

ESG Activity Report

# ESG Activity Report Highlights



## Environment Switching to Environmentally Friendly Packaging

With environmental protection as a focus, CCI has made strides in controlling the use of plastics and reducing waste by exchanging bottles for and providing refill and replacement packaging products.

In December, 2022, we switched our car shampoo containers from bottles to pouches.

Additionally, products developed after December, 2020 utilize containers certified by FSC for responsible use of wood materials. We will continue our transition to more environmentally friendly packaging.

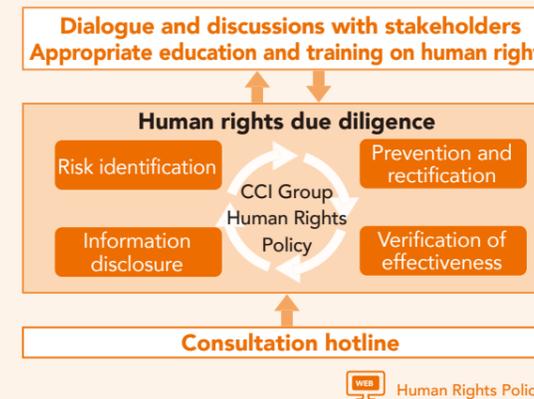


## Social Initiatives to Uphold Human Rights

CCI Group, recognizing respect for human rights as one of the most important themes underpinning sustainability management, established the CCI Group Human Rights Policy in 2021. Under this policy, we conducted human rights training for all board members and employees in Japan.

In addition, we are conducting human rights due diligence\* based on the procedures outlined in the UN Guiding Principles on Business and Human rights. In FY 2022, a total of 89 CCI Group companies and partner companies in Japan and abroad were asked to complete a self-assessment questionnaire. The information provided allowed us to complete a risk assessment and analysis. We will address the issues identified in this process.

\* Human rights due diligence: An ongoing process of identifying, preventing and mitigating negative impacts on human rights and determining the best course of action.



## Governance Strengthening Information Security

CCI Group is working to mitigate risks of cyberattacks and information leakage in promoting digitalization and digital transformation (DX) of business operations. In 2023, we formulated the CCI Group Information Security Policy, implementing security countermeasures and continuous corrective actions to strengthen our security system. In Japan, we provided information security training and exercises to all employees in an effort to improve their basic knowledge on the subject. We will take steps to strengthen the management of information security, not only in Japan but throughout the CCI Group.

### CCI's Key Initiatives

- Renewal of core system (ERP)
- Introduction of security solutions (EDR)
- Maintenance of information security management system
- Information security training
- Targeted email attack response exercise

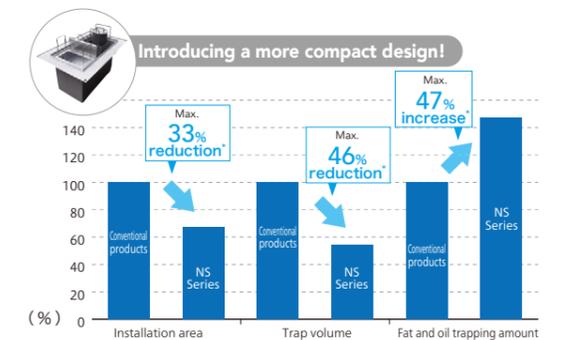
Information Security Policy



## Environmental Contributions of Shimoda-Ecotech Products

### Compact Grease Trap significantly improves efficiency

Shimoda-Ecotech designs, manufactures and markets Grease Traps (fat and oil separators) that are required by law to be installed in commercial kitchens. The new and improved Grease Trap (NS Series), launched in October, 2022, features a compact design with size reductions of up to 33% in installation area and 46% in trap volume compared to conventional products, reducing the materials used to make this series. Compared to conventional products of a similar size, the NS series more effectively traps fats and oils by up to 47%.



