



**SUSTAINABILITY
REPORT
2021**

Fujibo Holdings, Inc.

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- **SCOPE OF REPORT**
The Fujibo Group (Fujibo Holdings, Inc. and its domestic and overseas Group companies)
- **REPORTING PERIOD**
Mainly for FY 2020 but including certain periods before and after the fiscal year.
- **DATE OF ISSUANCE**
November 2021

CORPORATE OVERVIEW



Corporate Philosophy

We will always support leading-edge industries by providing new technologies and products demanded by the times, capitalizing on our technology and experience cultivated over more than a century of Fujibo's history. In this way, we are committed to realizing a more prosperous and sustainable future for people, society, and the global environment.

The Fujibo Group abides by its corporate philosophy “we will always support leading-edge industries by providing new technologies and products demanded by the times, and are committed to realizing a more prosperous and sustainable future for the people, society and the global environment.” Our corporate slogan is to become “a high value-added company leading the future with organic materials technology.” We have always valued the spirit of “Focus on Innovation,” which is to challenge the future and innovate ourselves by leveraging the technologies we have cultivated for more than 100 years since our establishment. In order to achieve a sustainable future based on this “innovative spirit,” we will incorporate the constantly changing demands of the society and the market into our management strategies by implementing our three visions, and aim to achieve these demands as our medium- and long-term goals.

In addition, we will strive to create a prosperous and sustainable future together with our stakeholders, including shareholders, employees, business partners and local communities, by establishing a robust governance that emphasizes global environmental stewardship.

Fujibo Vision

Making a Breakthrough and Going ahead of the Times
— Guidelines for Being a Manufacturer

We will contribute to human life and industrial development by constantly overcome challenges to make breakthroughs, such as strengthening the competitiveness of our core businesses and creating new businesses in growth markets.

Management with Integrity and Sustainable Growth
— Guidelines for Corporate Management

Recognizing the importance of enhancement in our corporate governance and risk management, we will pursue sincere corporate management that is trusted by shareholders and other stakeholders in accordance with our corporate philosophy.

Respecting Individual and Fostering Harmony
— Guidelines for the Working Environment

We provide each employee with fair opportunities and fair evaluations, and create an environment where they can work together to improve through friendly competition. By respecting the individual, we will create a workplace that fosters competitiveness and teamwork.

In order to realize our corporate philosophy, the “Fujibo Group Charter of Conduct,” which recognizes the importance of corporate social responsibility, was established as a concrete guideline not only for complying with laws and regulations, but also acting in a fair and honest manner with social common sense.

/ Charter of Conduct

1. Contribution to sustainable economic growth and social challenges

The Group will develop socially useful and safe products and services to meet customers’ expectations, and strive for sustainable economic growth and solutions to social challenges through innovation and business activities.

2. Fair and sound business activities

The Group will engage in fair and free competition, appropriate transactions and responsible procurement, and will not provide nor receive improper benefits. The Group will also maintain a sound relationship with politicians and governments.

3. Fair information disclosure and constructive dialogue with stakeholders

The Group will proactively and effectively disclose corporate information in a timely and fair manner and engage in constructive dialogue with various stakeholders of the Group to enhance our corporate value.

4. Environmental initiatives

Recognizing that efforts to address environmental issues is a common challenge for all humankind, the Group will work to reduce environmental loads, achieve a recycling-based society, and reduce environmental risk in all our business activities to contribute to the realization of a sustainable society.

5. Respect for human rights

The Group will support universal initiatives related to human rights from an international perspective, and carry out management that respects human rights.

6. Customer trust

To obtain customer trust, we will provide appropriate information on our products and services in accordance with laws and regulations, and will be fully

accountable for quality assurance.

7. Contribution to social engagement and development

As a good corporate citizen, the Group will proactively participate in the society and contribute to its development.

8. Work style reforms and enhancement of the work environment

The Group will promote a work style that enhances our employees’ capabilities and respects their diversity, personality and individuality. In addition, the Group will create a comfortable work environment that takes health and safety into consideration.

9. Thorough crisis management

The Group will thoroughly implement organizational crisis management in preparation for natural disasters, pandemics, terrorism, cyberattacks and other events that threaten civil life and corporate activities.

10. The role of top management

The top management will establish an effective governance system for the Group in order to implement this Charter. The top management will also encourage our supply chain to work in accordance with the spirit of this Charter.

In the event that a violation of this Charter of Conduct occurs that undermines the trust of the society, the top management will take the initiative to resolve the problem, investigate its cause, prevent a recurrence, and will fulfill our responsibilities.

About Fujibo Holdings

Corporate Facts

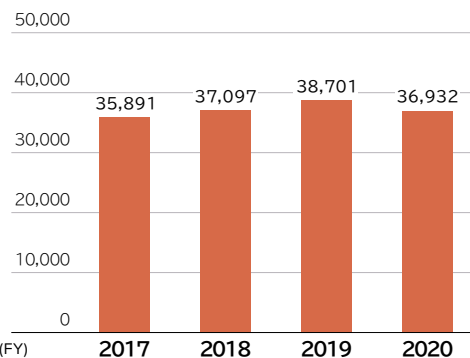
Company Name	Fujibo Holdings, Inc.
Address:	Tokyo Headquarters 1-18-12 Ningyocho, Nihonbashi, Chuo-ku, Tokyo 103-0013, Japan
	Osaka Branch Oak Sakaisuji Honmachi Building, 1-8-12 Honmachi, Chuo-ku, Osaka 541-0053, Japan
Establishment	March 24, 1896
Capital	6,673,832,000 yen
Representative	Mitsuo Nakano, Representative Director, Chairman and President
Number of Employees	1,156 (Consolidated, as of March 31, 2021)

CATEGORY	MAJOR PRODUCT	MAJOR COMPANY POSITIONING	
		MANUFACTURING	SALES AND SERVICING
Polishing Pad Business	Polishing Pad for Ultra-Precision Work, Nonwoven Fabric and Artificial Leather	Fujibo Ehime Co., Ltd. Taiwan Fujibo Precision Materials Co., Ltd.	Fujibo Ehime Co., Ltd. Fujichemi Co., Ltd. Taiwan Fujibo Precision Materials Co., Ltd.
Industrial Chemicals Business	Industrial Chemicals	Yanai Chemical Industry Co., Ltd.	Yanai Chemical Industry Co., Ltd.
Lifestyle Apparel Business	Spun Yarn, Knitted Material and Textiles, etc.	Fujibo Textile, Inc. Thai Fujibo Textile Co., Ltd.	Fujibo Textile, Inc. Thai Fujibo Textile Co., Ltd.
	Secondary Products such as Asamerry and B.V.D.	Fujibo Textile, Inc. Fujibo Apparel Corporation Jintana Fujibo Corporation	Fujibo Textile, Inc. Fujibo Apparel Corporation Fujibo Shanghai Co., Ltd.
Other Businesses	Vehicle and Automotive Components, etc.	—	Fujichemi Co., Ltd.
	Chemical Products	Fujibo Textile, Inc. Fujichemi Co., Ltd. Tokyo Molding Co., Ltd.	Fujibo Textile, Inc. Fujichemi Co., Ltd. Tokyo Molding Co., Ltd.

Key Management Indicators

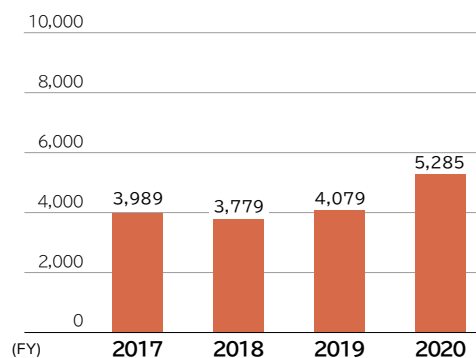
Net Sales

(million yen)



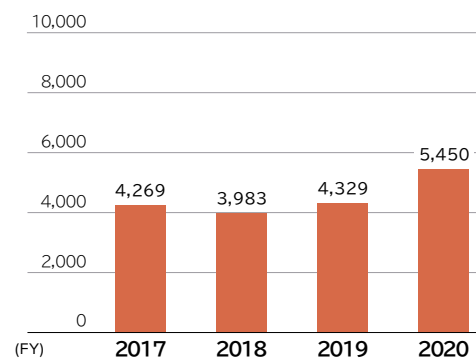
Operating Income

(million yen)



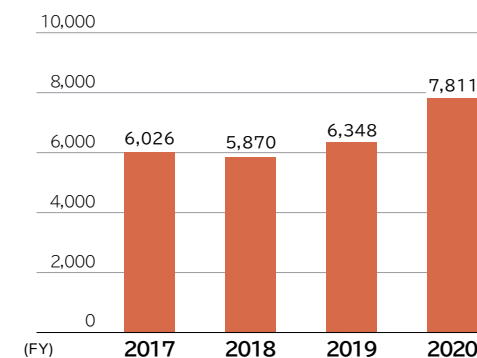
Ordinary Income

(million yen)



EBITDA

(million yen)



Business Description

Polishing Pad Business



Ultra-high precision polishing pads which are used for processing semiconductors,” a key part in the digital society

“Semiconductor,” a key part in the digital society, is a device essential to the creation of a sustainable society as it is used in various fields, including smartphones, tablets, 4K LCD TVs and hard disks for storage devices. The business of ultra-high precision polishing pads maintains a substantial share of the global market for polishing for the fabrication of most-advanced logic/memory semiconductor devices and silicon wafers for semiconductor substrates, and it supports the realization of a sustainable society. Starting with the Nyugawa Plant in Ehime Prefecture, we have unparalleled production capacity with five bases in Japan and abroad, and with an organizational structure in which development, manufacturing and sales departments work closely together to provide products and services, the business will continue to contribute to the realization of a sustainable society as the core business of the Fujibo Group. At the same time, the business will also serve as a driving force for our own sustainable growth.

Industrial Chemicals Business



One of the largest domestic contract manufacturers specializing in industrial chemicals

The Industrial Chemicals Business, among the top tier of businesses specializing in contract manufacturing in Japan, possesses manufacturing technologies and know-how in organic synthesis cultivated over many years. The Industrial Chemicals Business is growing significantly due to the high reputation from customers for the high quality and high-mix, low-volume manufacturing required for contract manufacturing of organic synthesis intermediates, such as electronic materials including 5G and EV materials, functional chemicals, raw materials for pharmaceuticals that contribute to human health. In addition to the Yanai Headquarters Plant, we have further increased our production capacity by expanding the Takefu Plant to establish a production system to meet customer needs. Through the provision of high-performance chemical products and technologies, we will improve customer satisfaction and contribute to the realization of a better and more sustainable society.

Lifestyle Apparel Business



Unique business development in apparel production and sales

As one of the three elements of "clothing, food and housing" that support our daily lives, the clothing business plays the role of "clothing," and we have kept the craftsmanship of manufacturing technology and commitment to quality that we cultivated as an ancestor business, and have developed our business mainly in the downstream sector. The B.V.D. brand, which internally produces from original yarns, has established a highly transparent “supply chain” emphasizing respect for human rights and environment conservation in the production process. We will take the lead in social and environmental-friendly activities and contribute to the creation of social value. In addition, we have also been focusing on the reuse and recycling of clothing for a long time, and as the main sponsor of the "FUKU-NO-WA Project," we are supporting the realization of a sustainable society.

Other Businesses (Chemical Products Business)



Manufacturing of molded items and metal molds for medical and precision fields

The Fujibo Group is engaged in the manufacturing of molded items and metal molds for medical and precision fields as the fourth pillar. The molding division, which has an established reputation for its plastic molding technologies, is expanding its business by focusing on the medical device field which has drawn attention due to the recent pandemic, in addition to its high-quality molding technology. In the die & mold division, we will build a system to respond to a wide range of customer needs by expanding the production bases of our domestic factories and overseas partner manufacturers in order to respond to the progress of diversified and high-performance technologies such as EV, autonomous driving, and lightweighting of automobiles, and contribute to the realization of a sustainable automotive society.

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/Top Message

We will work toward sustainable growth and the creation of new value through group-wide efforts to strengthen our sustainability management.

Fujibo Holdings, Inc.

MITSUO NAKANORepresentative Director,
Chairman and President

To be a Company That “Zokyo” in the Post-corona Era

For more than 120 years since its foundation in 1896, the Fujibo Group has created values and continued steady growth through the provision of new technologies and products that meet the demands of the times.

We have established a firm position as a company that supports a variety of other companies that play an active part on the global stage through our four business domains: Polishing Pad Business, Industrial Chemicals Business, Lifestyle Apparel Business and Other Businesses.

Today, the world faces many serious social challenges, including climate change and there are growing expectations of the society for companies to lead solving those issues. Further, in response to the recent expansion of ESG investment, investors also highly value companies which have a long-term strategy incorporating environmental and social impacts.

In order to meet such expectations of investors and stakeholders, we announced our new Medium-term Management Plan “Zokyo 21-25” in February 2021. We believe that we should make use of our manufacturing technologies to strengthen our growth potentials in difficult times and since 2006, we have kept presenting signals of growth “Henshin,” “Toppa,” “Maishin” and “Kasoku” in our Medium-term Management Plans and always promoted sustainability management. We define our sustainability management as “pursuing growth and profitability while also contribute to the society with integrity.” in our current Medium-term Management Plan.

Contribute to the Development of a Sustainable Recycling Society

We started as a cotton spinning company “Fuji Spinning Co., Ltd.” established at the foot of Mt. Fuji. It is told that while many spinning factories used coal-burning steam engines for cotton spinning and paper manufacturing at the time when the company was established, the founders of our company tried to vitalize the cotton-spinning industry powered by abundant water. Such environmentally-friendly management strategy can be said to be a pioneer of sustainability management. Until today, we have developed our business by paying careful attention to the conservation of the natural environment, including water, air and forests. In our business operations, we have extended the principle, “ensure safety and security,” to the environment and the safety of local communities and are operating business based on the premise, “not allow factories to pollute the environment by their operations.” Specifically, we will work on the improvement of the environment, such as technological innovations to save energy and resources, environmental capital expenditure and cleaner wastewater. We will continue to contribute to the development of a sustainable recycling- based society with the aim of becoming a company trusted by stakeholders while treasuring harmony with the local community, society and the global environment.

THE FUJIBO GROUP SUSTAINABILITY



/Basic Policy

The Fujibo Group implements “sustainability management” that incorporates sustainability at the core of our business strategy.

The Group’s sustainability management is characterized by achieving sustainability through a well-balanced implementation of “profit-making,” growth, profitability, social contribution, and fair and transparent SDGs management founded on integrity.

A company must be financially profitable in order to pay dividends to its shareholders and achieve sustainable growth. In addition, focusing on being a public institution, it is important to establish a strong relationship with stakeholders as a company that is more trusted by the society under proper corporate governance. Our Group will continue to work toward the sustainable enhancement of our corporate value.

The Fujibo Group’s Sustainability Management

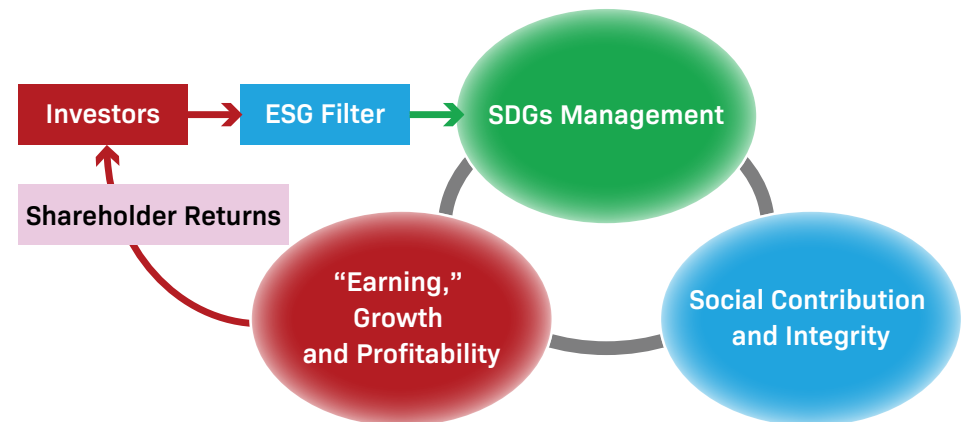


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/ Sustainability Management System

At present, the world is facing many serious social challenges, including climate change, and society's expectations of companies as a leader in solving these issues are increasing. Against this backdrop, we established the ESG Committee on April, 2021 to promote sustainability management across the entire Fujibo Group by addressing important issues related to the SDGs, in line with the launch of our Medium-term Management Plan "Zokyo 21-25."

