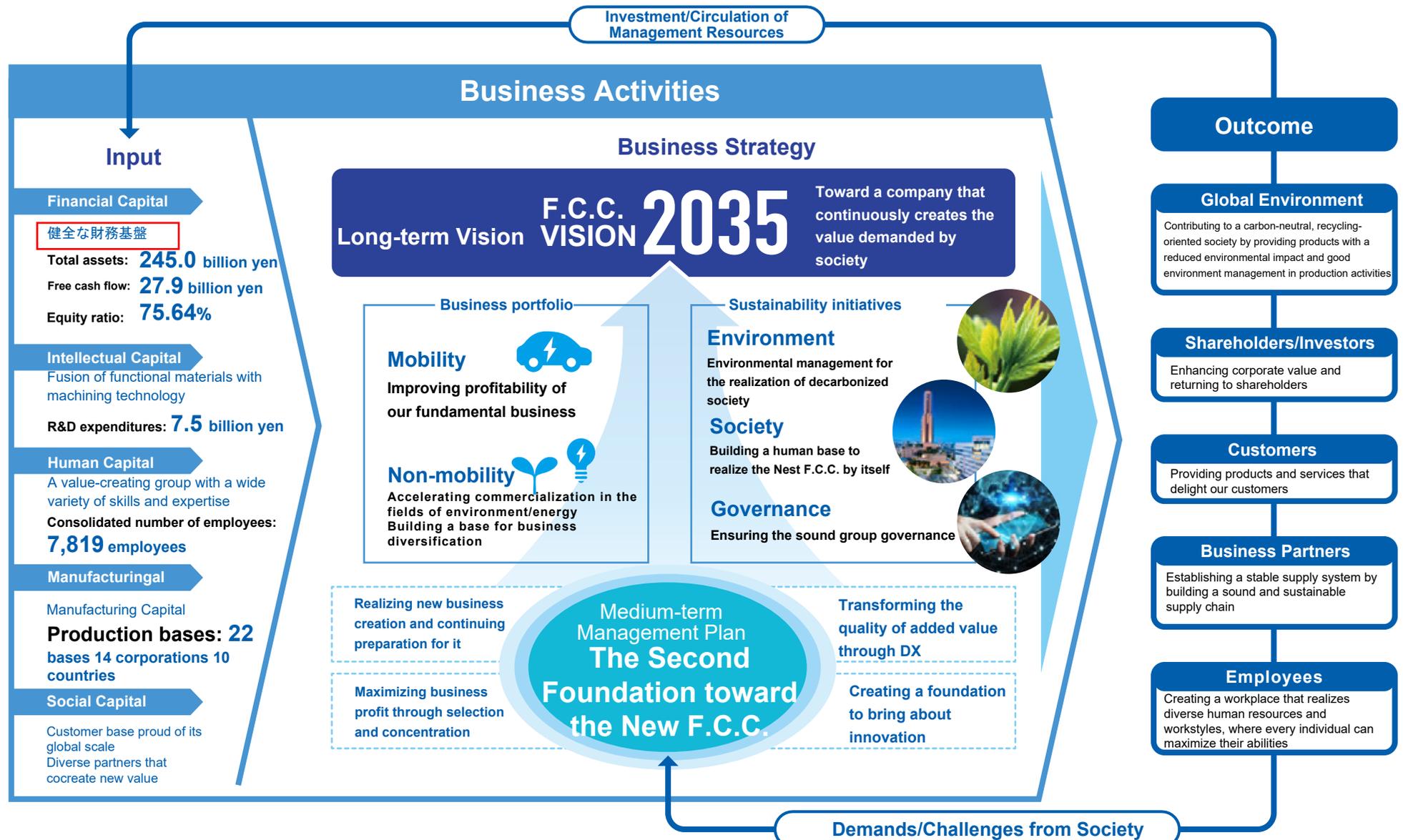
Non-mobility business

Manufacturing and sales of products and providing services in the fields of the environment and energy.



Sales revenue was 10 million yen (up 45.3% from a year earlier), and an operating loss of 2.7 billion yen (operating loss of 2.2 billion yen in the previous year) was incurred.

Value Creation Process



• Climate change • Digital transformation • Diversification of consumption/behavior trends • Geopolitical risks *All figures are as of fiscal 2024 ended on March 31.

Focus on Businesses

Motorcycle Business

Fundamental business | Clutch business

Receipt of orders of automatic starting clutches, which have a highly value-added mechanism

- We realized a next-generation clutch system that combines easy operation with no need for clutch operation at startup with the joy of manual operation.
- We will expand the sales to OEM companies in the future, starting with OEMs in Europe.
- We have expanded production to India and Thailand with the core production in Japan.

New business | CASE area

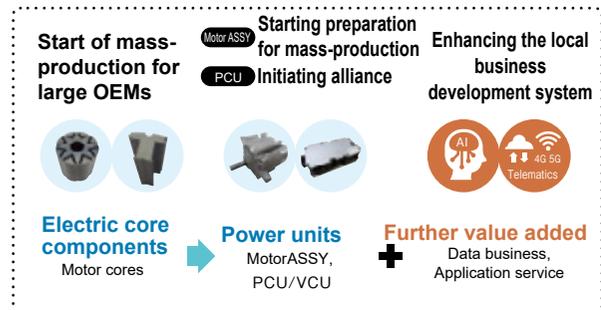
India/Indonesia

Start of the mass-production of laminated motor cores

- We are steadily promoting regional strategies (India/ASEAN) to shift to electrification.

Continuance of the development of power units Start of sourcing for further value-added business development

- We invested in a limited partner run by Rebright Partners.
- We started sourcing for data business/application service in India and the ASEAN region.



Automobile Business

Fundamental business | Clutch business

North America

Effort for the trend of HEV

- We have reviewed the resource distribution to meet the trends of ICE/HEV/BEV to continue maximizing revenue.

China

Expansion of sales to local transmission manufactures

- We are expanding sales to local transmission manufactures in the fields of ICE/HEV, aiming at securing our sales area.

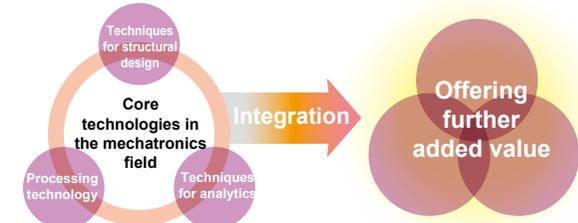
DISK/PLATE for sales expansion



New business | CASE

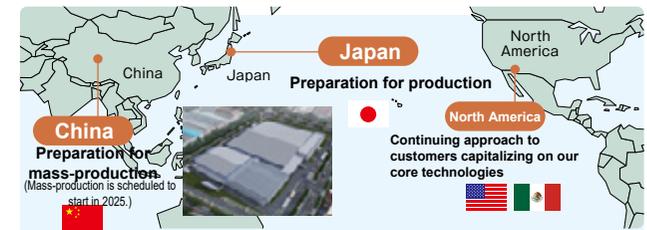
Received orders for aluminum cases for in-vehicle electronic devices for EV

- We are promoting added-value offering by combining our core technologies in the mechatronics field that were developed through our clutch manufacturing.



Start of the installation of a mass-production line for motor core lamination in the Hamakita Factory

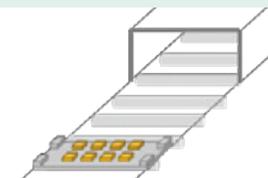
- We built motor core production lines in China and Japan.



Non-mobility business

Completion of preparation for the mass-production of ceramic setters

- The ceramic setter mass-production line was completed in the Hosoe factory.
- We enter into the markets of semiconductors and batteries capitalizing on the functional sheet materials using the friction material technology, one of F.C.C.'s strengths.



Special Feature Evolution of Fundamental Businesses

Automatic Starting Clutches That Open Up the New Era of Motorcycles

~For realizing sustainable mobility that anyone can enjoy with a sense of security~

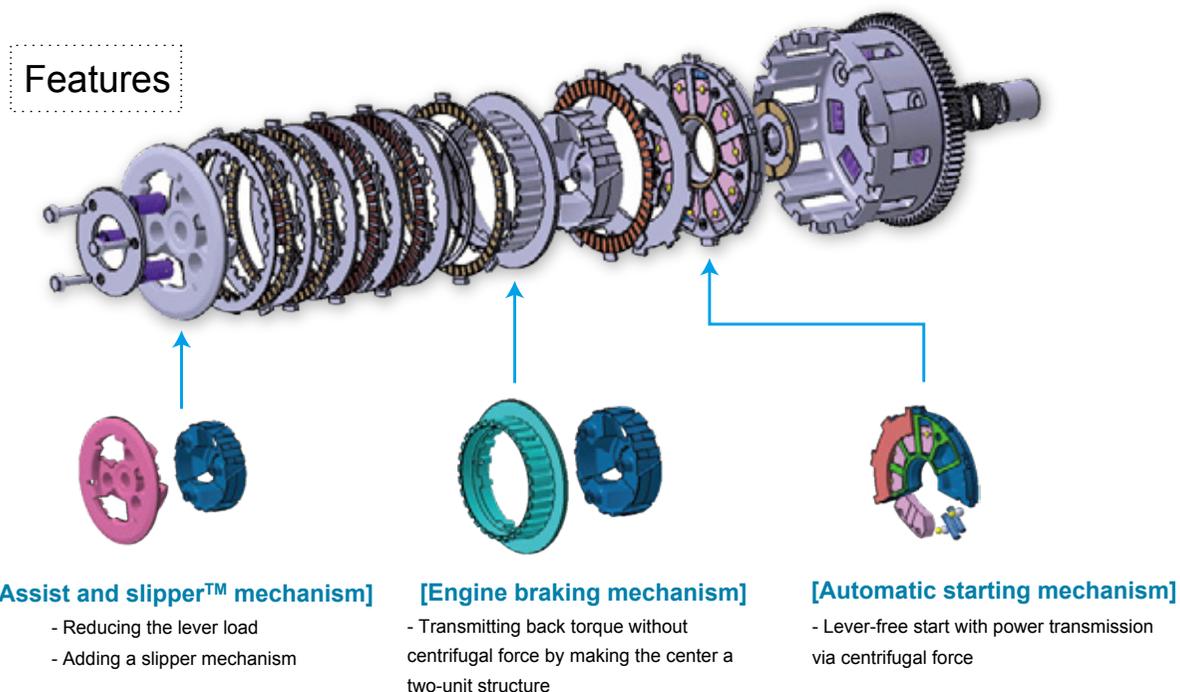
As a global company of clutches for motorcycles and automobiles, we have been taking on the challenges of technological innovation for realizing a sustainable mobility society. As a result, we have developed an automatic starting clutch that has been adopted by large motorcycle manufacturers in Europe as a next-generation clutch system that realizes sustainability through which we will accelerate global expansion. This innovative clutch has a unique mechanism that strikes a balance between easy operation and the excitement of riding, achieving new value creation in the mobility society. Since there is no need for clutch operation at startup, this clutch prevents engine stalls and erroneous operation while supporting safe driving. It also optimizes fuel efficiency at the time of startup and stoppage, which contribute to the reduction of CO₂ emissions. We think that it can also contribute to reducing a driving load in traffic jams and long-distance driving, as well as improving the environment for urban transportation.



In addition, we introduced an engine braking function so that anyone can enjoy motorcycles more safely and more comfortably. This function enables stable speed down and stop even on a slope or a congested road, which has significantly reduced a psychological burden during driving, providing those who have ever felt uneasy about driving motorcycles before with an opportunity to enjoy the driving with a sense of security. With regard to the production system, while placing the core base of development and production in Japan, we have expanded production to India and Thailand. By establishing a global supply system, we will deliver the fascination of safe and eco-friendly motorcycles to more people in the world. Our automatic starting clutch has an innovative technology that has a significant impact on the industry and is expected to be the standard in the future. Particularly in the Asian region where traffic jams often occur, a great demand for this product is expected. In order to go beyond the expectation, our challenges for the future are to improve the mechanism further and reduce the cost for promoting the widespread use. Through innovative ideas and technology, we will contribute to the realization of a mobility society that everyone can enjoy comfortably. We will continue technological innovation that supports the development of a sustainable society by pursuing three values, in other words, harmonization with the environment, improvement in safety, and inclusion of diverse users.

Highly Value-Added Mechanism: Automatic starting Clutches

- We have realized a next-generation clutch system that combines easy operation with no need for clutch lever operation at startup with the joy of manual operation.
- We will expand the sales to OEM companies in the future, starting with OEMs in Europe.
- We have expanded production to India and Thailand with the core production in Japan.



