

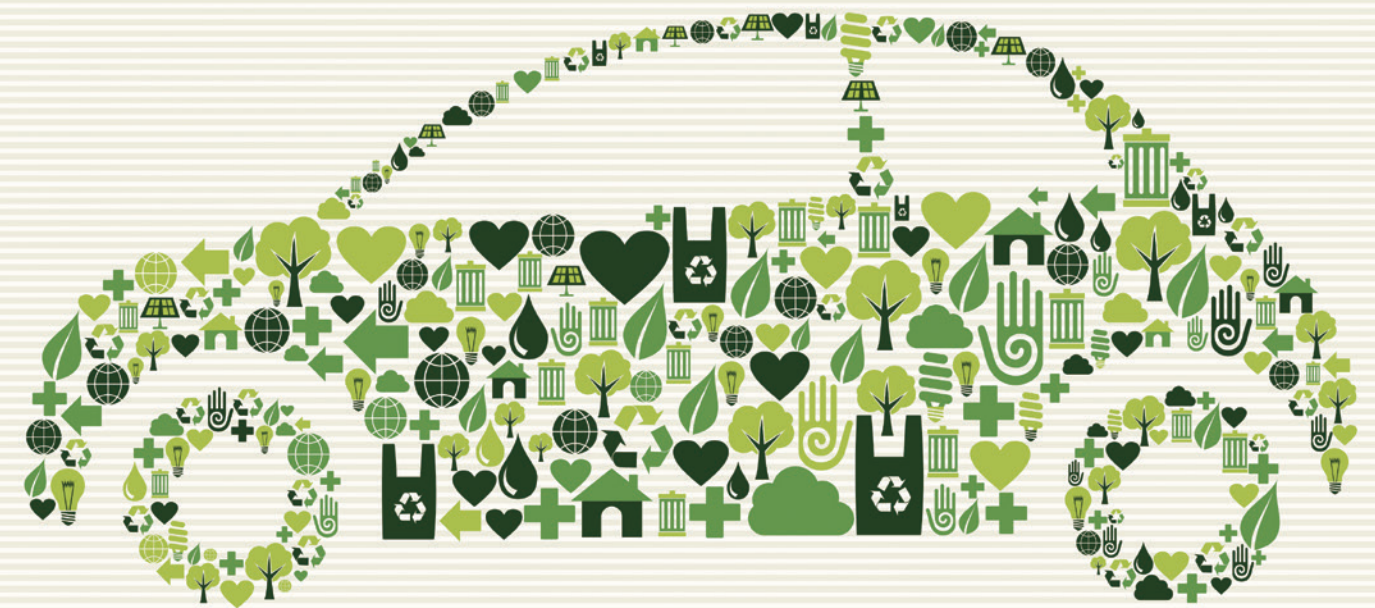
CSR REPORT 2022



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Phone : 03-6895-7001



<https://www.jcu-i.com/>



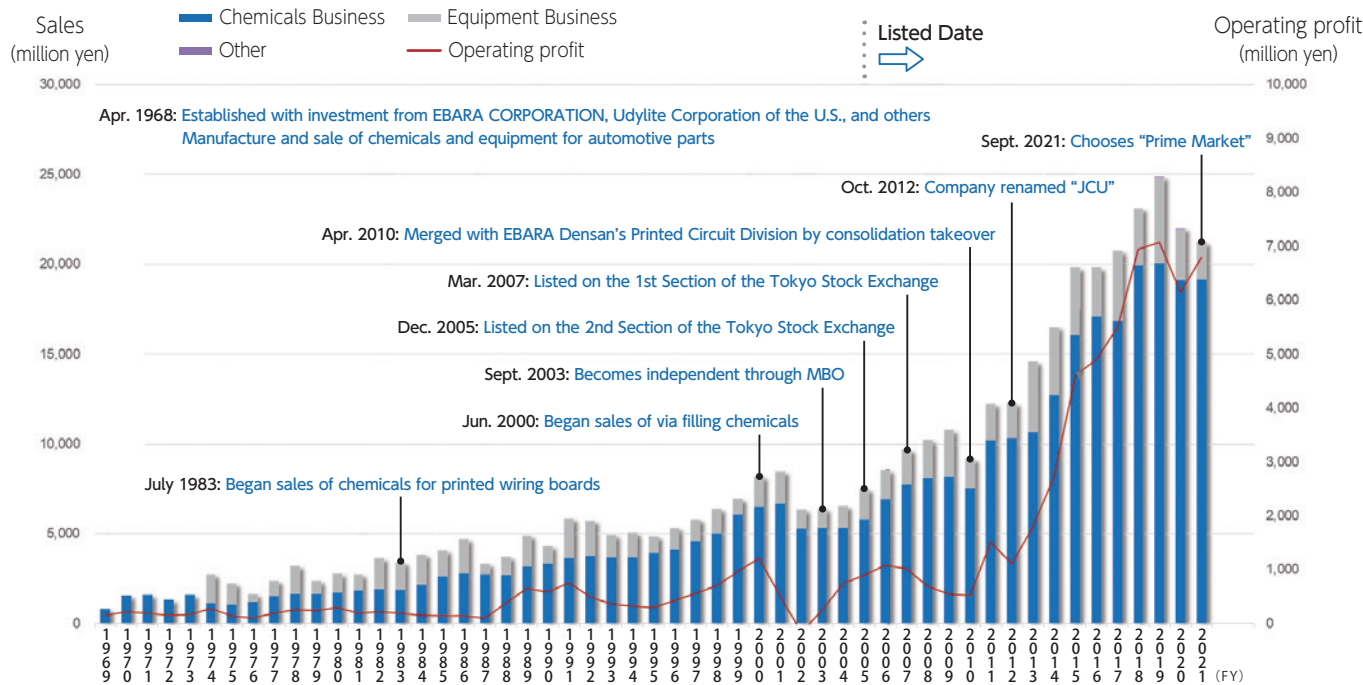
Creating the Future through Surface Treatment Technology

Explorer in Surface Engineering

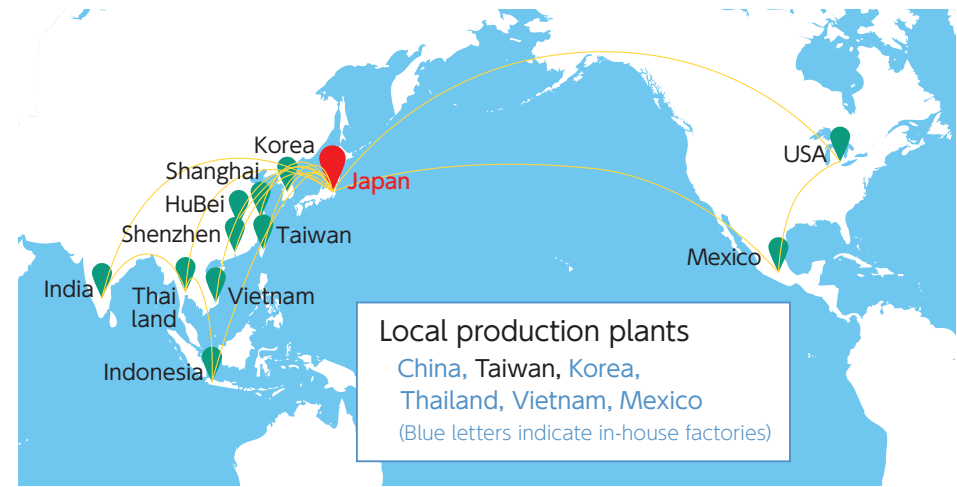
Company Overview

Trade Name	JCU Corporation
Established	December 1957
Founded	April 1968
Stated capital	1,255.33 million yen (as of September 30, 2022)
yearly (annual) turnover	Non-consolidated 12.7 billion yen Consolidated 24.2 billion yen (as of March 31, 2022)
Head office location	16F TIXTOWER UENO, 4-8-1 Higashi-Ueno, Taito-ku, Tokyo 110-0015
Business description	Manufacture and sale of surface treatment chemicals, surface treatment equipment, and related materials and equipment
President	Masashi Kimura, President and CEO
Employees	Non-consolidated: 242, Consolidated: 548 (as of March 31, 2022)

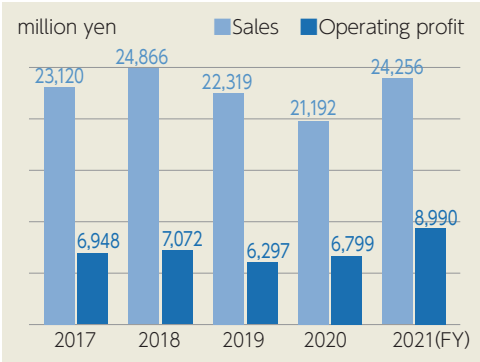
History of JCU



JCU Global Network



Trends in Net Sales and Operating Income



Editorial Policy

The purpose of this report is to inform our stakeholders of the kinds of initiatives we are taking based on how the JCU Group envisions its corporate social responsibility (CSR).

The JCU Group has included “building a management foundation from an ESG (Environmental, Social, and Governance) perspective” as one of the basic policies in its medium-term management plan (fiscal year ending March 31, 2022 - fiscal year ending March 31, 2024). Continuing from the previous year, the CSR Report 2022 features our environmentally friendly products and describes our efforts to contribute to solving social issues through our business (Creating Shared Value: CSV), and introduces JCU’s CSR in concrete terms. In addition, to provide many “voices from the field,” we have included testimonials, comments and interviews from our employees.

Our goal is to become a “global company that continues to grow sustainably,” and all of our group executives and employees will continue to work together to achieve this goal.

- ◆Period covered
This report is mainly focused on FY2021 (April 2021 to March 2022), but also includes some information from FY2022 (April 2022 to March 2023).
- ◆Scope of calculations
The JCU Group
In this report, we use “JCU Group” or “our Group” to refer to the entire Group, and “JCU” or “our company” to refer to JCU Co., Ltd.
- ◆Consulted guidelines
GRI Sustainability Reporting Standard 2016
Japan Standards Association ISO26000 2010
Guidance on social responsibility, 1st Edition
* Please refer to our company website for the GRI guideline comparison table.
<https://www.jcu-i.com/sustainability/guideline/>
* Please visit the following page to download our CSR Report.
<https://www.jcu-i.com/sustainability/download/>

- ◆Date published
November 2022
- ◆For inquiries about this report, please contact:
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Steadily “building a management foundation from an ESG



In recent years, the global situation has been characterized not only by problems such as the longstanding issue of environmental conservation, but also by many unpredictable events, such as supply shortages due to conflicts and the COVID-19 outbreak. It is not difficult to imagine that challenges for corporate management will continue to intensify going forward. In order to fulfill our responsibilities as a company and continue to grow sustainably in this unstable environment, we must not only pursue our own profits, but also manage our business so that we are able to fulfill our social responsibilities in all of the countries we operate in. Although the business environment surrounding our company is changing dramatically along with changes in society, our vision of the JCU Group as a “global company that continues to grow sustainably” remains unchanged. In addition to contributing to the SDGs to realize this goal, we continue to focus on “building a management foundation from an ESG perspective,” one of the basic policies of our Medium-Term Corporate Plan.

perspective” aiming to become a truly global company

First of all, in the domain of “Environment,” we engage in ongoing efforts to reduce greenhouse gas emissions to the greatest extent possible. Large format solar panels have been installed on the roof of our Hubei Plant in China (Xiantao, Hubei Province) where operations began in FY2020, and they currently generate approximately 40% of the plant’s maximum electricity consumption. In Japan, we plan to install additional solar panels at the Niigata Plant (Joetsu City, Niigata Prefecture) by the end of FY2022 which will provide approximately 60% of the electricity used at the facility. In addition, business sites are replacing their air conditioners, lighting, and other equipment with energy-efficient models to reduce their electricity consumption. Our development division is making steady progress in their development of environmentally conscious products because we believe that environmentally friendly products will be the driving force in our markets going forward.