The "ESG Committee" is headed by the President and consists of three subcommittees: the Environment Subcommittee, the Social Subcommittee and the Governance Subcommittee. The Committee will make recommendations to ensure that the Group responds appropriately to sustainability issues and that its sustainability efforts lead to medium- to long-term improvements in corporate value.

In the new system, each subcommittee address various issues related to sustainability promotion, and then reported to the ESG Committee, the Management Committee or the Board of Directors depending on the level of importance. Therefore, the Board of Directors makes final decisions on important policies and initiatives for overall management and also controls and supervises the Management Committee and the ESG Committee, and other relevant bodies.

Although the Polishing Pad Business, Industrial Chemicals Business, Lifestyle Apparel Business and Other Businesses have different requirements for sustainability, we will proactively tackle them from the perspective of risks and opportunities.

The Fujibo Group's Sustainability Management System

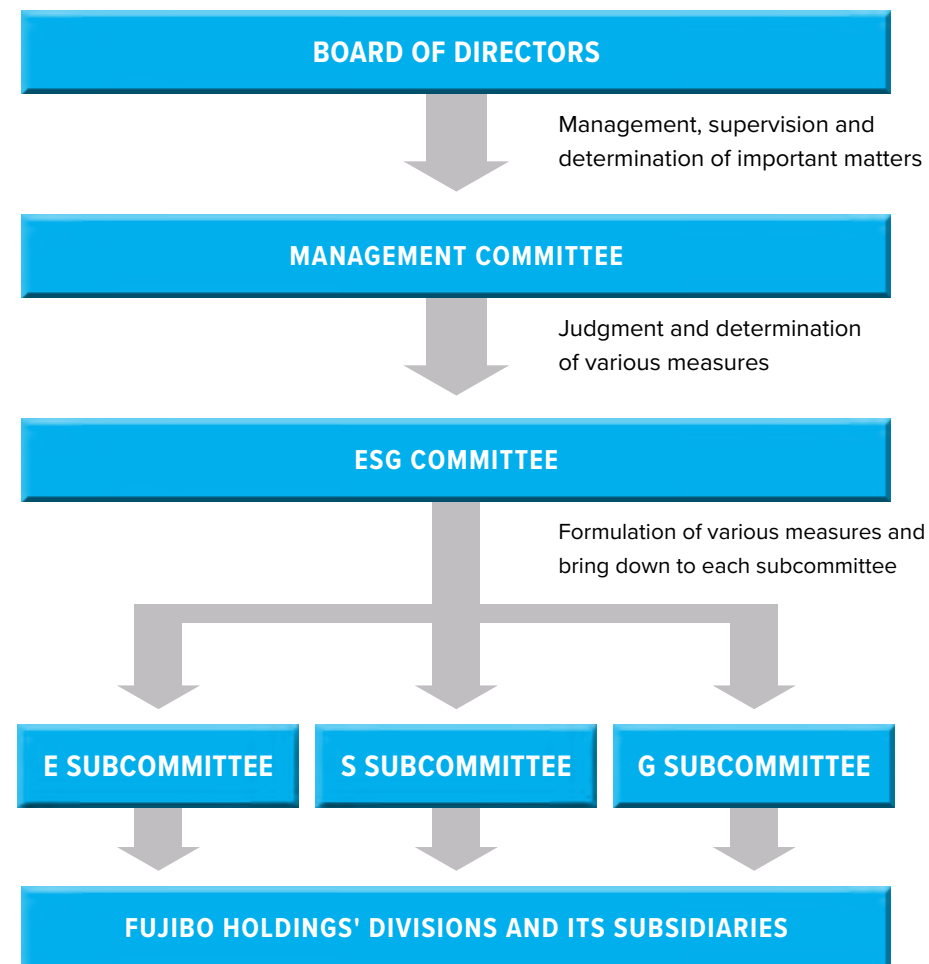


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/ ESG Basic Policy

The Group is committed to the realization of its corporate philosophy, “we are committed to realizing a more prosperous and sustainable future for people, society, and the global environment,” through its business activities.

1 Environmental Policy

In order to realize a sustainable global environment, the Group will respond to climate change, consider biodiversity, and promote a recycling-based society through the effective use of resources and energy.

In addition, the Group will establish an environmental management system to achieve the above goals and will further strengthen our environmental conservation initiatives in compliance with environmental laws and regulations.



2 Social Policy

The Group will work to realize a better society while respecting diversity regardless of gender, age or nationality, providing opportunities to demonstrate capabilities, and promoting the improvement of the working environment, as well as actively connecting with various stakeholders. The Group will also actively engage in community contribution activities and play a role in helping to solve social challenges as a member of the local community.



3 Governance Policy

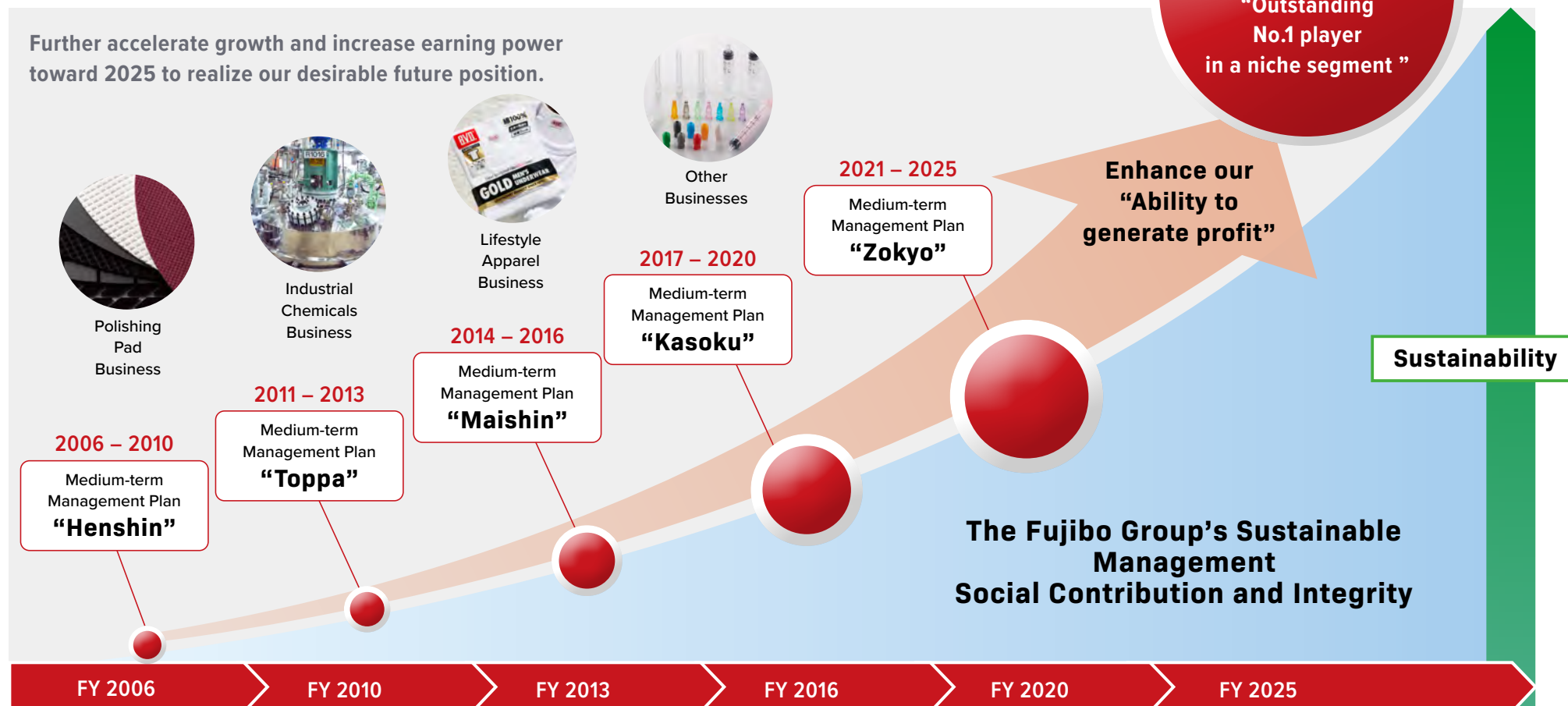
In accordance with the Fujibo Group Charter of Conduct, the Group will further enhance management transparency and maintain its management oversight function to prevent accidents and fraud, and aim for sustainable growth. In addition, the Group will strengthen its business risk management system, including those of its group companies, and further promote BCP (Business Continuity Plan) against disasters.



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Roadmap to the “Desirable Future Position” of Fujibo Group

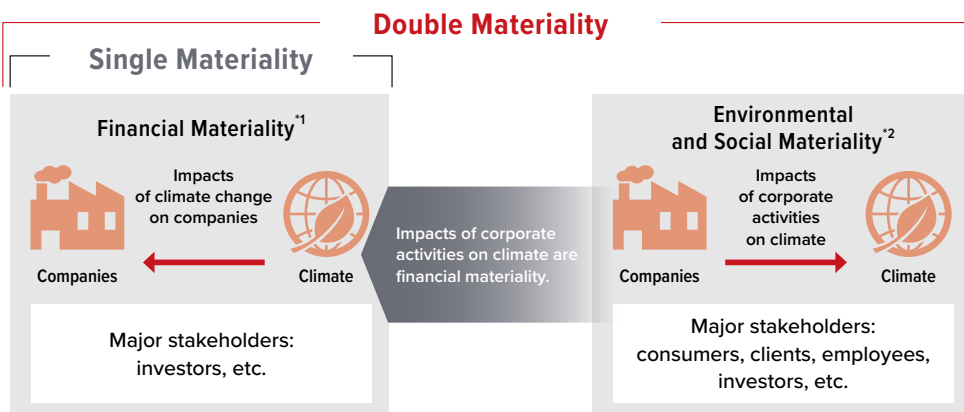
The Fujibo Group has formulated and implemented five Medium-term Management Plans (“Henshin 06-10,” “Toppa 11-13,” “Maishin 14-16,” “Kasoku 17-20” and “Zokyo 21-25”) since 2006 to resolve management challenges of the time. At present, we are aiming to strengthen our ability to generate profit through fair and transparent management based on growth, profitability, social contribution, and integrity, which are the characteristics of the Group’s sustainability management, and once again aim to become “an outstanding No.1 player in a niche segment” and an irreplaceable sustainable company for people, society, and the environment.



Double Materiality in Enhancing Sustainability Management

In order to achieve a sustainable society, the Group has analyzed the magnitude of the effects and the impact of our business activities on stakeholders, the economy, society and the environment. At the Board of Directors meeting, we identified five materialities based on the concept of “double materiality,” which integrates materiality from the investors’ perspective (financial materiality) and materiality from the stakeholders’ perspective (environmental and social materiality).

The concept of double materiality is defined in an update to the Non-Financial Reporting Directive (NFRD) based on the Corporate Sustainability Reporting Directive (CSRD) issued by the European Commission in April 2021, which provides a framework for future disclosures.



The Concept of Double Materiality

Based on the Corporate Sustainability Reporting Directive (CSRD) issued by the European Commission in April 2021, the Non-Financial Reporting Directive (NFRD) has been updated to provide a framework for disclosures in the future.

¹ Financial Materiality / Events essential to understanding the financial developments and results and financial conditions of a company

² Environmental and Social Materiality / Impacts that corporate decision-making and business activities have on the outside world

Five Materialities

1. Sincere Efforts toward the Realization of a Sustainable Environment and Society

In order to maintain the sustainability of the global environment, we aim to establish a stable and sustainable procurement and supply system by working on the preservation of the natural environment and biodiversity and promoting effective utilization of resources.

2. Adaptation to Climate Change

We will work to reduce the environmental loads of our business activities to achieve a decarbonized society and respond appropriately to the potential impacts of climate change on companies that may arise in the future.

3. Co-creation of Value with Various Stakeholders

Through our business activities, we will emphasize dialogue with various stakeholders and contribute to the sustainable growth and development of local communities and other organizations.

4. Creation of an Environment that Accepts Diversity and Maximizes Individual Capabilities

We will respect diversity regardless of gender, age, nationality, etc., and promote the development of a work environment that will enable employees to demonstrate their abilities free from anxiety.

5. Enhancement of Corporate Governance and thorough Compliance and Risk Management

We aim to achieve sustainable growth by implementing high transparency in our management practices and maintaining a risk management system to prevent the occurrence of accidents and fraud.

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Materiality: Initiatives for Important Themes

The Fujibo Group is promoting the following initiatives through our business activities in order to achieve a sustainable society together with all of our stakeholders:

Important Themes	Specific Initiatives	Achievements in 2020	Related to SDGs
Sincere Efforts toward the Realization of a Sustainable Environment and Society	<ul style="list-style-type: none"> Conservation of the natural environment and biodiversity Conservation of water resources Management of chemical substances based on the PRTR Act Reduction of soot and smoke Reduction of marine plastic pollution and the promotion of eco-plastic products Recycling of resources 	<ul style="list-style-type: none"> Replacement of dye processing equipment with low liquor ratio type PRTR handling volume: 8,448 tons Soot and smoke emissions: 51 tons Participation in the FUKU-NO-WA Project and the promotion of reuse 	
Adaptation to Climate Change	<ul style="list-style-type: none"> Initiatives to reduce greenhouse gases Reduction of greenhouse gas emissions Conversion to renewable energy 	<ul style="list-style-type: none"> Total of energy-related and non-energy related CO₂ emissions down by 1.9% on a year-on-year basis Switching to “green nano” 	
Co-creation of Value with Various Stakeholders	<ul style="list-style-type: none"> Dialogues with stakeholders Contribution to solving social contribution issues through business activities Timely and appropriate information disclosure and listening to the voices of the capital market Strengthening of partnerships and building of a better supply chain Coexistence with local communities Development and evaluation of human resources 	<ul style="list-style-type: none"> Sales activities Shareholders’ meetings and financial results briefing sessions Quality assurance support Disaster recovery assistance (donation of clothes) and clean-up activities Career development training 	
Creation of an Environment that Accepts Diversity and Maximizes Individual Capabilities	<ul style="list-style-type: none"> Diverse organizations and respect for human rights Response to works style reforms Support for female’s career development Strengthening of education and training systems and educational programs 	<ul style="list-style-type: none"> Response to the revised Child Care and Family Care Leave Act Response to the harassment prevention act (the Act on Comprehensive Promotion of Labor Measures, Stabilization of Employment of Employees, and Enrichment of Their Working Lives) Improvement of work environment for telecommuting Expansion of language training Provision of career development training for junior and middle-level employees 	
Enhancement of Corporate Governance and thorough Compliance and Risk Management	<ul style="list-style-type: none"> Highly transparent management Promotion of response to the corporate governance code (CGC) Strengthening of the risk management system 	<ul style="list-style-type: none"> Review of matters to be resolved by the Board of Directors Establishment of a “Nomination Advisory Committee” and a “Compensation Advisory Committee” (to replace the current “Nomination Committee” and “Compensation Committee”) Determination of the policies to determine remuneration, etc. for directors 	

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/ Communications with Stakeholders

The Fujibo Group takes various opportunities to communicate with shareholders, investors and other stakeholders. Through such communications, we will work together to create new corporate values.