Special Feature New Business Development

Sustainable Future That Opens Up through Innovation

~New possibilities that are woven by eco-friendly ceramic setters~

We are creating new value for the realization of a sustainable society by promoting the further evolution of friction material technology that we have fostered through our clutch development. One of them is a chip firing ceramic setter that reduces the environmental impact. This technology has marked an important step in the non-mobility area, materializing “Second Foundation toward a New F.C.C.,” the business policy upheld in the 12th midterm management plan. The core of the development is our proprietary functional papermaking technology. We have achieved technological innovation compared with the conventional one as follows:

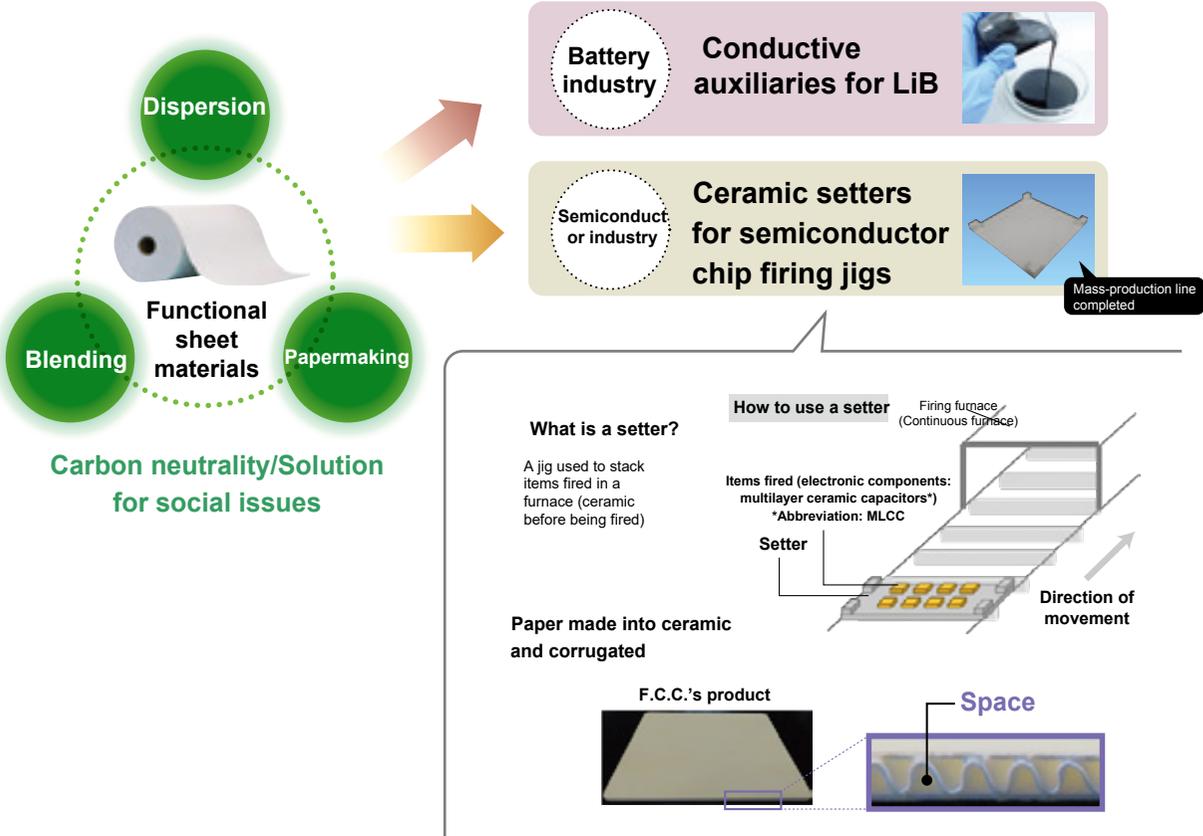
- **Reduced the weight of the product by 50%**
- **Improved temperature response by 50% through the porous structure**
- **Reduced unevenness of temperature during firing**
- **Satisfied both energy saving and improvement in productivity by shortening the heating-up period significantly**

Notably, this technology is highly rated in the multilayer ceramic capacitor (MLCC) market. The MLCC is an important electronic component with more than 8,000 used in an electric vehicle and about 1,000 in a smartphone, and thus demand for this component is expected to grow along with the spread of 5G communications. Since Japanese companies account for a market share of around 50% in the world, we think that our eco-friendly technology will create new value.

We have currently established a mass-production system in the Hosoe factory and started full-scale expansion into the market. We have a plan for 2030 to expand the lineup to large products and box-shaped products, aiming at contributing to the overall component industry. This new business has an important meaning of satisfying both environmental value that contributes to carbon neutrality and entry into the growing industry, in other words, the semiconductor/electronic component industries, as well as making efforts for diversification of our revenue base.

Completion of preparation for the mass-production of ceramic setters

- The ceramic setter mass-production line was completed in the Hosoe factory.
- We enter into the markets of semiconductors and batteries capitalizing on the functional sheet materials using the friction material technology, one of F.C.C.'s strengths.



Environment

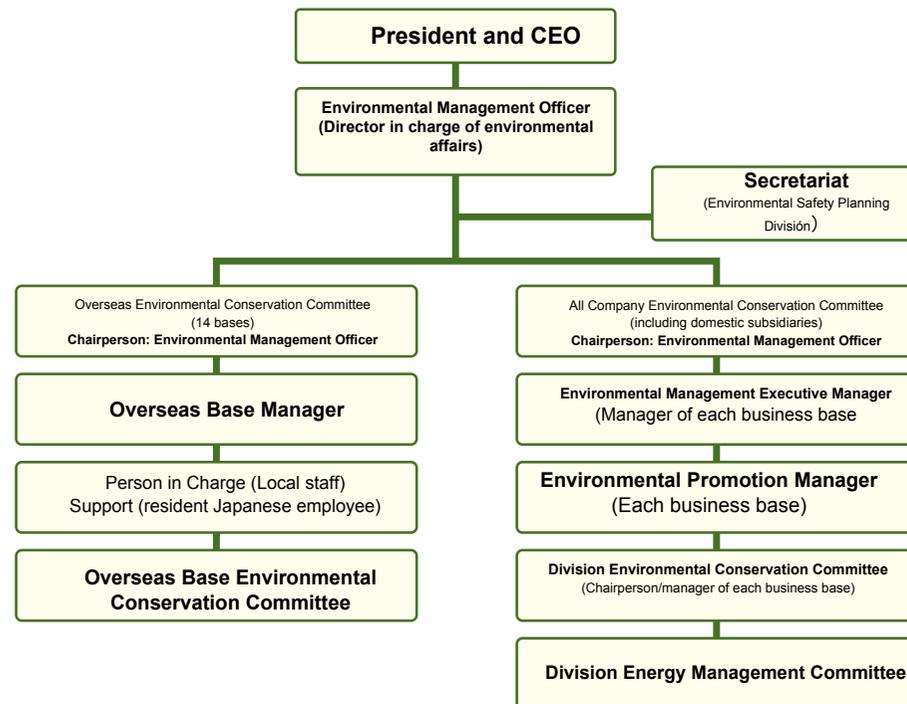


Focus on Environment

Environmental Management

Management System

The Group has established a system chaired by the environmental management officer and centered on the company-wide environmental conservation committee for domestic bases and the overseas environmental conservation committee for overseas bases, which coordinates and handles all issues related to environmental improvement. We are working on effective environmental conservation activities through horizontal deployment of information and activities that only our company having many bases can provide. In addition, an environmental conservation committee is regularly held at each base to verify compliance with laws and regulations and to manage the activity statuses.



ISO 14001 Certification

As a foundation for continuously improving our environmental performance, the Group has obtained certification under the international standard ISO 14001. Details of the certification acquisition statuses are available on the website.



[⇒ Corporate Website Environmental Management](#)

Management Review

In accordance with ISO 14001, an environmental management review is conducted by management once a year to ensure that the environmental management system is appropriate, adequate, and effective. In addition, activity performance review meetings are held semiannually where the president and the director in charge of the environment visit each domestic base and conduct on-site verification of the status of activities.

Environmental Audits and Compliance with Laws and Regulations

Based on ISO 14001, we implement an audit by an external certification body and an internal environmental audit once every year. In FY 2023, there were no pointed out externally serious issues, including compliance with laws and regulations.

Environmental Risk Management

Each business base implements response drills for accidents and emergencies that may cause environmental pollution. The treatment procedures are clarified, and periodic drills are conducted to familiarize and improve procedures. In FY 2023, no serious environmental emergent accidents occurred.



Emergency Drills: Blocking of drums

Response to Climate Change – Toward Prevention of Global Warming

Disclosure of Information on Climate Change

The Group identifies risks (transition risks and physical risks) and opportunities that climate change poses to the business on the basis of the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) toward the response to the climate change. Using the typical IPCC concentration pathway scenarios RCP 8.5 and 2.6, analyses are conducted based on the 2°C scenario for transition risks and the 4°C scenario for physical risks.

Governance

In consideration of the impact on the environment, society, and the economy, the entire Group is engaged in various initiatives to fulfill our social responsibility and to solve social issues as part of our long-term corporate strategy. Sustainability-related items are broken down in the midterm management plan and annual business plan based on the corporate philosophy and long-term vision, and the Board of Directors appropriately oversees their progress.

[⇒ P33 Corporate Governance Structure](#)

Risk Management

Sustainability-related risks that may have an impact on the Group are identified and monitored by the Sustainability Committee.

Strategy

Carbon neutrality initiatives are essential to the achievement of a sustainable society. Governments around the world are likely to tighten energy regulations and laws regarding the reduction of CO₂ emissions, and it is anticipated that the automotive industry will be subject to a growing number of regulations in the future. While we view these changes as risks, we also see them as opportunities to expand our business domain by focusing on the development of products and services with a minimal environmental impact. We believe that flexibly responding to future environmental regulations and laws and providing products and services that are highly valued by society will contribute to the reduction of CO₂ emissions and will lead to the sustainable growth of the Group, and we will reflect it in our business activities.

Indexes and Targets

The Group considers addressing the environmental issues centering on climate change as one of the priority issues and aims to achieve carbon neutrality by 2050 in its long-term goals to create environmental value through business promotion. Furthermore, as a milestone, we have raised our 2030 reduction goal to 50% of that of the Japanese government (compared to FY 2013), and we are promoting environmental activities for the entire Group to achieve the goal.

Major Risks/Opportunities Posed by Climate Change and Response to Them

Type of risks/opportunities		Period when they emerge	Scenario	Impact on business	Potential risks/opportunities	Responses to risks/opportunities
Transition	Government policies/Laws and regulations	Short to long term	1.5°C	Large	<ul style="list-style-type: none"> - Increased business cost contributions associated with the introduction of carbon taxes, imposition of taxes on fuel/energy consumption, emissions trading, etc. - Increased raw material procurement costs due to the change to environmentally friendly raw materials by suppliers and cost increases due to carbon and other taxes, which are passed on to prices 	<p>Promoting decarbonization during production/transportation, including those by suppliers</p> <ul style="list-style-type: none"> - Improvement of efficiency in production, transportation, etc. - Utilization of decarbonized or low-carbon energy - Promotion of installing high-efficiency equipment - Consideration of introducing inter-carbon pricing for the activation of energy saving and the promotion of installing energy-saving equipment - Continued promotion of energy-saving activities, including those by suppliers
	Technologies	Mid to long term		Large	<p>Lost sales opportunities due to delays in technological development of products/services</p> <p>Incurring costs of equipment for decarbonization</p>	<p>Providing new value for mobility electrification capitalizing on F.C.C.'s core technologies</p> <ul style="list-style-type: none"> - Start of the preparation for the mass-production in the motorcycle EV/CASE business domain - Start of the preparation for the mass-production in the automobile motor core submodule business domain - Development of various aluminum die-cast products to meet the needs for next-generation mobility <p>Promoting decarbonization by installing energy-saving equipment</p> <ul style="list-style-type: none"> - Minimization of energy consumption through labor saving and efficiency improvement in production <p>Promoting environmentally friendly design</p> <ul style="list-style-type: none"> - Reduction of raw material use through environmentally friendly design, such as reducing weights and chemical substance use integrated during the design of products and services
	Market trend	Mid to long term		Medium	<ul style="list-style-type: none"> - A delay in the LCA response while customers are more likely to select procurement products from the LCA perspective, which will result in decreased demand from customers - Increased demand for reduction of lifecycle CO₂ from automotive manufacturers - Increased costs caused by securing electric power sources and electric energy due to shift from fossil fuel to recyclable energy (the supply-demand crunch of recyclable energy because of the increase in the demand), as well as a price rise in recyclable energy 	<p>Enhancing response to CO₂ emissions reduction from the LCA perspective according to market trends and customers' demands</p> <ul style="list-style-type: none"> - Strengthening of LCA response throughout the supply chain <p>Deploying energy-saving activities for reducing CO₂ emissions</p> <p>Globally introducing clean energy/recyclable energy in power generation</p> <ul style="list-style-type: none"> - Sales expansion of products that contribute to carbon neutrality through energy solutions
	Reputation	Mid to long term		Medium	<ul style="list-style-type: none"> - Impacts on sales due to the evaluation of commitment to climate change issues and change in the values of markets 	<p>Monitoring the goal achievement status according to the roadmap</p>
Physical	Reputation	Short to long term	4°C	Large	<p>(Acute risk)Intensification of typhoons, floods, drought ts, etc.</p> <p>Change in climate patterns</p> <p>(Chronic risk)Risks to business continuity due to climate change-related weather disasters, such as sea level rise and temperature rise</p>	<p>Planning and enhancing countermeasures based on the potential risks</p> <ul style="list-style-type: none"> - Considering the conditions of location, layout of facilities, and change in climate patterns when constructing a new factory, with the flood damage in mind - Strengthening of the risk-based countermeasures per manufacturing bases on the basis of the results of risk assessments - Strengthening of the supply chain BCP
Opportunities	Products/Services/Markets	Mid to long term	1.5°C	Large	<p>Enhanced market value and increased profits through increased sales of innovative products (services) that lead to contribution to climate change mitigation and adaptation</p> <ul style="list-style-type: none"> - Increased demand of related products by promoting electrification - Increased needs for air purification products, such as ones for CO₂ removal, for achieving carbon neutrality - Expanded recyclable energy business - Increased demand for low-carbon/energy-saving products 	<p>Developing new products that contribute to carbon neutrality through our core technologies and collaboration with other companies</p> <ul style="list-style-type: none"> - Development of reforming-integrated SOFC with high power generation efficiency that enables power generation with biofuels - Contributing to achieving high efficiency in batteries using carbon nanotube (conductive auxiliaries etc.) - Air purification technologies, such as gas (CO₂ etc.) absorption, by utilizing our unique technologies of papermaking, film coating, and catalyst (honeycomb structure) - Development of highly efficient and long-life water-treatment membrane (UF/RO membranes) - Providing technologies that contribute to energy saving by light-weighting vehicles and reducing the cycle time through joining of dissimilar materials utilizing the joining technology cultivated in fundamental businesses