\* When comparing the capacity of a similarly-sized grease trap functioning at 100% (with CCI's conventional products)

## Environmental Contributions of CCI Automotive Products (Thailand)

### Recycling PET bottles to reduce CO<sub>2</sub> emissions

CCI Automotive Products of Thailand has been collecting and donating PET bottles from employees since May, 2022 through a partnership with WHA Group, an operator of industrial estates, and PTT Global Chemical Public Company Limited, a petrochemical manufacturer. Donated PET bottles are recycled into polyester fibers to make handbags and other items. CCI Automotive Products will continue this activity to help lower CO<sub>2</sub> by reducing waste and to achieve a circular economy.



Receiving WHA's report on donation results (January, 2023)



# Environment

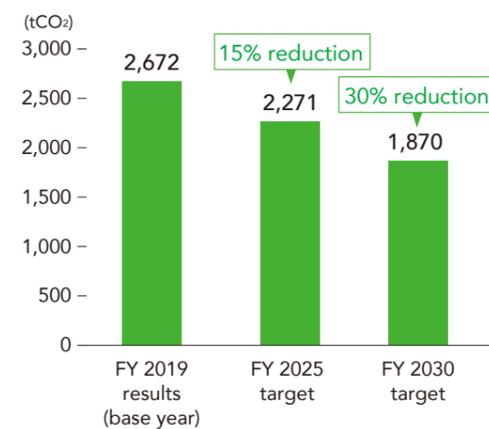
CCI Group actively engages in conservation through greenhouse gas reduction, environmentally friendly products, and technology unique to CCI as we strive towards the goal of carbon neutrality by 2050.

## Climate Change Initiatives

### Greenhouse gas reduction

In our efforts to reduce greenhouse gas emissions, CCI promotes energy conservation and the use of renewable energy. Reducing CO<sub>2</sub> emissions as outlined in Scope 1 and 2 by 30% before FY 2030, compared to FY 2019, is our medium-term target. We have established a project to promote activities and created an action plan to reduce emissions during production. Under both, we are now working to lower our CO<sub>2</sub> emissions. Additionally, in FY 2022, CCI Group companies calculated their individual CO<sub>2</sub> emissions. CCI Manufacturing Illinois in the United States is working with a consultant to implement reduction activities. CCI Group as a whole will make efforts toward this end.

#### CCI's CO<sub>2</sub> emissions (Scope 1 and 2)



## 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. Production sites that are not yet ISO 14001-accredited will strive towards certification.



## Chemical Management System

### Building our chemical management system

CCI complies with all relevant laws including the Act on the Regulation of Manufacture and Evaluation of Chemical Substances, the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement, the Industrial Safety and Health Act as well as the Poisonous and Deleterious Substances Control Act. To prevent harmful effects on people and the environment caused by chemicals, each of our departments is working together to build our chemical management system.

## 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.

## Waste control

### <Reducing the amount of raw materials used by reviewing work processes>

The Industrial Tires Division reduced its use of raw materials by reviewing its work processes. We will continue with our efforts to reduce waste.



### <Reducing and reusing wash water>

The Automotive Chemicals Division is working to reduce and reuse water used to wash its tanks at plants. In setting a reduction target for water usage at CCI, we will contribute to a sustainable society through ongoing efforts to secure water resources.



### <Reducing waste within the CCI Group>

CCI Group's two plants in China are also working to reduce their use of wash water. In addition, we are making efforts to reduce fluid waste by establishing specific sampling amounts for inspections as well as transitioning to the use of tanker trucks to deliver raw materials and disposing fewer drums. We will continue building an environmentally friendly manufacturing system.

## Contributions to the Environment

CCI is working to develop environmentally friendly products by utilizing technologies cultivated over the years.

## Developing environmentally friendly products

### <Developing vibration damping materials>

The *Dipolgy*<sup>®</sup> series of vibration damping materials cuts bothersome noises by absorbing sound, vibrations and impacts using our proprietary technologies that disperse sound through the combination of specialty additives and polymer materials. In addition to vibration damping materials, we also offer vibration damping paints that can be used on any shaped surface to deliver a quiet and comfortable space tailored to the characteristics of sound.

\* *Dipolgy* comes from the combination of the words, *dipole* (magnetized poles) and *energy*.



