

ESG Performance Report

The CCI Group has joined the key topics of Environmental, Social and Governance (ESG) criteria with targeted Sustainable Development Goals (SDGs) in implementing activities aimed to achieve both corporate value improvement and a sustainable society.

Key Issues among the SDGs for CCI			
SDG Targets	Priority Issues	KPI 2030	KPI 2021 Results
RESPONSIBLE CONSUMPTION AND PRODUCTION	Building a recycling-oriented society for our products Converting to non-petroleum-derived raw materials	Recycling resources and utilizing them Establishing mass production technology	Conducting surveys and evaluations Performance evaluation technologies: 5 established
INDUSTRY, INNOVATION AND INFRASTRUCTURE	Reducing waste at every stage from procurement through on-site construction to demolition	Reducing oil and fat waste by using fat and oil-degrading microbial agents	Strengthening the sales organization structure and expanding sales of microbial agents
GOOD HEALTH AND WELL-BEING	Reducing the amount of environmentally-impactful substances used	Zero use of environmentally-impactful substances	Established 1 alternative to environmentally-impactful substances
CLIMATE ACTION	Reducing CO ₂ emissions	30% decrease compared to FY 2019	Completed status assessment Compiled a roadmap towards 2030
DECENT WORK AND ECONOMIC GROWTH	Building systems in an environment that allows you to work anywhere	Freely changing desks in the workplace Digitalization Elimination of paper	Expanded cloud apps to increase the percentage of employees working remotely
	Improving employee engagement	Improve employee engagement	Implemented initiatives to improve results of the engagement survey (Introduced 1 on 1 interviews, updated workplace environment, etc.)
	Automation through introduction of new technology	Automating at least 50% of manufacturing operations	Smart Factory Project (SFP) Launched cooperative operations with production facilities

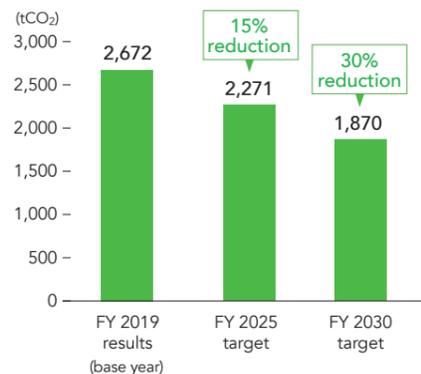
Highlight

Formulated a roadmap to reduce CO₂ emissions



CCI formulated a roadmap towards FY 2030 to reduce its CO₂ emissions and launched a project to implement this plan. Going forward, we, as a company, will step up our climate initiatives to reduce greenhouse gas emissions across the entire organization.

CCI's CO₂ emissions (Scope 1 and 2)



Successfully developed a new fat and oil-degrading microbial agents



Our fat and oil-degrading microbial agent called *Oil Vanish* strongly degrades grease found in the drainage of food factories to drastically cut down on oily wastewater. The agent not only reduces the amount of n-Hex (normal hexane extract content) in the water to meet legal limits but also contributes to environmental conservation while eliminating odors from the decomposition of fat.

Since its market launch in 2018, this product has been adopted for use at many food factories. Its effectiveness has been proven time and again. We will continue to expand our sales activities and contribute to the reduction of oily waste.



Oil Vanish, a fat and oil-degrading microbial agent

Introduced a comfortable workplace environment and free address space

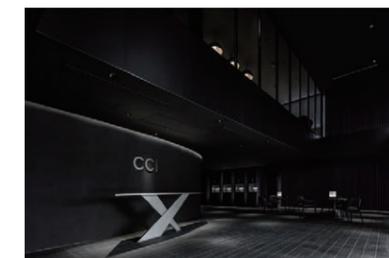


— Building an interactive workplace to experience the local and corporate way of life as well as the culture of Japan

In June 2021, CCI reopened under the concept of "XD (EXPERIENCE DESIGN): *Embracing new work styles with the five senses and creating innovation through their intersection. Let new experiences begin.*" Visitors and employees alike at the CCI head office can experience the transformation of the workplace as part of our rebranding.