Dialogues with Stakeholders

	Roles of The Fujibo Group	Communication tools	Status of communications
Shareholders and investors	Timely information disclosure such as operating results, management policies and medium-term management plans Building trust relationships Shareholder returns	Financial results, reference materials for financial results and video distributions Annual Securities Reports Corporate governance reports	Shareholders' meetings Financial results briefing sessions Financial results briefing videos
Customers	Providing safe, secure and quality products Building trust relationships Improving customer satisfaction	Product brochures Quality Assurance Certificates Contact	Direct response by the person in charge Quality assurance support Various exhibitions Audits Customer service office Joint research activities for prototypes
Clients	Fair and equitable transactions	Sustainability Procurement Guidelines	Purchase activities Opinion exchanging meetings Quality support
Employees	Providing comfortable and rewarding workplace Enhancing systems and education to maximize their capabilities	The Group's internal newsletters Intranet Internal Reporting Contact Office (corporate ethics hotline)	Labor-management council Various training Dialogues with management Interviews with junior and middle-level employees Women's conference
Local communities	Ensuring safe and secure plant operations Contributing to community development Building and maintaining trust relationships	Brochures of each business site	Actively participating in local communities Exchanging opinions and cooperating with local governments and neighboring companies Information disclosure (website)

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FEATURE 1

Promote Resource Recycling FUKU-NO-WA Project

— Fujibo Group Supports Para-Sports through Reuse of Clothes.

The Fujibo Group, which promotes SDGs management, is working group-wide on achieving SDGs as one of its social contributions. In this special feature, we will introduce an example of our ongoing efforts to solve social challenges of resource recycling through a clothes reuse activity “FUKU-NO-WA Project.”

What is FUKU-NO-WA Project?



It is an activity to reuse usable clothes donated from companies and individuals, sell them to domestic or foreign specialized dealers or at “FUKU-NO-WA Marché”, and donate the sales proceeds to para-sport associations. This project was hosted and managed by SANKEI SHIMBUN CO.,LTD. and selected as a “model business for sustainable use of resources” by the Environmental Bureau of the Tokyo Metropolitan Government in 2016 and 2017. The Fujibo Group agrees to the purpose of the activity and joins it as an official partner.

Five SDGs We are Working on through the FUKU-NO-WA Project

The FUKU-NO-WA Project supports the principles of United Nations Sustainable Development Goals (SDGs) and aims to contribute to five goals out of 17 goals through promotion of reuse of clothes.



Quality Education

Unique classes and activities are given at from kindergartens to universities to learn environmental problems and an inclusive society using FUKU-NO-WA as a case study. FUKU-NO-WA Project will continue to provide various opportunities for learning



Decent Work and Economic Growth

FUKU-NO-WA Project sells home delivery kits “FUKU-NO-WA at home.” The production of special kits for sales is outsourced to welfare service facilities in Tokyo, aiming to realize an inclusive society through work sharing.



Responsible Consumption and Production

Japan is one of the biggest consumers of clothes where about 1 million tons of clothes are disposed every year and 70% of them are incinerated. FUKU-NO-WA Project contributes to building a sustainable cycle of production and consumption by developing an environment for reuse and recycle of clothing and reusing as many clothes as possible.



Climate Action

Since its launch in 2016, the project has reused and recycled approximately 500 tons of clothes and reduced CO₂ emissions which otherwise would have been produced if such clothes had been incinerated. We have also taken steps to reduce CO₂ emissions from collection, transportation, and distribution of clothes.



Partnerships for the Goals

FUKU-NO-WA Project has built partnerships with companies, industry groups, governments and schools and aims to contribute to development of para-sports and SDGs through promotion of reuse of clothes (efficient collection and more adoption of reuse).

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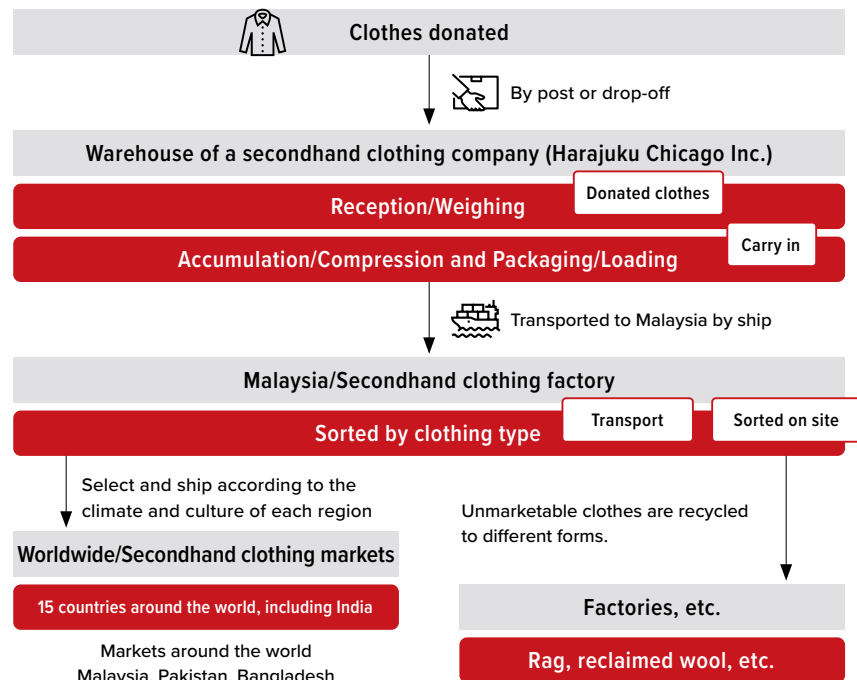
FEATURE 1

Promote Resource Recycling Fuku-No-Wa Project

Fujibo Group Supports Para-Sports through Reuse of Clothes.

Reuse and Recycle to the Maximum Extent

In the FUKU-NO-WA Project, we regularly check whether donated clothes are reusable. Then we sell some of the donated clothes at “FUKU-NO-WA Marché” in Japan, and the others are sent to more than 15 countries such as India, Pakistan, or Cambodia after sorted in a factory in Malaysia, and resold at clothing markets. Unmarketable clothes are sent to factories and recycled to rags or other products.



Toward the Realization of an Inclusive Society

As an official partner of the FUKU-NO-WA Project, Fujibo Holdings regularly collects clothes to be donated to the project at its Tokyo Headquarters. We also contribute to the initiative in a variety of ways, such as supplying clothing developed throughout the selling process for charity sale events. Proceeds from the events are used to cover the cost of making uniforms for Japan's para-sports national teams, as well as lecturer fees for para-sports players who are sent to schools and other groups participating in FUKU-NO-WA activities.



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FEATURE 2 “B.V.D. Suzu Bra (Cool Bra) Community” to Support the Active Lives of Female

The Fujibo Group is strengthening profitable businesses, aiming to further improve profitability while contributing to society. To become the "outstanding No.1 player in a niche segment" chosen by customers, we focus on offering products with social impact. In this special feature, we introduce a case study of “Suzu Bra,” our long-selling product that helps to support the expansion of female’s activities. In addition, through the launch of a new community website for the product, the company is using dialogue with customers in product development.

“Suzu Bra,” a Fujibo Apparel’s Long-Selling Product which has sold 2 Million Items in Total

“Suzu Bra” has led a wireless bra market as a popular product that has sold 2 million items in total since its launch in 2009 as a pioneer of wireless bra.

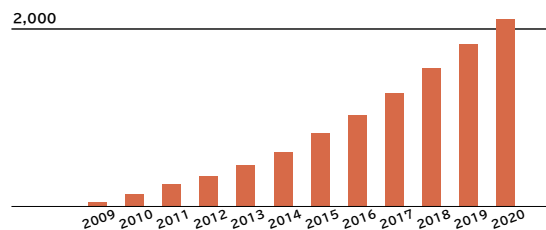
“Suzu Bra” is characterized by its “mesh WAY” stretch material based on a special knitting technology, whereby it is resistant to wrinkle when folded and retains its shape after repeated washing. It also dries rapidly, so you may wear it the next morning after washing and drying it at night.

Even in the middle of summer, it is difficult to become stuffy because it is designed to let air through and fits body movements to support the breasts well, and it is light and comfortable to wear. It is popular as a great product for all female who desire to be free of traditional "tight-fitting underwear."

This year, Fujibo Apparel made a major renewal of “Suzu Bra” limited to products sold online to pursue more comfort. We believe that we can provide high quality products by reflecting the various requests of customers and repeating detailed revisions in the renewal process.

Cumulative sales of “Suzu Bra” series

(Thousands)



Creation of “Suzu Bra Community”

Fujibo Apparel created a “Let’s make our daily life comfortable, B.V.D. Suzu Bra (Cool Bra) Community” in a Sankei Shimbun community “Kikkake” jointly with Sankei Shimbun and QON in April 2021. It was created as a community for users to share and discuss concerns and questions about underwear. Because “Suzu Bra” is the popular product, it is important to build a community that allows interactive communications between customers and developers. Fujibo Apparel will sincerely listen to customers’ candid opinions through the community and pursue the ideal bra that is even more comfortable.



“Suzu Bra Community”

<http://www.beach.jp/community/BVD-SUZUBRA>

Community members: Approx. 6,000 members (as of October 2021)

FEATURE 3

Discussion with Ruth Marie Jarman, Outside Director

— Promoting Career Development and Work-Life Balance for Female



Ms. Ruth Marie Jarman
Outside director,
Jarman
International KK
CEO



Ms. Kiraku
Technology
Development
Division



Ms. Omori
Intellectual
Property Office



Ms. Takeuchi
Human
Resources
Division

Employees discussed their efforts to reform work styles, including improving the work environment and work-life balance with Outside Director Ruth Marie Jarman.

Current Job and Work Style

Jarman: As an outside director, I'd like to support creating an environment where female working in various workplaces of the Fujibo Group can work comfortably and actively.

Kiraku: I joined the company in 2009 and have involved in the development of Polishing Pad for ultra-precision work for semiconductors as a section chief. I gave birth in 2015, and after taking a year of parental leave, I returned to my current department.

Omori: I joined the company in 2018. I've been involved in filing patent and utility model applications for newly developed Polishing Pads as well as searching for related patents.

Takeuchi: I started working here in 2018 as a mid-career hire. As a manager in the newly established HR Strategy Group in the HR Division. I'm in charge of recruitment and human resource development. In my private life, I am challenged by trying to raise my three children.

Challenges for Female in Work-Life Balance

Takeuchi: Kiraku-san, you've returned to work after childbirth and child rearing. How do you balance work and family life?

Kiraku: After giving birth, I had to limit my working hours, while my job became more demanding. I'm seriously thinking about how to balance work and life, and am trying to "reform the way I work" with the help of others. I feel that my experience can be a case study for Fujibo's work style reform.

Takeuchi: One of my three children is still very young, and as

time constraints increased for picking up my child, etc., self-management such as work arrangements has become more important.

Kiraku: We've clarified work procedures and share information so that even if a child suddenly has a fever and needs to take time off, I can ask my colleagues to cover for me.

Omori: So that's what you need to do. My department has three female among many men. People say it's difficult for female to work, but I've never felt disadvantaged being a woman, which is a good thing.

Takeuchi: That's true. Fujibo still has few female employees, but I don't feel that I'm disadvantaged in my work or that I'm not acknowledged because of my gender.

Jarman: When I had my first child 27 years ago, babysitting wasn't common in Japan, and I had the impression that in many families fathers worked and mothers raised their children. Recently, I feel that Japanese men's attitudes have changed. This is partly due to the fact that many companies have reformed the way they work, making it easier for men to take parental leave. Diversity is becoming more important in the workplace, and we need to think about how to improve the work environment so that everyone can actively perform. In this sense, it is important for the next generation of employees to have "role models" like Ms. Kiraku and Ms. Takeuchi who are leading the way in improving the work-life balance.

Support Female's Empowerment in the Workplace

Jarman: Do you have any goals or motivations for your work?

Takeuchi: As Ruth said, we need to build a base where the next generation of female joining us can also play an active role.

Omori: I feel that our company has a well-developed system and a good working environment. I'd like to review the way we've been working and create an environment where we can enjoy our work more.

Kiraku: As a female manager, I am trying to figure out how to raise and manage people. My goal is to establish my own management style, including communication as a female leader, which is different from that of male leaders.

Jarman: The image of diversity held by many men working in Japanese companies is to treat men and female the same. I think they have a misconception that equality means treating female exactly like men. But, for example, in a workplace where there are few female, it is more comfortable to work in a way that considers the unique needs of female, such as slightly changing how things are communicated.

Kiraku: I'd like to keep that kind of thinking in mind when I become a leader. I don't have any female bosses yet. So, I was looking forward to talking with a pioneer female leader today.

Takeuchi: I think we also need leaders who are supportive and dependable like a mother or older sister. Ruth, may we continue to ask for your advice when we face any difficulty?

Jarman: Sure. That's what I'm here for. Absolutely!

ENVIRONMENT



Basic Concept

In order to reduce our environmental loads and to fulfill our corporate social responsibility, the Fujibo Group has established an environmental policy and has set a management strategy to resolve issues through our business. Our Group recognizes that global environment issues, which have become urgent issues in the international community, are of the top priority, and strives to achieve our corporate philosophy “contribute to the creation of a more prosperous and sustainable future for people, society and the global environment.” Specifically, we are promoting efforts to reduce the environmental loads at each of our business sites, including preservation of air and water environment, preservation of biodiversity, resource saving or reduction of waste, and proper management of chemical substances.

Environmental Policy

Basic Philosophy

The Fujibo Group will work together to realize its corporate mission of “continue to contribute to the creation of a more prosperous and sustainable future for people, society and the global environment.”

Basic Policy

1. Compliance with environmental laws and regulations

The Group will comply with environmental laws and regulations, and agreements we have agreed upon.

2. Responding to climate change

The Group will give due consideration to the mitigation of climate change and adaptation to the effects of climate change.

3 Consideration for biodiversity

The Group will give due consideration to the preservation of the environment such as natural systems, and the maintenance and conservation of biodiversity.

4. Effective use of resources and energy

Recognizing the finite nature of resources and energy, the Group will strive for waste control, reuse, recycle, and make effective use of waste.

5. Establishment of an environmental management system

The Group will strive to continuously enhance and improve its environmental management system.

6. Dissemination and disclosure of environmental policies

We will widely disclose this environmental policy as well as inform all employees of the Group.

Priority Themes of Environmental Activities

The Fujibo Group incorporates the following items in its management strategy as priority themes of environmental conservation and focuses on achieving each initiative.

1. Reduction of greenhouse gas emissions

The Group emits only energy-related CO₂ and non-energy related CO₂ and does not emit gases such as methane or dinitrogen monoxide. We will continue to actively promote the shift to renewable energy to further reduce greenhouse gas emissions.

2. Efforts to reduce the environmental loads of water resources

At each of our business sites, we implement environmentally-friendly drainage treatment using the activated sludge process and in compliance with laws including the Water Pollution Control Act and the Sewage Act. We also are actively working on the efficient use of water resources.

3. Promotion of the reduction of industrial waste

We are promoting detoxification by incineration of industrial waste such as waste liquid (organic pollutant) generated in the production process. We process unstable chemical substances internally to enhance safety, and reuse some of them as energy resources as fuel for incineration equipment.

4. Reduction of the environmental loads of chemical substances

The Group properly manages the amount of PRTR substances (chemical substances that are subject to the PRTR) handled, released, and transferred. We are also working on activities together with our customers to reduce our environmental loads.

5. Efforts for resource recycling and energy saving in operation

With the understanding of the finite nature of resources and energy, we are working on energy-saving activities and also promoting the reduction, reuse and recycling of waste.