Next, in the “Social” domain, we are focusing on human resource development, which is our top priority in “building a management foundation from an ESG perspective.” Specifically, we have established a short-term overseas training program in FY2021. The program is mainly for younger employees, and our expectation is that through assignments to a short-term work experience at an overseas subsidiary, they will grow into talents who are able to think from a global perspective. In addition, the R&D Center employs skills matrices to develop career paths that enable the right person to be in the right place; right for both the individual and the company. The Sales

Office has adopted the “Sales Force Development Activity Plan Progress Management Sheet” to raise the baseline of necessary employee skills. Another key issue is creating a work environment in which women can play a more active role. In addition to outside directors, JCU elected one new female executive officer in April 2022. We are committed to create a robust system where diversity is respected, and incorporating women’s opinions into management is a key part of this.

Finally, under “Governance,” we disclosed climate change-related information on the four themes recommended in the TCFD recommendations for FY2022 (governance, strategy, risk management, and indicators and targets as they relate to climate change risks and opportunities). In addition, we have prepared skills matrices of directors, and disclosed these in our corporate governance report. We will further improve management transparency through these disclosures of the appropriateness of director appointments. In order to strengthen our governance, we will continue to make improvements and carry out measures as a company based on these actions.

The JCU Group values our connections with all of you, and will continue to grow sustainably and strive to become a truly global company with gratitude and the spirit of cherishing encounters as if they were “once in a lifetime.”

November 2022 President and CEO

木村昌彦

Our Vision

A global company that continues to grow sustainably

A company that continues to grow sustainably

A company that links its business to ESG and SDGs

- ◆The products we sell meet the needs of the times.
- ◆We are able to respond to changes in social conditions (by paying attention to social and environmental issues).
- ◆We are accepted by local communities and society (based on our contributions to employment equality, regional revitalization, and economic development).
- ◆All employees are knowledgeable of corporate governance and are conscious of the issues.

Global Company

A company that is able to survive in any country.

- ◆We offer products that can be sold anywhere in the world, and we are accepted and needed.
- ◆We understand the differences in culture and attitudes of the countries and regions we operate in.
- ◆We coexist with the countries and regions where we do business and contribute to their economic development.
- ◆We have a diverse workforce which includes foreign nationals, and understand and accept people of different cultures and temperaments.
- ◆We are able to provide products of the same quality and services of the same level in any country or region, and share a common corporate philosophy.

— In order to become a “global company that continues to grow sustainably” —

- [1] Create a corporate system that gives us a powerful competitive edge in the surface treatment industry.
- [2] Quickly lock on to our societies’ needs, work on product development, and contribute to solving social problems.
- [3] Enhance human resource development so that all employees are able to become members of a global company.
- [4] Instill our corporate philosophy and management policies throughout the company, and enhance our corporate governance.

Medium-Term Corporate Plan and Basic Policy

— Next 50 Innovation 2nd —

Strengthening our core businesses

Priorities

Marketing, development, and sales strategies

Carry out concerted marketing activities, formulate development and sales strategies based on information we obtain, and strengthen our core businesses through inter-group collaboration.

Our core businesses: Via filling, POP*, and equipment

*POP : Plating On Plastic

Building a management foundation from an ESG perspective

Priorities

Human Resource Development

Build a management foundation that is able to work with the expansion of global operations and changes in the environment surrounding the company.

To this end, we will give top priority to human resource development and actively promote management from an ESG perspective.

Business Strategy and Sustainability

Since the company's founding in April 1968, the JCU Group has supported the growth of the automotive, electronics, and other industries with a focus on providing a variety of surface treatment technologies that grew out of decorative and rust-proof plating technologies. Our long-term goal is to become a "global company that continues to grow sustainably," a company that manages its business in a way that links its operations to ESG and SDGs, and a company that is able to survive in any country. As a comprehensive manufacturer of surface treatment technologies, we are committed to continue to work tirelessly to meet the diverse demands of our customers.

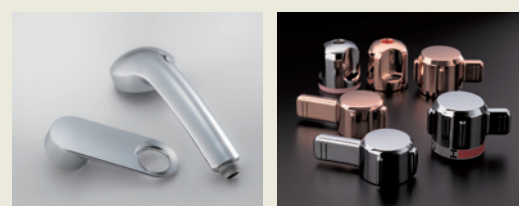
Overview and Strategy of Our Chemicals Business

In our chemicals business, we are engaged in the development, manufacture and sale of surface treatment chemicals, and the sale of related materials for the Japanese and international markets. Our R&D strategies for our chemicals business consist of "R&D that is conscious of the environment, cost, and health" and "R&D that outperforms our competitors." We have been expanding international sales with a focus on chemicals for automotive parts and printed circuit boards, and as a result, the share of international sales of our chemicals business has grown to nearly 80%. In order to maintain

sustainable growth, we will establish a global sales strategy and carry out concerted and efficient sales activities. In terms of production, in addition to our mother plant in Japan, we operate our own production plants in five countries overseas, and have established a system that ensures a stable supply of high-quality products globally. While providing the same quality and service in all regions around the world, we aim to improve sales through initiatives that incorporate strategies for development, production, pricing, and public relations that are coordinated across the group.

Decorative and Functional Sector

In the decorative and functional sector, we manufacture and sell chemicals mainly used with automotive parts and faucet hardware. Demand for chemicals in this sector is expected to grow moderately over the long term. Environmentally friendly plating chemicals products have become essential with the increasing popularity of electric vehicles and other environmental conservation initiatives. With respect to environmentally friendly products, we are developing and will be bringing to the market as soon as possible processes that do not use environmentally regulated chemical substances such as hexavalent chromium, and processes for developing variations of design plating for diverse designs.

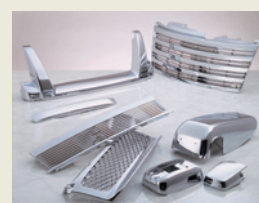


Shower heads

Faucet hardware



Construction parts



Automobile parts (exterior)

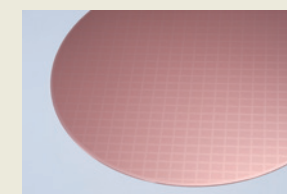


Automotive (end products)

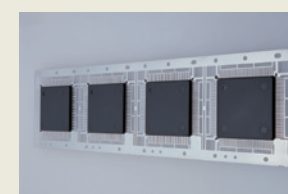
Electronics Sector

In the electronics sector, we manufacture and sell chemicals used for high-density printed circuit boards and semiconductor package substrates, mainly for smartphones, PCs, tablets, and servers. In addition to main products such as "Via filling copper sulfate plating process" and "Etching process for fine wiring formation", we are also developing technologies to reduce environmental impact throughout the supply chain through the use of our products, including the development of processes to shorten our customers'

production processes. Looking to the future, we will continue to contribute to sustainable societies by working on the latest technologies that support moves towards the high integration, high-frequency compatibility, and environmental friendliness of electronic components; moves that are increasingly accelerating towards 5G and 6G, and beyond.



Semiconductor wafers



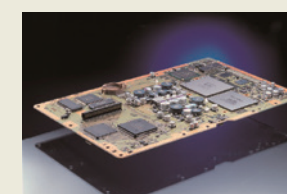
Electronic parts



Laptop PCs



Smartphones



Printed circuit boards

Overview and Strategy of Our Equipment Business

In our equipment business, we design, manufacture, and sell surface treatment systems for the Japanese and international markets. Our fully automated and precisely developed surface treatment equipment are used in a variety of sectors, including the automotive and electronics-related industries. Based on the concept of "integrated sales of systems and chemicals," which has been our philosophy since the time our company was founded, our equipment division also takes part in the

R&D of chemicals. And through verifications—from the viewpoint of equipment mechanisms—of technical issues that cannot be resolved with chemicals alone, we promote the development and sales of differentiated equipment that maximize the performance of chemicals. In addition to plating equipment, we also sell printed circuit board etching and cleaning equipment that use plasma technology which has a high affinity with chemicals, and other equipment that support high-density manufacturing technologies.



Fully automatic programmable surface treatment equipment



Plasma surface treatment equipment



Automated analytical control equipment

Development of Environmentally Friendly Products

ENILEX NI-500, a chemical nickel plating process that does not use nitrogen compounds

As an R&D-oriented company, the JCU Group develops products that meet the needs of society. The development of environmentally-, cost-, and health-conscious products is one of our basic strategies, and we will continue to aggressively introduce environmentally friendly products in the market. In this special feature, we would like to provide an overview of the chemical nickel plating process we have developed which enables users to reduce their environmental impact, and deliver a message from the developer.

01 Development background

Most decorative parts with a metallic appearance used in automobiles, faucets, etc. are produced in a plating-on-plastics (POP) method, where plastic materials such as ABS resin are plated to give them a metallic luster appearance. The POP process uses chemical nickel plating to form a nickel film on plastic materials as a base for electrolytic metal plating which makes them conductive. Conventional chemical nickel plating processes used for POP contain high concentrations of ammonia to

stabilize the plating solution. However, ammonia and other nitrogen compounds have a large environmental impact, contaminating soil and water quality, as well as making wastewater treatment difficult. In fact, strict effluent regulations for ammonia have been introduced in China and other countries, and more recently, the countries have also imposed regulations on compounds containing nitrogen. It was against this background that JCU developed ENILEX NI-500, a chemical nickel plating process that contains no nitrogen compounds.

02 Process features

The most significant feature of ENILEX NI-500 as mentioned above is that it uses no nitrogen compounds. Because conventional processes use large amounts of ammonia, amine compounds and other nitrogen compounds, their drawback has been that wastewater treatment was difficult. However, ENILEX NI-500 is not affected by effluent regulations because it uses neither ammonia nor any other nitrogen-containing compound. Another drawback of conventional processes was that ammonia's strong odor made them difficult to work on. The plating solution used in

the ENILEX NI-500 process is nearly odorless and can make a significant contribution to improving the work environment. In addition, lead compounds were also used at times in conventional chemical nickel plating processes to improve performance. Lead has long been considered a hazardous substance and is subject to regulations such as the Restriction of Hazardous Substances Directive (RoHS) in Europe. ENILEX NI-500 does not use lead compounds either, giving it a smaller environmental impact than conventional chemical nickel plating. As such, it is a process that can make positive contributions to the realization of sustainable societies.

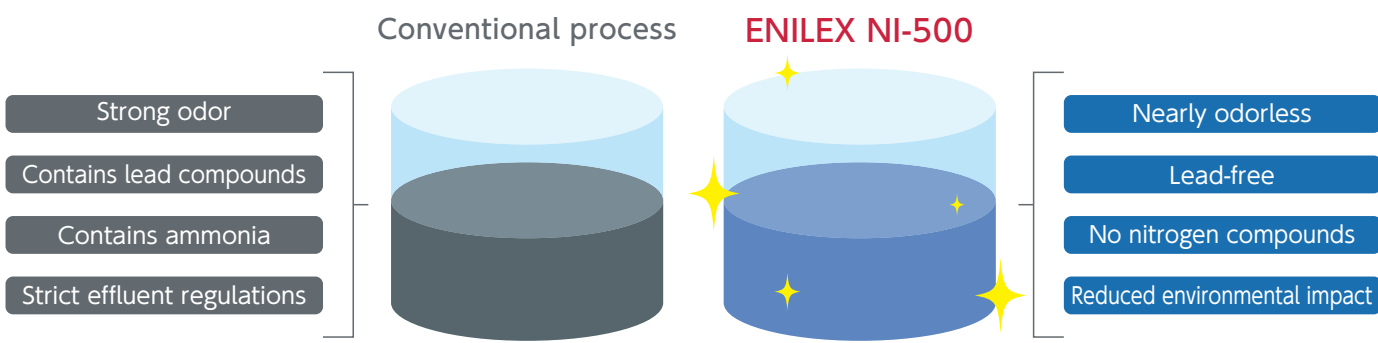


Illustration of the difference between a conventional process and ENILEX NI-500

03 Process performance

ENILEX NI-500 delivers performance equivalent to that of conventional chemical nickel plating processes that use nitrogen compounds, and can form a uniform nickel film over the entire surface of plastic materials that are widely used in POP. In POP, chemical nickel plating is followed by the electrolytic plating of various metals such as copper, nickel, and chromium. Processes similar to that used in conventional processes can be used in ENILEX NI-500 to give the material a uniform metallic luster appearance. Additionally, if stability is compromised in a chemical nickel plating process, metallic nickel can be deposited as impurities in the solution. The ENILEX NI-500 plating solution is as stable as conventional processes, stable

enough to be used in the field. As such, ENILEX NI-500 has the great advantage of being free of nitrogen compounds, yet delivering the same performance as conventional processes.