We created spaces that encourage free and open use by employees, inspire new ideas and work styles, and allow interaction with other departments.

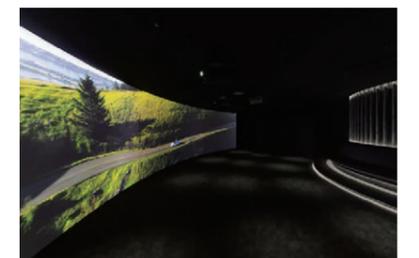
The office is laid out to suit different uses and activities. This includes a meeting space for online conferences or joint projects, work pods that can be used when concentrating on individual tasks, and a huddle room for group meetings as necessary. In addition, the lighting on the floor automatically shuts off at the end of the work day in an aim to reduce overtime work.



Lobby



Work pod



XD Theater

Environment

CCI Group actively engages in conservation through greenhouse gas reduction, environmentally friendly products, and technology unique to CCI as we strive towards the goal of carbon neutrality by 2050.

Environmental Management

Environmental management system

CCI Group has adopted an environmental management system based on ISO 14001 and focuses on the planning, execution, and review of environmental initiatives as we make continuous improvements. Business sites that are not yet ISO 14001-accredited will strive towards certification.



ISO 14001 certification

6 locations
(as of March, 2022)

Environmental training

At CCI, employees participate in environmental training on a regular basis. During the training, relevant environmental issues and code of conduct are discussed. Each department will discuss key topics and set goals on how to address them. We will ensure employees are equipped with pertinent knowledge and awareness of the environment.



Employees at the environmental training (June, 2021)



Regular environmental training attendance rate

100%
(FY 2021)

Legal compliance

CCI abides by a wide range of laws and regulations including import/sales registrations and record-keeping obligations in accordance with the *Poisonous and Deleterious Substances Control Act*, and recycling based on the *Containers and Packaging Recycling Act*.

Climate Change Initiatives

Greenhouse gas reduction

In our efforts to reduce greenhouse gas emissions, CCI will promote energy conservation and the use of renewable energy. Reducing CO₂ emissions as outlined in Scope 1 and 2 by 30% before 2030, compared to FY 2019, is our medium-term target. An action plan to reduce emissions during production will also be established. With each year, the impact of climate change is intensifying as the occurrence of unusual weather patterns and natural disasters increases. We will take appropriate measures to address the risks posed by related external changes and prepare for various scenarios involving new business opportunities.

Initiatives on CO₂ emissions reduction

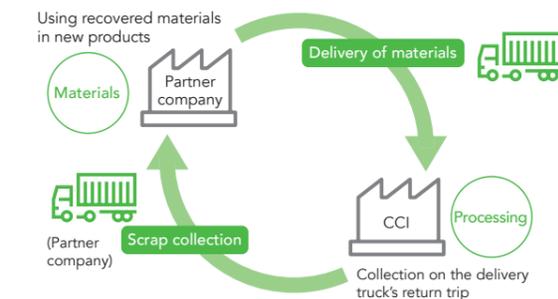
- Launching energy efficiency project to reduce CO₂ emissions
- Introducing internal carbon pricing (ICP)
- Switching all company cars to hybrid vehicles (by 2025)
- Acquiring heat shields and insulation sheets for plant rooftops

Waste Control

Striving towards a circular economy

CCI will strive to achieve a circular economy as we follow our code of conduct in our operations. We endeavor to reduce waste and to promote the use of recycled resources. We will also focus on the recycling and effective utilization of our own products.