Support for the TCFD Recommendations

As global environmental issues are becoming more serious, such as disasters and climate change caused by global warming, the Group, as a member of the society shifting to low carbon economy, recognizes that addressing climate change is an important management challenge, and has expressed its support for the recommendations of TCFD (Task Force on Climate-related Financial Disclosures), which will serve as guidelines for issues to be tackled and disclosure of risk information. Going forward, while referring to the framework of the TCFD recommendations, we will sequentially disclose the "risks" and "opportunities" posed by climate change to the Group, starting with those items deemed necessary according to the Group's industry and business characteristics, and reflect them in our management strategies from a medium- to long-term perspective.

We intend to continuously contribute to the development of a sustainable society by promoting efforts to reduce greenhouse gas emissions and thereby promoting low-carbonization of business activities by taking advantage of the technological and developmental capabilities that we have cultivated over the past century.

*TCFD: A task force established by the Financial Stability Board (FSB) which is an international organization consisting of central banks and financial authorities of major countries and regions in the world. The TCFD published its final report in June 2017, recommending that companies disclose their "governance," "strategy," "risk management" and "indicators and goals" (11 items in total) related to risks and opportunities arising from climate change.

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Overview of the Environmental Loads of Business Activities

The Fujibo Group monitors the amounts of energy and chemical substances used in the business activities, as well as the emissions of CO₂ and waste, to get an overall picture of the environmental activities each fiscal year to assess the achievement of our targets.

Flow of Materials in Our Production Activities for 2020

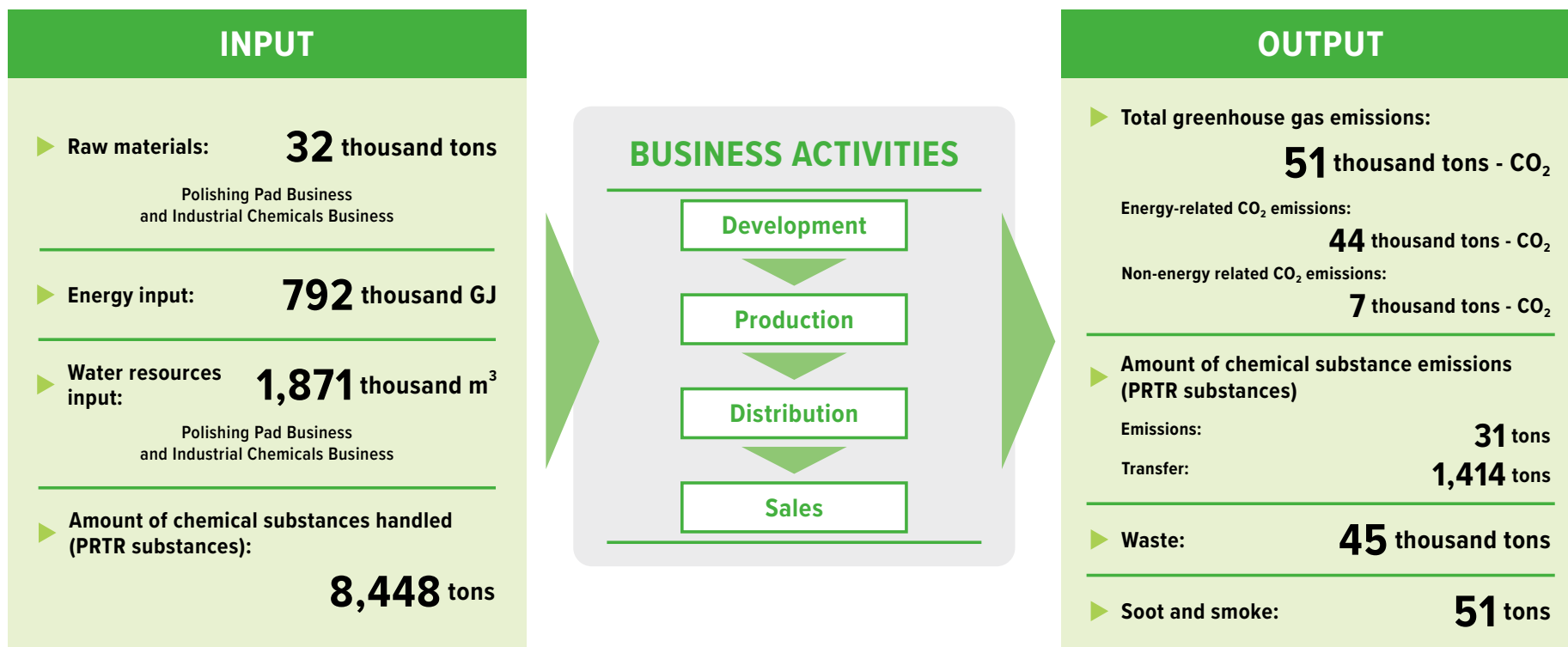


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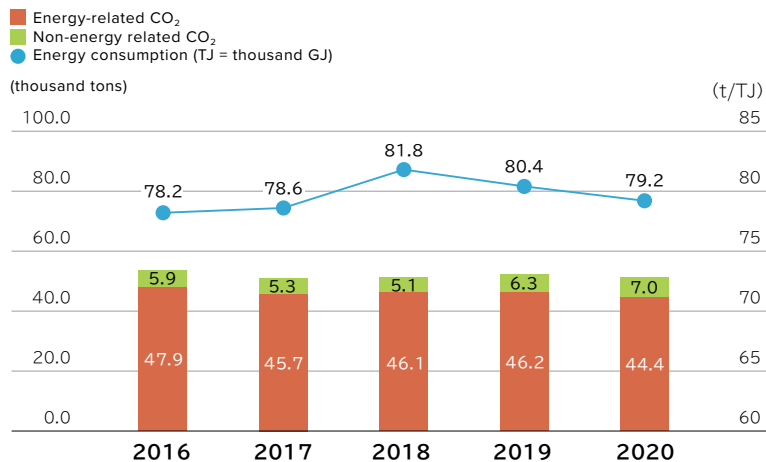
Reduction of Greenhouse Gas Emissions

Greenhouse gases emitted by the Fujibo Group are only energy-related CO₂ and non-energy related CO₂, with no emissions of methane, dinitrogen monoxide, or other gases. Greenhouse gas emissions in FY2020 was 51 thousand tons of CO₂ (down by 1.9% from the previous fiscal year). (Energy-related CO₂: 44 thousand tons, and non-energy related CO₂: 7 thousand tons)

In addition, we are actively carrying out the reorganization of our business sites and “scrap-and-build” (expansion and removal) within the site, and we are working to reduce energy consumption, including streamlining our production facilities and introducing energy-saving equipment. As a result, while greenhouse gas emissions by fiscal year have remained unchanged, the amount of greenhouse gas emissions per energy usage has been declining since FY2015.

Production is expected to increase in the future. However, we will work on further reducing greenhouse gas emissions by actively promoting a switch to renewable energy.

Energy-related CO₂ emissions / Energy consumption



Efforts to Reduce Greenhouse Gas Emissions

B.V.D. Packaging

From 2021, Fujibo Apparel has switched all packaging materials used for its flagship products to “Green Nano” packaging. “Green Nano” is a new environmental material developed by a venture company launched by Tokyo University of Science. By adding only 3% of this material to conventional plastic raw materials, we can reduce CO₂ emissions by as much as 60% during combustion. We estimate that this will lead to reduction of CO₂ emissions by approximately 23 tons over the period between April 2021 and March 2022.



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Reduction of Environmental Loads on Water Resources

The Fujibo Group’s business activities are dependent on abundant water resources, mainly the Seto Inland Sea. Recognizing that we are supported by water and the blessings of nature that produce it, we are working to reduce the environmental loads of our water resources.

Nyugawa Plant and Oita Plant, both of which face the Seto Inland Sea, have wastewater treatment facilities that use the activated sludge process. The activated sludge process uses microorganisms to decompose the wastewater and remove the sludge by sedimentation. The supernatant liquid is tested for water quality before being returned to the sea for environmentally friendly wastewater treatment. We also strive to maintain and manage appropriate water quality in compliance with the Act on Special Measures concerning the Conservation of the Environment of the Seto Inland Sea and other total volume control systems.

Each business sites comply with the Water Pollution Prevention Law and the Sewage Act, regularly inspects water quality and discharges water in public water areas.

In addition, in order to contribute to the conservation of water resources in the Seto Inland Sea, we are also a member of “The Association for the Environmental Conservation of The Seto Inland Sea,” a public interest incorporated association.



Wastewater treatment facility in Oita Plant



Drainage treatment facility in Takefu Plant

Efforts to Reduce Environmental Loads on Water Resources

A large amount of water is used in the dye process in production of textile products. Fujibo Textile Wakayama Factory is gradually replacing the dyeing machines with “low liquor ratio type” which significantly reduces the amount of water and dyes used, thereby reducing environmental loads.



FY 2020 Water Quality Data (Average Value)

Item	Maximum permissible limit		FE		FE/FT	YC		FT
	Standard value	(Daily average)	Nyugawa	Oita	Kozakai	Yanai	Takefu	Wakayama
Quality of wastewater (average value)								
pH	5.8 – 8.6		7.7	7.48	7.5	8.1	7.3	7.4
Mineral oil (mg/L)	5mg/L		0.15	—	—	Not detected	Less than 0.5	2.5
BOD (mg/L)	160mg/L	(120mg/L)	—	—	2.0	—	0.87	64
COD (mg/L)	160mg/L	(120mg/L)	3.1	7.01	0.8	17.7	1.18	95
Total nitrogen (mg / L)	120mg/L	(60mg/L)	3.2	29.86	3.9	3.2	1	5.1
Total phosphorus	16mg/L	(8mg/L)	0.85	4.21	0.01	0.03	Less than 0.05	1.4
All items cleared			◎	◎	◎	◎	◎	◎

FE Nyugawa: BOD test not required for ocean discharge.

YC Yanai: BOD test not required for ocean discharge. The mineral oil value was obtained through external analysis.

FE Oita Plant wastewater treatment facilities will be in acclimatization operation (to cultivate activated sludge) in FY 2020. Normal operations will resume starting in FY2021.

FY Wakayama: Discharged into the sewage system

*FE: Fujibo Ehime, FT: Fujibo Textile, YC: Yanai Chemical Industry

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Reduction and Recycling of Industrial Waste

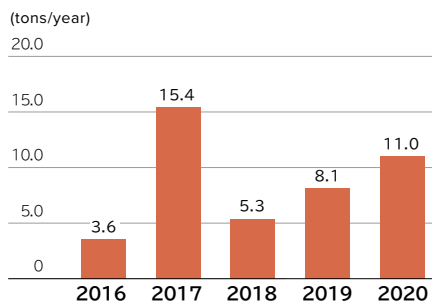
The Fujibo Group is committed to reducing industrial waste and recycling of resources. The Yanai Headquarters Plant detoxifies liquid waste generated in the production process by decomposing liquid waste into water and CO₂ through combustion treatment. We are working to reduce our environmental loads through internal processing of approximately 70 tons of liquid waste per day using a submerged combustion system. Moreover, this enables us to minimize the risk of secondary pollution, such as dioxins, through high-temperature combustion treatment. We manage the soot and smoke generated during combustion by keeping them below the standard level using a detoxification system. We also reuse some of the liquid waste as fuel for incinerators to reduce our environmental loads.

While the submerged combustion system burns waste liquid, it generates soot and smoke (soot and dust, SOx, NOx). We regularly measure, record and store soot and smoke data in compliance with the Air Pollution Control Act.

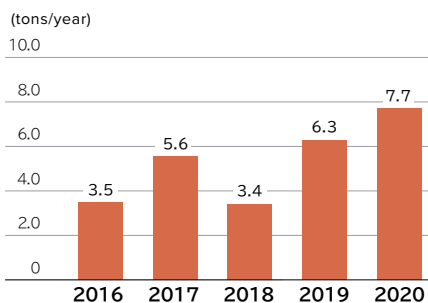


Submerged combustion system at Yanai headquarters plant (newly installed)

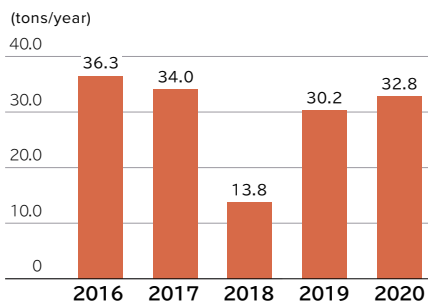
Changes in SOx emissions



Changes in soot and dust emissions



Changes in NOx emissions

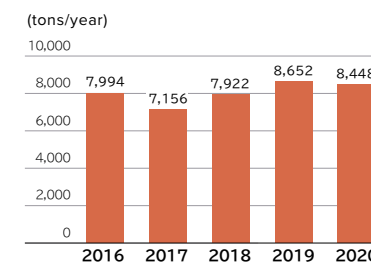


Reduction of the Environmental Loads of Chemical Substances

For the proper management of chemical substances generated at our manufacturing sites, we manage the amount of chemical substances handled, released, and transferred at each facility in accordance with the PRTR Act (the Act on Confirmation of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof). Regardless of the amount of emissions to the environment, we conduct proper monitoring and implement appropriate control measures to reduce the amount of use and emissions in accordance with environmental laws and regulations.

We are aware that, as a chemical intermediate manufacture, there is a limitation in reducing environmental loads through our individual efforts; thus, we have started working together with our customers to reduce environmental loads.

Changes in total handling volume of PRTR substances



Resource and Energy Saving

The Fujibo Group is aware of the finite nature of resources and energy and promotes business activities in consideration of reducing environmental loads.

We sort waste into valuables, recyclables and industrial waste and store and dispose of them accordingly at each site. In addition, we focus on reducing waste through reuse of work in progress and the reduction of loss generation by strict yield management in the manufacturing process.

We are also working on reducing energy usage by promoting the switch to LED lighting and introducing energy-saving equipment.

Changes in industrial waste disposal volume

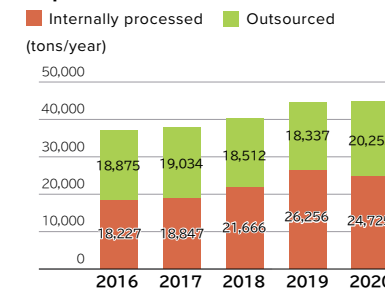


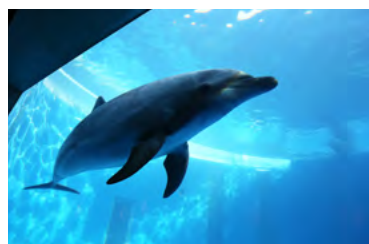
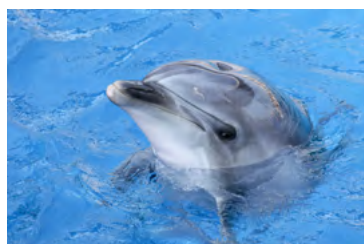
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Conservation of Biodiversity

In order to create a society in harmony with nature where ecosystems are properly preserved and we can enjoy the gifts of nature for the future, the Fujibo Group is working on the conservation of the environment of the Seto Inland Sea. We will contribute to the conservation of biodiversity through community participation in solving the plastic waste problem, donation to Keidanren Nature Conservation Fund, and use of certified forest conservation materials, etc.

Investment in an Aquarium “Umitamago”

In interactions with local communities, our business sites and factories, which are surrounded by the rich ecosystem of the Seto Inland Sea, support biodiversity conservation efforts. We are involved in a variety of measures to safeguard the Seto Inland Sea's unique biota, such as investing in Marine Palace Co., Ltd., which manages the "Umitamago" aquarium in Oita.