Appearance of sample plated with chrome after ENILEX NI-500 plating

04 In closing

A nitrogen compound-free chemical nickel plating process for POP is almost unheard of in the industry. This is partly due to the fact that it is difficult to obtain sufficient performance without using nitrogen compounds, especially ammonia, in chemical nickel plating. ENILEX NI-500 achieves the same plating

performance as conventional processes with the use of unique additive components that we have developed, and this proprietary technology is patent pending. The ENILEX NI-500 has been tested successfully on a pilot line at a near-mass-production scale, and we will continue to make further efforts to expand its sales.

Message from the developers

It was a great challenge to develop a method of chemical nickel plating that uses no nitrogen compounds or lead or any other regulated substance. Conventional chemical nickel plating relied on environmentally hazardous substances such as nitrogen compounds and lead to maintain the stability and performance of the plating solution. Since it had been difficult to maintain performance without these substances, a very significant challenge in our development was how to construct additive components so that the process would be able to deliver performance that would withstand the rigors of practical use. Many trials and errors were required to solve this problem without the use of environmentally harmful substances and to make a practical process that would be superior in terms of both plating performance and cost.

A characteristic of ENILEX NI-500 is that it uses components with less environmental impact compared to conventional chemical nickel processes. In recent years, the SDGs and other factors have directed particular attention to environmental considerations, and this process can make a significant contribution to these efforts. In addition, they can be handled in the same way as conventional processes, so there is no compromise to productivity. We expect ENILEX NI-500 to become the new standard for chemical nickel plating going forward.



Kosuke Wakata, Critical Technologies Development Department, R&D Center



Environmental Management

The JCU Group makes every effort to preserve the global environment and contribute to the creation of sustainable societies.

◆ JCU Environmental Policy

JCU's main business is the manufacture and sale of surface treatment chemicals with a focus on plating, and we make significant contributions to the advancement of society and enhancement of comfort in our daily lives by enabling miniaturization and greater densities for electronic devices, and improving the appearance and corrosion resistance of automobiles and other daily necessities. We also contribute to environmental preservation through efforts such as resource and energy conservation.

On the other hand, we not only consume electricity, water and other environmental resources in our product development, manufacturing and other business activities, but also discharge chemical substances into the environment in the form of waste and cleaning water.

In addition, the use of products that JCU supplies also has an affect on the environment, such as in the form of chemical discharges and energy consumption.

Taking these matters into consideration, we have established the JCU Environmental Policy below to make further efforts to preserve the environment.

1. Thoroughly ensure that chemical substances are managed properly and that preventive measures are implemented to minimize environmental pollution even in the event of anomalous events or emergency.
2. In order to reduce the environmental impact of our products as much as possible, make every effort to research and develop products and processes that are designed to minimize environmental impact, and thoroughly manage the environmentally controlled substances used in our products.
3. Promote waste reduction, and energy and resource conservation.
4. Run environmental management systems effectively and update them continually.
5. Comply with environmental laws and regulations, as well as customer requirements agreed to by JCU.
6. Ensure that employees of JCU as well as of companies and organizations, and workers contracted by JCU are all well-informed on this Environmental Policy, and make the Policy available to the general public.

Environmental Management System

The JCU Group has set up an environmental management system to realize its Environmental Policy. The head of the Niigata Plant is the Chief Environmental Management Officer, under whom is assigned a manager who, along with his or her deputy manager, takes care of the Group's environmental management.

The R&D Center and the Niigata Plant collect information on environment-related data and laws and regulations, and drive forward specific environmental conservation activities.

In addition, the JCU Group has acquired and continues to maintain its ISO14001 certification to improve its environmental performance. In Japan, our R&D Center, which is our center for research and development, and the Niigata Plant, which is our production base, were ISO14001 certified in May 2000 and continue to carry out management based on this standard. Outside of Japan, we have acquired ISO14001 certification at the business sites listed in the table and carry out ongoing environmental improvement activities at these sites.

◆ Overview of ISO14001 certification at offices in Japan

Applicable office	R&D Center and Niigata Plant
Registration date	May 29, 2000
Registration number	JCQA-E-0143
Certification body	Japan Chemical QA Co., Ltd. (JCQA)

◆ Status of ISO14001 certification at overseas offices

Country/region	Applicable office
China	JCU SHENZHEN TRADING CORPORATION
	JCU SURFACE TECHNOLOGY HUBEI CO., LTD.
Taiwan	JCU TAIWAN CORPORATION
Korea	JCU KOREA CORPORATION
	JCU KOREA CORPORATION Cheonan Factory
Thailand	JCU (THAILAND) CO., LTD.
Vietnam	JCU VIETNAM CORPORATION

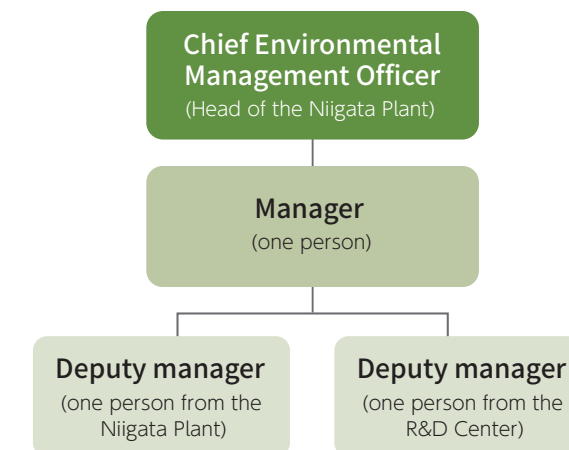
Environmental Action Plan

At the JCU Group, our initiatives are based on setting office-specific targets on major environmental themes.

In FY2021, we provided in-house education continuing from the previous fiscal year on laws, regulations, the environment, and chemical substances to improve the knowledge and awareness of our employees. In addition, in order to ensure compliance with laws and regulations, each site promotes the acquisition of qualifications by employees such as health manager and hazardous material handler in accordance with training plans.

The Niigata Plant and R&D Center continue to properly

◆ Environmental Management System Schematic



manage and reduce waste in order to improve our environmental performance. Although it was difficult to forecast production volumes due to the COVID-19 outbreak and supply chain disruptions, the Niigata Plant regularly checked and communicated changes in performance, and raised awareness on energy use reduction. The R&D Center succeeded in reducing electricity consumption and alkali effluents year-over-year as a result of activities such as regularly making the amounts of waste and energy consumption known throughout the organization.

Compliance with laws and regulations

In order to contribute to preserving the global environment and creating sustainable societies, the JCU Group complies with all relevant laws and regulations. We are working to raise awareness of applicable laws and regulations by acknowledging them company-wide to create a shared recognition. We also comply with

environmental regulations such as the European Directive on the Restriction of Hazardous Substances (RoHS Directive), and the Regulation concerning the Registration Evaluation Authorization and Restriction of Chemicals (REACH regulation) to restrict the use of designated hazardous substances.

Raw Materials

In order to contribute to preserving the global environment and creating sustainable societies, the JCU Group is committed to make effective use of the resources used to realize products, including raw materials.

Raw materials recycling

The JCU Group is working to reduce the resources it uses through recycling and other initiatives.

The R&D Center collects plating solutions and processed samples containing precious metals used in research and development, and recycles them to make

effective use of resources.

In addition, the Niigata Plant collects and recycles waste and cleaning water generated during product manufacturing to make effective use of resources.



Energy

In order to contribute to preserving the global environment and creating sustainable societies, the JCU Group is committed to make effective use of energy.

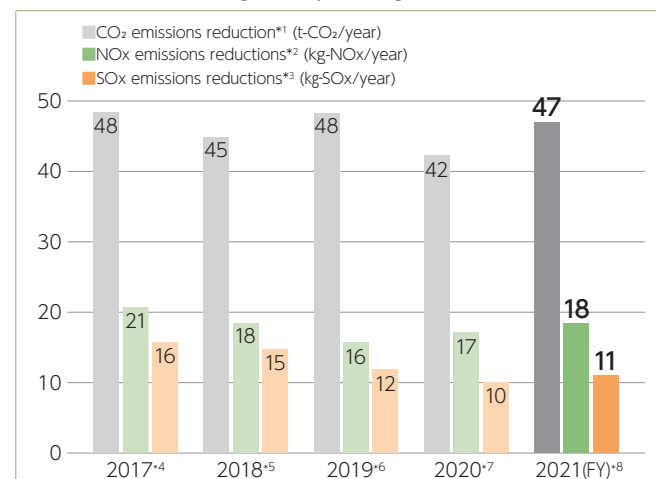
Use of renewable energy

The JCU Group is driving forward with the use of renewable energy to reduce greenhouse gas emissions. As part of our efforts to reduce CO₂ emissions, solar power generation facilities were installed at the Niigata Plant in Joetsu City, Niigata Prefecture, and the R&D Center in Kawasaki City, Kanagawa Prefecture, business sites in Japan where electricity consumption was particularly high. The Niigata Plant has been using electricity generated by solar power since FY2011, and the Plant plans to add more solar panels in FY2022 and source approximately 60% of the maximum electricity used at the site from renewable energy sources. With respect to our overseas production sites, operations are underway to make use of renewable energy sources at the Hubei Plant in China—which opened for operations in FY2020—by installing solar panels capable of covering approximately 40% of the Plant's maximum electricity consumption.

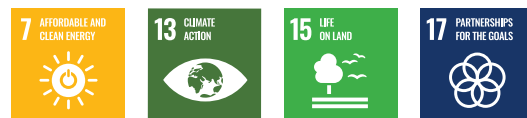
In addition, JCU is engaged in projects related to solar power generation facilities, and operates a solar power plant with an installed capacity of 1,000 kW in Takikawa City, Hokkaido.

JCU will continue to take various other actions to achieve the goal of offsetting CO₂ emissions from the Niigata Plant to zero by FY2030 ("Niigata Plant CO₂ Zero").

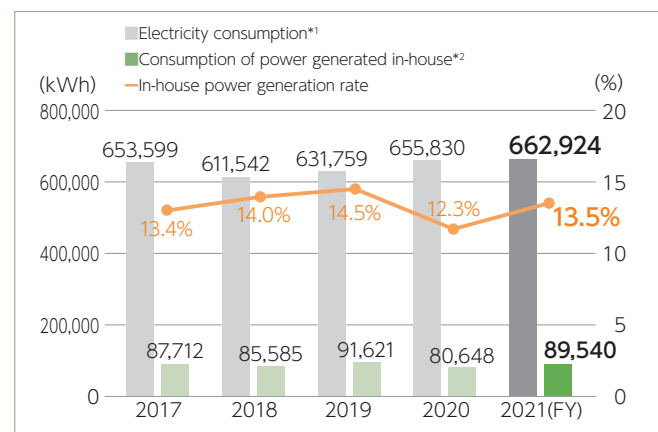
◆Effect of introducing solar power generation facilities



*1: Actual carbon dioxide (CO₂) emission factors from values published by the Tohoku Electric Power Company are used.
 *2: Nitrogen oxide (NOx) emission intensity from values published by the Tohoku Electric Power Company are used.
 *3: Sulfur oxide (SOx) emission intensity from values published by the Tohoku Electric Power Company are used.
 *4: Factors of actual FY2017 results used. *5: Factors of actual FY2018 results used.
 *6: Factors of actual FY2019 results used. *7: Factors of actual FY2020 results used.
 *8: Factors of actual FY2021 results used.