Recycling sound-absorbing sheets



Results
Recycling sound-absorbing sheet scraps: 85t/year (FY 2021)

Contributions to the Environment

Longer product lifespan

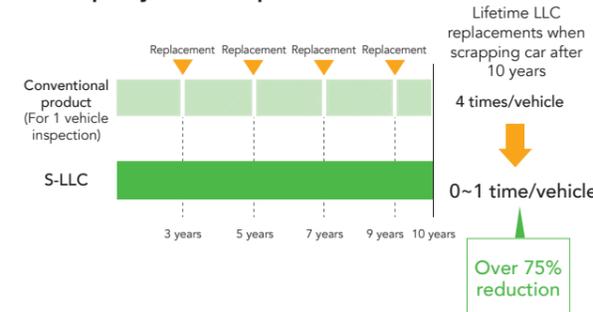
CCI is conducting research within each business division to extend product longevity.

(1) Long life engine coolant, *Super Long Life Coolant*

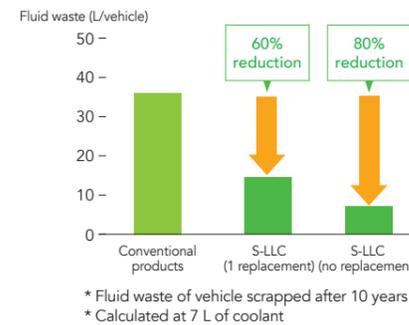
Engine coolant, or what is generally known as coolant, works to cool vehicle engines and prevent overheating. CCI's products have succeeded in increasing anticorrosion durability in vehicles and have achieved a lifespan four times longer than conventional coolants. The long-life products are named *Super Long Life Coolant* (S-LLC). They boast an extended service life that not only reduces waste when replaced but also lowers maintenance costs for users, making them easy on the environment and wallet.

The transition from gasoline engine cars to electric vehicles is accelerating pace worldwide. We are continuing research on the functions and services required for an advanced vehicle and daily apply new knowledge to the product development process.

Frequency of S-LLC replacement



Reduction of S-LLC fluid waste



(2) Long Life Urethane Tire, *ULTRUNS*

CCI's urethane tire, *ULTRUNS*, offers the world's highest level of durability and heat resistance. Featuring excellent performance, it maintains longevity when traveling at high speed. Its high resilience and low rolling resistance prevent

bursts from accumulated heat and enhance mobility and safety in various transport vehicles. These tires boast high tensile strength, making them difficult to crack. Their tread wear resistance surpasses that of conventional high-performance urethane tires and greatly improves service life.



Urethane tire, *ULTRUNS*

Durable life
* Compared to our conventional products

Over 3 times longer
(based on in-house tests)

TOPICS

Switching to environmentally friendly container packaging

CCI strives to reduce household waste by replacing packaging bottles and offering refillable and reusable products. For products developed after December, 2020, we have been using containers certified by the FSC (Forest Stewardship Council). Plans are underway to gradually replace the packaging of products manufactured in November, 2020 and prior.

(1) Replacing bottles
Plastic use: **75% reduction***
2.2 L → 2 L
Switch to pouch packaging

(2) Refills
Plastic use: **92% reduction***
280 ml → 500 ml
Sales of refillable products

(3) Reusable products
Plastic use: **19% reduction***
180 ml → 180 ml
Sales of reusable/replacement products

* The amount of plastic used was calculated from the weight of the plastic in relation to the fluid weight (compared to our conventional products).



Social

Following our code of conduct, we at CCI Group prioritize safety above all else as we strive to improve customer satisfaction. We actively work with local communities and do our utmost to give back through services that fulfill our corporate social responsibilities.

Quality

Initiatives for quality assurance

To ensure safety and product quality, CCI Group has acquired quality management system certification (ISO 9001) and promotes continuous improvement in our daily operations.

Any complaints we receive from customers are addressed promptly and appropriately with safety as a top priority. We strive to prevent similar incidents by establishing corrective measures based on ISO 9001 and investigating the causes of the problem.