Research on the Ecosystem of Marine Animals “Tsukumi Dolphin Research Summit”

At Tsukumi Dolphin Island operated by an aquarium “Umitamago” and Tsukumi City, "Tsukumi Dolphin Research Symposium," is annually held, which is an industry-academia-government collaboration among university research institutions. The purpose of this project is to further develop the coexistence relationship between humans and dolphins through long-term dolphin breeding and research, and to enrich the future of children who are connected to the ocean. This is a new type of sustainable social contribution which combines local revitalization and various activities about dolphins, including study and education, academic research, preservation of species and recreation. The “Tsukumi Dolphin Research Summit” was held in July 2017 and lively discussions took place.

Participants from the Fisheries Agency, the Kyushu Bureau of Economy, Trade and Industry, the Agriculture, Forestry and Fisheries Department of Oita Prefecture, Yamaguchi University, and Suma Aqualife Park KOBE, and other organizations deepened their awareness of sustainability from various perspectives in the public, private, and academic sectors. Such interaction with dolphins and advanced ecological surveys and researches are expected to bring about local revitalization and to generate synergy to increase influences on the conservation of biodiversity.



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Our Efforts to Stop Marine Plastic Pollution

The Fujibo Group participated in the Japan Clean Ocean Material Alliance in 2018. This is an international business alliance project to solve a marine plastic pollution which is a global issue.

Member companies are required to properly manage wastes mainly ensuring prevention of littering of plastics and to promote 3R technologies and development and dissemination of highly biodegradable alternative materials for plastic or paper products. In addition to promotion of eco-plastics, the Fujibo Group is working on biological conservation through the prevention of marine pollution together with various companies involved in the effective use of overall plastic products.



クリーン・オーシャン・マテリアル・アライアンス
Japan Clean Ocean Material Alliance

Donation to Keidanren Nature Conservation Fund

As a member of the Japan Business Federation (Keidanren), we agree to the purpose of Keidanren Nature Conservation Fund. Further, we provide support for conservation projects as a company and donations to a charitable trust, the Nature Conservation Fund every year from the perspective of social contributions.

Our Efforts to Preserve Forests

B.V.D. brand uses FSC-certified sub materials (tags). FSC is a national system to identify and certify products that are made following “proper forest management” for the purpose of sustainable use and preservation of forests. B.V.D. brand has switched all of its tags to paper made from FSC-certified wood since 2020.



Relationship with Local Community

We regularly participate in events held around our factories and other activities such as clean-up and have communication with local communities. We also regularly measure noise and offensive odor to check that no adverse effect is made on the areas around our factories.



Yanai Headquarters Plant: Seawall clean-up

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SOCIAL



Basic Concept

The Fujibo Group respects diverse values regardless of gender, age, nationality, etc., and promotes the provision of opportunities to demonstrate one's abilities and the improvement of the working environment based on the guiding principle of "constantly overcome challenges to make breakthroughs" set out in the corporate vision.

In the workplace, we will respect individual abilities and promote the creation of an environment where people can work together to improve under fair opportunities and fair evaluation, and create a workplace that fosters healthy competitiveness and teamwork.

We are also working together with our various stakeholders to realize a better society.

As a global corporate citizen, we will actively participate in local revitalization initiatives and local contribution activities and fulfill our roles in solving social challenges as a member of the local communities.

Priority Themes of Social Activities

The Group has designated the following items as priority themes for our social contribution activities, and will focus on achieving each of them.

1. Diversity & Inclusion

We will build a corporate culture of mutual respect through inclusion of diversity.

2. Respect for human rights

In accordance with the "Fujibo Group Human Rights Policy," we will respect human rights.

3. Human resource development

Recognizing that employees are the corporate asset, we will work to develop them.

4. Safety and health of employees

The Safety and Health Committee, a group-wide organization, will play a central role in ensuring the health and safety of employees.

5. Supplier management

We will ensure responsible procurement in accordance with our sustainability procurement guidelines.

6. Quality assurance

To provide customers with high-quality products, we will appropriately manage our internal quality management systems.

7. Contribution to local communities

As a member of the local community, we will actively get involved in local community activities to contribute to its revitalization.

/ Diversity & Inclusion

The Fujibo Group believes that inclusion of diversity such as race, gender, age, gender identity, disability, etc., will create a corporate culture of mutual respect that will propel us to grow together.

Approach to Ensuring Diversity

The Group's labor policy is based on the motto, "Respect the individual, cultivate harmony," and stipulate, "We provide fair opportunities and evaluations for each employee and create an environment where they can improve through friendly competition. Respect for individuality creates a workplace that improves competitiveness and team work." As we move forward with the upgrading of our business structure, we believe that respecting diversity regardless of gender, age, nationality, etc., providing opportunities for employees to demonstrate their abilities, and promoting the improvement of the working environment will contribute to sustainable growth and the enhancement of corporate value.

Human Resource Development and Internal Environment Policies to Ensure Diversity

The Group provides opportunities for a diverse range of human resources to demonstrate their abilities and play an active role, regardless of gender, age, nationality, disability, etc. We are also promoting the development of an internal environment in which each employee can work with peace of mind and vigor in a healthy state.

1. Promotion of flexible work styles and improvement of work-life balance
 - (1) Support for balancing childcare and nursing care, regardless of gender
 - (2) Flextime system
 - (3) Work from home
 - (4) Post-retirement reemployment system
 - (5) Employment of people with disabilities
 - (6) Proactive promotion of leave usage
2. Paid leave utilization in fiscal 2020

Average annual paid leave utilization rate: 42.5% (9.6 days/year)

Development of Work Environment for Work With Energy and Enthusiasm

The Group has addressed the following policies to create a work environment where everyone can work with energy and enthusiasm:

1. Value teamwork at workplace;
2. Clarify goals and policies of each department to help each employee fully understand their role in the organization and fulfill their duties;
3. Avoid excessively long work hours and properly manage work hours;
4. Place an industrial physician and a person in charge of health insurance affairs at a workplace and provide mental care and healthcare.

Initiatives for Aging Society

While our retirement age is 60, we have a policy to flexibly allow various work styles after the age of 60.

We are implementing the following measures to pursue employee satisfaction in an aging society:

1. Allow applicants to extend their employment until the age of 65 and to adopt various work styles after their retirement in accordance with our reemployment system;
2. Hold seminars for middle-aged and older employees;
3. Give healthcare and aftercare, mainly medical checkup for lifestyle diseases;
4. Encourage club activities for health improvement;
5. Give special consideration to employees with elderly family members in accordance with our leave of absence program for nursery care.
6. Promote self-development activities for lifelong education.

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Promote Female's Participation

We ensure fair and equal opportunities for employment, promotion and compensation, etc. and provide opportunities for education and training as well as development of the next generation regardless of gender. We also have taken steps to ensure that female's skill development and careers are not interrupted by enhancing the leave of absence programs system to support both childcare and nursing care. The ESG Committee established on April 1, 2021 to promote sustainability management by addressing key issues related to the SDGs, is currently studying initiatives to further promote the female's career development.

As of March 31, 2021, the number of employees for the Group in Japan and overseas is 1,156, of which 424 (approximately 40%) are female. Of the 424 female employees, 12 are managers and the ratio of female in management positions is approximately 9%. If the number of female managers increases in various workplaces such as development, manufacturing and sales, that will bring diverse perspectives and further enhance our corporate value.



Voluntary and Measurable Targets and Their Achievements

We set a target of the ratios of female, non-Japanese and mid-career hires in management positions recognizing the importance of ensuring diversity in management level, who plays a central role in management. We have set a target for the same ratios for FY2025 which is the final fiscal year of the current Medium-term Management Plan, "Zokyo 21-25". We will further enhance diversity in the future by increasing the number of core personnel.

Item	Current	Target	Target Period
Ratio of female managers	8.6% (12 / 139) <small>*female managers/all managers</small>	10% or higher	End of March, 2026
Ratio of female in management candidate position	5.9% (6 / 102) <small>*female candidates for management positions/ all candidates for management positions</small>	8% or higher	End of March, 2026
Ratio of non-Japanese in management positions	11.5% (16 / 139) <small>*non-Japanese managers/all managers</small>	13% or higher	End of March, 2026
Ratio of mid-career hire in management positions	13.7% (19 / 139) <small>*mid-car hires /all managers</small>	17% or higher	End of March, 2026

*Managers are classified as supervisors under the Labor Standards Law, and are the sum of department managers and section managers.

*Ratio of non-Japanese managers is calculated based on the figures including domestic and overseas group companies

**"Current" represents the figures as of the end of March 2021

/ Respect for Human Rights

The Fujibo Group follows our corporate philosophy “we will always support leading-edge industries by providing new technologies and products demanded by the times, and are committed to realizing a more prosperous and sustainable future for the people, society and the global environment” and stipulate in the “Fujibo Group Charter of Conduct” that we will conduct management that respects the human rights of all people.

We have developed “The Fujibo Group Human Rights Policy” (hereinafter, the “Policy”) pursuant to United Nations’ “Guiding Principles on Business and Human Rights” and Japan’s “National Action Plan on Business and Human Rights” developed in compliance therewith, and will address respect for human rights based on the Policy as a guide in order to fulfill our responsibility to respect human rights of all people involved in our business.

The Fujibo Group Human Rights Policy

1. Scope of application

This Policy applies to all employees and officers of the Group. The Group also expects all business partners, including its suppliers, to understand and support this Policy.

2. Basic concept

The Group will respect human rights as stipulated in the “International Bill of Human Rights” and the “Declaration on Fundamental Principles and Rights at Work” by the International Labour Organization (ILO). In conducting business activities, the Group is taking initiatives to respect human rights pursuant to the “United Nations Guiding Principles on Business and Human Rights” and Japan’s “National Action Plan on Business and Human Rights” formulated in accordance with the UN’s Guiding Principles.

3. Compliance with laws and regulations

The Group understands and adheres to the laws, regulations and rules related to its business in all countries and regions where it conducts business activities. In the unlikely event that the laws and regulations in the relevant country or region differ from or conflict with international norms for human rights, the Group will seek ways to maximize respect for internationally recognized human rights principles within the scope of the laws, regulations and rules of the country or region.

4. Corporate Human rights due diligence

Based on the concept of human rights due diligence in accordance with the “Guiding Principles on Business and Human Rights,” the Group will strive to understand, prevent and mitigate human rights violations or effects that may result in indirect racial abuse.

5. Establishment of remedy and grievance mechanism

If it becomes evident that the Group’s business activities infringe on human rights or cause an impact that may indirectly result in human rights violations, the Group will endeavor to take the necessary steps to address the situation.

6. Education and training

The Group will strive to provide appropriate education and training in order to effectively implement this Policy throughout its business activities.

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/ Human Resource Development

The Fujibo Group aims for becoming the “outstanding No. 1 player in a niche segment” as its long-term vision. For this vision, we believe that employees are our corporate assets and have established an organization to promote human resource development since 2010. We provide employees with well-developed education and training depending on their career to support their growth that would help us develop skilled human resources from among employees.

1. Develop problem-solving human resources

We provide well-developed career training to actively support employees to develop themselves into problem-solvers. After joining the company, the Human Resources Department and the department unit together to provide OJT, and then provide the employee with opportunities to solve problems and understand customer needs on the job site, as well as various training by the Human Resources Department, to prepare for promotion to managerial positions. We also fairly evaluate the knowledge, skills and attitudes of mid-career hires and actively help them get promoted to management.

2. Develop globally competent resources

In order to develop globally competent human resources, we provide language training covering mainly English, Chinese (including Taiwanese) and Thai, and also offer language study programs in various countries to achieve higher personal development goals.

3. Develop next-generation leaders

In order to realize a sustainable corporate management, we develop next-generation leaders to be able to have balanced capabilities and insights by giving them experience in leading a small group at first and gradually bigger groups or a subsidiary.

Investment in Human Capital

We consider human capital as the core of corporate value. Investment in human resources is fundamental to the sustainable growth of the company, and we actively provide education and training opportunities to draw out and enhance the knowledge, skills and abilities of individuals. We are committed to enhancing the capabilities of each and every one of our employees to realize a sustainable way of working.

Improvement of Education and Training Programs

The Group supports employees’ growth through various training programs. Training programs include education and training and next-generation development, as well as mental health education such as workplace safety education, environmental education and self-development. In addition to human resource development and work-related training, we are also increasing opportunities for education while taking into account the work environment and employees’ health.

■List of Training Programs

- Special trainings (managers, junior staff and mid-level employees)
- Distance learning courses for self-development
- Training on improvement of sales skills and enhancement of numerical sense
- Language lessons (TOEIC ,Test of Chinese Proficiency, HSK)
- Overseas language study programs (English)
- Learning sessions at each workplace
- Business career certification



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Safety and Health of Employees

The Fujibo Group is committed to ensuring the safety and health of employees, with the Group-wide organization Environment and Safety Promotion Department playing a central role. We launched a safety measures project in 2010 and established safety and health management regulations in April 2011. We are promoting zero workplace accident activities by developing and improving our Group-wide safety and health management system and conducting regular safety inspections and guidance at all business sites.

Initiatives for Safety and Health Education

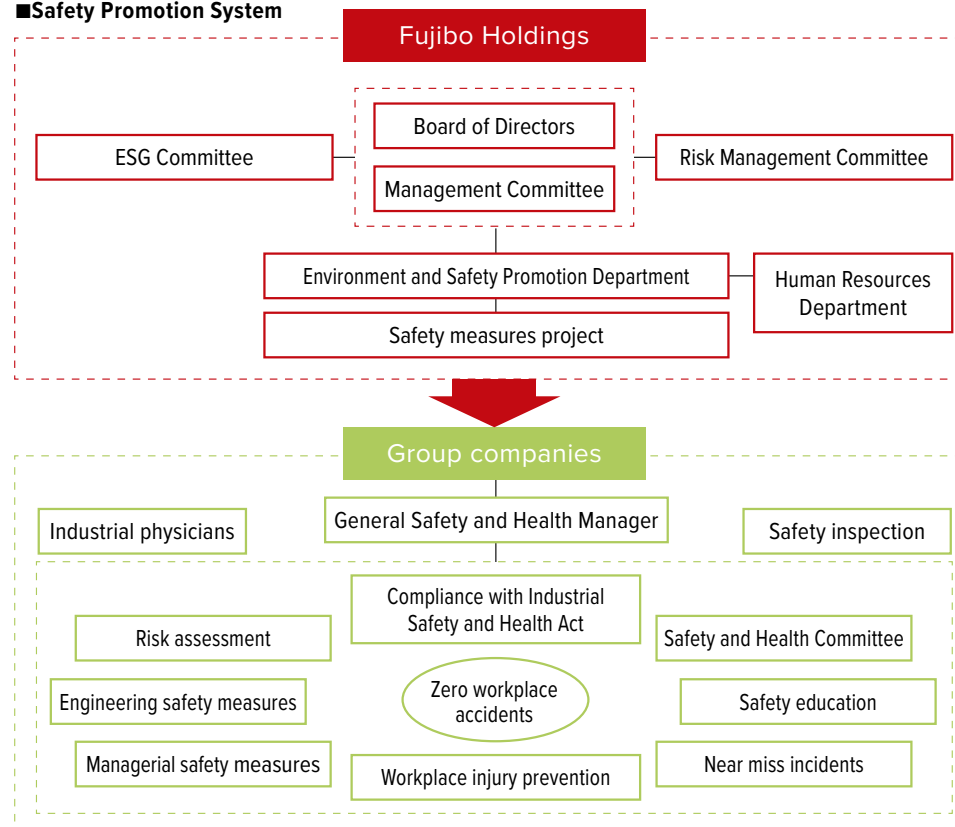
We provide safety education at manufacturing sites to ensure the safety of employees. We are working to raise safety awareness by covering various cases, including the inspection of safety equipment and devices, case studies and education based on accident cases of other companies. To prevent accidents from occurring, we are working to make it easier to report even minor near-misses and are promoting workplace injury prevention.