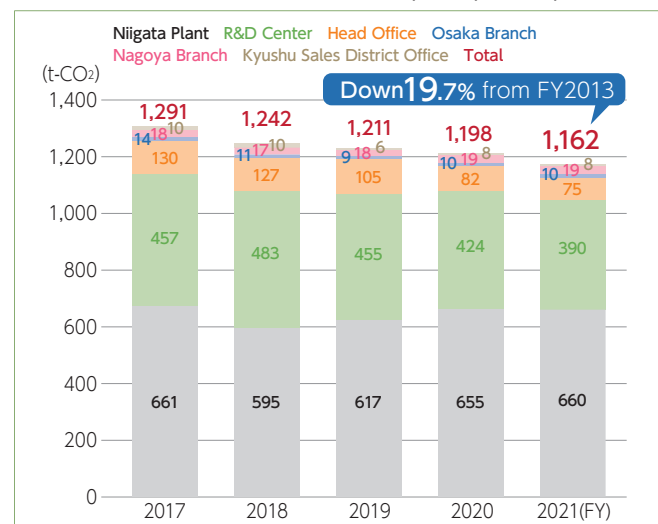


◆Changes in electricity consumption and in-house power generation at the Niigata Plant (installed solar power generation capacity: 100 kW)



*1: Electricity consumption = Electricity purchased + Electricity generated - Electricity sold
 *2: Excluding electricity sold

◆Total CO₂ emissions at offices in Japan by fiscal year



* This is calculated for electricity and gas at each office.
 * The calculations use factors from organizations including Tohoku Electric Power Company, Kansai Electric Power Company, Chubu Electric Power Company, Kyushu Electric Power Company, Joetsu City Gas and Water Bureau, Toho Gas Company, Tokyo Gas Company, and the Liquefied Petroleum Gas Association.

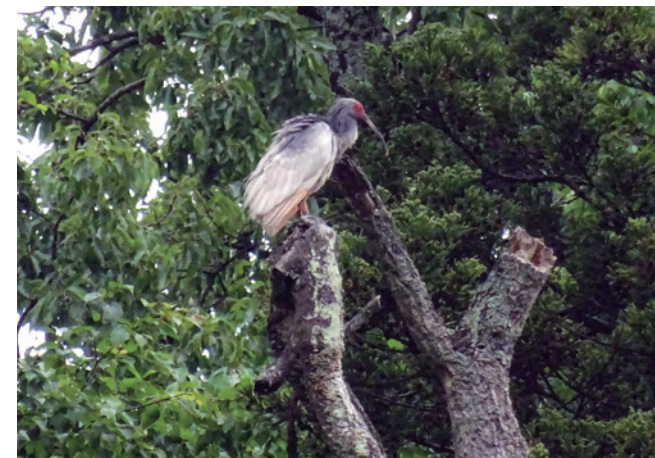
Carbon Offsetting Initiatives

From its location in Joetsu City, Niigata Prefecture, JCU's Niigata Plant supplies products destined for markets around the world. JCU is an advocate of the "Toki-no-Mori (Crested Ibis Forest) Project" which is run by the Prefecture of Niigata within Sado City limits, and is also an ongoing collaborator in carbon offsetting initiatives.

The aim of the Toki-no-Mori Project is to drive global warming countermeasures forward by securing the CO₂ absorption capacity of trees, promote forest improvements, and revitalize forestry. The Project also aims to contribute to improving habitats for ibises that have been released into the wild and conserving the forest's rich ecosystem.

In a forest within Sado City limits in Niigata, we see trees that have been culled with their lower branches pruned. Culling and pruning trees in this manner ensures that the forest gets enough light intensity, which in turn improves CO₂ absorption efficiency. In addition, these procedures have the effect of suppressing pest insect outbreaks and promoting tree growth. These human interventions are a driver of our global warming countermeasures.

Currently, although their numbers are still small, we are able to observe ibises in the wild within Sado City limits. The ibises are gradually returning to their wild habitats thanks not only to the Toki-no-Mori Project but also to various activities by local residents for improving the environment around their habitats.



Carbon offsetting

Although the reduction of CO₂ and greenhouse gas emissions is very important in countering global warming, CO₂ emissions remain an inevitable part of our daily lives and corporate activities.

Carbon offsetting refers to methods for making up for (offsetting) all or part of the CO₂ emissions that occur despite our best emissions reduction efforts by funding forest improvement and other greenhouse gas reduction projects.



Initiatives to achieve "Zero CO₂ Emissions"

As a measure to counter global warming, JCU makes every effort to identify and reduce carbon dioxide (CO₂) emissions.

According to an aggregate survey of CO₂ emissions from the use of electricity and gas at domestic offices, we have succeeded in reducing FY2021 emissions by approximately 19.7% from FY2013.

A breakdown of CO₂ emissions at our domestic offices shows that emissions at the Niigata Plant account for about half of our total CO₂ emissions. Being the first of our offices to install solar power generation facilities and aggressively introduce renewable energy, the Niigata Plant is constantly engaged in environmentally conscious activities. In FY2021, the percentage of on-site power generation from solar power at the Niigata Plant increased by 1.2% to 13.5% year-over-year. In addition, plans are in place to install more solar panels in FY2022, and to continue our efforts to further reduce our CO₂ emissions.

The R&D Center has introduced solar power generation facilities, and installed energy-saving air conditioners and LED lighting in order to reduce CO₂ emissions.

In our Medium-Term Corporate Plan, the JCU Group has set the "Niigata Plant CO₂ Zero" target which calls for offsetting a considerable amount of CO₂ emissions from the Niigata Plant to zero with contributions from all domestic business sites by FY2030 (FY ending March 31, 2031) based on FY2013 (FY ending March 31, 2014) levels.

The JCU Group will continue to make efforts to achieve its goals and contribute to society through environmentally conscious corporate activities.



As a company that actively cooperated with the "Niigata Carbon Offset Program" in FY2021, we received a letter of appreciation from Niigata Prefecture in recognition of our outstanding achievements in terms of the quantity and duration of our purchases of Niigata Prefecture J-credits, as well as how we utilized them.

Water

In order to contribute to preserving the global environment and creating sustainable societies, the JCU Group makes every effort to reduce its use of water resources.



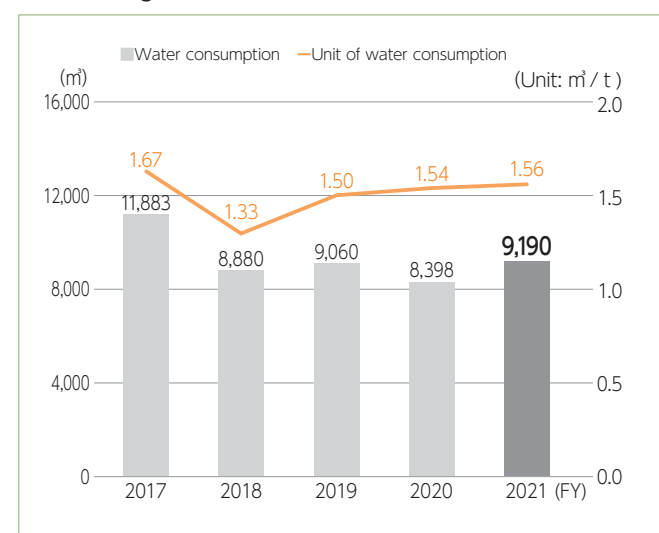
Understanding Water Usage

Because JCU uses large amounts of water resources for R&D and at our production sites, we make every effort to understand and reduce water consumption at all of our domestic sites. The resolution of water resource-related issues has also been set forth as one of the Sustainable Development Goals (SDGs), and we will continue to take actions to improve our operations going forward.

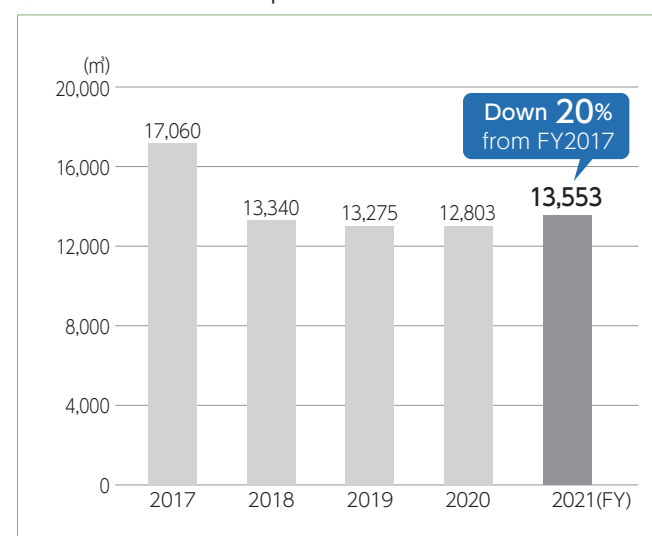
Domestic sites took in a total of 13,553 m³ of water in FY2021, and while this represented a roughly 20% decline compared to FY2017, it was an increase of about 5.9% compared to the previous fiscal year. This can be attributed mainly to the increase in production volume at the Niigata Plant compared to the previous year. Per-unit water consumption per production volume at the Niigata Plant remained largely unchanged from the previous fiscal year at 1.56 m³/t.

In addition, the Niigata Plant and R&D Center are engaged in actions to understand the amount of tap water used and discharged, and to establish an awareness for reducing water consumption such as by regularly calling for water conservation.

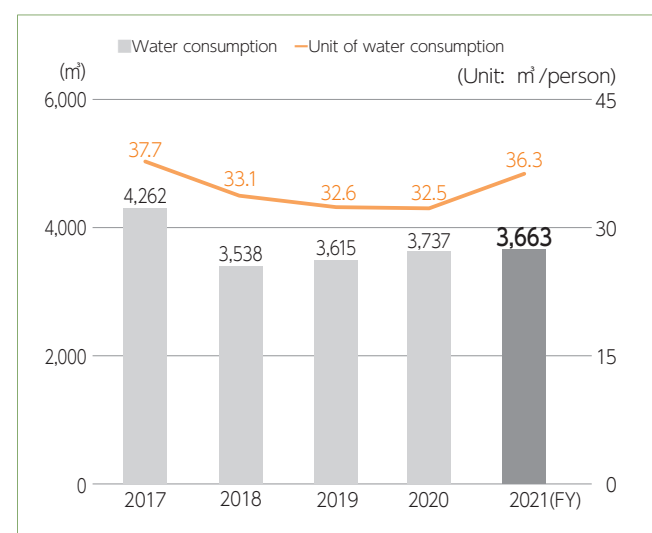
◆Unit of water consumption per production volume at the Niigata Plant



◆Annual water consumption at domestic offices

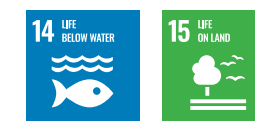


◆Unit of water consumption per number of employees at the R&D Center



Wastewater and Waste

In order to contribute to preserving the global environment and creating sustainable societies, the JCU Group complies with laws and regulations that govern the quality of water, air, and soil, and is committed to reduce emissions of environmentally hazardous substances from its sites.



Proper Treatment of Wastewater

The JCU Group pays special attention to ensure that wastewater released from its development and manufacturing sites does not adversely affect the surrounding environment.

Portions of wastewater generated during research and manufacturing at the R&D Center and Niigata Plant are neutralized and precipitated in facilities at these sites. In addition, wastewater discharged from all business sites are managed using analytical instruments to ensure that it meets environmental standards.

Furthermore, all sites concentrate and reduce the volumes of effluent that they are unable to treat in their own facilities before they are properly disposed of as industrial waste.

Proper Management of Chemical Substances

The JCU Group properly manages environmental chemicals to reduce our impact on the environmental.