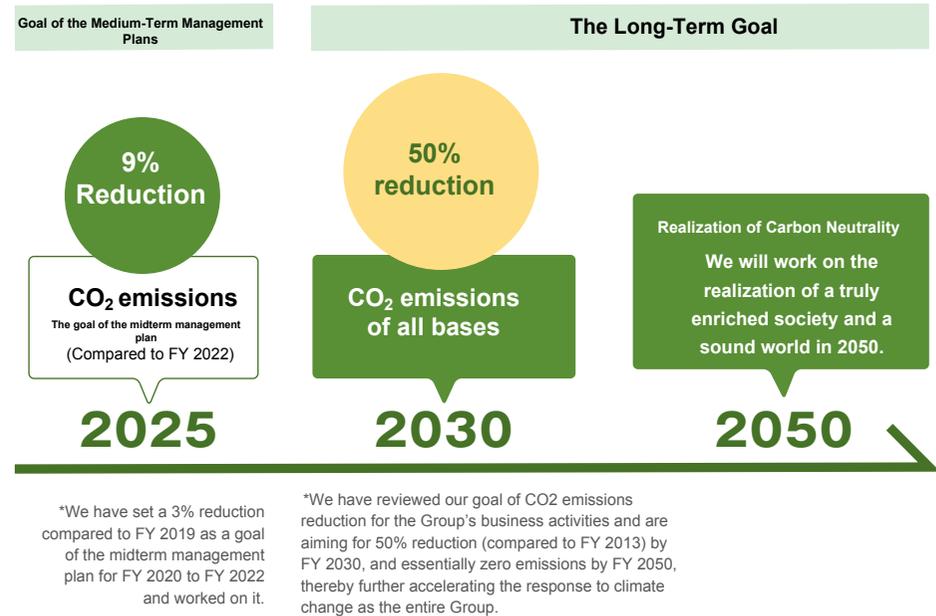
Environmental Goals and Results

The Group has set up mid- to long-term environmental goals toward the achievement of carbon neutrality and is putting these goals into practice. We are developing the products that contribute to decarbonization, including new business products, and we are working on reducing CO₂ emissions from the mobility industries and in new business domains. In addition, we are aiming at reducing CO₂ emissions from production activities by strengthening Life Cycle Assessment (LCA) support throughout the supply chain and by globally introducing clean energy and recyclable energy, such as solar power generation that takes advantage of the regional characteristics of each base.

Regarding CO₂ emissions for the entire Group in FY 2023, we could not reduce them because we actively worked on the development of new businesses with high environmental improvement factors, such as products in the EV/CASE domain and environmental/energy solutions, in addition to strengthening the competitiveness of our fundamental businesses, and our workload increased. In energy-saving activities associated with production activities, we will further strengthen and accelerate our improvement efforts toward the achievement of our goals by aggressively promoting the introduction of digital technology to our manufacturing sites and working to improve operational efficiency, quality, and other on-site CO₂CO₂ (kotsu-kotsu = diligent) improvements.

Goals of FY 2023 and Results

Items to Address	Management Items	FY 2023 Goals	FY 2023 Result
1 Reduction of CO₂ emissions	Total CO ₂ emission at all bases (compared to FY 2013)	All bases; 3% reduction compared to FY 2022	Domestic bases: 3.2% reduction Overseas bases: 1.8% increase *Because of the increase in workload
2 Reduction of waste emissions	Total waste emissions that require treatment cost	Domestic bases: Equivalent to or less than the waste emissions per unit production of FY 2022	2% reduction *Because of the promotion of initiatives including the reduction of packaging materials
3 Reduction of water resource consumption	Total water resource utilization	One domestic base: 2% reduction compared to FY 2022	Suzuka factory: 6% reduction *Production efficiency improved
4 Management of hazardous chemicals	Reduction of environmentally impacting substances	<ul style="list-style-type: none"> ■ Technical Research Institute: Development of alternative technologies for the reduction of contained substances ■ Domestic factories: Reduction of in-process substances regulated by law ■ Other domestic bases: Compositional evaluation of newly purchased products 	Technical Research Institute: Conducted evaluations on development themes Other divisions: Verification at the start-up of mass-production and evaluation of composition of newly purchased products



Initiatives for GHG Emissions Reduction

※GHG = Greenhouse Gas

Reduction of Energy Consumption

We continue to implement energy saving activities throughout our business activities.

We are promoting a variety of initiatives, such as more efficient processes, review and optimization of facility operations and settings, and visualization of energy consumption, and we are horizontally spreading effective measures throughout the Group to reduce energy consumption.

Results of Energy Saving Diagnostics

The Group has long been working to improve energy use. We have organized a team of employees who have accumulated knowledge through many years of activity experience and are actively promoting energy saving activities by conduction energy saving diagnostics not only at domestic business bases but also at affiliated companies' factories and overseas base factories.

Transition to Clean Energy

As for the energy we use, we are promoting a shift to clean energy derived from renewable energy. Partial introduction began in FY 2022.

Example: Introduction of bioethanol for company vehicles in Brazil

Introduction of CO₂-free Electricity (Shizuoka Green Denki)

We domestically introduced Shizuoka Green Denki, which is hydropower-derived CO₂-free electricity provided by Chubu Electric Power Miraiz Co., Inc., generated in Shizuoka Prefecture, to the headquarters and the Hosoe factory in November 2023 and to the Ryuyo factory in June 2024.

In addition, we have completely changed electricity used at all bases in Shizuoka Prefecture and Mie Prefecture to recyclable energy of Shizuoka Green Denki and Mie Umashi-kuni Green Denki since January 2025. As part of our commitment to realizing a sustainable society, we are promoting the change of all energy used at offices and in business domains where research and development is being conducted and domestic factories to recyclable energy in order to provide environmentally high-value-added products with a reduced environmental impact by using recyclable energy in all the processes from research and development to manufacturing.

地球にやさしく、未来をあかるく。



地球にやさしく、未来をあかるく。



Utilization of Photovoltaic Electricity Generation

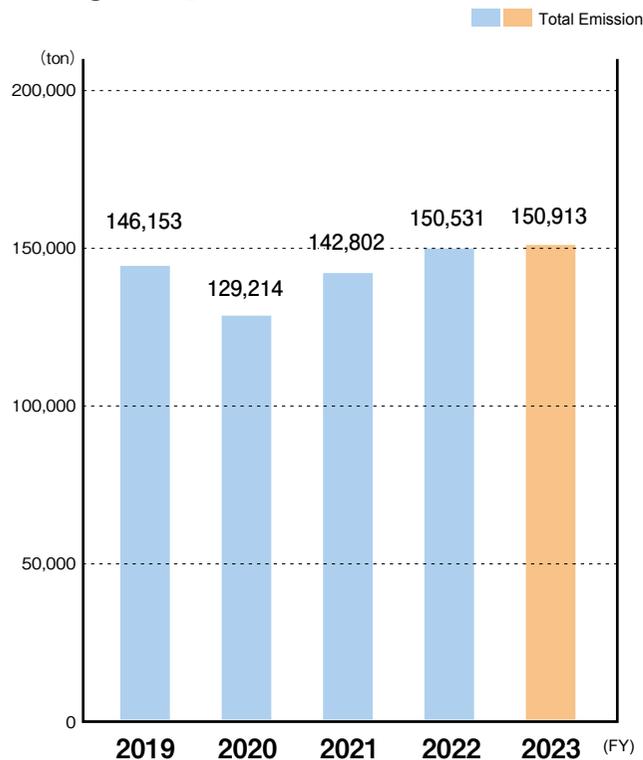
The Group is promoting photovoltaic installation. In March 2024, a photovoltaic facility was installed in the Hamakita factory to start power generation. In this factory, the installation led to reduction in electricity use by around 8% (the result as of March 2024). In addition, by visualizing the amount of photovoltaic electricity generated and the result of CO₂ reduction through the in-house intranet, we are delivering information so that employees can realize that their everyday efforts contribute to environment and raise awareness of recyclable energy and CO₂ emissions reduction.



GHG Emissions

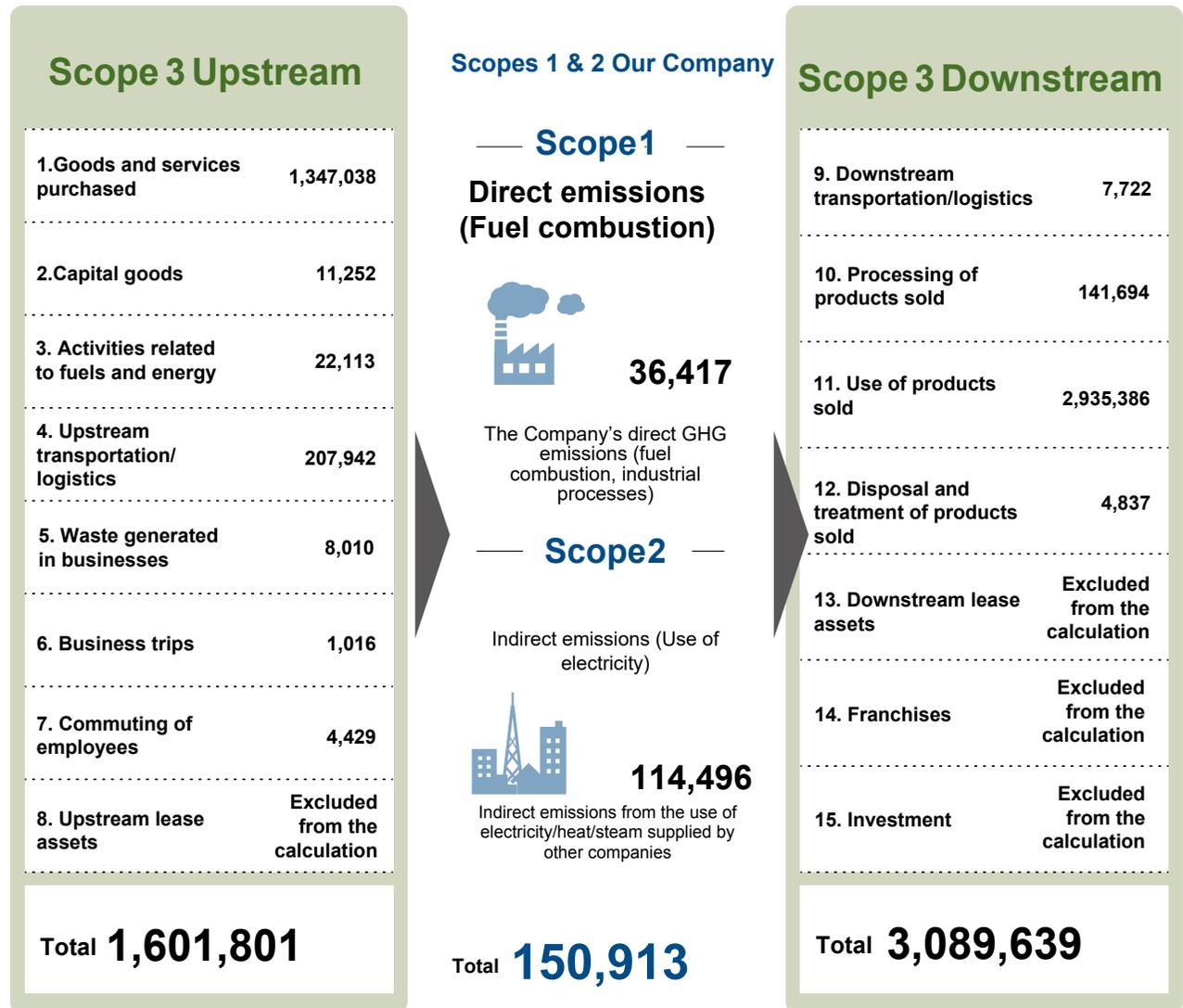
For the reduction of GHG emissions throughout the domestic and overseas supply chains (Scopes 1, 2, and 3) toward 2050, the Group is making steady progress in the promotion of thorough energy saving, replacement to highly efficient equipment, and the implementation and optimization of measures based on the energy saving diagnostics.