Dipolgy sound absorption foam

## Product reuse

### TOPIC

### Retreading Long Life Urethane Tires, *ULTRUNS*

Our long life urethane tire, *ULTRUNS*, can undergo retreading. Retreading is a technology that reuses the wheel portion of the tires and replaces the urethane layer to restore function. Retreading reduces manufacturing and disposal costs while also helping the environment. We will seek to further reduce waste and resource usage by developing products with excellent wear resistance as well as more durable and longer lasting products.



### <Expanding sales of fat and oil-degrading microbial agents>

*Oil Vanish*, a fat and oil-degrading microbial agent, significantly reduces grease waste through its powerful ability to break down fats and oils contained in the drainage of food factories and other facilities. It also substantially reduces n-Hex (normal hexane extract content) found in drainage, reducing foul odors caused by decaying fats and oils and preserving the environment. Since launching sales in 2018, *Oil Vanish* has proven effective through use in food factories. We will contribute to waste reduction by further promoting sales of this product.



Oil Vanish



# 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. In order to standardize quality control, we are in the process of adopting a globally shared IT platform. This will allow us to visualize production process management, quickly detect and correct defects and take appropriate preventive measures. We will continue to focus on manufacturing products of the highest quality throughout CCI Group.

#### External certification of quality management system (as of March, 2023)

ISO 9001 certification	7 sites
IATF 16949 certification	4 sites

### Quality standard training

CCI regularly provides quality standard training for all employees. We also organize training led by a consultant to increase awareness and productivity of manufacturing departments. We will continue training employees to elevate their understanding of quality.



Attendance at quality standard training

100%

(FY 2022)

## 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. We will strive to further improve our level of service in responding to customer inquiries.

## With Our Business Partners

### Initiatives for CSR-based supply procurement

CCI works with business partners (suppliers) to mold conventional procurement activities that focus on quality, performance, cost and delivery as well as corporate social responsibility (CSR) elements regarding 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 are implemented across the supply chain. To ensure compliance with CSR guidelines and other regulations such as conflict minerals reporting, we implement self-assessment questionnaires (SAQ) and maintain open communication with our business partners.

### Initiatives for occupational health and safety

All of CCI's business sites have obtained ISO 45001 accreditation for their occupational health and safety management systems, establishing safety and disaster prevention standards to mitigate and manage workplace incidents. To reduce risks that could lead to serious injury, we have developed appropriate work procedures and require the use of protective equipment. We will strive to continue reducing the risk of incidents by formulating safety standards for CCI Group and providing continuous training to enhance safety awareness.



Safety patrol inside a plant (March, 2023)



Occupational incidents and occurrences\*  
\*Lost-time injury or worse

0 cases

(FY 2022)

## TOPIC

### Initiatives at CCI Manufacturing Germany: Introduction of emergency alarm system for employees working alone

In November, 2022, we introduced an automated medical alert device that allows employees working alone to call for help in the event of a fall due to an accident or illness. Emergency services will be alerted through the push of a button or any motion detected by the device. Our goal is to create a safer workplace in which those working alone may be given swift medical attention in an emergency.



Emergency alarm system

## With Our Employees

### Human resource development

Based on CCI's Corporate Philosophy, we are working on human resource development through high-quality training programs. These courses include everything from new hire orientation to position-specific and skill enhancement trainings led by guest lecturers as well as business English classes. We have also established an incentive system for employees to acquire additional 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	Sustainability Human rights Code of conduct Compliance		
Mid-career employees	New leader training Promotional training	Health and safety Environment and quality Information security Evacuation training	Implementation in each department	Outside seminars In-house study sessions
New employees	Third-year training New hire training	Harassment LGBTQ* Mental health 5S Safe driving First-aid training		Business English courses e-learning Incentives for obtaining qualifications
Prospective candidates	Prospective candidate training (prior to joining the company)			

\* LGBTQ: An acronym for sexual minorities

### Creating a comfortable workplace

CCI is committed to establishing an employee-friendly work environment to help all personnel maintain work-life balance and make the most of their capabilities. In FY 2020, CCI was recognized by Gifu Prefecture as an Excellent Business Promoting Work-Life Balance. In FY 2021, we were recognized by the city of Seki as a Women-Friendly Workplace. CCI Holdings obtained Kurumin (parenting support) certification in FY 2022.