At the R&D Center, we take measures to keep solution containers from tipping over, and also install embankments, pits, and gutters in our experimental facilities to prevent liquid leakage to the outside. At the Niigata Plant, we take measures to prevent leakage by installing oil embankments, pits and gutters for our outdoor tanks. In addition, we always have response kits ready to use in the event of a leak, and we use these in our education and training programs to prepare for emergencies.

Waste Reduction

The JCU Group makes every effort to make effective use of resources to reduce waste.

Our one-ton containers for transporting specific products are reused as two-way containers; that is, they are used one their way to and from our customers and business partners.

In addition, empty poly containers that are no longer needed at the R&D Center or Niigata Pant are collected and recycled as resources. These poly containers are washed and then crushed into pellets to be recycled into various plastic products.

In addition, metals, glass, and other waste materials are recycled as resources by contracted waste disposal companies.

Purification of Atmospheric Emissions

At the JCU Group, we perform purification processes on gases that we discharge into the atmosphere from our business sites so that they do not affect the surrounding environment. We also make every effort to preserve the environment by conducting environmental measurements on a regular basis.

Our R&D Center and Niigata Plant are equipped with exhaust cleaning towers to prevent the release of hazardous substances contained in the discharged gas. We regularly commission specialized third-party agencies to analyze and verify that gas purification is being performed without any problems.

The Niigata Plant also regularly commissions specialized third-party agencies to analyze and examine the boilers and hot-and-chilled-water generators used at the site for particulate matter and nitrogen oxides to ensure that there are no problems.



Exhaust cleaning towers at the R&D Center

Our Customers

The JCU Group always approaches things from the customer's perspective, ensures reliable quality and safety, and provides detailed support to deliver safety and security to our customers.

Quality Control

The JCU Group believes that maintaining and improving quality leads to customer satisfaction and trust, and this in turn leads to sustainable growth for the entire JCU Group. This idea is the basis on which we established the JCU Quality Policy which we have defined to be our guidelines for quality management.

In addition, our Niigata Plant, Sales Office, and R&D Center in Japan are certified for international standard ISO 9001 and continue to work to control, maintain, and improve product quality. Outside of Japan, the offices listed in the table are ISO9001 certified and are committed to quality management.

Quality Targets

In FY2021, with the aim of improving quality, the Niigata Plant reviewed work procedures in production processes and manuals for standardizing quality inspections to improve work efficiency. The R&D Center focused on enhancing customer service by establishing a timely product development system, improving efficiencies in development and commissioned testing, and reinforcing strict adherence to deadlines.

◆Status of ISO9001 certification at overseas offices

Country/region	Applicable office
China	JCU SHENZHEN TRADING CORPORATION
	JCU SHENZHEN TRADING CORPORATION, SUZHOU BRANCH
	JCU SURFACE TECHNOLOGY HUBEI CO., LTD.
Taiwan	JCU TAIWAN CORPORATION
Korea	JCU KOREA CORPORATION
	JCU KOREA CORPORATION Cheonan Plant
Thailand	JCU (THAILAND) CO., LTD.
Vietnam	JCU VIETNAM CORPORATION
Mexico	JCU AMERICA, S.A. DE C.V.

◆Status of other ISO certification at overseas offices

Country/region	Applicable office	ISO certification
China	JCU SHANGHAI TRADING CORPORATION, INSPECTION CENTER	ISO17025 ^{*1}
	JCU SURFACE TECHNOLOGY HUBEI CO., LTD.	ISO45001 ^{*2}

*1: ISO17025 is an international standard that certifies testing laboratories, and provides general requirements for the competence of testing and calibration laboratories.

*2: ISO45001 is an international standard for occupational health and safety management systems.



◆JCU Quality Policy

We have established the following Quality Policy based on JCU's management philosophy, social conditions, and market developments.

- ◆Support manufacturing around the world and contribute to enriching people's lives by pursuing new surface treatment technologies.
- ◆Respond accurately and quickly to market demands, and pursue customer satisfaction and a larger global market share.
- ◆Provide products and services of the same quality to all customers regardless of region or country.

In order to embody this Policy, we apply quality management systems based on ISO 9001:2015 and implement the following:

- (1) Promote continuous improvement so that quality management systems are able to fully realize their effectiveness.
- (2) All departments are to formulate quality targets based on issues associated with their business and strive to achieve these targets.
- (3) Make sure that all employees are well-informed on the Quality Policy and quality management systems.
- (4) Respond to changes in conditions inside and outside the Company, and revise the Quality Policy as necessary.

Disclosure of Product Related Information

JCU Group product labels display information in the format defined in the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). Product labels display information in Japanese, English and, where needed, in the language of the country to which the product is delivered as provided in the country's laws and regulations.

Technical documentation describing the performance of and control methods for each product is prepared by the R&D Center. The contents of technical documentation are carefully examined by Sales and other departments before they are provided to customers.

We also prepare Safety Data Sheets (SDS) that conform with GHS and Japanese laws in Japanese and English. Subsidiaries outside of Japan are responsible for conformance with laws and regulations in their respective countries.

Safety Data Sheet (SDS)

This is a document that is provided by the supplier of a chemical substance or compound containing a chemical substance to its recipient at the time the substance is transferred or provided to the recipient. The document provides information regarding the substance's physicochemical properties, hazards, toxicity, and handling. SDSs also provide information on first aid measures in the event of exposure, storage methods, and disposal methods.

Quality control at the Niigata Plant

At the Niigata Plant, we have established a management system based on our quality management system to ensure the consistency of the quality of products we manufacture. The manufacturing, technology, and quality assurance departments are each independent of each other and work together to drive forward improvements for the entire plant through an organizational structure that allows these departments to monitor each other. And the manufacturing build-out for developed products are extensively reviewed between the R&D Center and plant to ensure stable manufacturing from the initial stages of production.

In addition, we make every effort to provide the same quality and service to all customers regardless of region or country by systematically providing guidance to local subsidiary staff overseas and conducting on-site audits.

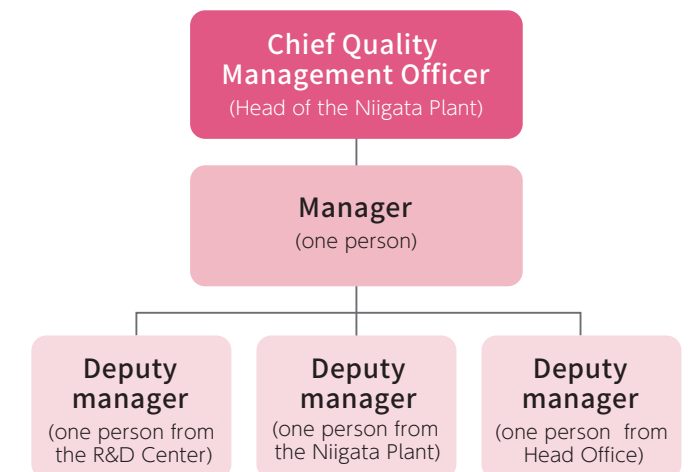


Tatsuya Hinata,
General Manager of
Quality Assurance

Quality Management System

The JCU Group has set up a quality management system to realize its Quality Policy. The Head of the Niigata Plant is the Chief Quality Management Officer, under whom is assigned a manager who, along with his or her deputy manager, takes care of the Group's quality improvement activities.

◆Quality management system schematic



Information Protection

In order to properly handle and protect customer and business partner's information, the JCU Group prohibits the use of information obtained in the course of business for other than legitimate purposes, and strictly manages the information in accordance with our confidential information management regulations and other rules so that it is not disclosed or leaked.

In addition, JCU has established and implements a "Personal Information Protection Policy".



JCU Privacy Policy
<https://www.jcu-i.com/privacypolicy/>

Business Partners

The JCU Group is committed to building a relationship of mutual trust with its business partners through fair and equitable transactions, and to providing the highest quality products and services to its customers. We aim to be a company that can progress unitedly and in all serenity.



Our Approach to Conflict Minerals

As described in Chapter 2 “Respect for Human Rights and Healthy Workplaces” of the JCU Code of Conduct, the JCU Group makes every effort not to procure so-called conflict minerals (tin, tantalum, tungsten, gold) that are associated with human rights violations, and carries out ongoing investigations into the use of conflict minerals in our supply chain. We have not found the use of conflict minerals associated with armed groups in our investigations.



JCU Code of Conduct
<https://www.jcu-i.com/wp-content/uploads/2017/02/koudoukijunn2021.04.pdf>

Shareholders and Investors

The JCU Group is committed to achieve sustainable growth and improve shareholder value by actively disclosing information and communicating with shareholders and investors to enhance the soundness and transparency of its corporate management.



Appropriate Information Disclosure

The JCU Group disseminates not only business performance and financial information, but also topical information that summarizes high-profile topics through shareholder newsletters and information disclosed on our website. For our international investors, we provide an English version of this CSR Report, as well as English versions of our earnings summary and presentation materials.

In addition, in order to appropriately disclose information, the JCU Group has a Disclosure Committee to comply

with the timely disclosure rules stipulated by the securities exchange, and makes every effort to actively disclose information deemed to have an effect on investment decisions. Furthermore, our Disclosure Policy is available on our website for the general public to view.



JCU Disclosure Policy
https://www.jcu-i.com/ir/others/disclosure_policy/

Communication with Our Shareholders and Investors

In addition to the general meeting of shareholders, the JCU Group holds semiannual financial results briefings for institutional investors and securities analysts, and One on One Meetings throughout the year.

In order to prevent COVID-19 infections, we conduct hybrid meetings where people attend in person, over the phone, or online. By improving the efficiency of dialogue formats, we were able to speak with more investors. Furthermore, we did not hold a financial results briefing, and instead published videos on our website explaining our half-year and full-year financial results.

Our aim through these activities was to communicate

information on JCU's business operations, performance, and management strategy, etc., to enable stakeholders to deepen their understanding in our company, and enable management to share in the valuable feedback from our shareholders and investors to improve our management transparency.



For IR information, please visit
https://www.jcu-i.com/ir/ir_new/.

Community

Based on our CSR policy that requires us to “make every effort to appropriately communicate with stakeholders and maintain relationships of trust,” we at the JCU Group believe that contributing to local communities as a good corporate citizen is one of our social responsibilities, and are committed to work with residents of local communities to create societies where we are able to live comfortably with peace of mind.



Community Initiatives

Interactions with Local Communities

JCU VIETNAM CORPORATION (JCUVN) continues to make donations to orphanages in Hà Nam Province and at the federation of the Industrial Park Association where JCUVN is located.

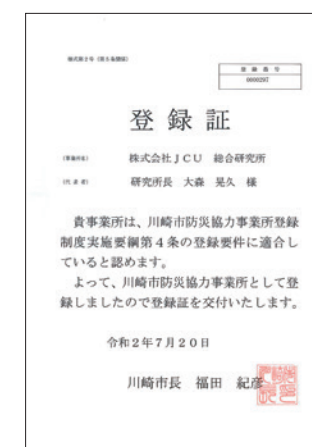
In July 2020, the JCU R&D Center in Kawasaki City, Kanagawa Prefecture was registered as a Kawasaki City Disaster Response Cooperating Business (Asao-ku). In addition to deepening exchanges with local communities through regular local activities, we are committed to cooperate as much as possible in disaster response operations in the event of disasters, and contribute to the mitigation of damage and the early restoration of daily life in the community.

The R&D Center also participates in regular cleanup and disaster response drills organized by neighborhood associations, and is building face-to-face relationships with the local community. We will continue to work and

make every effort together with the local community to create an environment that is comfortable to live in.



Kawasaki City Disaster Response Cooperating Business sticker



Regular Cleanup

Every year, the R&D Center and Niigata Plant regularly carry out voluntary cleanup activities in their surrounding areas. We see these cleanup activities as important opportunities not only for picking up trash, but also to raise awareness about the environment where our business sites are located, something that we may normally overlook. Through these activities, the JCU Group is committed to continue to help restore the environment from the viewpoint of residents of our surrounding communities.