Change in CO₂ Emissions



Total GHG Emissions in FY 2023 4,842,353 t-CO₂ (domestic/overseas)

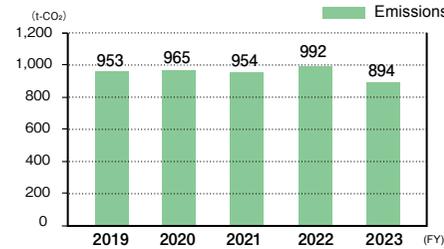
Unit: t-CO₂



CO₂ Emissions in Product Transportation

The Act on Rationalizing Energy Use was amended in 2006, and energy-saving efforts have been required in the transportation sector as well. With the cooperation of our business partners, the Company is working to identify/reduce CO₂ emissions during transportation.

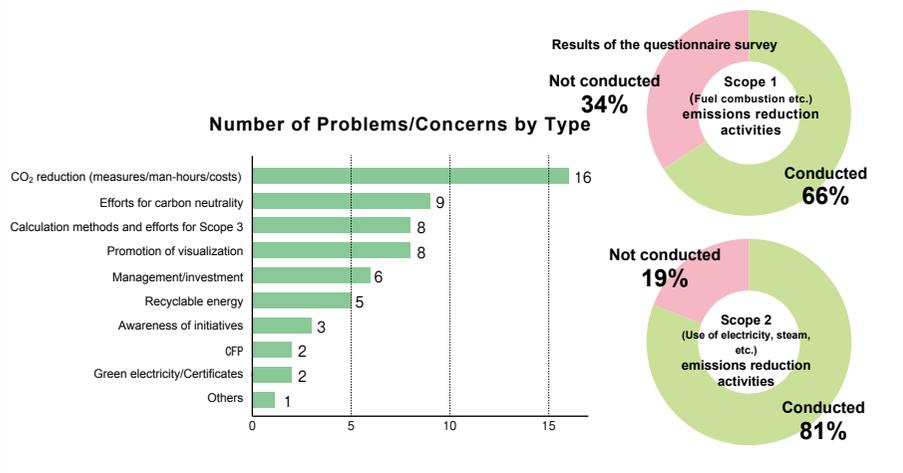
Change in CO₂ Emissions in Product Transportation



*Shows change in the emissions of domestic bases.
*CO₂ emissions are calculated using the improved ton-kilo method.

<TOPICS> Promotion of Efforts with Suppliers

As part of our commitment to realizing a sustainable society, the Company has conducted a questionnaire survey to our domestic suppliers for achieving carbon neutrality. The questionnaire survey was to collect information on suppliers' initiatives in CO₂ emissions reduction and targets set for the future. Based on the survey results, the Company will strengthen specific measures for environmental impact reduction and promote efforts for the achievement of carbon neutrality further throughout the supply chain. In collaboration with all our suppliers, we will work on the realization of a sustainable society in the future as well.



Green Purchasing and Procurement

We require our business partners to submit the F.C.C. Green Procurement Compliance Statement. We share the list of environmentally impacting substances based on the GADSL list, environmental policies and standards, and other rules and are working together for environmental improvement activities.

Environmental Inspections of Business Partners

With the aim of promoting environmental management throughout the supply chain, we visit business partners that have not yet officially certified nor self-declared the environmental management system for the purpose of sharing environmental information.

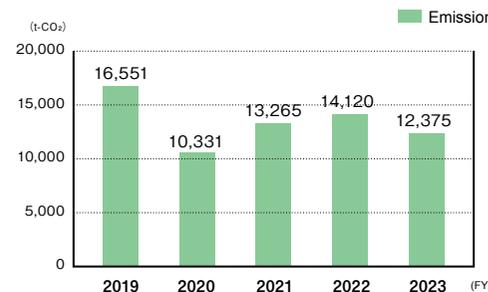


Checking the final drainage ditch witnessed by the business partner

Business Partner Environment Data

As part of our responsibility to reduce the environmental impact of all corporate activities and product use, we have been conducting CO₂ emissions surveys of our business partners since FY 2008 based on the concept of life cycle assessment (LCA), which evaluates the environmental impact of products over their lifetimes. The ultimate goal is to quantitatively identify and eventually reduce the total amount of CO₂ emissions in all areas of corporate activities (production, purchasing, sales, offices, logistics, etc.).

Change in CO₂ Emissions of Business Partners



*Shows change in the emissions of business partners in Japan (excluding logistics CO₂).
*CO₂ emissions as per sales percentage for F.C.C.

Identifying Other Data of Suppliers

Waste emissions	FY 2019	2,480ton
	FY 2020	2,142ton
	FY 2021	2,633ton
	FY 2022	2,386ton
	FY 2023	4,609ton

Water resource consumption	FY 2019	47,103m ³
	FY 2020	24,771m ³
	FY 2021	59,390m ³
	FY 2022	46,926m ³
	FY 2023	55,556m ³

*Waste emissions and water consumption as per sales percentages for F.C.C.

Efforts for Efficient Resource Use

Waste Reduction

In 2004, the Company achieved zero emissions (less than 1.0% of landfill waste in the final disposal per total amount of waste emitted) to eliminate the landfilling of industrial waste, and since then has maintained zero emissions while promoting the improvement of the level of sorted emissions for recycling and the reduction of the generated amount of waste through countermeasures for the sources. We are working to reduce emissions of valuable substances (paper and waste plastics) from the viewpoint of reducing the use of resources. In addition, from the product development stage, we are working to resource conservation for metal materials and are striving to make effective use of limited resources.

Result of FY 2023
(compared to FY 2022)

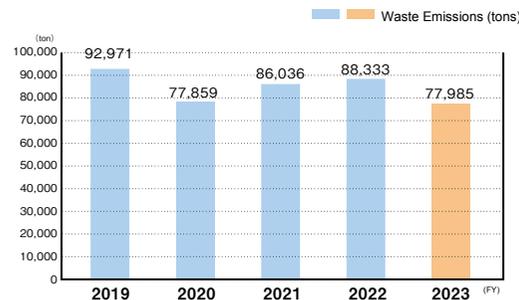
Waste Emissions

11.7% Reduction

Recycling Rate

99.7%

Change in F.C.C. Group Waste Emissions



*Zero emissions have been achieved.
A recycling rate of at least 99% is defined as zero emissions by the Company, which means no final disposal of waste (landfill) is conducted.

Reduction of Packages and Packaging Materials in Logistics

To reduce the environmental impact associated with logistics, we are actively promoting initiatives to reduce the amount of usage of packages and packaging materials. Using environmental testers (a constant temperature and humidity chamber) to reproduce the temperature and humidity in the transportation process, we were able to package products in a way that matched the transportation environment and product characteristics, resulting in the effective use of materials and waste reduction while ensuring product quality.

Effective Use of Water Resources

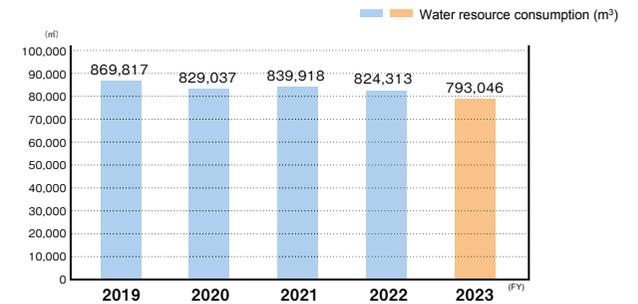
As a company with a papermaking process that uses a large amount of water resources, the Company has been making a major effort to save water since 2010 and has been monitoring the amount of water intake by water withdrawal for the entire Group. Recognizing that water is an indispensable resource for people's living in the world, society, and our businesses, we will continue to promote planned reductions in water consumption.

Result of FY 2023 (compared to FY 2022)

Water Resource Consumption

3.8% Reduction

Change in F.C.C. Group Water Resource Consumption



For Reduction of Water Resource Consumption

We are continuing to work on the initiatives for the reduction of water resource consumption on a company basis for the future. Through measures for the reuse of water used in the production process after treating it, improvement in the efficiency of water use, the Company realizes the sustainable use of water resources, which contribute to reducing the environmental impact.

Environmental Education and Communication

Promotion of Environmental Education

We are promoting activities that raise environmental awareness and activate behaviors utilizing in-house digital signages, the intranet, and in-house bulletins. In-house digital signages foster consciousness and raise awareness among every employee by sharing the basic environmental knowledge and the latest environmental information. We also introduce environmental information in in-house bulletins. We will continue the effort to foster environmental consciousness and to raise awareness not only among employees but also among their families.

Strengthening of Environmental Information Disclosure

In order to properly disclose activities for addressing climate change that we are working on, the Company has been participating in the CDP Climate Change survey, which is one of the corporate assessment programs on climate change offered by CPD, an international NPO, and responding to CDP since FY 2018.

Implementation of Third-Party Audits of Environmental Data

In response to the increasing demands for transparency and reliability of environmental information, the Company has undergone a third-party audit of its greenhouse gas (GHG) emissions data conducted by SGS Japan Inc. since 2018 and discloses the data on its website.

→ [SGS Japan Inc. Third-Party Verification Opinions](#)

Know-How on Energy Saving Policies Cultivated in Japan to ALL F.C.C.

We aim to further reduce CO₂ through sharing the effective energy-saving know-how that we have cultivated in Japan so far with the entire Group. We have made it into a booklet so that employees of overseas group companies can access and utilize it.

In order to continue to reduce CO₂ emissions, the entire Group will continue to work together to share information and promote initiatives to reduce CO₂ emissions.

Participation in the Environmental Initiative

The Group has participated in the GX League of the Ministry of Economy, Trade and Industry (METI) since FY 2023, seeing the 2050 carbon neutrality goal as the opportunity for its growth and aiming to enhance its competitiveness. The GX League was established for the purpose of implementing the discussion for transformation and the creation of new markets among companies that aims to achieve sustainable growth in society by taking on the challenge of GX (Green Transformation)^{*1} with a view to achieving carbon neutrality in 2050 and social transformation, involving industry, government, and academia that are working on the similar initiatives. The Group has also decided to participate in it recently to accelerate the movement toward carbon neutrality in 2050.



^{*1} GX (Green Transformation)

To transform the entire economic and social system to achieve emissions reduction and increased industrial competitiveness by viewing national efforts to achieve carbon neutrality in 2050 and greenhouse gas reduction goals in 2030 as an opportunity for economic growth.

Biodiversity Conservation Activities

● Forestation of the F.C.C. Forest

At the F.C.C. Forest in Tenryu-ku, Hamamatsu City, carbon offsetting through tree plantations and the annual forest restoration activities were held aiming at restoring the forest ecosystem. Employees and their families picked up acorns last fall and carefully grew them as foster parents, and as part of the Acorn Foster Parent Activity, many saplings were planted in the F.C.C. Forest this year as well. We will continue our activities in the future and contribute to the conservation of biodiversity in the region.



● Reed Cutting

We have participated in the Lake Sanaru Reed Cutting organized by the Lake Sanaru Regional Council again since 2007. By cutting the reeds that grow in clusters along the shore of Lake Sanaru, we prevent the withered reeds from polluting the water and lakeshore. When reeds are cut, they absorb CO₂ in the process of growing as their growth is stimulated, which leads to new CO₂ absorption. The harvested reeds are passed on to tea farmers in Hamamatsu City for use as overlaying straw for their tea fields. These activities not only improve the landscape but also lead to production activities and resource recycling in the local society as a result of our own environmental activities. In addition, reed cutting contributes to the conservation of biodiversity. By the appropriate management of reeds, the ecosystem of the lakeshore is maintained soundly, and the habitat of diverse animals and plants is formed well. We will protect the rich environment of Lake Sanaru and contribute to mitigating climate change in the future as well.