Assessment of Safety Risks

The Fujibo Group is implementing initiatives to thoroughly identify and evaluate risks related to employee safety, including accidents and injuries. When making capital expenditures or upgrading facilities, we conduct multifaceted risk assessments and, if necessary, chemical substance risk assessments to ensure that all possible engineering and administrative measures are taken. The Environment and Safety Promotion Department inspects each workplace, evaluates risk countermeasures and instructs necessary measures in accordance with its annual plan. We will continue to strive to prevent serious accidents and further enhance the security and safety of our employees and the local communities.

■ Safety Promotion System



Supply Chain Management

The Fujibo Group has established an appropriate transaction policy and is conducting responsible procurement, in order to support the development of a sustainable society throughout the supply chain. The policies cover legal compliance, fair transactions, environmental considerations and respect for human rights (prohibition of child labor and forced labor) among others.

Securing Sustainable Supply Chain



Formulation of Sustainability Procurement Guidelines

The Fujibo Group is also strengthening supply chain management to promote responsible corporate behavior in the supply chain based on the concept of sustainable management. We have established the Group's "Sustainability Procurement Guidelines" and will share our values with our business partners and implement the guidelines.

We have prepared this guideline in reference to the "CSR Supply Chain Guidebook" published by the Japan Electronics and Information Technology Industries Association (JEITA).

Sustainability Procurement Guidelines

1. Organizational governance

- (1) Regulatory compliance and respect for international norms
The Group will comply not only with laws and regulations applicable to its home country and the countries and regions where it operates, but also respect the International Code of Conduct.
- (2) Respect for sustainability
The Group will respect the spirit of sustainability, establish policies to improve sustainability, and build an organizational structure to achieve this goal.

2. Fair trade and ethics

- (1) Prohibition of bribery
The Group will neither give, offer or promise a bribe to any person, whether directly or indirectly, nor will it accept bribes.
- (2) Prevention of improper provision and receipt of benefits
The Group will not provide, receive or tolerate improper benefits in relation to stakeholders.
- (3) Prohibition of abuse of superior bargaining position
The Group will not take advantage of its superior position as a purchaser or consignor to impose any disadvantage to suppliers and contractors.
- (4) Prohibition of competition restricting practices
The Group will not engage in any acts, such as cartels and bid-rigging, that impede fair, transparent and free competition.
- (5) Respect for intellectual property rights
The Group will not infringe on the intellectual property rights of others, such as patent rights, utility model rights, design rights, trademark rights, copyrights and trade secrets.
- (6) Proper export control
The Group will establish a clear control system for the export of goods and technologies regulated by laws and regulations, and carry out proper export procedures.
- (7) Information disclosure
The Group will appropriately provide and disclose information on business activities, financial conditions, performance and risk information to stakeholders, regardless of whether or not disclosure is required by laws and regulations.
- (8) Prevention and early detection of misconduct
The Group will prevent misconduct through personnel training and education and set up an internal reporting contact office to respond to early detection of misconduct.
- (9) Prohibition of insider trading
The Group will not buy or sell shares of a client company based on non-public, important information regarding its business.
- (10) Confidentiality
The Group will take protective measures for information security in order not to cause damage to its own company and others, and properly manage and protect personal information of customers, third parties and employees, as well as confidential information received from customers and third parties.

3. Human rights and labor**(1) Prohibition of forced labor**

The Group will hire all employees of their own free will and will not subject them to forced or bonded labor. The Group will also ensure that employees can leave the company at their own discretion.

(2) Prohibition of inhumane treatment

The Group will respect the human rights of its employees and prohibit harsh and inhumane treatment of any kind, including abuse, sexual harassment, power harassment, and corporal punishment.

(3) Prohibition of child labor

The Group will not employ children under the minimum working age in countries or regions where it conducts business activities, nor will it allow young workers to engage in employment that would impair their development.

(4) Prohibition of discrimination

The Group will eliminate discrimination in recruitment and employment and strive to ensure equal opportunities and fair treatment.

(5) Appropriate wages

The Group will comply with statutory minimum wages in countries or regions in which it conducts business activities and will not make unreasonable wage reductions.

(6) Appropriate working hours

The Group will comply with the statutory limits of the countries and regions in which it conducts business activities, and appropriately manage the working hours, holidays and leaves of employees. The Group will also strive to restrict long working hours, improve its system and create a workplace culture that encourages balance between work and personal life.

(7) Employees' rights to organize

The Group will respect employees' rights to organize as a means of realizing labor-management discussions, such as working environment and wage levels.

(8) Approach to conflict minerals

The Group will not procure raw materials, parts or products that use conflict minerals.

(9) Industrial safety and health

The Group will evaluate risks to workplace safety and ensure safety through appropriate design, technology and management measures. The Group will identify situations in the workplace with regard to risks from exposure to chemical substances, organisms, noise, offensive odors and other similar conditions that are harmful to human body, and take appropriate measures. In addition, the Group will also conduct appropriate health management for all employees.

4. Environmental conservation**(1) Environmental management system**

The Group will build and operate an environmental management system to promote environmental practices appropriate for its business.

(2) Minimize environmental loads (wastewater, sludge, exhaust gas, etc.)

The Group will comply with laws and regulations related to air, water quality and chemical substances in countries or regions where it conducts business activities, and make further improvements through voluntary standards as necessary.

(3) Environmental permits and administrative approvals

The Group will obtain the necessary permits and approvals from local authorities in accordance with the laws and regulations of the countries or regions where it conducts business activities, and submit the requested management reports to local authorities.

(4) Effective utilization of energy and resources

The Group will set voluntary targets for resource and energy saving, and continue to make effective use of resources and energy.

(5) Conservation of water resources

The Group will strive to conserve water resources through efficient use of water and reuse by recycling.

(6) Reduction of waste

The Group will set voluntary targets for reducing final waste and strive for continuous reduction.

(7) Reduction of greenhouse gas emissions

The Group will set voluntary targets for reducing greenhouse gas emissions and work towards continuous reduction.

(8) Biodiversity and environmental conservation initiatives

The Group will assess the impact of its business activities on biodiversity, reduce negative impacts, and strive to conserve biodiversity and the environment.

5. Quality and product safety**(1) Ensuring product safety**

The Group will strive to ensure sufficient product safety so that products meet the safety requirements stipulated by the laws and regulations of each country. The Group will also engage in preventive activities to prevent the occurrence of quality problems and respond promptly when problems occur.

(2) Quality management system

The Group will establish and operate a quality management system to promote quality assurance initiatives.

(3) Accurate provision of product and service information

The Group will provide customers and consumers with accurate information about products and services.

6. Social contribution**(1) Contribution to society and local communities**

The Group will actively engage in activities that contribute to the development of international and local communities in order to realize a sustainable society.

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Raw Cotton Traceability

The Fujibo Group ensures traceability of all raw cotton used for its textile products. Because of its labor-intensive nature, global cotton cultivation tends to involve social problems such as health hazards for those involved in production, child labor, and forced labor.

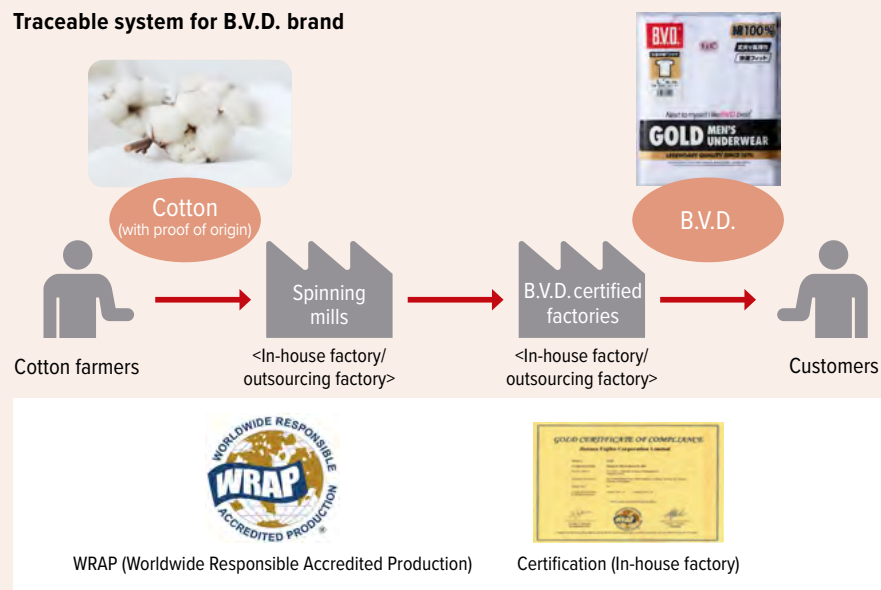
In order to solve these problems, the Group is addressing the traceability issues faced by the global cotton industry by strictly enforcing proof of origin.

B.V.D. Brand Produced with Strict Traceability

B.V.D. is produced in factories that have acquired the WRAP certification (plant audit certification by a third-party organization) to ensure traceability.

B.V.D. is a brand that connects our company and our customers with trust, and is the result of such a strictly controlled production process.

Traceable system for B.V.D. brand

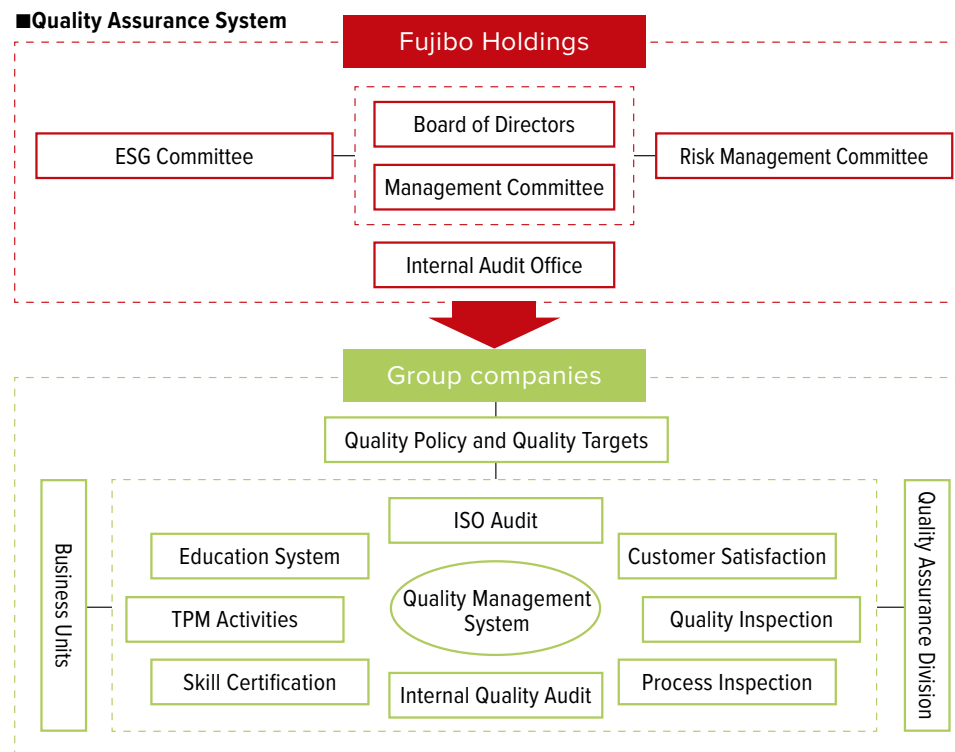


Quality Assurance

In order to ensure a stable supply of high-quality products to our customers, the independent quality control departments of each company and business units of the Fujibo Group conduct quality control and quality assurance operations according to the characteristics of each product and respond to increasingly sophisticated needs through the promotion of quality management systems and various improvement activities.

The Internal Audit Office continuously monitors and measures the status of the development, from an independent perspective in order to prevent quality-related incidents, responds to customer requests, identifies issues and quickly corrects them.

Quality Assurance System



- Nine business sites have ISO9001 (Quality) certification.
- Three business sites have ISO14001 (Environment) certification.
- Two business sites have WRAP certification (a labor and environmental certification program).

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Contributing to Local Communities

As a member of the local community, the Fujibo Group actively participates in community activities to contribute to the revitalization of local communities. We are also working to interact and communicate with local residents by providing opportunities in order for them to learn more about our company.

Active Participation in Local Communities

The Fujibo Group contributes to the society in a wide range of areas through its business activities. The Group deepens its understanding of local communities at each of its business sites and participates in activities aimed at revitalizing local communities.

In addition, we recognize that social contribution activities also lead to the creation of social and environmental values and contribute to the mutual development of sustainable society and business, and we are actively involved in areas where our business bases are located. As a good corporate citizen, we will build a relationship of trust with local communities by actively participating in volunteer activities that respond to the needs and challenges of local communities.

Yanai City Budokan / Contribution to Naming Rights

Yanai Chemical Industry Co., Ltd. is committed to supporting youth education in the region. In 2016, in response to a request from Yanai City in Yamaguchi Prefecture, we acquired the naming rights to a sporting facility in the city and named it “FUJIBO Yanai Kagaku Budokan.” The facility has become popular among the local community and has been widely used as a venue for the promotion of sports in the city.



List of Local Community Activities

● Nyugawa Plant

Hold meetings with managers of companies located in the Nyugawa district to exchange opinions (once a month).

Attend general meetings of the Ooshinden neighborhood association (once a year).

Signed “Agreement on Supporting Disaster-Resilient Community Development” with Ooshinden voluntary disaster prevention associations.

Invite officials of the neighborhood associations to participate in disaster prevention drills at the Nyugawa Plant (once a year).

Attend regular meetings of the Chamber of Commerce and the Labor Standards Association.

● Kozakai Plant

Carry out clean-up activities in the area surrounding the factory site on “Toyokawa City Clean-up Day.”

● Oyama Plant

Participate in the Mt. Fuji community clean-up drive (organized by the Oyama Town Corporate Advisory Council) (once a year).

● Yanai Headquarters Plant

Sponsor the “Yanai Goldfish Lantern Festival” (once a year)



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Disaster Relief / Clothing Donation

The Fujibo Group donates underwears, which are daily necessities, to assist people in areas affected by large-scale disasters such as earthquakes, typhoons and fires. In FY2020, we have donated underwears (a total of 11,673 pieces for men, female and children) to those affected by the torrential rains in July 2020. We have also donated underwears (a total of 113,810 pieces for men and female) to healthcare workers working under harsh medical environments due to prolonged COVID-19 pandemic. Going forward, we will continue to provide various support for COVID-19 countermeasures and actively address ESG-related issues for the sustainable development of society and companies.



Sponsorship to a Professional Golfer

We have signed a sponsorship agreement with female professional golfer Kana Mikashima since October 1, 2021. She has been seeded based on her prize ranking for three years in a row after passing the JLPGA Pro Test in 2018. She is expected to be one of the top players representing Japan, and on November 28, 2021, after signing a sponsorship contract with our company, she won the JLPGA Tour Championship Ricoh Cup for the first time on the tour, achieving the feat of winning an official tour event (domestic major). We will provide her with Fujibo Apparel Corporation's product "B.V.D. Power Athlete," which is an ideal underwear for athletes aiming to achieve their peak performance. We will support Mikashima, who has achieved her goal of winning a major championship in Japan and continues to pursue her dream of winning the tour championship and overseas majors while mirroring our corporate challenging stance of creating new businesses on a global scale with the aim to reach new heights.



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GOVERNANCE

A photograph showing the hands of several people in business suits sitting around a table, with a laptop open in front of them. The image is slightly blurred, focusing on the hands and the meeting environment.

/Basic Concept

Our primary goal is to maximize our shareholder value by pursuing management efficiency and ensuring soundness. In addition, we focus on ensuring management transparency, strive to disclose information to the maximum extent possible, and absorb various opinions from both inside and outside the company, thereby improving corporate governance and raising corporate ethics.

Based on our basic recognition as a member of society, we will comply with laws and regulations, observe social norms and corporate ethics, and operate in accordance with internal rules in order to earn the trust of our customers, employees, business partners, shareholders, investors, and other stakeholders, as well as society, by increasing our corporate value while aiming for sustainable development through sound management. To implement this, we also observe the Fujibo Group Charter of Conduct established as corporate behavior charter.