Cleaning Activities at the R&D Center

Community Initiatives

Self-Defense Fire Drills

All of the JCU Group's business sites regularly conduct emergency evacuation drills and first aid drills. The purpose of this program is to train employees to respond appropriately and quickly in the event of disasters, and to raise employees' awareness of disaster prevention. In particular, at the Niigata Plant and R&D Center where we handle chemicals, we conduct regular education and training programs on the handling of hazardous materials in addition to these drills.



Firefighting and evacuation drills at the Niigata Plant

Ecocap movement

JCU began cooperating with the Ecocap Movement in November 2020 to contribute to the achievement of the SDGs.

The Ecocap Movement is an activity where the caps of PET beverage bottles which would typically be thrown away are collected and recycled, with the proceeds used to promote employment for people with disabilities and the elderly, and support vaccinations for children in developing countries. JCU became an advocate of this activity and collects caps from PET bottles in all offices in Japan to cooperate with this movement which is being carried out by the Disable Support Association of Japan, a specified non-profit corporation (NPO).

In fiscal 2021, we collected a cumulative total of 38.6kg of caps. This is enough for polio vaccinations for about 19 people, or a roughly 121kg reduction in CO₂ emissions. JCU is committed to continue activities that serve our societies.



Caps from PET bottles collected in our offices in Japan

Sponsorship Activities

JCU became an advocate of the philosophy of the Solaputi Kids' Camp in Maruka Kogen, Takikawa City, Hokkaido (<https://www.solaputi.jp/>), and has been a sponsor of the camp, providing drinking water since FY2019.

Soraputi Kids' Camp is a campsite equipped with medical care facilities where children with intractable diseases and their family can camp out. In normal times, the camp provides children, who may usually have difficulty going outdoors, opportunities to interact with their friends, and various experiences such as getting close to and touching animals in a natural setting. But in FY2021, the camp had difficulty offering their normal activities due to the ongoing spread of COVID-19 cases. Even under these circumstances, however, the staff at Solaputi Kids' Camp continued to put in hard work and ingenuity to give children memorable experiences, such as camping programs where family members are invited one family at a time, and sending gifts of snow to children who were fighting these intractable diseases in hospitals or at home.

Solaputi Kids' Camp activities are being sponsored by many corporate sponsors. JCU will continue our support for the camp so that we can be of as much help for these activities as possible.



JCU's donation of drinking water



Activities at the Solaputi Kids' Camp

Employees

We at the JCU Group believe that making good use of the individual abilities of employees is a major pillar of our management, and are working to develop human resources and create comfortable working environments.

Comfortable working environment

Achieving employee retention

JCU carries out initiatives to ensure employee retention. We encourage employees to make use of opportunities to discover and develop their own abilities such as by taking self-development seminars, visiting trade shows that can potentially help grow our business, and taking language training courses. We also ask all individuals to use a goal management sheet to set their personal goals. The goal management sheet is designed to help individuals express their individual goals with more clarity, and check whether they are able to perform work that is a step above and is more rewarding for themselves. In addition, we are also enhancing our employee benefit programs as a way of creating a comfortable working environment.

As a measure of whether these initiatives contribute to employee retention, JCU calculates the new employee retention rate, average number of years of employment, and turnover rate.

The retention rate of new employees who joined the company over the past three years (from FY2019 to the FY2021) was 100%. The average number of years of employment was 15.4 years for men and 13.9 years for women, which were both higher than the previous

fiscal year. Compared to the industry average years of employment (15.5 years for men, 11.7 years for women in manufacturing *1), these numbers were notably higher for women at more than 2 years higher than the industry average. The average number of years of employment has been trending gradually higher for both men and women since FY2017.

The turnover rate, which was 6.1% in the survey for the previous fiscal year, reached 4.8% in FY2021 *2 (Reference: The average turnover rate in the manufacturing industry for FY2021 was 5.1% *3). A breakdown of the turnover rate shows that 4.0% left for personal reasons, 0% for company reasons, and 0.8% for retirement or other reasons.

*1: Excerpted from the "Basic Survey on Wage Structure—Results and Overview" from the Ministry of Health, Labor and Welfare

*2: Rounded to the first decimal place.

*3: Excerpted from the "2021 Survey on Employment Trends—Results and Overview" from the Ministry of Health, Labor and Welfare

◆Average years of employment (non-consolidated)

	Men (years)	Women (years)	Men and women total (years)
FY2021	15.4	13.9	15.0
FY2020	14.8	13.7	14.5
FY2019	13.9	13.2	13.7
FY2018	13.2	13.0	13.2
FY2017	12.9	11.6	12.6

Harassment countermeasures

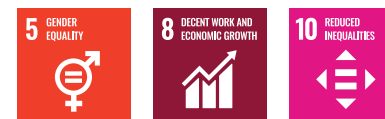
As a measure to counter harassment, the JCU Group provides a permanent sexual and power harassment consultation section in-house. One male and female are assigned at all offices as contact persons in charge, and this is communicated to all employees on the intranet to create an environment where people feel comfortable seeking consultation. In addition, we have formulated a harassment prevention policy for all employees, and make every effort to prevent various types of harassment, resolve issues, and protect privacy.

In addition, we have also established a consultation desk outside the company (EAP/Employee Assistance Program) for addressing mental health and various harassment issues so that we are able to quickly act on stress and anxiety issues that employees may have. We provide mental health care training headed by EAP lecturers, distribute pamphlets and cards, and publish information on the intranet four times

a year as part of our efforts to create an environment where all employees, including managers, are able to work comfortably.

◆Status of employee training on mental health and harassment (non-consolidated)

Dates/duration	Number of times held (number)	Training details
July 2021	1	Self-care training (for managers)
July 2020	1	Conducted harassment prevention training (for Head Office managers)
July 2019	1	Conducted mental health training (R&D Center self-care)
February - March 2018	4	Conducted harassment prevention training (for managers)
November 2016	2	Conducted mental health training (self-care for chiefs and lower)
September 2015 - March 2016	4	Conducted mental health training (line care for managers)
September 2014	2	Conducted orientation at the time the EAP contract was entered

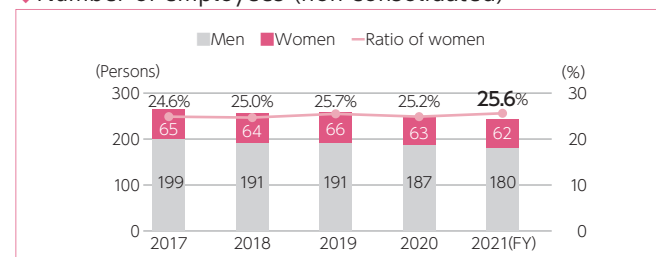


Comfortable working environment

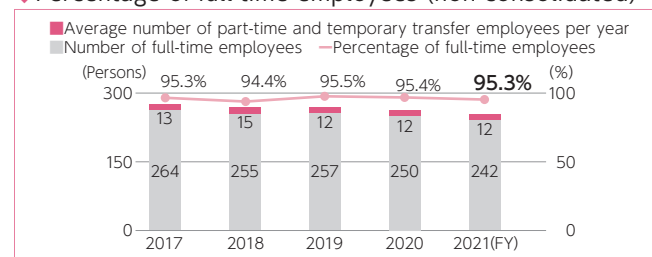
Diversity and Equal Opportunity

The JCU Group respects diversity and strives to realize equal opportunity. There are no gender differences in our terms of employment.

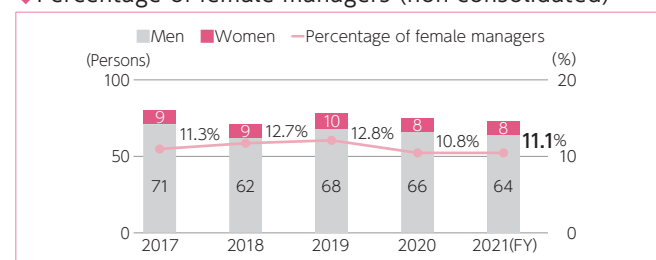
◆Number of employees (non-consolidated)



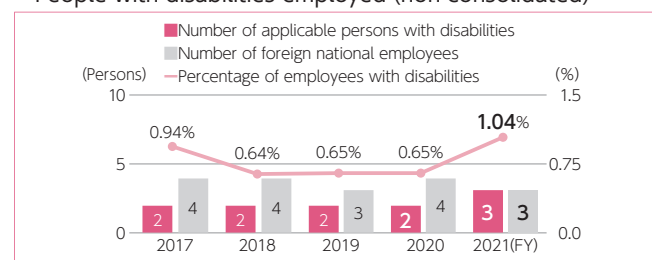
◆Percentage of full-time employees (non-consolidated)



◆Percentage of female managers (non-consolidated)



◆Number of foreign national employees (non-consolidated) / People with disabilities employed (non-consolidated)

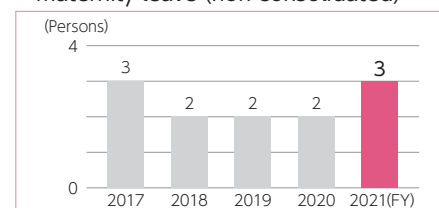


* The denominator for the percentage of employees with disabilities includes temporary transfer employees.

Childcare and Nursing Care

In order so that employees are able to make the most of diversity in performing their work, JCU provides a childcare leave program that allows employees to take more days off than the statutory days stipulated by the Ministry of Health, Labour and Welfare, and a shortened working hours program for childcare that is used by male employees as well. We also provide a similar nursing care leave program.

◆Number of employees who took maternity leave (non-consolidated)



◆Number of employees who took childcare leave (non-consolidated)

	Men who took leave (persons)	Women who took leave (persons)	Eligible persons (persons)	Number of people who took leave Percentage (%)	Percentage of people who returned to work (%)
FY2021	1	3	9	44.4	100
FY2020	2	2	8	50.0	100
FY2019	0	2	11	18.2	100
FY2018	0	2	8	25.0	100
FY2017	0	3	13	23.1	100

* Employees who took maternity leave subsequently took childcare leave, and 100% of them have returned to work.

Overview of maternity leave, childcare leave, and nursing care leave programs

Maternity leave program	• Eight weeks each before and after birth
Childcare leave program	• Up to 2 years of age (at the longest)
Shorter working hours for childcare	<ul style="list-style-type: none"> • Employees who live with and are raising children between 1 and 3 years of age are eligible for shortened hours for childcare where their hours are shortened by up to 2 hours a day (2 paid hours). • Employees who live with and are raising children aged 3 and up to elementary school age are eligible for shortened hours for childcare where their hours are shortened by up to 2 hours a day (1 paid and 1 unpaid hours). • Employees who live with and are raising children at elementary school age are eligible for shortened hours for childcare where their hours are shortened by up to 1 hour a day (1 unpaid hour).
Other	<ul style="list-style-type: none"> • Employees who are raising children up to elementary school age can, upon request, take advantage of limited late-night work for childcare, child nursing leave (unpaid), and limited overtime work. • Employees who are raising children under the age of 3 can, upon request and under certain conditions, receive exemption from overtime work for childcare.
Nursing care leave program	• No more than a total of 93 days per person
Shortened hours for nursing care	• No more than a total of 93 days per person

Human Resource Development

One of the basic policies of the JCU Group's Medium-Term Corporate Plan is to "build a management foundation from an ESG perspective," and one of its top priorities is human resource development. The growth of each and every employee is essential to our goal of becoming a "global company that continues to grow sustainably". To this end, we are focused on enhancing our human resource development programs.

New employees undergo training in various departments for approximately two months after joining the company, including technical training in which they learn the principles of surface treatment through experiments, factory training in which they learn the chemical manufacturing process from raw material input to shipment, and sales training in which they accompany their seniors to customers' production sites where our chemicals are being used. This allows employees to experience the strengths of the JCU Group in the field, and acquire the basic knowledge that they will need to provide better products and services. In addition, we also conduct regular information security and compliance training to prevent information leaks and ensure compliance with laws and regulations.