Social



Human Capital

Three Pillars of Human Resource Strategy

Three Pillars of Human Resource Strategy

In order to aim at sustainable growth in the midst of a drastically transforming business environment, the Group has started a long-term vision of VISION 2035 and a new 12th Midterm Management Plan. In VISION 2035, we set forth our ideal state of “Toward a company that continues to create value required by society.” In the 12th Midterm Management Plan, positioning the term as a turning point of the Company/businesses to adapt to the new business environment, we have set a business policy of “The Second Foundation toward a New F.C.C.”

In order to develop human resources that can realize the “New F.C.C.” on their own and make up a foundation to create innovation, we will promote our efforts with the three pillars of *improving engagement, promoting diversity, and cultivating human resources/developing the competency of employees* as the center of our policies. Through these policies, we will evaluate the Diversity KPI, Engagement Score, Health Management Score (Absenteeism/ Presenteeism), Stress Check, and Retirement Rate on a fixed-point basis as the indicators of change in awareness/behavior and will run the PDCA cycle. By fostering a culture that respects the independence of employees with diverse personalities and abilities and that motivates them to take on challenges, we aim to support autonomous career development and to bring out the maximum potential of the entire organization.



Initiatives to Improve Engagement

Engagement Survey

In order to improve the engagement of our employees, we have started an engagement survey of all employees since FY 2023, carrying out fixed-point observations for pursuing continuous improvement and increase in job meaningfulness and satisfaction. Most recently, we have promoted the understanding of operations of the departments within the Company by sharing the *Job Encyclopedia*, as well as self-learning through the introduction of learning support service, and the second engagement survey conducted in FY 2024 showed that the score improved from a year earlier. On the other hand, “Improved conviction in personal evaluation,” “Support for career development,” and “Increased opportunities for dialogue with the top management” continue to be demanded. We will tackle them as our important issues. We will work on providing a workplace where employees feel comfortable and fulfilled in the future as well.

Promoting Diversity

Improving Receptivity to Diverse Values

In order to establish environment that is receptive to diversity, we hold a diversity meeting inviting external lecturers on a regular basis. This meeting provides opportunities to learn methods of discussion and communication for smooth collaboration with those with a different sense of value or way of thinking, which functions as a place to deepen the understanding of diversity. Through the approach, we are developing a base not only for promoting women's empowerment but also for realizing a workplace where all employees can work in their own way.

<TOPICS>

Held an Exchange Meeting to Deepen Mutual Understanding

An inter-business exchange meeting was held under the theme of operation assignment between male and female. The participants actively shared their own experiences and opinions with each other and deepened the discussion on unconscious prejudice behind sharing operations, as well as the effect. In particular, during the session of gaining awareness of difference in issues viewed from the perspectives of evaluators and those who are evaluated, various viewpoints were aggressively exchanged. This exchange meeting generated an idea to eliminate prejudice, marking a new step for reforming the workplace culture. The Company will continue to aim at establishing an environment where diverse values are accepted, and each employee can grow.



Promoting the Active Roles of Women

The Company has been working on the issue of *having a small percentage of female employees in the core human resources* for a long time, promoting measures for *women's empowerment* as an important issue. We study and implement measures to address women-specific issues to aim at fostering an organizational culture. In FY 2023, we held exchange meetings among female employees or with the top management to provide opportunities to exchange opinions, as well as making the measures well known within the Company through the internal SNS and company newsletters. In addition, for the purpose of systemic improvement for the realization of diverse workstyles, we have set up a subcommittee to advance specific discussion, and on the other hand, we have had a repeated dialogue with the labor union or the top management to work on the improvement of the workplace environment. As a result of these efforts, woman employees are gradually becoming to core human resources or being promoted to management positions, which contributes to improving the diversity of the entire organization.

→P44 Nonfinancial data: Percentage of Female Workers in Management Positions

Action Plan for Promotion of Active Roles for Women

1. Planning Period

April 1, 2021, to March 31, 2026

2. Goals

- By 2026, the percentage of female employees promoted to a higher position shall be equal to the percentage of male employees.
- By 2026, the rate of male employees who take childcare leave shall be raised to 40%.

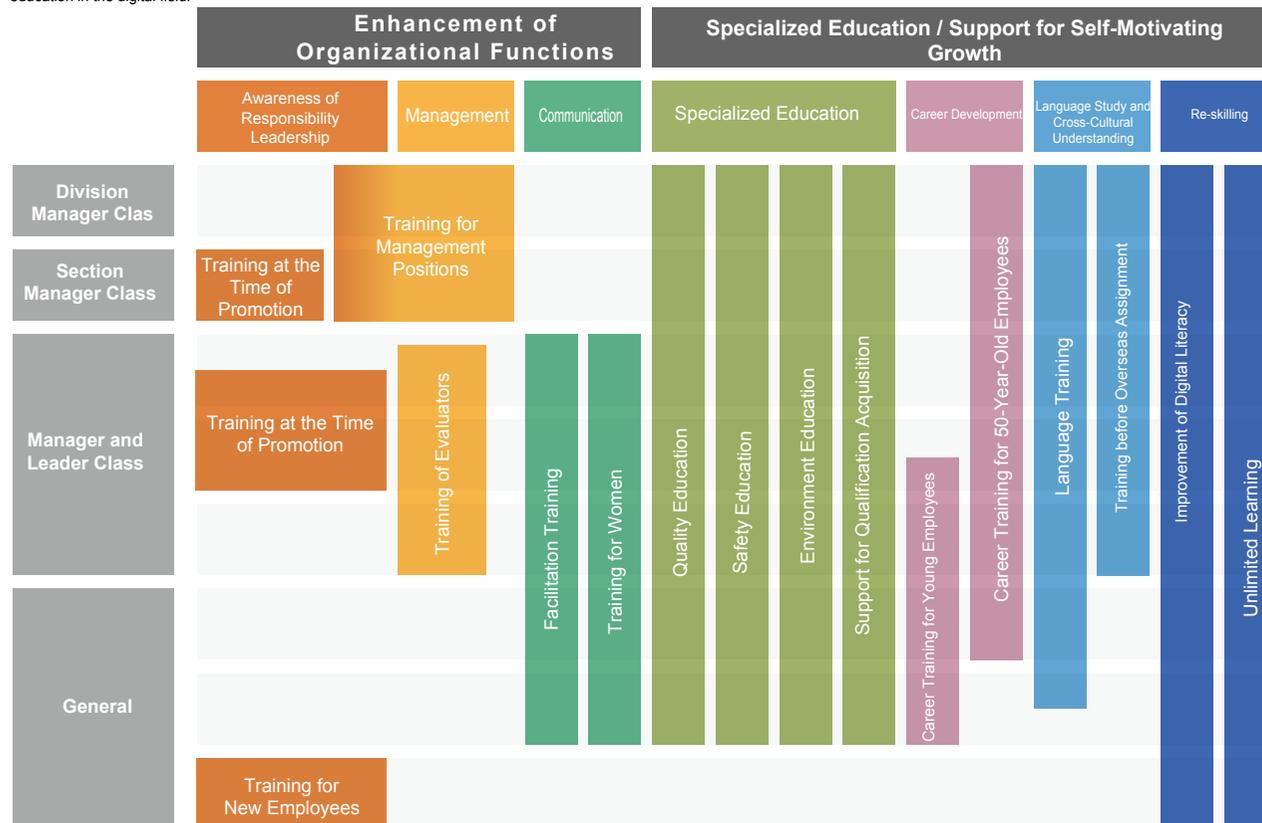
Employment of Persons with Disabilities

The Company maintains communication with local special needs schools and employment support organizations on a regular basis, and even when we receive referrals, we proceed to acceptance after completion of work experience for the purpose of matching with the Company and deepening the understanding of the work. Even after employment, we work together with referral agencies to pick up any concerns of the relevant employees that are difficult for them to express directly to the Company and work on establishing a good environment also on a workplace basis by providing considerations, using ingenuities so that even employees with disabilities can work with peace in mind.

Cultivation of Human Resource Development/ Development of Competency

Human Resource Development System

The company has established human resources training systematically to ensure that it can grasp change in the business environment and develop human resources necessary to achieve the "New F.C.C." For class-specific training, we provide training tailored to each growth stage, such as the training for new employees, training at the time of promotion, and training for management positions. In addition, in order to build the foundation of employees' self-motivating learning for growth, we have introduced an unlimited learning system, and for the future, we are considering the introduction of basic and specialized education in the digital field.



Human Resource Evaluation System

In FY 2019, the Company amended the human resources system to reward employees through fairer evaluations for their achievements in challenging tasks and their efforts to improve their competences. We have clarified the roles and behavior expected of each according to rank and enhanced evaluation, instruction, and feedback through individual goal management. In FY 2023, in order to establish a human resource foundation that will drive innovation, we first reviewed the evaluation criteria for roles and behavior required of the management class to aim at building a work environment in which employees are highly motivated to demonstrate their competences and take on challenges.

Employees' Career Development

The Company is working on supporting the career development of employees so that they can develop their own competences and promote unique career development. We have implemented career education targeting seasoned employees and regular job rotations to provide opportunities to gain a wide range of experience in the past. Since last year, we have newly started career education for young employees to expand the target of support for career development. In addition, we have implemented the company-wide sharing of the *Job Encyclopedia* recently in order to use it as a material by which employees can understand various job types and roles in the Company and think about their own career plans. Through these approaches, we will support the autonomy of employees' careers and work on the improvement in the competency and motivation of individuals to promote the invigoration of the entire organization and the development of foundation that brings about innovation.

Health and Safety

Health and Safety Management

Occupational Health and Safety Management

In compliance with the Occupational Health and Safety (OH&S) Management System (ISO 45001), we have established an in-house system in Japan and overseas, and through the operation of PDCA cycles, we are implementing an enhanced health and safety program. For the evaluation and inspection of activities, both domestic and overseas bases are audited by internal auditors based on the Three Reality Principle to work on establishing an attractive workplace through improving unsafe areas and correcting unsafe actions. For overseas business bases, through checking the status by a person in charge of safety during Web meetings, we work on the improvement of workplaces in the overseas bases as well. Conducting a management review of those health and safety activities of the entire Company every year, we revise systems and reflect the review in the action policies for the next fiscal year. Though there are differences in business environment and legal requirements between Japan and overseas, the Group is constantly striving to improve health and safety activities by putting the safety of our employees first.

Aiming for the Elimination of Work-Related Accidents

Viewing the high number of accidents during preparation, cleaning, and maintenance as a challenge, we are aiming for zero accident that causes severe injury through improvement and education in work procedures, risk assessments, near miss prevention, and the rollout of patrols. In addition, with regard to the handling of chemicals in the new business domain, we will also work on establishing an attractive workplace by each employee's effort for nipping a danger in the bud from the viewpoint of preventing work-related accidents. For the elimination of work-related accidents in overseas business bases, we support it through safety awareness activities, education, follow-up, etc. provided from Japan by referring to the actual cases of industrial accidents.

Initiatives for Education/Training Related to Health & Safety

The Company recognized that education is an essential part of its efforts to ensure the occupational safety of employees and is working to upgrade the training of employees according to their levels and roles. At the general employee level, in addition to the training provide to increase the understanding of risks during work for newly hired employees who are unfamiliar with the work, training specific to operational characteristics is provided to employees engaged in special hazardous work. For managers and supervisors, training is implemented with a focus on the education for managerial positions based on the Industrial Safety and Health Act and the acquisition of skills to pull the workplace forward.

	Statutory/General Training	Job-Based Training	Appointed Persons Training
Section Manager Class			General Health and Safety Manager Seminar Safety Manager Training
Team Leader Class		Risk Assessment Application Training Group Leader Competency Improvement Education	Promotion Training Chemical Substance Manager Training Equipment Safety (Sub-assessor)
Group Leader Class	Risk Assessment Introduction Training Risk Assessment Staff Training		
Sub-Leader Class			Operation Manager Training
General	中堅社員教育 フォロー教育 雇入れ教育		

Fostering Safety Assessors (SSA)*

The Company implements safety measures from the facility design stage to prevent occupational accidents from various hazard sources, such as machine entrapment, amputation, electrical shock, falling, and explosions. We develop experts who can accurately assess the adequacy of safety in manufacturing and provide appropriate instruction to further ensure safety in the workplace. As part of it, we are promoting education for acquiring qualification for a Safety Sub-Assessor (SSA), and the number of qualified SSAs is increasing year after year.

Implementation of Working Groups, the Business Base Collaborative Activities Aimed at Improving the Safety of Worksites

Three working groups have been organized to prevent occupational accidents, fires, and chemical disasters, and they hold study workshops to resolve those issues. The mechanical safety working group promotes safety activities by raising the level of risk assessment through improving the insight and knowledge of experts in the business bases to tackle weaknesses in achieving zero hazardous source which is stated in the company-wide business plan.

The fire working group has started holding study workshops with collaboration of fire stations in order to promote initiatives for fire prevention since this term. In addition, the chemical substances working group, which views response to compliance with revised laws and regulations as an immediate challenge, holds workshops and provides follow-up, which leads to the improvement of know-how so that each business site can address the challenge independently. We are deploying the results of the activities of those domestic working groups to overseas business bases via the internal tools to establish an environment in which all the business bases can conduct safety activities independently.