External certification of quality management system (as of March, 2022)

ISO 9001 certification	7 sites
IATF 16949 certification	4 sites

Quality standard training

CCI regularly conducts quality training for all employees. The training aims to improve employees' understanding of quality assurance. Their knowledge is tested with a brief quiz at the end of the session. The manufacturing division, headed by a designated leader, works closely with an external consultant to identify sustainability goals, enhance quality awareness and improve productivity. During the COVID-19 pandemic, training was conducted online to educate employees on quality standards.



Health and Safety

Initiatives for occupational health and safety

To effectively manage the risks of workplace incidents, CCI has established an occupational health and safety management system (ISO 45001) at all business sites and formulated safety and accident prevention standards for each plant and research facility. We identify risks through various assessments, adopt appropriate countermeasures and revise operating procedures to minimize injuries. Risk assessments are conducted when new equipment is installed and a new or modified procedure is adopted. We will continue to strengthen protective measures at work and on commutes and improve employees' safety awareness as we focus on our goal of zero occupational incidents.

We regularly check to see if any issues are present in the workplace and implement an annual stress risk assessment for employees. The Health and Safety Committee, headed by employees and aided by insights from occupational physicians, meets once a month to discuss employee health, safety checks, as well as prevention of workplace incidents and recurrence.



Respect for Human Rights

Initiatives to uphold human rights

Because of our corporate philosophy of "Change, Create, and Innovate: Creating a rich environment for the 21st century and Intellectual utilization of technological results," we, at the CCI Group, make all efforts possible to continuously provide society with unprecedented added value while adjusting our business model to match the times. We consider respect for human rights to be one of the most important responsibilities that we must fulfill to sustain our business. We established the CCI Group Human Rights Policy in 2021 and implemented pertinent training.

With advice from our external consultant on human rights, we will assess, investigate, and analyze risks that may affect the implementation of human rights due diligence.

Human Rights Policy (full text)

https://cci-corporation.com/download/CCI_Group_Human_Rights_Policy_English.pdf

With Our Customers

Initiatives to improve customer satisfaction

In an effort to improve customer satisfaction, CCI carefully considers all forms of feedback on our products and services. These include comments noted on surveys and communications from patrons at our customer service centers. These valuable opinions provide us the keys to plan our next steps. CCI has also developed a telephone response manual and conducts communication skills training for service center staff. Promptly and effectively responding to customer inquiries is one of our highest priorities.

With Our Business Partners

Initiatives for CSR-based supply procurement

CCI will work with business partners (suppliers) to mold conventional procurement activities that emphasized quality, performance, cost, and delivery to also include corporate social responsibility (CSR) elements such as environment, labor and human rights.

To reduce potential risks to business operations, CCI has established procurement guidelines based on CSR principles. With supplier consent, these guidelines will be implemented across the supply chain.

In ensuring compliance to CSR guidelines as well as to other regulations such as conflict minerals reporting, we will implement self-assessment questionnaires (SAQ) and maintain open communication with our business partners through visits and meetings.

With Our Employees

Human resource development

As part of management policy, CCI supports human resource development through high-quality training programs. Many courses are designed to specifically address employees according to their department and title, starting with new hire training. Skill enhancement training with external lecturers and business English classes are also available. We encourage employees through our incentive system to acquire certifications relevant to their work.

List of training courses

Corporate titles	Position-specific training	Subject-specific training	Departmental training	Personal development
Management	New department manager training New group manager training	Human rights Code of conduct Health and safety Environment/quality Information security	Implementation in each department	Outside seminars In-house study sessions Business English courses
Mid-career employees	New leader training Promotional training	Evacuation training Harassment Safe driving		e-learning Incentives for obtaining qualifications
New employees	Third-year training New hire training	First-aid training		
Prospective candidates	Prospective candidate training (prior to joining the company)			

Creating a comfortable workplace

CCI is working to create a comfortable workplace for all employees that will help foster work-life balance and enable them to exert their full potential. We recognize diverse work styles and encourage the active participation of our employees, especially women. In FY 2020, CCI was recognized by Gifu Prefecture as an *Excellent Business Promoting Work-Life Balance*.