As for human resource development initiatives implemented at different business sites, the Niigata Plant provides training to strengthen employees' ability to identify near misses and other problems. The R&D Center has adopted a skills matrix to provide employees with an objective view of their individual abilities and to raise their awareness of their aptitude. And the Sales Office has created a "Sales Capability Development Activity Plan

◆Human resources that the JCU Group seeks



Excerpted from the Medium-Term Corporate Plan (FY ending Mar 2022-FY ending Mar 2024)

Progress Management Sheet" to help employees acquire the necessary skills. Our overseas offices also held a variety of training sessions, including technical workshops and study sessions on laws and regulations to improve the skills of local employees.

Furthermore, JCU offers the following training programs to help employees grow in ways that are consistent with the globalization of our organization.

The JCU Group will continue to implement a variety of measures for the development of its employees.

Language Training Program

We provide language training to improve our employees' abilities and promote their self-development activities. In FY2020, the training was temporarily suspended due to the COVID-19 outbreak, and was resumed in FY2021 as an online language training program.

Overseas Training Program

We launched an overseas training program for younger employees in FY2021. The objective of this program is to provide applicants who are interested in working overseas with a short-term work assignment at an overseas subsidiary, and through this experience, to help them grow into talents with a global perspective. We also expect employees to rediscover their individual aptitudes through direct exposure to different working styles and cultures they encounter in different countries.

◆Training programs for human resource development

Post	Reference age bracket	Stratified training		Global human resource development training	Company-wide common education and training	Self-development
Management	40s and above	Managerial training	Promotee training	◆Overseas Training Program ◆Online language training (English and Chinese)	◆Compliance and information security education ◆Mental healthcare training	◆Qualification acquisition incentives and remote education assistance program ◆Voluntary participation in external seminars
Mid-level employees	30s and above	Mid-level employee training	Promotee training			
Young employees	Late 20s and above	Follow-up training				
New employees	Early 20s and above	New employee training, OJT, and follow-up training (6 months later)				
Prospective employees		Pre-employment training				

Healthy Labor-Management Relations

The JCU Group has an internal organization called the EUCO Association whose purpose is to ensure mutual welfare and fellowship among officers and employees. The organization's activities, which are carried out mainly by secretaries elected from individual departments, include proposing working condition improvements to the company, organizing various club activities, and planning and managing events such as employee trips.

Although club activities and events where large numbers of people were expected to gather were postponed in FY2021 continuing from the previous fiscal year due to the effects of COVID-19, regular communication activities between managers and employees were carried out through web conferences.

The EUCO Association gets its name from Ebara Udylite Corporation, the predecessor of JCU Corporation.

Respect for Human Rights

The JCU Group's Code of Conduct states that the Group does not discriminate based on race, creed, gender, age, social status, nationality, ethnicity, religion, or disability, etc. In addition, we carry out ongoing verifications at all business sites to ensure that child labor or forced labor is not employed.

Occupational Safety

At the JCU Group, we have formulated a set of Safety and Health Management Rules and make every effort to ensure the safety of our employees based on these rules. Safety and health leaders, and safety managers are assigned at all of our business sites in Japan to promote safety and health. Monthly safety and health committee meetings are held at the Head Office, R&D Center, and Niigata Plant.

These Committees carry out patrols, identify near-misses, organize firefighting and evacuation drills, and are working to realize safe workplaces where employees are highly aware of safety and health.

Employee Comments

JCU has chosen the "Prime Market" in the transfer to the Tokyo Stock Exchange's new market classification of April 2022. Corporate Governance Code revised in June 2021 specifically mentions "ensuring diversity" and "promotion of women."

We interviewed a female executive officer who had taken her post in April 2022 about what it feels like to be an executive officer, her work to date, and her future vision for the JCU Group.

Q Can you tell us about your career to date and any work experiences that may have been a turning point for you?

A I have been engaged in research and development for about 25 years, mainly in the electronics field, since the time when the R&D Center was still called the Central Research Laboratory and located in Fujisawa City, Kanagawa Prefecture. I think the biggest turning point for me was when I became General Manager of our Taiwanese subsidiary in April 2020. Since I was placed in charge of a local subsidiary, I had to acquire a management perspective, something that I did not have when I was at the Research Laboratory. It was also a great benefit for me to see Japan from abroad as this gave me a clearer picture of what our challenges were and what we still had to learn.

Q Are there any words that you keep in mind throughout your career?

A A phrase I keep in mind is what Peter Drucker said, "No one person can ever succeed on their own. An undertaking succeeds only when one person's strength is matched by the cooperation of others." And I have a real feeling for this. I believe that many of the goals I have achieved in the organization have been possible only with the support of those around me. It is important to not keep things to yourself and ask your colleagues for help.

Q What is your opinion on diversity in the workplace, including the promotion of women?

A For example, women playing active roles in business has become a frequent topic of conversation in recent years, but there are inevitably differences between men and women. There should be no "discrimination," but I do believe we need "distinction." There are tasks that men do well in and tasks that women do better in. In addition, we have people of various ethnic backgrounds working at our overseas offices. Although working styles vary depending on the industry, I would like to promote an environment where both men and women are able to play an active role while seeking ways that are unique to JCU.



Kanae Tokio,
General Manager,
JCU TAIWAN
CORPORATION

Interview date: July 27, 2022



GOVERNANCE

Corporate Governance

The JCU Group has established a system to fulfill its corporate social responsibilities by maintaining high management transparency and corporate governance functions.

Enhancing Our Corporate Governance

The JCU Group recognizes the importance of compliance with laws, regulations and corporate ethics, and considers it a key management mission to enhance corporate value through quick corporate decision making and by improving the soundness of management in ways that they are adapted to changing social and economic conditions. In order to achieve this, we have built good relationships with various stakeholders, including our shareholders, customers, business partners,

local communities, and employees. In addition, as the company grows, we will further strengthen, improve, and refine the various functions necessary for corporate governance, while enhancing corporate governance, thoroughly practicing compliant corporate management, and building internal systems to prevent risks before they occur. At the same time, we will appropriately disclose information and improve management transparency.

Corporate Governance System

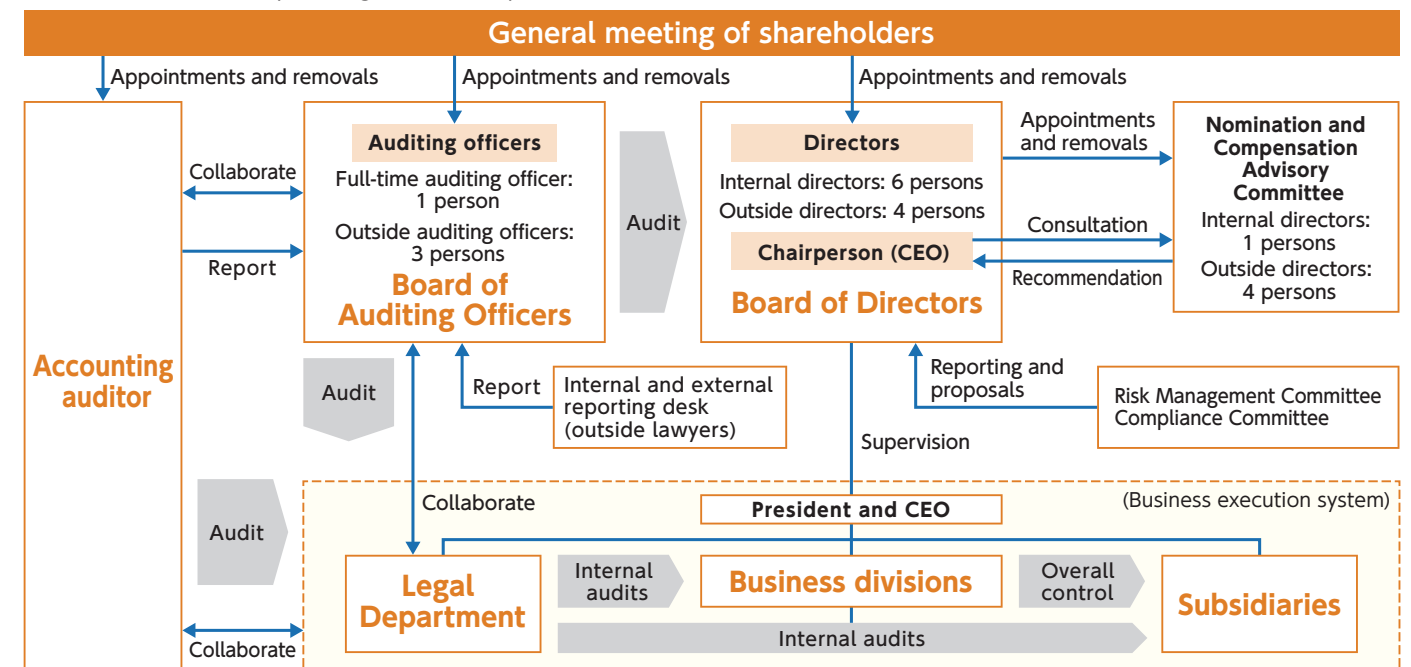
JCU has a Board of Directors as an organization that makes decisions on important management matters and supervises the status of business execution. The Board of Directors consists of 10 directors (including 4 outside directors), and in principle meets at least once a month.

In addition, we have introduced an Executive Officer system for the purpose of building a quick and flexible business execution structure. At the Management Strategy Meeting, which meets once a month and attended mainly by directors and executive officers, the

status of business execution is analyzed and reviewed, and deliberations are carried out on proposals that are to be consulted on with the Board of Directors.

In addition, the JCU Group has introduced a Board of Auditing Officers system. The Board of Auditing Officers consists of one full-time auditing officer and three outside auditors. In principle, auditing officers hold Board of Auditing Officers meetings once a month, as well as attend the Board of Directors meeting to audit the legality and validity of business decisions.

◆Schematic of the corporate governance system



CSR Management

Centered on our Corporate Philosophy and our CSR Policy, the JCU Group is committed to drive forward CSR to contribute to the development of sustainable societies.

Corporate Philosophy

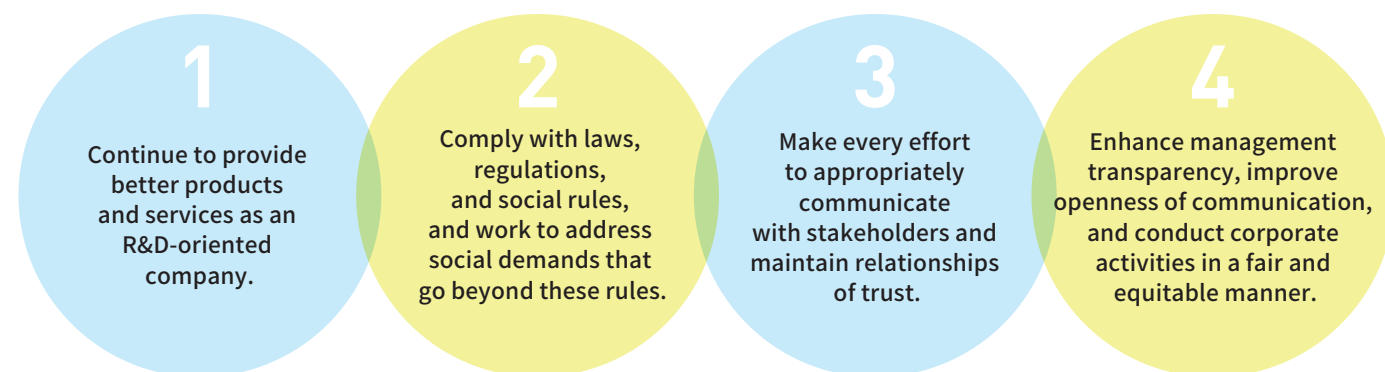
Creating the Future through Surface Treatment Technology

~ Explorer in Surface Engineering ~

Since our company's founding, we have supported the growth of the automotive, electronics, and other industries by providing various surface treatment technologies that grew out of decorative and rust-proof plating technologies. Drawing from the knowledge and R&D capabilities we have cultivated over the years, we will continue to pursue new surface treatment technologies, support manufacturing, and contribute to enriching the lives of people around the world.