Employees' Health

Health Declaration

The F.C.C. Group will work on health activities so that all employees can work safely and healthily, with an aim to establish a bright workplace where each of them is cheerful, happy, and energetic and can help each other in an open and supportive manner.

Details of Activities

1. Physical health

We will aim to improve awareness of lifestyle-related diseases prevention so that employees can be healthy and active.

2. Mental health

We will make efforts at improving the work environment cooperatively with workplaces, following the workplace-based analysis of the results of stress check.

3. Work-style reform

We will work to reduce overtime hours with the cooperation between labor and management and will promote a *work-life balance* by increasing the percentage of paid leave taken.

Measures for Health Promotion

In order to establish an environment where employees are healthy and active both mentally and physically, and can demonstrate high performance, we started in 2021 a full-scale initiative utilizing the framework of the Certified KENKO Investment for Health Outstanding Organizations Recognition Program conducted under the leadership of the Ministry of Economy, Trade and Industry.

(1) As an ideal state, we depicted a state where employees are working cheerfully, happily, and actively and set up a health declaration, internal implementation system, and strategy map.

(2) We implemented the following measures:

- 1) Walking rally, yoga class, core strength training, cooking class for lifestyle-related disease prevention
- 2) Sharing health knowledge within the Company through in-house bulletins, health columns, and awareness raising on radio exercises
- 3) Use of in-house SNS
- 4) Seminars for women held on a regular basis, focusing on women's specific health issues
- 5) Education on mental health/lifestyle-related disease improvement
- 6) PR for a consultation desk as care for dependents and subsidized influenza vaccination
- 7) Development of a return-to-work program for long-term absentees and establishment of a system to support their return to workplaces
- 8) Introduction of external EAP as a consultation desk for mind and body



Recognition as a 2024 Certified KENKO Investment for Health Outstanding Organizations (Large Enterprise Category)

Under the 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program organized by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi, we were recognized as a 2024 Certified KENKO Investment for Health Outstanding Organization (Large Enterprise Category) for the second consecutive year as a corporation that considers employee health management from a managerial perspective and strategically addresses the issue.



Employee-Friendly Working Environment

The Company places great importance on a work-life balance and providing an employee-friendly environment.

We acquired the Kurumin Mark in 2019, and as a company that supports childcare, we have established a Childcare Consultation Desk and are providing consultation and awareness of in-house systems regardless of women or men to create an environment that facilitates access. In addition, we are promoting the acquisition of childcare leave for male employees by introducing the joy of participating in childcare not only to female employees but also to male employees through in-house newsletters. Furthermore, for balancing work with childcare/nursing care, we are promoting the establishment of a workplace where employees can work easily by reviewing the leave system and the way we work. Through those initiatives, we are aiming to improve a work-life balance of employees and establish an environment that supports diverse workstyles.

In the future, we will continue pursuing improvement for a more employee-friendly workplace and, at the same time, aim at establishing a workplace where employees feel fulfilled in their work. By creating an environment where each employee can achieve self-fulfillment and growth together with the Company, we will realize vitalization and sustainable growth of the entire organization.



⇒ P42 Nonfinancial data: Childcare Leave Acquisition Rate

Responsibility to Customers/Business Partners

Quality

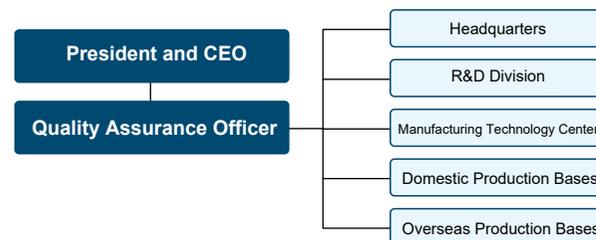
Quality Improvement Initiatives

The Quality Policy is set forth in the Group's action guidelines, and all employees are aware of the mission to "Continuously assure the function and performance of products that satisfy customers through quality management systems and technologies trusted by the customers," and are working on providing high-quality products, especially in the manufacture of critical functional components for the automotive industry.

Under the quality policy, we have established and are operating the F.C.C. Quality Standard (FQS), a unified quality assurance guideline for the entire Group, which enables us to continuously provide our customers worldwide with safety and security as well as satisfactory functions and performance of our products.

We also believe that the security and safety of our employees are the important factors in improving quality, and by reflecting these rules throughout the Group, we are working to improve quality by spreading improvement activities, such as addressing change points that hamper work and abnormality handling, to overseas business bases as well.

Quality Assurance System
Under our Quality Policy, which serves as the fundamental philosophy for all of our manufacturing, we are working to maintain and improve product quality globally and to establish a quality assurance system that will satisfy our customers.



Quality Management System

Starting with the acquisition of an externally certified quality management system in Japan in 1996, we have acquired ISO 9001/IATF 16949 certifications in our bases, including those overseas.

The Group has established a quality management system that conforms to international standards and aims to achieve a quality structure at the top level in the industry through having a constant awareness of continuous improvement.

- **ISO9001: 8 domestic bases/21 overseas bases**
- **IATF16949: 5 domestic bases/17 overseas bases**

*One base to be certified in FY 2024

Quality Training/Enlightenment Activities

In order to enhance the value of products and meet customer expectations, we maintain the FQS Quality Education/Training Rules. With the aim of raising the awareness of quality management necessary for the roles and positions of each department and improving the skills in technologies/quality control methods, we plan and promote training programs by job class according to internal qualifications and job descriptions.

Regarding quality incidents, we share the causes and specific behaviors based on cases that have occurred at other companies, and study and disseminate measures to prevent quality incidents in the Company.

Procurement

Promoting Sustainability in Supply Chains

In order to build a sound and sustainable supply chain, we established the Supplier Sustainability Guidelines in November 2020 to share the Company's approach to sustainability with our business partners and work together to promote it.

The Guidelines set forth requirements based on the laws and social norms of various countries in the five categories of safety/quality, human rights/labor, environment, compliance, and information disclosure, and we request that all business partners of manufacturing comply with the Guidelines according to the requirements.

In FY 2023, in order to grasp the status of our sustainability efforts, we used the Guideline-based survey form to grasp the status of compliance with the Guidelines among our major business partners in Japan and confirmed that there were no significant problems that needed to be addressed. We will continue to ensure compliance with the Guidelines throughout our supply chain for the establishment of a sound and sustainable supply chain.

Sustainability Requirements to Our Suppliers

Item	Requirement
Safety/Quality	1) Providing products/services that meet the needs of consumers/customers 2) Ensuring safety/quality governance of products/services 3) Securing safety/quality of products/services
Human Rights/Labor	1) Abolition of discrimination 2) Respect for human rights 3) Prohibition of child labor 4) Prohibition of forced labor 5) Wage 6) Working hours 7) Dialogue/consultation with employees 8) Safe/healthy working environment 9) Response to conflict minerals
Environment	1) Environmental management 2) Reduction of greenhouse gas emissions 3) Environmental conservation such as atmosphere, water, soil, etc. 4) Resource conservation/waste reduction 5) Chemical substance management
Compliance	1) Compliance with laws and regulations 2) Compliance with competition laws 3) Corruption prevention 4) Prohibition of conflict of interest 5) Control/protection of confidential information 6) Protection of informants 7) Export transaction management 8) Protection of intellectual property
Information Disclosure	1) Information disclosure to stakeholders

Strengthening Collaboration with Business Partners

With our business partners, we provide regular information-sharing opportunities* to ensure smooth communication. Specifically, we ask our business partners to share our future business operations and procurement/quality/environment policies and to take the initiative to promote sustainability in order to maintain high quality for enhancing the soundness of our entire supply chain.

* We hold social gatherings and roundtable talks with business partners once a year in principle. Since the spread of COVID-19, the meetings have been postponed, and information sharing has been continued using distributed materials.

Business Partner's Risk Management

To ensure the continuous supply of high-quality products to our customers, we carry out risk assessments of all business partners once a year, utilizing the Company's risk survey form. For business partners that are judged as requiring improvement based on the Company's evaluation criteria, we visit them directly at their sites and conduct support activities for improvement while having communication with them.

Conflict Minerals

In addition to the regulatory framework of the international society in recent years, human rights abuses and conflicts by armed groups at mining sites have led to increasing demands for companies to procure minerals more responsibly. Our Group conducts procurement activities based on a basic policy of not using conflict minerals*, and in addition to surveys using the CMRT* issued by the RMI*, conducts surveys at the request of client companies to confirm the distribution channels of minerals in the supply chain and their procurement sources.

In conducting the survey, we confirm with our business partners that the procurement is from the certified smelters under the RMAP* by RMI and recognize the risks based on the collected CMRTs.

*Conflict minerals
Minerals mined in the Democratic Republic of the Congo and neighboring countries to serve as a source of activity funding for the local armed groups. Tin, tantalum, tungsten, and gold are defined as conflict minerals and are abbreviated as 3TG.

*RMI
Responsible Minerals Initiative: An international body committed to responsible mineral procurement.

*CMRT
Conflict Minerals Reporting Template: A template for reporting conflict minerals prepared and published by RMI.

*RMAP
Responsible Minerals Assurance Process: The responsible minerals assurance process advocated by RMI.

Governance

FCC

Corporate Governance

Basic Concept

Under its corporate philosophy, the Company strives to enhance corporate governance as one of the top priorities of management, with the aims of earning even greater trust from shareholders, customers, employees, our communities, and other stakeholders, making swift and resolute decisions with fairness and transparency, growing sustainably, and improving medium- to long-term corporate value.

Corporate Governance Structure

Board of Directors

The Board of Directors consists of 10 directors (including 5 outside directors; chaired by the president & CEO). In addition to making decisions on matters prescribed by laws and regulations as well as important business execution, it also oversees the performance of the duties of directors.

Audit and Supervisory Board

The Audit and Supervisory Board consists of four directors (including three outside directors, chaired by the Standing Audit and Supervisory Board member). In accordance with decisions by the Audit and Supervisory Board on matters of audit policies, audit plans, and division of responsibilities, Audit and Supervisory Board members attend meetings of the Board of Directors and other important meetings and review the status of business and finance. Through these and other means, they audit and supervise the performance of the duties of directors and the state of maintenance and operation of internal control systems.

Accounting Auditor

The Company undergoes accounting audits by Yasumori Audit Corporation pursuant to the Companies Act and the Financial Instruments and Exchange Act.

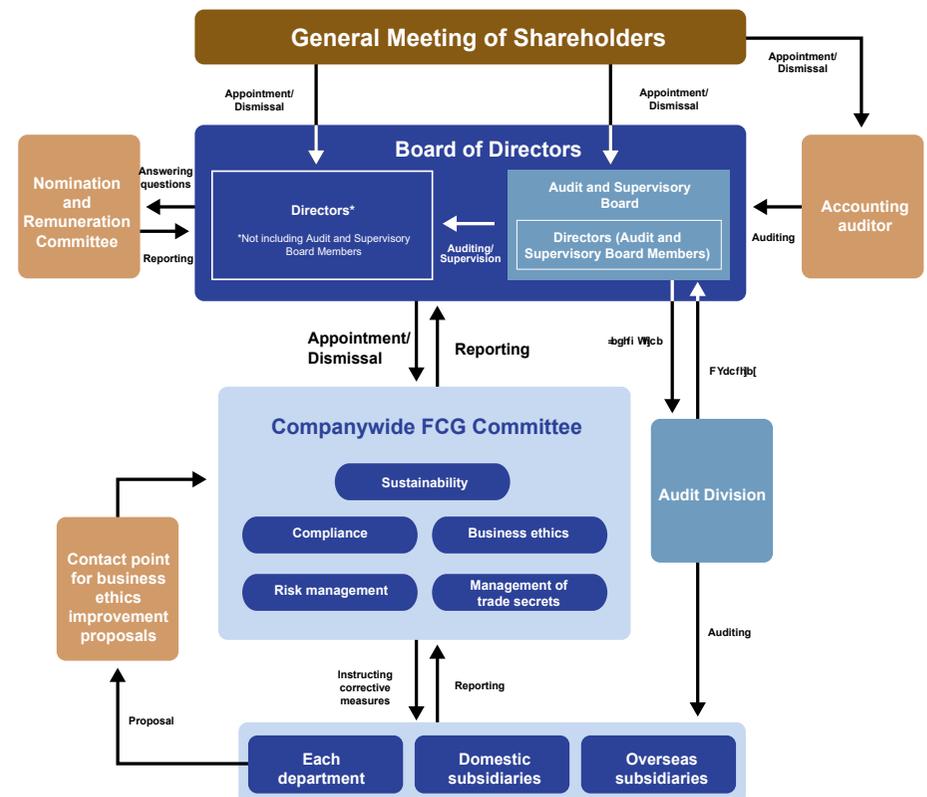
Audit Division

The Company has established the Audit Division to assist the duties of the Audit and Supervisory Board. The Audit Division audits the state of maintenance of internal control systems and operations Group-wide, with the aims of ensuring the efficacy and efficiency of business operations, the reliability of financial reporting, legal and regulatory compliance of business activities, and preservation of assets.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of six directors (including five outside directors; chaired by the president & CEO). It deliberates and advises on such matters as nomination and remuneration of directors.