Adopting diverse work styles and remote work
CCI has made efforts to improve work-life balance for employees by adopting "Super Flex Time" and second job systems and extending the retirement age from 60 to 65. In addition, plans to allow remote work had been in place even before the COVID-19 pandemic. The plan was implemented in August, 2020. By then, CCI had adjusted office infrastructure, making it possible for employees to work from anywhere. CCI will continue to seek diverse personnel and promote flexible work styles unbound by time or place.

Balancing child care with work

CCI has increased the number of days that can be utilized under the *shortened work hours* system and parental leave for employees with young children. In FY 2020, a *time-off* system (5 days) was established in addition to parental leave, making it easier for men to be involved in child care. In FY 2021, CCI was recognized by Seki City as a Women Friendly Workplace. CCI is committed to supporting employees who balance child care with work and encourages fathers to take an active role as caregivers.



Improving productivity

CCI is working to improve productivity through system integration for each department, centralized databases and the automation of business operations. In FY 2019, we adopted *robotic process automation* (RPA). Order processing and monthly sales tabulations are now automated, significantly reducing work hours, associated costs and human errors. CCI's goal is to reduce more than 1,000 working hours each year and to continuously improve productivity and corporate value.



Contributions to Society

Launch of research grant program

CCI aims to work together with young researchers to uncover developments that may open new business opportunities. CCI provides research grants for progress in the fields of science and technology.



(3) Motocross rider, Genki Tsuchiya

Since FY 2015, CCI has worked with Genki Tsuchiya (Kyoto Bobcats), a motocross rider from Gifu Prefecture. We provide products that enable Genki to perform maintenance on motorcycle trailers. CCI supports all young athletes who continue to embrace new challenges.



Supporting local students and athletes

CCI supports students and local athletes.

(1) Student Formula

In *Student Formula*, students compete in the areas of vehicle design, parts procurement, and manufacturing. CCI provides monetary support and products for the event, offering students an opportunity to work with their hands.

(2) iGEM for Gifu University

iGEM Gifu is a research club consisting of Gifu University students who aspire to enter the International Genetically Engineered Machine competition (iGEM). In 2014, when iGEM was held in Boston, Gifu University took part in the competition as the first school representing the Tokai region, winning the silver medal. In 2021, the students again competed at iGEM Giant Jamboree, held online, and earned the gold medal. CCI supports students who undertake various research themes on the world stage.

Providing products to the motorsport industry

TOYOTA GAZOO Racing

CCI formed a partnership with the TOYOTA GAZOO Racing World Rally Team in 2017. We supply brake fluid and engine coolants to Toyota Yaris World Rally Championship (WRC). In November, 2022, the final round of WRC, *Rally Japan*, will be held in Gifu. CCI will provide support as a local business to cheer on the team.

CCI also sponsors Suzuka Circuit and AUTOBACS RACING TEAM AGURI (ARTA) with the aim of promoting motor sports.



FIA World Rally Championship (WRC) Round 1 Rally Monte Carlo (January, 2022)

© TOYOTA GAZOO Racing World Rally Team 2022

TOPICS

Contributing to the community through sports

Fudo no mori trail run

We sponsor the trail run event that encompasses the city of Seki, where CCI's headquarters is located, through neighboring Kakamigahara and the town of Sakahogi. The event aims to invigorate the local communities, promote regional history and surrounding environment; pursuits that CCI has actively supported since 2020. Many CCI employees participate in the run while others volunteer to assist the event.