CSR Policy

We have established four CSR policies to contribute to the sustainable development of societies.



The JCU spirit

We approach matters with "enthusiasm" and serve people with "sincerity." In other words, we engage in our daily work with "enthusiasm and sincerity."

Initiatives for SDGs

The SDGs consist of 17 goals for realizing a sustainable world.

The JCU Group will continue its efforts to contribute to these goals as much as possible.



Communication with Stakeholders

The JCU Group places great importance on communication with our stakeholders in order to meet the expectations of society.



CSR Training

The JCU Group holds briefings on CSR at appropriate times. In FY2021, we partially relied on web conferencing to explain our CSR initiatives to our offices in Japan and overseas subsidiaries as part of our internal IR activities.



Internal IR activity at the R&D Center

Compliance

The JCU Group recognizes the importance of its corporate social responsibilities, and in order to fulfill our responsibilities, has established the “JCU Code of Conduct” as a code of compliance and ethics.

Promoting Compliance

Based on the JCU Code of Conduct, the JCU Group always complies with relevant laws and internal rules in all aspects of our corporate activities, and promotes compliance so that all of our corporate activities comply with normal business practices and social ethics. This Code of Conduct has been translated into seven languages other than Japanese: Chinese (Traditional and Simplified), Korean, English, Vietnamese, Thai, Spanish, and Indonesian. The Code of Conduct translated into each language is communicated to respective

local subsidiaries in light of local customs and laws. Furthermore, our Corporate Philosophy, CSR Policy, JCU Spirit, and Code of Conduct are distributed to all executives and employees of the JCU Group to ensure that they are all well-informed.



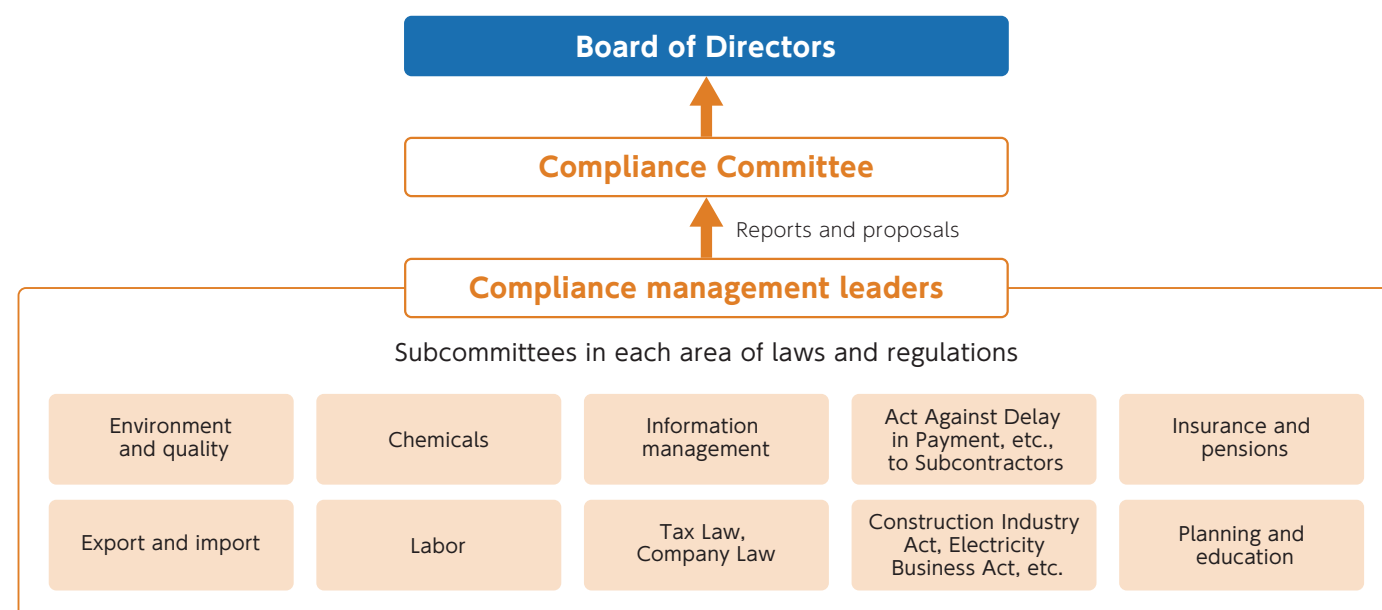
JCU Code of Conduct
<https://www.jcu-i.com/wp-content/uploads/2017/02/koudoukijunn2021.04.pdf>

Compliance Promotion System

The JCU Group has a Compliance Committee (chaired by the President and CEO) under the Board of Directors where top management take their own initiative in driving compliance forward. The Compliance Committee is made up of internal directors and a number of Executive Officers. A meeting of compliance management leaders appointed by individual departments is installed under this Committee. Compliance management leaders make every effort to gather information on legislative revisions and gain an understanding of issues through

subcommittees and other organizations for each of the different areas of laws and regulations. The Compliance Management Leaders Meeting discusses the sharing of practical information within the company and matters that should be reported to the Committee, and the content of these discussions are promptly reported to the Committee. The Committee reviews the report from a management perspective, decides what actions to take as a company, and has the relevant departments execute on these decisions.

◆Compliance Promotion System



Compliance Initiatives

The JCU Group has established rules and guidelines, organizes training, and prepares and distributes manuals in order to ensure that everyone is well-informed on the Basic Code of Conduct which represents our basic approach to compliance. In addition, we conduct internal audits of the Group to detect problems at an early stage.

Furthermore, as part of our activities to drive these initiatives forward, we are looking into providing education on laws and regulations applicable at different sites, as well as learning opportunities using an e-learning system formatted for individual participation.

The Niigata Plant, R&D Center, and overseas subsidiaries hold study sessions on business-related laws, and on chemicals that require special attention for handling. We also advance compliance by conducting checks on the levels of employees' understanding and evaluations of their abilities.



We hand out booklets and notebooks to ensure that people are well-informed.

Installation of the Internal and External Reporting Desk

For the purpose of detecting and correcting misconduct at an early stage, and to help strengthen our compliance, the JCU Group has a desk for internal and external reporting, and a system for properly acting on reports given by JCU Group executives and employees, as well as business partners, etc., on legal and regulatory violations committed by organizations or individuals.

◆Internal and external reporting desk

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 FAX: 03-3516-1140 Email: jcu.hotline@n-lo.com

Installed the Compliance Consultation Desk

Apart from the internal and external reporting desk, the JCU Group also has a compliance consultation desk that makes it easier for persons to seek consultation on compliance-related questions that they may have about the company. Information on the compliance consultation desk is provided in the Compliance Manual posted on the intranet to ensure that everyone is well-informed.

Initiatives to Eliminate Antisocial Groups

The JCU Group has set out the elimination of antisocial groups in its Code of Conduct. We have no relationships with antisocial forces or organizations that pose a threat to social order or sound corporate activities, and make every effort to eliminate such groups in cooperation with competent authorities and relevant organizations.

Disclosure on Sustainability Initiatives

The JCU Group has set forth its vision of becoming a “global company that continues to grow sustainably,” and has committed itself to manage its business by linking its operations to ESG and SDGs. A company that continues to grow sustainably by our definition has the four attributes listed below, and we have formulated and implemented strategies to realize these visions in our Medium-Term Corporate Plan.

- ◆The products we sell must meet the needs of the times (aggressive acquisition of IP rights).
- ◆We must be able to respond to changes in social conditions (by paying attention to social and environmental issues).
- ◆We must be accepted by local communities and society (based on our contributions to employment equality, regional revitalization, and economic development).
- ◆All employees must be knowledgeable of corporate governance and conscious of the issues.

We particularly focus our efforts on human resource development as a top priority in “building a management foundation from an ESG perspective” the basic policy of our Medium-Term Corporate Plan.

Regarding the impact of climate change-related risks and profit opportunities on our business activities, we conduct analyses based on 2°C and 4°C scenarios, and disclose climate change-related information on the themes recommended in the TCFD recommendations on our website.

Risk Management

The JCU Group understands the risks that can potentially have a significant impact on the fulfillment of our business targets and business activities, and formulates risk reduction measures based on this understanding. In addition to establishing an internal system for preventing risks, we have made necessary preparations and conducted training to minimize damage and loss as much as possible in the event that a risk should materialize.

Risk Management Structure

The JCU Group has a Risk Management Committee chaired by the President and CEO under the Board of Directors. The Committee is made up of internal directors and a number of Executive Officers. A meeting of risk management leaders appointed by individual departments is installed under this Committee. At the Risk Management Promoters' Meeting, the details of risks extracted from each department are scrutinized, and the degree of danger, current countermeasures,

and other relevant information are discussed.

Numerous and lengthy discussions will be held from a variety of perspectives. The content of these discussions is promptly reported to the Management Committee which reviews the report from a management perspective to identify the risks that are ultimately key for the JCU Group, and determines the countermeasures to be taken at individual departments.

◆Risk management schematic



◆Risk management structure



Key risks

The Risk Management Committee has identified the following risks as being the 21 key risks for our Company: We will make every effort to continue to strengthen our risk management.

Risk Management Committee			
Developments in demand side industries (automotive, electronics)			
Legal regulations	Competition with other companies, delays in new technologies development	Material price fluctuations	
Securing and developing HR	Fixed asset impairment accounting	Information system failure	Exchange rate fluctuations
Occupational safety and health	Tax and transfer price taxation	Products and services	Overseas operations
Harassment	Irrecoverable receivables, etc.	Technical know-how leak	Price fluctuations in held securities
Intellectual property protection and infringement		Natural disasters, accidents, communicable diseases, etc.	
Quality control system	Environmental Conservation	Risks related to management policies and strategies	

Driving Forward Business Continuity Management (BCM)

To prepare for unforeseen events, the JCU Group has a Business Continuity Plan (BCP) in place so that we are able to continue our operations and minimize the impact on our customers even in the event of an emergency. We hold briefing sessions on our business continuity plan and distribute booklets explaining the outline of our BCP to raise awareness among employees at all business sites.

The major emergencies that our BCP prepares for include intense earthquakes, storms, floods, fires, IT failures, and supply chain disruptions.

Continuing from 2020, COVID-19 cases continued to spread worldwide in FY2021. In response to this major disaster, the JCU Group took measures to prevent infection including requiring personnel to thoroughly wash and disinfect their hands, and wear masks. Various infection prevention measures were taken at domestic and overseas sites, including promotion of web conferencing and travel restrictions. Overseas subsidiaries made every effort to minimize the impact of infections on their businesses by implementing measures in accordance with infection prevention measures that were required in their respective countries and regions.

Introduced a Safety Confirmation System

As part of our BCP, JCU has a safety confirmation system in place that enables us to easily and quickly confirm the safety status of our employees during large-scale disasters, or nationwide/global epidemics/pandemics of communicable diseases. Multiple times a year, we conduct safety confirmation drills on an irregular basis using this system to prepare for emergencies.

Conducting Drills

At JCU, we systematically carry out BCM drills to raise awareness among executives and employees, and to clarify their roles in the event of an emergency.

In FY2021, the Niigata Plant conducted a drill for setting up an Emergency Response Headquarters. Under the assumption that a large-scale earthquake had occurred, simulations were conducted including on declaring the BCP into effect, checking the damage in each department, and reporting to the head of the BCP response headquarters. Through this training, we identified how each of us would operate in a contingency and what obstacles we would face.

In the event of an emergency, we set up emergency response headquarters at affected offices, and a BCP response headquarters at the head office. If this is difficult to set up at the head office, it is to be set up at an alternative office in accordance with the manual.



BCM training at the Niigata Plant