We have established the Compliance Committee to ensure compliance with laws and regulations, fairness and ethics in corporate activities. In addition, to enhance functioning of the

Committee, we have established a corporate ethics hotline, including an external legal consultation service provided by lawyers, as a body to handle information on potential violations, thereby building a system enabling management to decide and handle material business information. We also have the Internal Audit Office to audit the execution of various management activities from a fair and independent standpoint and to contribute to the effective achievement of management goals.

Furthermore, we have taken measures to improve corporate governance, such as having corporate auditors (including outside auditors) properly audit management, including participation in the Board of Directors, where they are responsible for making decisions on our operation and supervising the execution of directors' duties, separating supervision from execution through introduction of the executive officer system, and reinforcing the management supervising function by outside directors.

/// Status of Independent Officers

Out of the eight directors of the Company, three outside directors -- Mr. Nobuya Hideshima, Ms. Ruth Marie Jarman and Mr. Hisashi Kobayashi -- are independent officers who satisfy the eligibility requirements set by the Tokyo Stock Exchange. Selected outside directors are individuals who can contribute appropriately to corporate governance from a more objective standpoint and are unlikely to have conflicts of interest with general shareholders. Among our four corporate auditors, three outside auditors -- Mr. Hideaki Onishi (full-time), Mr. Masaru Namatame and Mr. Kotaro Otsuka -- are also independent officers who make use of their high level of expertise and extensive experience in monitoring management, and providing appropriate advice at the Board of Directors as necessary.

/// Evaluation of Effectiveness of Board of Directors

To further strengthen the effectiveness of the Board of Directors, we conduct a “director self-evaluation” survey for all officers, including outside directors and corporate auditors. We will continuously carry out self-evaluation surveys for directors and auditors every year, and discuss the results of the analysis at the Board of Directors to further improve the effectiveness of the Board of Directors to contribute to the enhancement of corporate value.

/// Outside Director’s Message

Outside Director: Ruth Marie Jarman

My name is Ruth Marie Jarman and I was appointed as an outside director in 2019. I was born in the U.S. in North Carolina but I grew up in Hawaii. After graduating with a degree in International Relations from Tufts University, I moved to Japan and have been here for the past 33 years. I am the CEO of Jarman International KK which I started in 2012. My company focuses on supporting globalization, international marketing and non-Japanese customer support for Japanese companies and regions. Using my experience in Japan from the perspective of a non-Japanese business person, I have published books about what Japanese people and corporations can be proud of and the great contribution I believe could be made by Japanese female for the future of Japan.

Fujibo Holdings is a unique company that aspires to be the “global No. 1 niche player”. This is rare among many Japanese companies that pursue scale. The Medium-term Management Plan “Zokyo21-25,” which started this fiscal year, conveys a powerful management message of achieving sustainable growth by placing sustainability at the core of the management. I expect the company to take necessary initiatives for solving environmental and social issues, and at the same time, constantly secure high earnings. As I mentioned before, Japanese female are highly capable and have high potential. Recently, there have been calls for the promotion of female's activities in Japan. I believe that providing Japanese female with opportunities to demonstrate their abilities will not only contribute to the revitalization of Japanese companies but also lead to further promotion of globalization.

I would like to be supportive as an outside director in any way I can to realize such dreams.



Compensation for Officers

The compensation for the Company's directors (excluding outside directors) consists of basic remuneration (monetary remuneration) as fixed remuneration and restricted stock compensation (non-monetary compensation). The amount of the monetary remuneration is determined by the Compensation Committee under delegation from the Board of Directors. Outside directors, who are responsible for supervising functions, shall be paid only basic remuneration (monetary remuneration) as fixed remuneration in light of their duties.

Non-monetary compensation consists of shares of the Company's common stock that are subject to a certain period of restriction on transfer and events of free acquisition by the company and other terms. We have adopted the restricted stock compensation with a view to give incentives to strive for the continuous enhancement of our corporate value and to promote further sharing of values between directors (excluding outside directors) and shareholders.

Compensation for directors and corporate auditors, etc.

Classification of officers	Total amount of compensation, etc. (in million yen)	Total amount of compensation, etc. by classification (in million yen)			Number of eligible officers
		Basic remuneration	Performance-based remuneration, etc.	Non-monetary compensation, etc.	
Directors (outside directors)	200(20)	187(20)	—	12(—)	10(4)
Corporate auditors (outside corporate auditors)	48(28)	48(28)	—	—	4(3)

Policy and Procedures for Nominating Candidates for Directors

The Nomination Committee and the Compensation Committee, with the majority of members consisting of independent outside directors have been established to consider important matters such decisions on the nomination and remuneration of management and directors. The committees will review the appointment and dismissal of directors, etc, and decisions on remuneration in an effort to improve the independence, objectivity and accountability of the Board of Directors' functions.

In selecting candidates for directors, we consider candidates with the character and insight suitable for directors and will contribute to the sustainable growth of the Group. For internal director roles, we select candidates who are considered to have the expertise, experience, and capabilities in their areas of responsibility.

As for outside director roles, we select nominees from a wide range of candidates who have abundant experience as corporate managers and a high level of insight into world affairs, social and economic trends, etc., so that they can be expected to supervise management from a broader perspective and from an independent standpoint, further enhance the transparency and fairness of management, and provide appropriate advice on management from a medium- to long-term perspective.

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Corporate Officer Skill Matrix

In order to realize fair and highly transparent management, the Board of Directors meets once a month in principle with corporate auditors in attendance, and the Management Committee meets twice a month in principle with full-time corporate auditors in attendance, in an effort to grasp information and make decisions quickly and accurately.

As of November 30, 2021

	Execution of business	Independent officers	Attendance to BOD meeting	Name	Current position and responsibilities in the company	Corporate management and strategy	Production technology/ Safety and quality	Sales and marketing	Legal affairs and risk management	Internationality	Finance and accounting
Directors	●		9/9	Mitsuo Nakano	Representative director and chairman of the Compensation Committee and the Nomination Committee	●	●	●			
	●		9/9	Kazushi Yoshida	Representative director and member of the Compensation Committee and the Nomination Committee	●			●	●	●
	●		9/9	Yasuo Toyooka	Representative director	●		●			
	●		9/9	Masahide Inoue		●	●				
	●		6/6	Yoshimi Mochizuki		●	●				
		●	9/9	Nobuya Hideshima	Member of the Compensation Committee and the Nomination Committee	●	●			●	
		●	9/9	Ruth Marie Jarman	Member of the Compensation Committee and the Nomination Committee	●		●		●	
		●	9/9	Hisashi Kobayashi	Member of the Compensation Committee and the Nomination Committee	●		●	●	●	
Corporate Auditors			9/9	Hiroaki Matsuo	Full-time corporate auditor	●		●			●
		●	9/9	Hideaki Onishi	Full-time corporate auditor	●			●		●
		●	9/9	Masaru Namatame		●			●	●	●
		●	9/9	Kotaro Otsuka					●		

*Actual data for FY2021 are used for the attendance to the Board of Directors.

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Compliance

The Fujibo Group is committed to ensuring thorough compliance throughout the Group in order to respond to the demands of society in good faith and to become a company that is always trusted. We have established the Compliance Committee to ensure corporate compliance with laws and regulations, fairness and ethics. We established a corporate ethics hotline, which includes and outside consultation service provided by lawyers, as an internal reporting organization to improve committee functions.

Basic Approach to Compliance

In order to realize our corporate philosophy of “we will always support leading-edge industries by providing new technologies and products demanded by the times, and are committed to realizing a more prosperous and sustainable future for the people, society and the global environment,” and to achieve sustainable growth and create medium- to long-term corporate value, we believe it is important for our directors, officers, and employees to recognize the importance of corporate social responsibility and to act with social common sense in compliance with social rules and regulations, both in Japan and abroad.

Compliance Management System

In order to more concretely advance the Charter of Conduct, which stipulates our code of conduct in the spirit of compliance with laws and regulations, we have appointed a compliance officer and established “Compliance Rules” under the guidance of the Compliance Committee. We have appointed chief of compliance and supervisors at each business site and factory to build an organizational structure centered on the Compliance Committee, with the aim of strengthening our management system to promote compliance.

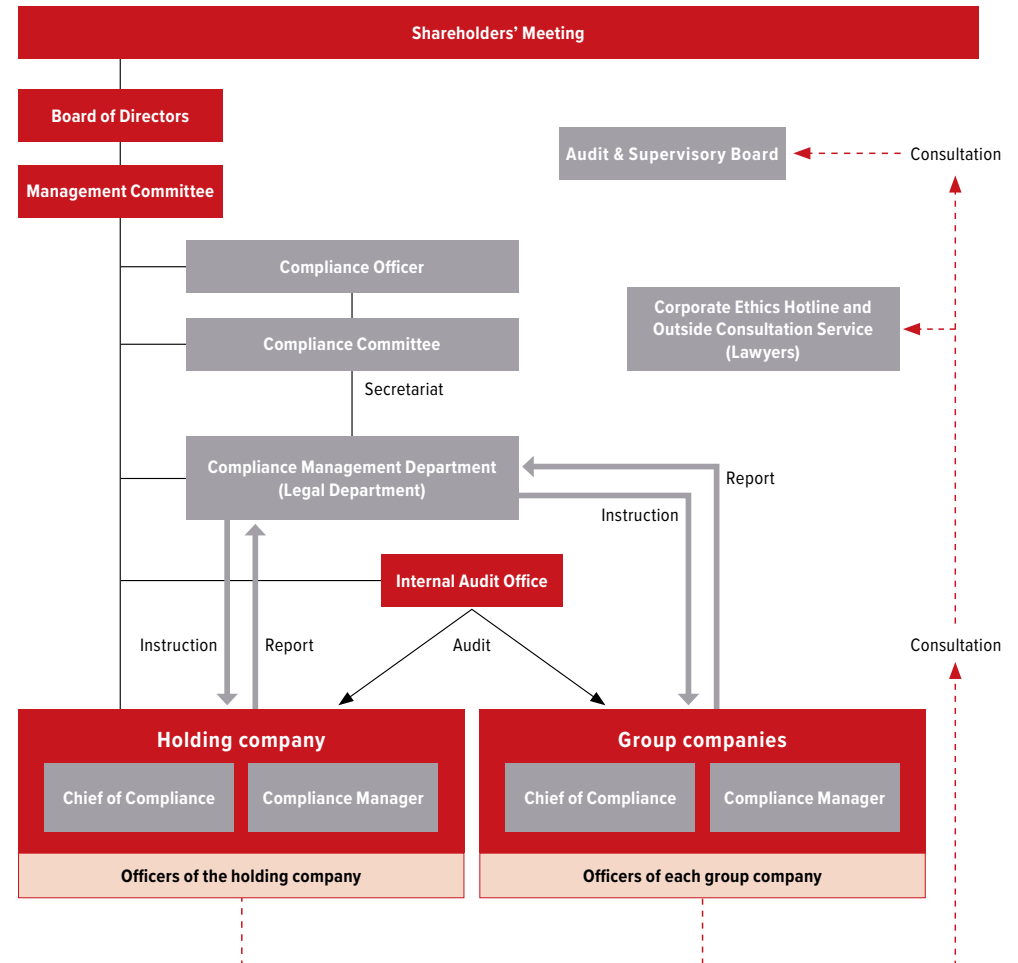


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/ Initiatives for Raising Compliance Awareness

In order to conduct sound business activities, not only do we comply with laws and regulations, but also expand the range of subjects and scope to be observed, such as social norms and corporate ethics. In order to prevent anticipated risks associated with business activities, it is important to engage in compliance management and provide education to all employees to raise their compliance awareness. As part of the Fujibo Group's efforts to spread and raise compliance awareness, we make sure that our employees are familiar with the "The Fujibo Group Charter of Conduct" and "Principles of Conduct," and provide opportunities for employees to acquire correct knowledge of relevant laws and regulations (such as the Unfair Competition Prevention Act, Trade Secret Management Guidelines, and compliance with laws and regulations on product quality and labeling). We have also prepared a system in which the Legal Department and other relevant departments work with external experts to respond to possible legal risks, such as compliance violations due to lack of compliance awareness or knowledge. In addition, we strive to spread awareness of compliance by informing employees of revised laws and regulations, such as harassment prevention laws and the Work Style Reform Act, in our internal newsletter each time we respond to internal regulations.

/ Compliance Education

Each business site conducts compliance awareness-raising activities (compliance programs) on a semi-annual basis, and provides compliance education for employees where they learn about important regulatory measures, etc. The results and issues are verified and reported to the Compliance Committee. We provide compliance education for each level of employees, including newly hired employees and those recently promoted to management positions. We also hold study sessions on individual topics such as information security and bribery.

/ Internal Reporting System

In accordance with the "Corporate Ethics Hotline Operation Procedures," we have established an internal "Corporate Ethics Hotline" as a point of contact for inquiries and concerns about corporate ethics and regulatory compliance. The "Corporate Ethics Hotline" is operated not only in-house, but also in cooperation with external consultation services which include female lawyers. This is done to create an environment in which it is easy for employees to report any concerns, and to handle the consultations and reports fairly and with respect to

privacy. In accordance with the Whistleblower Protection Act, we give due consideration so as not to disadvantage not only the callers (whistleblowers), but also those who cooperate with them.

We are also working on a whistleblowing system that is not limited to internal use, but throughout the entire supply chain including the employees of our business partners.

/ Response to Compliance Violations

In the event of an incident that may result to a potential compliance violation within the Group, the matter is reported immediately to the relevant department and the Compliance Committee. Following the report of the incident, the Compliance Committee responds immediately by conducting an investigation. If a compliance violation is found as a result, corrective measures and recurrence prevention policies are formulated and implemented not only in the relevant department, but also throughout the Group to thoroughly prevent the recurrence of compliance violation. A system has been established for compliance officers to report serious compliance violations to the Risk Management Committee.

/ Monitoring the Enhancement of Compliance Awareness

In order to enhance awareness of compliance, we are working on the dissemination and thorough enforcement of the "The Fujibo Group Charter of Conduct", establishing an organizational structure centered on the Compliance Committee and setting semi-annual targets for awareness-raising activities such as priority legal measures to comply with important laws and regulations.

With regards to compliance promotion efforts, each department is required to report to the Compliance Committee on a semi-annual basis, examining the implementation of the compliance program and any problems that have arisen. In addition, the Internal Audit Office conducts multifaceted monitoring, including confirmation of the status of compliance with laws, regulations and internal rules in operational audits; confirmation of the status of development and operation of control to prevent frauds and errors, such as proper segregation of duties and IT control, in internal control assessments on financial reporting; and confirmation of whether the quality audits system, in compliance with quality-related laws and regulations, to prevent any inadequate incidents.

/ Anti-Bribery Policy

The Fujibo Group recognizes bribery as a serious risk factor that undermines corporate credibility. We focus on preventing any form of corruption, including bribery, collusion, embezzlement and breach of trust, and ensuring a sound business environment. We have established the following “Fujibo Group Anti-Bribery Policy” to ensure thorough compliance with anti-bribery laws and internal regulations applicable in the countries and regions where we conduct business, and to demonstrate ethical and honest behavior. We request all officers, employees and business partners to thoroughly abide by this policy.

[Fujibo Group Anti-Bribery Policy]

1. Prohibition of bribery

The Group will not give, offer or promise bribes to any person, directly or indirectly, and will neither accept bribes.

2. Appropriate approval procedures and post factum confirmation procedures

The Group will make payments to public officials following the appropriate approval procedures, and conduct appropriate post factum confirmation such as monitoring the status of compliance of this Policy through internal audits.

3. Establishment of an anti-bribery promotion system

Through trainings, etc., the Group will ensure full understanding and compliance with laws and regulations relating to bribery and this Policy.