Corporate governance structure



Makeup of the Board of Directors and Policies on Director Appointment/Dismissal

Makeup of the Board of Directors

1. The Board of Directors shall consist of an appropriate number of up to 12 qualified persons as specified in the Articles of Incorporation, including up to five directors who are Audit and Supervisory Board members.
2. Independent outside directors shall make up at least one-third of the Board membership.
3. To perform its roles and responsibilities effectively, the Board of Directors shall have a structure based on a healthy balance of diverse knowledge and experience as a whole, with consideration for diversity in various aspects including gender, international experience, career history, and age.
4. Sufficient consideration shall be given to ensuring the independence criteria established by the Tokyo Stock Exchange.
5. Directors/Audit and Supervisory Board members shall include members highly knowledgeable of finance and accounting.

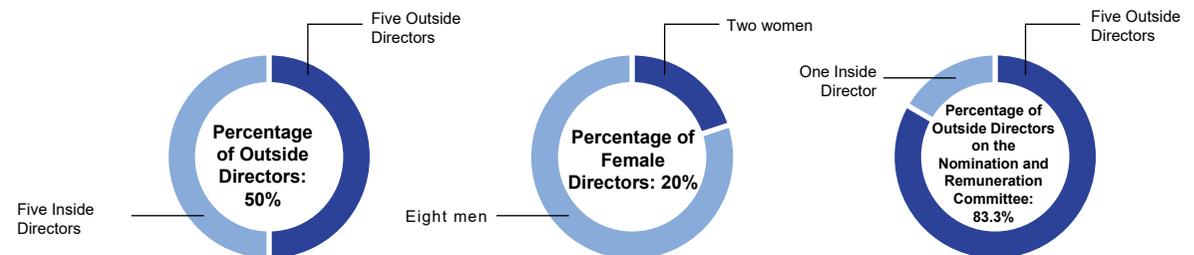
Policies on Appointment/Dismissal of Directors

1. Directors chosen shall possess high levels of business ethics in addition to outstanding characters and knowledge.
2. Directors chosen shall possess expert knowledge and a wealth of experience concerning Company businesses or their own areas of specialization.
3. Advised by the Nomination and Remuneration Committee, the Board of Directors shall make decisions on appointment/dismissal of directors with consideration for such matters as the ability to perform the duties of directors appropriately, reflecting the makeup of the Board.

Board of Directors' Skill Matrix

Name	Position	Nomination and Remuneration Committee	Corporate Management	Manufacturing/Technological R&D	Sales and Marketing	Business Development, M&A	Digital, IT/ICT/DX	Finance and Accounting	Legal Compliance	Global Experience
Yoshitaka Saito	President & CEO	○	●			●	●			●
Kazuto Suzuki	Executive Director		●	●						●
Atsuhiko Mukoyama	Managing Director		●	●						●
Satoshi Nakaya	Managing Director		●		●					●
Kunihiro Koshizuka	Outside Director	○	●	●		●	●			●
Kazunori Kobayashi	Outside Director	○	●		●	●				●
Akira Tsuboi	Director/Standing Audit and Supervisory Board Member		●	●						●
Kazumoto Sugiyama	Outside Director/Audit and Supervisory Board Member	○							●	
Mayumi Yamamoto	Outside Director/Audit and Supervisory Board Member	○						●		
Tae Kawashima	Outside Director/Audit and Supervisory Board Member	○							●	

(Note) The skill matrix is not an exhaustive list of all knowledge and experience of each director.



Status of Activities (specific matters considered, meeting frequency, attendance)

Board of Directors

As specific matters considered by the Board of Directors, supervision over such matters as the stats of performance of the duties of directors, compliance, risk management, and the structure of Group companies is exercised. As for the 12th medium-term management plan, the progress of efforts to achieve the targets stated in the annual business plan is reported to the Board periodically.

In FY 2023, the Board of Directors of the Company met nine times, and the attendance by each Director is as below:

Name	Number of meetings held	Number of attendances
Yoshitaka Saito	9	9
Kazuto Suzuki	9	9
Atsuhiko Mukoyama	9	9
Satoshi Nakaya	7	7
Kunihiro Koshizuka	9	9
Kazunori Kobayashi	9	9
Ryujiro Matsumoto	9	9
Masahide Sato	9	9
Kazumoto Sugiyama	9	9
Mayumi Yamamoto	9	9

(Note)
1. Satoshi Nakaya was appointed in the 93rd Regular General Meeting of Shareholders held on June 20, 2023, and the numbers of meetings held and attendances are shown for the period since his appointment.

Audit and Supervisory Board

Specific matters considered by the Audit and Supervisory Board include audit policies, audit plans, the state of maintenance and operation of internal control systems, and the methods of auditing by the accounting auditor and the validity of its findings. The Audit and Supervisory Board's activities include attending meetings of the Board of Directors and other important meetings, and auditing and oversight of the performance of duties of directors and the state of maintenance and operation of internal control systems through such means as the review of business and finances in accordance with audit policies, audit plans, and division of responsibilities established by the Audit and Supervisory Board. It also exchanges opinions, regularly and at other times as needed, with the representative director, other directors and the accounting auditor, and cooperates with the Audit Division to ensure the efficacy of auditing.

The Company has appointed a standing Audit and Supervisory Board member to enhance information collection and make the Audit and Supervisory Board even more effective. In addition, outside director Mayumi Yamamoto is a certified public accountant highly knowledgeable concerning finance and accounting.

In FY 2023, the Audit and Supervisory Board of the Company met twelve times. Attendance by individual Audit and Supervisory Board Members is as below:

Name	Number of meetings held	Number of attendances
Ryujiro Matsumoto	12	12
Masahide Sato	12	12
Kazumoto Sugiyama	12	11
Mayumi Yamamoto	12	12

Nomination and Remuneration Committee

Specific matters considered by the Nomination and Remuneration Committee include the preparation of draft proposals to be submitted to the General Meeting of Shareholders for the appointment and dismissal of directors and revisions to executive remuneration programs.]

In FY 2023, the Company's Nomination and Remuneration Committee met four times. Attendance by individual members is as below:

Name	Number of meetings held	Number of attendances
Yoshitaka Saito	4	4
Kunihiro Koshizuka	4	4
Kazunori Kobayashi	4	4
Masahide Sato	4	4
Kazumoto Sugiyama	4	4
Mayumi Yamamoto	4	4

Officers' Remuneration

Policies on Decisions on Details of Officers' Remuneration

1. Basic policy

The Company's director remuneration structure shall be linked to business performance and shareholder returns so that it can function as sound and appropriate incentives toward sustained growth. As a basic policy, remuneration for individual directors shall be determined at appropriate levels reflecting individual responsibilities and other matters. Remuneration of directors (not including outside directors and directors /Audit and Supervisory Board members) shall consist of base remuneration, remuneration reflecting individual evaluation, performance-linked bonuses, and share-based remuneration. In consideration of their duties, remuneration of outside directors and directors/Audit and Supervisory Board members shall consist of base remuneration only.

2. Base remuneration

Base remuneration shall be paid in fixed monthly amounts of cash, determined with comprehensive consideration for such matters as the post, duties, and levels at other companies.

3. Remuneration reflecting individual evaluation and performance-linked bonuses

Remuneration reflecting individual evaluation shall be paid in cash based on considerations, such as qualitative evaluation of the degree of contribution by each director to business performance. It shall be paid in monthly amounts in addition to base remuneration for the following fiscal year. Performance-linked bonuses shall be paid at a certain time each year in amounts calculated in accordance with consolidated business income of each fiscal year, as cash remuneration reflecting key performance indicators (KPIs) intended as incentives for improving business performance each fiscal year. Any factors requiring special consideration shall be discussed by the Nomination and Remuneration Committee.

4. Share-based remuneration

Intended to promote sharing of value with shareholders, share-based remuneration shall consist of transfer-restricted shares of common stocks awarded at a certain time each year, with their transfer restricted until retirement.

5. Remuneration ratio

The ratio shall be discussed by the Nomination and Remuneration Committee, reflecting such matters as benchmark remuneration levels of companies similar to the Company in terms of business size and type and belonging to related industries. The ratio of remuneration types as a guideline in normal times shall be 65:10:10:15 (base remuneration: remuneration reflecting individual evaluation: performance-linked bonuses: share-based remuneration).

6. Methods of deciding on details of remuneration

To ensure the validity of matters related to remuneration of officers and the objectivity and transparency of their decision-making processes on it, the Board of Directors makes decisions on the remuneration of directors (not including directors/Audit and Supervisory Board members) with advice from the Nomination and Remuneration Committee, a majority of whose membership consists of outside directors, within the limits approved by the General Meeting of Shareholders. Remuneration of directors/Audit and Supervisory Board members shall be decided through consultations among directors/Audit and Supervisory Board members within the limits approved by the General Meeting of Shareholders.

Decisions on the details of individuals' remuneration amounts shall be delegated to the president & CEO based on a resolution of the Board of Directors. The president & CEO shall make such decisions with advice from the Nomination and Remuneration Committee.

Total Amounts of Remuneration in FY 2023

The Company Board of Directors has approved the above policy with advice from the Nomination and Remuneration Committee. In addition, the Board of Directors has verified that individual Director remuneration amounts for FY 2023 reflect the recommendations of the Nomination and Remuneration Committee and thus determined that the details of such remuneration and methods of deciding on them conform to the above policy. In FY 2023, the Nomination and Remuneration Committee met four times. Review and reporting by the Nomination and Remuneration Committee reflected consideration for the Company's business size and other matters, with reference to data on executive compensation survey by an outside research institute.

Officer category	Total amount of remuneration, etc. (million yen)	Total amount by type of remuneration, etc. (million yen)				Number of eligible officers (persons)
		Base remuneration	Remuneration reflecting individual evaluation	Performance-linked bonuses	Share-based remuneration	
Directors (not including Directors/Audit and Supervisory Board Members) (Outside Directors included above)	184 (14)	120 (14)	11 (-)	27 (-)	25 (-)	6 (2)
Directors/Audit and Supervisory Board Members (Outside Directors included above)	42 (18)	42 (18)	- (-)	- (-)	- (-)	4 (3)
Total (Outside Directors included above)	226 (32)	162 (32)	11 (-)	27 (-)	25 (-)	10 (5)

Evaluation of the Efficacy of the Board of Directors

The Company conducted a questionnaire survey for the self-assessment of directors (including Audit and Supervisory Board members) concerning the efficacy of the Board of Directors for FY 2023, and the result was analyzed and evaluated by outside directors/Audit and Supervisory Board members. The Company conducts the Evaluation of the Efficacy of the Board of Directors every year because it is important to evaluate the status quo of the Board of Directors to identify problems and determine the direction at which the Company's Board of Directors should aim in consideration of the evaluation for continuous improvement. From the answers to the questionnaire survey, it was found that the Board was generally appropriate on all the assessment items, in other words, the number and composition of the Board members, operation of the Board, and the roles and responsibilities of the Board (Directors), which reveals that the Company's Board of Directors is functioning properly and effectively. In FY 2023, we established opportunities for informal discussion with outside directors for information exchange, thorough which we could deepened the understanding of our business further and we received the evaluation on the enhancement of deliberation on medium- to long-term management strategies and business portfolios, which had been identified as a challenge in the previous fiscal year, as generally improving. On the other hand, as we also received advice that it would be necessary to enhance deliberation further to accelerate commercialization of new businesses, we will work to improve the efficacy of the Board of Directors by implementing measures that lead to stimulating discussion, such as holding workshops under relevant themes, hosted by outside organizations.

Group Governance

Code of Conduct

In 2018, the Company established the corporate conduct charter, which applies throughout the Group, with the aims of not only complying with laws and regulations but also helping to solve social issues, in order to enable the Company to achieve growth in a sustainable manner while contributing to the establishment of a sustainable society. To ensure the permeation of this charter among all employees, the Company is working on awareness-raising activities, such as distributing leaflets, providing explanations in in-house training, reading it aloud in morning meetings, and publishing it in internal bulletins. The state of these activities is reported on periodically to the Company-wide FCG Committee.



Structure

To increase corporate value Group-wide and ensure the propriety of operations as provided for in the Companies Act, the Company appoints internal officers responsible for overseeing the areas of (1) compliance and business ethics, (ii) risk management, and (iii) management of trade secrets. It also maintains a Group governance structure in which section heads serve as persons responsible and managers as facilitators. (At subsidiaries, the subsidiary presidents serve as persons responsible and resident Japanese staff and national staff as facilitators.)