Fudo no mori trail run (May, 2022) *Cancelled in 2021 due to the COVID-19 pandemic

The 2nd CCI Cup Gifu U-9 Soccer Tournament

CCI has sponsored the Gifu U-9 Soccer Tournament and Gifu Selection Tournament U-11/12 Prefectural Qualifiers since FY 2020. In January, 2022, CCI hosted the 2nd CCI Cup Gifu U-9 Soccer Tournament. It featured eight teams of young athletes from Gifu Prefecture that won the preliminary rounds. The winning team received an original CCI trophy and championship banner. The day was filled with exuberant smiles and friendly competition. CCI will continue to support healthy mental and physical development of children.



The 2nd CCI Cup Gifu U-9 Soccer Tournament (January, 2022)



Governance

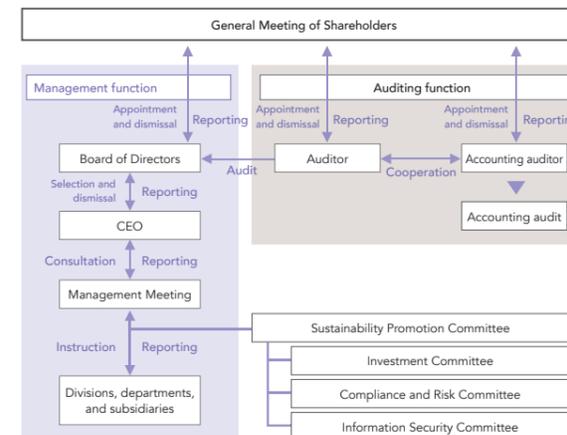
As part of corporate governance, the CCI Group places the utmost importance on ensuring compliance by enhancing management transparency, reinforcing the supervisory function and expediting the decision-making process. It is our goal to improve our corporate value by strengthening the corporate governance system.

Corporate Governance

CCI has established a corporate governance structure as follows to ensure transparent, fair, prompt, and decisive decision-making with consideration for all of its stakeholders, including employees, shareholders, customers, business partners, and local communities.

The Board of Directors, which serves as the highest level of management decision-making, provides oversight on matters stipulated by law and other important issues. At the same time, a system is in place wherein Audit & Supervisory Board members, including outside auditors, may inspect the duties executed by directors and business administrators from a fair and independent position.

Corporate governance system diagram



Compliance

CCI acts in accordance with the corporate governance system to ensure transparent, fair, prompt, and decisive decision-making based on our code of conduct. We regard compliance and risk management as key to business continuity and essential in earning the trust of stakeholders. As such, we have established a Compliance and Risk Committee, which serves to create policies on company-wide activities as well as identify critical topics and the most significant risks related to the organization.

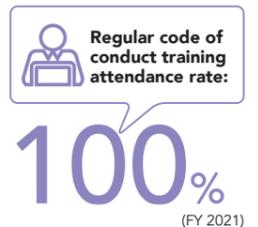
Whistleblowing (Internal reporting)

The CCI Group has a whistleblower system aimed at promoting compliance management. This system aims to prevent legal violations or fraud, promote early detection of such actions, and to encourage a high level of transparency and self-reflection within the work environment.

In addition to previously-established consultation services for harassment, CCI has set up external and internal offices to receive inquiries and whistleblowing reports from employees. The Compliance and Risk Secretariat investigates cases, implements corrective actions and preventive measures and follows up on each case as necessary. The consultation offices are obligated to keep the identity of whistleblowers and details of reports confidential to ensure no one suffers unfavorable treatment as a result of filing a report.

Each year, we conduct the following training to promote accurate knowledge and instill awareness.

- Code of conduct training
- Harassment training



Risk Management

Business Continuity Plan (BCP)

CCI has established a business continuity management (BCM) structure with an Emergency Response Plan (ERP), Crisis Management Plan (CMP) and Business Continuity Plan (BCP) in place. Reviews and trainings are held regularly each year to ensure all personnel are prepared to take action in case of a contingency.



Comprehensive disaster prevention training (November, 2021)