4. Bribery risk assessment and control procedures

The Group will conduct risk assessment related to anti-bribery laws and regulations, and establish and operate risk-appropriate control procedures. When commencing transactions with a new business partner or at the time of an M&A, etc., the Group will carry out a preliminary assessment of the counterparty according to bribery risk.

5. Keeping of records and maintaining financial control

The Group will maintain records and financial control to ensure accountability in com-

pliance with anti-bribery laws and regulations and this Policy.

In addition, the Group will periodically review this Policy and its compliance procedures, and make the appropriate revisions and improvements as necessary.

6. Penalties

In the event that an officer or employee violates anti-bribery laws or regulations or this Policy, the Group will carry out the necessary investigation properly and promptly, and will take the appropriate punitive action against the violating party in accordance with the internal regulations of each Group company.

/ Tax Governance

Maintaining and improving tax governance is essential for enhancing corporate value. We strive to improve our governance system through initiatives such as sharing information on tax issues in cooperation with group companies and departments, and reporting on the status of tax enforcement.

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RISK MANAGEMENT

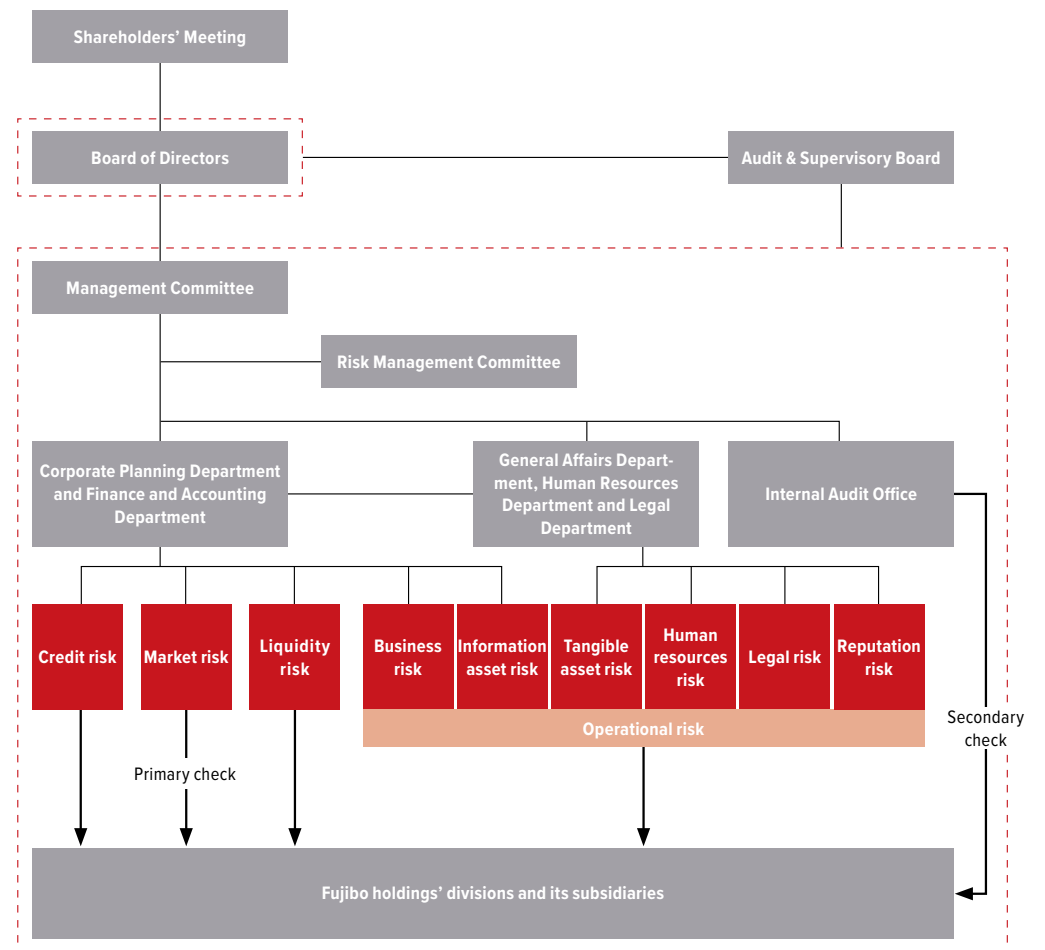
/ Basic Concept

The Fujibo Group strives to ensure sound management and stable earnings to achieve sustained growth by detecting various risks that may have a material impact on our business operations at an early stage and managing them in a prompt and appropriate manner when they become apparent. Hence, we consider risk management as an important matter of our business strategy and has set a basic policy for risk management.

/ Risk Management System

We are working on establishing and maintaining a system to identify and manage risk information pertaining to the entire group. In our risk management system, we have established the Risk Management Committee to collect and analyze information on various risks surrounding the group and to take measures when risks become apparent. Depending on the nature of risk, the committee consults with internal and external experts to take action from a more specialized perspective.

Risk Management System



/ Risk Determination Process

The Risk Management Committee addresses development of a process or system to prevent risk occurrence while visualizing and identifying potential material risks. Specifically, we identify material risks and assess their impact and frequency of occurrence in accordance with the following process:

1. Determine materiality of risks through risk analysis;
2. Develop a plan to manage each risk;
3. Evaluate and improve the plan afterward and implement continuous measures.

By continuously implementing the PDCA cycle of countermeasures, evaluation, and improvement in the risk management process, we believe that we can respond to risks more effectively.

/ How to Deal with Material Risks

Based on the findings of internal audits and other factors, we identify “material risks” every year from the perspective of necessity of measures and the degree of impact on corporate management and society. The material risks in the fiscal year 2021 are as below: For these risks, respective risk handling departments have taken necessary measures:

[Material Risks]

- Unusual changes in financial condition, business results and cash flows;
- Risks associated with important contracts;
- Dependence on particular products and customers;
- Risks concerning intellectual property;
- Legal restrictions;
- Product liability;
- Impact of natural disaster or power outage, etc.;
- Impact of infectious diseases such as COVID-19;
- Impairment loss on fixed assets.

/ Business Continuity Plan

In the event of a major natural disaster, pandemic caused by an epidemic, large-scale terrorist attack or riot in Japan or overseas, war, or any other incident, accident, or problem that seriously interferes with the Group's business operations, we will take the following actions

to ensure the safety and security of its employees while continuing its business operations smoothly, ensuring an early recovery and a stable supply of products and services, and supporting the recovery and reconstruction of local communities and customers. In an emergency, we have established an emergency headquarters and a system to respond quickly and appropriately in cooperation with related departments.

COVID-19 and BCP

While the Group has been affected in various ways by the spread of COVID-19, we have established a Risk Management Committee to take measures from the perspective of business continuity, giving the highest priority to our employees' health. We are also engaging in social contribution activities for healthcare workers.

Since the outbreak of the pandemic and up to the end of October 2021, there has been no suspension or stoppage of production, closure of business sites, or other business operations due to the outbreak of COVID-19 infection, including at overseas sites.

March 2020

- Established a Crisis Management Committee, which took the lead in collection and analysis of information on impact associated with the spread of the infections on the Group's business management and decided on response policies and various measures.
- In order to maintain stable production at each business site, the Management Committee instructed the company to review the supply chain, build up inventories of raw materials and products, and promote automation and labor saving in production processes.

April 2020 to October 31, 2021

- Notified the whole group of what to do when any employee is infected or becomes in close contact with the infected.
- Adopted a work from home system for all employees at business sites in metropolitan areas to have them work from home in principle.
- Conducting sales activities, meetings and training online.
- Each month, the Board of Directors of each operating company identifies potential and actual risks from the perspective of BCP, and confirms the development and results of countermeasures against these risks.

January-March 2021

- Donated relief supplies (underwear) to medical institutions combating COVID-19.

Guidelines and Initiatives on Intellectual Property

The Fujibo Group is proactively undertaking strategic initiatives related to intellectual property to strengthen our technological competitiveness for global expansion and to enhance our corporate value. Specifically, we strive to secure the superiority of our business and contribute to a sustainable society through the appropriate protection of intellectual property rights, the proactive utilization of intellectual property rights, the pursuit of innovation in original technology, and the monitoring of patent registrations in the global market.

At the same time, we are striving to promote our business in a fair way not to infringe other companies' rights from the R&D phase.

1. Organizational system

The "Intellectual Property Office" has general control over patents, utility models, designs and trademarks among intellectual property. The Intellectual Property Office has established a management system to facilitate the strategic acquisition and management of our intellectual property and secures business advantages and a certain degree of freedom in research and development to promote the strategic use of the intellectual property as sources of the company's competitiveness.

2. Invention and innovation promotion system

As a system to promote the creation of intellectual property, we have established an award system for outstanding inventions that contribute to our business, and a reward system to return substantial benefits for employee inventions.

3. Education system

We hold workshops for relevant departments for the understanding and establishment of basic ideas of intellectual property and carry out activities to encourage all employees to protect and utilize intellectual property. Further, we are improving our education system on intellectual property, such as inviting external experts to give practical lectures for front-line development and sales personnel on how to handle risks associated intellectual property and give lectures for new employees or candidates for promotion.

4. Actions against counterfeit products

Textile products, such as B.V.D., have a risk of brand damage caused by unauthorized use of the brand by third parties. For this reason, we are resolutely taking action against the sale of counterfeit products of our brand and the use and description of similar trademarks through the monitoring of Internet sales sites.

Compliance with Anti-Monopoly Act

The Group strictly prohibits any actions that violates each country's competition laws. In order to ensure that all employees are aware of and thoroughly comply with competition laws, we have established a "Code of Conduct for Compliance with Anti-Monopoly Act" and provide training in competition laws and compliance. We are also working on the establishment of a company-wide compliance system to ensure compliance with the Anti-Monopoly Act, including the establishment of a hotline for consultation about suspicious conducts.

Further, in order to prevent actual or suspected cartel activities, we have set criteria for attending meetings with competitors and industry group meetings, and prohibit inappropriate contact and information exchange with competitors.

Information Security

The Group recognizes various information obtained in the course of our business activities as important assets.

It is our responsibility to properly manage, and prevent leakage of all information assets, including information on research and development, technology and management and confidential information about our customers and clients. In order to properly protect and manage these important assets, we have formulated an "Information Security Policy," with an aim to establish and further improve our information security system. We are attempting to prevent unauthorized access from the outside by ensuring awareness of compliance rules relating to the protection of information, including corporate information and personal information, under the "Information Security Policy."

In order to maintain and manage information security, we also have established a comprehensive management system by instituting an Information Security Committee.

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ESG DATA

The periods covered are the fiscal years ended March 31, 2018, 2019, 2020 and 2021, or as of March 31 of each year, unless otherwise noted.

Governance Data

Corporate governance		2018	2019	2020	2021
Number of directors	Total	8	8	8	8
	Male	8	8	7	7
	Female	-	-	1	1
Number of outside directors (ratio)		3 (37.5%)	3 (37.5%)	3 (37.5%)	3 (37.5%)
Number of non-Japanese directors (ratio)		-	-	1 (12.5%)	1 (12.5%)

*As of June 30th of each year

Social Data

Employee composition		FY2017	FY2018	FY2019	FY2020
Number of employees (Consolidated)	Total	1,353	1,388	1,251	1,156

Diversity		FY2017	FY2018	FY2019	FY2020
Number of employees by gender (Consolidated) (ratio) (excluding temporary employees)	Total	1,353	1,388	1,251	1,156
	Male	762	788	771	732
	Female	591 (43.7%)	600 (43.2%)	480 (38.4%)	424 (36.7%)
Number of non-Japanese employees (Consolidated)		544	573	461	399

Managers		FY2017	FY2018	FY2019	FY2020
Number of managers (Consolidated) (ratio)	Total	171	169	162	139
	Male	162	159	151	127
	Female	9 (5.3%)	10 (5.9%)	11 (6.8%)	12 (8.6%)
Number of female at a general manager level or higher (ratio) (ratio of female to all employees at a general manager level or higher)		3 (5.7%)	3 (4.7%)	3 (5.1%)	4 (8.5%)
Ratio of female at a section manager level (ratio of female to employees at a section manager level)		6 (5.1%)	7 (6.7%)	8 (7.8%)	8 (8.7%)

Number of employees by employment type		FY2017	FY2018	FY2019	FY2020
Number of employees by employment type (Consolidated)	Regular	1,353	1,388	1,251	1,156
	Temporary	171	182	155	123

*The number of temporary employees is the annual average.

Recruitment		FY2017	FY2018	FY2019	FY2020
*Domestic consolidated subsidiaries					
Number of hires (ratio) (including mid-career hires)	Total	53	61	40	60
	Male	39	48	30	46
	Female	14 (26.4%)	13 (21.3%)	10 (25.0%)	14 (23.3%)

Employment of people with disabilities		2018	2019	2020	2021
*Domestic consolidated subsidiaries					
Number of employees with disabilities (ratio)		14 (1.5%)	17 (1.8%)	15 (1.6%)	16 (1.9%)

*As of June 1st of each year

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Employee data <small>*Domestic consolidated subsidiaries</small>		FY2017	FY2018	FY2019	FY2020
Average age of employees (years old)	Total	41.7	41.7	41.8	41.6
	Male	42.1	41.9	42.0	41.6
	Female	39.9	40.9	41.1	41.8
Average years continuously employed (years old)	Total	18.2	17.9	18.0	17.4
	Male	18.7	18.2	18.1	17.4
	Female	16.2	16.8	17.2	17.6

Seniority status <small>*Domestic consolidated subsidiaries</small>		FY2017	FY2018	FY2019	FY2020
Retention (%) (All new graduates regardless of academic background)	Total	-	-	73.1%	60.9%
	Male	-	-	76.2%	60.0%
	Female	-	-	60.0%	66.7%
Turnover rate (%)		2.2%	2.4%	4.1%	4.2%

Work-life balance <small>*Domestic consolidated subsidiaries</small>		FY2017	FY2018	FY2019	FY2020
Number of days of paid leave given <small>*Average of all employees and excluding paid leave carried forward</small>		20.7	21.0	22.1	20.8
Rate of annual paid leave taken (%)		29.0%	33.6%	43.3%	42.5%
Number of employees who took parental leave	Total	5	5	0	3
	Male	0	0	0	1
	Female	5	5	0	2
Number of employees who work shorter hours for childcare	Total	1	1	3	3
	Male	0	0	0	0
	Female	1	1	3	3
Employees' monthly average overtime hours (hours)		7.4	8.4	9.2	10.7

Environmental Data

Energy and greenhouse gas emissions <small>*Domestic consolidated subsidiaries</small>		FY2017	FY2018	FY2019	FY2020
Greenhouse gas emissions (thousand tons)	Total	51.0	51.3	52.6	51.5
	Non-energy related	5.3	5.1	6.3	7.0
	Energy related	45.7	46.1	46.2	44.4
Energy consumption (TJ and kWh)	Total	786.4	817.5	804.4	792.0
		53,442	54,357	56,046	56,882

Water (Polishing Pad Business, Chemical Industrial Products Business) <small>*Domestic consolidated subsidiaries</small>		FY2017	FY2018	FY2019	FY2020
Water usage (thousand m ³)	Total	1,501	1,672	1,756	1,871

Waste and chemical substances <small>*Domestic consolidated subsidiaries</small>		FY2017	FY2018	FY2019	FY2020
Waste discharge (thousand tons)	Total	37.8	40.1	44.5	45.0
	Outsourced	18.8	21.6	26.2	24.7
	Internally processed	19.0	18.5	18.3	20.2
Soot and dust emissions (tons)		5.6	3.4	6.3	7.7
NOx emissions (tons)		34.0	13.8	30.2	32.8
SOx emissions (tons)		15.4	5.3	8.1	11.0
Amount of PRTR substances treated (tons)		7,156	7,922	8,652	8,448