Monitoring Activities

The Company established the Company-wide FCG Committee, whose membership consists of officers and executives. Each month, it receives reports from all sections and subsidiaries on the state of their governance and carries out monitoring of whether or not appropriate measures are being taken Group-wide. Results of monitoring by the Company-wide FCG Committee are reported by individual officers to the Board of Directors. In FY 2023, the Company-wide FCG Committee met twelve times. There were no serious incidents affecting management.

Training and Awareness-Raising Activities

The General Affairs Division serves as an executive office in charge of raising awareness of governance among employees, by drafting an annual training and awareness-raising activity plan at the start of each term and using the Group governance system. Last year's results are as below:

Activities to Raise All Employees' Awareness

April	Corporate philosophy/Code of conduct, Internal whistleblowing program
November	Appropriate transactions (Anticorruption, Compliance with competition laws)
December	Prevention of harassment
February	Management of trade secrets

Level-specific training

April	New employees Governance Fundamentals
June	New managers The governance system and promotion structure
June	Officers, Section heads, Subsidiary presidents The actual state of governance in F.C.C.

Internal Whistleblowing Program

The Company has established the contact point for business ethics improvement proposals with the aim of building a corporate structure of openness and honesty. This contact point receives reports concerning business ethics, such as those concerning failure to comply with laws and regulations, improprieties, and violations, by telephone, e-mail, and post or through suggestion boxes at business facilities. Submittals are responded to by verifying their facts from a fair and neutral perspective and seeking the independent opinions of outside experts. Similar contact points are established at subsidiaries to promote self-purification functions at them as well. In FY 2023, while six matters were reported, investigation of each showed that there were no serious incidents affecting management.

Information Security

Dependence on and the importance of business information systems have been increasing dramatically in recent years due to the factors including increasing numbers of cyberattacks, the spread of remote working, and digital transformation, and in this context, information security is becoming even more important in the business environment. The Company recognizes information security to be vital to its continued survival and growth. In response, it is implementing measures that include strengthening of information security, efforts to prevent leaks of information, improvement in the information system environment, and information-security training intended to raise employee awareness.

The Company also has acquired external certification under the ISO 27001 international standard for the development and management of information security management systems. On a Group-wide basis as well, we are making progress on conformity to the Security Guidelines (v.2.2) established by the Japan Automobile Manufacturers Association (JAMA) and the Japan Auto Parts Industries Association (JAPIA) to prevent increasingly severe cyberattacks and enhance resilience.



ISO 770061/ISO 27001 R&D Division Product Technology Development Department

Nonfinancial Data



Environment
Flows of materials

INPUT

Green procurement

■ **Raw materials**

Steel	9,047 ton
Cast iron	0 ton
Aluminum	1,110 ton
Nonferrous metals	1 ton
Other materials	2,002 ton

■ **Water resources**

Tap water	19,630m ³
Industrial water	8,636m ³
Groundwater	234,002m ³

■ **Subsidiary materials**

Oils	777 ton
Substances handled that are subject to the PRTR Act	38 ton

■ **Energy**

Electricity	31,911 thousand kWh
LPG	1,013 ton
Kerosene	0.1 kl
Gasoline	19 kl
Light oil	0.6 kl
Heavy oil	0 kl
City gas	142 thousand m ³
Energy inputs	334,217 GJ

Technology R&D activities

Development and design of products with low environmental impact/Source improvements through examining specifications



Procurement

Production activities

Minimizing environmental impact

Products

Products

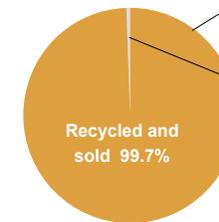
Products

To global markets via customers (automakers)

OUTPUT

Waste-recycling efforts

■ **Total waste: 8,160 tons**



99.7% of waste is recycled or sold

Recycled (outsourced)	1,205 tons
Sold	6,954 tons

Landfill: 0.3%

Final waste disposal volume (landfill)	21 tons
----------------------------------------	---------

*We have achieved zero emissions (1.0% or less of total waste) in final waste disposal volume (landfill).

Efforts to identify, reduce, and monitor waste

■ **Air**

CO ₂ emissions	15,535 ton
NO _x emissions	0 ton
SO _x emissions	0 ton

■ **Emissions of substances subject to the PRTR Act**

Emissions to the atmosphere	0.12 ton
Emissions to waters	0 ton
Volume transported externally	5.17 ton

■ **Water quality**

BOD	0.03 ton
COD	0.64 ton

- CO₂ emissions by business partners 12,375 ton
- CO₂ emissions from product shipments 894 ton

Environmental Accounting

Environmental protection costs (Nonconsolidated*1)

(million yen)

Category		Details of main initiatives	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
			Investment	Expenses								
Business costs in area	Pollution-prevention costs	Installation and maintenance management of wastewater treatment equipment, dust collectors/inspection, repair, cleaning, etc. of local release/dust collectors/deodorizers	67	46	3	38	27	39	8	35	4	46
	Global environmental protection costs	Capacity maintenance and improvement of air-conditioners/compressors, Installation of LED lighting, upgrading of power reception facilities, etc.	100	59	82	49	31	57	63	66	128	628
	Resource cycle costs	Industrial waste recycling, efficient resource use, general waste recycling, etc.	1	46	0	40	9	47	9	46	0	46
Upstream/downstream costs		Recycling, collection, resale, proper disposal, etc. of products, etc. manufactured and sold	0	0	0	0	0	0	0	0	0	0
Management activity costs		Vegetation management, Internal environmental auditor training, Periodic ISO inspection, Environmental measurement and testing, Environmental training, Environmental labor management, etc.	0	88	4	87	0	77	0	86	0	86
R&D costs		R&D on products etc., (fuel consumption improvement [lighter weight], reduction of substances with environmental impacts, reduction of organic solvents, yield improvement), etc.	0	1,066	0	1,045	0	461	0	311	0	41
Social activity costs		Community cleanup activities, Landscaping, Tree-planting activities, etc.	0	3	0	2	0	2	0	2	0	3
Costs of responding to environmental damage		Costs of responding to environmental damage (restoration of polluted soil, etc.)	0	0	0	0	0	0	0	0	0	0
Total			169	1,309	88	1,262	67	682	80	545	132	849

Material volume (Nonconsolidated*1)

Item	Unit	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Energy use	GJ	348,450	323,343	366,912	336,031	327,619
CO₂ emissions	ton-CO ₂	14,631	13,576	15,455	16,649	15,535
CO₂ emissions from transport	ton-CO ₂	953	965	954	992	894
Waste emissions	ton	8,584	7,364	8,212	8,316	8,297
Water resource use	m ³	223,458	247,733	270,611	272,383	262,269
Emissions of substances subject to PRTR Act	ton	8	5	6	4	5

*1 Including major domestic subsidiaries.

Social

Main HR Data (nonconsolidated)

Item	Unit	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
Number of employees	Male	persons	974	988	978	967	920
	Female	persons	131	128	126	125	125
	Total	persons	1,105	1,116	1,104	1,092	1,045
Average years of continuous service	Male	years	17.3	17.7	18.0	18.4	19.7
	Female	years	17.9	18.5	18.8	19.2	20.4
	Total	years	17.3	17.7	18.0	18.4	19.7
Women workers as a percentage of managerial positions	%	1.2	1.2	0.6	0.6	0.6	
Percentage of midcareer hires	%	39.2	15.6	37.5	24.1	35.7	
Percentage of taking childcare leave	Male	%	6.6	5.7	35.7	31.6*2	51.7
	Female	%	100.0	100.0	100.0	100.0	100.0
Monthly average overtime hours	hours	11.09	8.44	10.66	9.59	10.0	
Percentage of taking annual paid vacation	%	91.6	87.4	90.4	94.7	94.9	
Investment in training	million yen	43	48	30	27	38	
Training cost per employee	yen	34,284	36,942	22,452	20,587	31,202	

*Revised beginning FY 2022 in accordance with the disclosure requirements under the Act on the Promotion of Women's Active Engagement in Professional Life.

Occurrence of work-related accidents (Nonconsolidated)[Consolidated]

Item	Unit	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fatalities	persons	0[0]	0[0]	0[0]	0[0]	0[0]
Injuries caused by accidents that do not require time off work	persons	7[12]	4[5]	2[3]	3[3]	3[3]
Injuries by accidents that require time off work	persons	2[2]	0[0]	2[2]	0[0]	1[5]
Frequency *3	%	0.77[—]	0.00[—]	0.82[—]	0.00[—]	0.42[—]

*3 Frequency: Number of workers killed/injured caused by work-related accidents per million working hours is used as the frequency.

Number of social contribution activities conducted (Consolidated)

Item	Unit	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Social contribution activities	activities	176	105	150	122	80

Company Profile

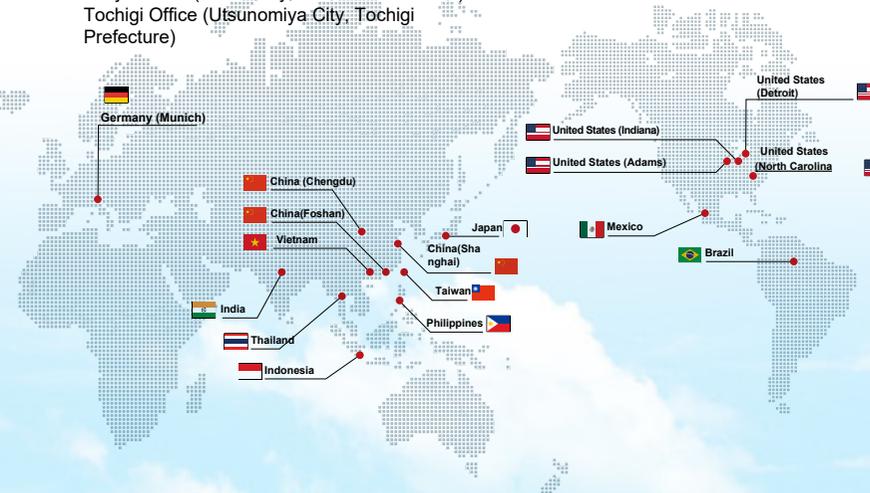
Establishment	June 1939
Representative	President & CEO Yoshitaka Saito
Capital	4,175 million yen
Employees	Consolidated: 7,838 Nonconsolidated: 1,036 (Permanent, full-time employees as of September 30, 2024)
Headquarters	7000-36, Nakagawa, Hosoe-cho, Hamana-ku, Hamamatsu City, Shizuoka Prefecture 431-1394 Japan
Affiliates	F.C.C. Kyushu Co., Ltd. Tenryu industry Co. Ltd. FLINT Co., Ltd.

Domestic bases

Headquarters/Hosoe Factory (Hamamatsu City, Shizuoka Prefecture)
R&D Division, Manufacturing Technology Center (Hamamatsu City, Shizuoka Prefecture)
Hamakita Factory (Hamamatsu City, Shizuoka Prefecture)
Watagashima Factory (Hamamatsu City, Shizuoka Prefecture)
Ryuuyo Factory (Iwata City, Shizuoka Prefecture)
Suzuka Factory (Suzuka City, Mie Prefecture)
Tokyo Office (Asaka City, Saitama Prefecture)
Tochigi Office (Utsunomiya City, Tochigi Prefecture)

Overseas bases

United States (four bases), Mexico, Brazil, Thailand (two bases), Indonesia, Vietnam, Philippines, India (seven bases), China (three bases), Taiwan, Munich Office (Germany)



History

1939: Fuji Lite Industries Co., Ltd. founded
1943: Renamed Fuji Chemical Co., Ltd.
1948: Started business with Honda R&D Co., Ltd. (currently Honda Motor Co., Ltd.)
1954: Started business with Suzuki Motor Corporation (currently Suzuki Corporation)
1956: Started business with Yamaha Motor Co., Ltd.
1963: Opened Suzuka Factory in Suzuka City, Mie Prefecture
Opened R&D Division in Hamamatsu City, Shizuoka Prefecture
1984: Opened Ryuuyo Factory in Ryuuyo-cho (currently Iwata City), Shizuoka Prefecture
Started integrated production of paper lining.
Changed the trade name to F.C.C. CO., Ltd.
1989: Newly opened Hosoe Factory in Hosoe-cho, Inasa-gun, Shizuoka Prefecture
Relocated the Head Office and R&D Division
1991: Began participation in World Grand Prix motorcycle racing
2000: Opened Tenryu Factory in Ryuuyo-cho, Iwata-gun (currently Iwata City), Shizuoka Prefecture
2004: Shares listed on the First Section of the Tokyo Stock Exchange
2013: Number of overseas bases reached 22 locations of 14 companies in 10 countries
2017: Relocated Tenryu Factory to Hamamatsu City, Shizuoka Prefecture and renamed it Watagashima Factory
Acquired all shares in Flint, Co., Ltd. (currently a consolidated subsidiary)
2018: Transferred all shares in Tohoku Chemical Industries, Ltd. Won FIM Endurance World Championship
2020: Yoshitaka Saito appointed President & CEO





F.C.C. Co., Ltd

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