### <Adopting diverse work styles and remote work>

CCI has adopted systems to accommodate "Super Flex Time" and second jobs, helping employees to maintain suitable work schedules and improve work-life balance. In FY 2020, we introduced remote work options. We transitioned to a cloud-based system in FY 2022, expanding the number of jobs that can be handled remotely.

### <Balancing childcare with work>

CCI offers extended parental leave and shortened work hours for all employees with children. In FY 2022, the eligibility period for these programs were adjusted to allow until the end of the fiscal year in which the child reaches the age of three. This system also enables male employees to participate in childcare.



### Diversity and inclusion

CCI leads initiatives that encourage a diverse workforce in which individuals embrace and value each other's skills and experiences. These efforts also include extending the mandatory retirement age from 60 to 65, allowing for further fulfillment of one's abilities.

### <Initiatives for the LGBTQ community>

CCI organizes training for all employees, led by guest instructors, to accurately understand the LGBTQ community. In FY 2022, employees were encouraged to show their support by donning rainbow badges and becoming visible LGBTQ allies. In recognition of these activities, CCI was granted bronze certification by the PRIDE Index (an evaluation of a company's LGBTQ initiatives) in November, 2022.



Allied (a person who understands and supports the LGBTQ community)



65 people  
(as of March, 2023)

### Improving productivity

CCI is working to enhance productivity companywide by promoting business process standardization and digitalization through system integration for each department and centralized databases. In FY 2019, we adopted robotic process automation (RPA) and began automating our order receipt and placement systems. We have promoted the shift to smart factories since FY 2018, aiming to visualize manufacturing processes, improve quality as well as to digitalize and automate equipment.



Reducing work hours with digitalization

1,072 hours reduced  
(Estimated figure for CCI in FY 2022)

**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. In recent years, we have opted to fund a wide range of fields rather than limit possible research topics.



**7 cases** (FY 2022)

**Community contributions**

CCI supports and cheers on the community, local athletes and student activities through sports promotion initiatives.

**<Gifu Half Marathon>**

This half marathon has seen the participation of several employees each time. We value communication with everyone in attendance. This is our way of contributing to the community through sports.



Gifu Half Marathon 2022 (held on April 24, 2022)

**<CCI Cup>**

We have sponsored soccer teams for elementary school students through the four Gifu Football Associations since FY 2020. We organized the 18th Gifu Prefecture 8V8 U-11 and U-12 Soccer Tournament in October, 2022 as well as the third Gifu U-9 Soccer Tournament in January, 2023.



3rd Gifu U-9 Soccer Tournament (held on January 15, 2023)

We will continue to support healthy mental and physical development of children in the local community.

**<Seki Jimoto University>**

Every year since FY 2021, we have been supporting educational activities for local high school students through a local NPO in Seki, Gifu Prefecture. In August, 2022, we hosted an online discussion on CCI's initiatives for the SDGs. We stand committed to continually support education for the future leaders of the community.

**<Activities of subsidiaries abroad>**

Since 2017, CCI Manufacturing Illinois in the United States has participated in Team Honda Week(s) of Service\*. In 2022, we called on employees to donate non-perishable items to their local food banks (providing free supplies to those in need).

\*A program in which volunteers from the North American branches of Honda as well as from dealerships and suppliers participate in activities in their local communities.

**■ Main sponsorships (FY 2022)**

- **Supporting motorsports**
  - Honda Mobilityland
  - Honda Racing School
- **Supporting local sports**
  - Professional basketball Gifu Swoops
  - Professional soccer FC Gifu
  - Motocross rider, Genki Tsuchiya
  - Fudo no mori trail run
  - JEGT Grand Prix - Chubu District
- **Supporting students**
  - Formula SAE Japan
  - Gifu University Formula Racing
  - iGEM for Gifu University (A global synthetic biology competition for students)



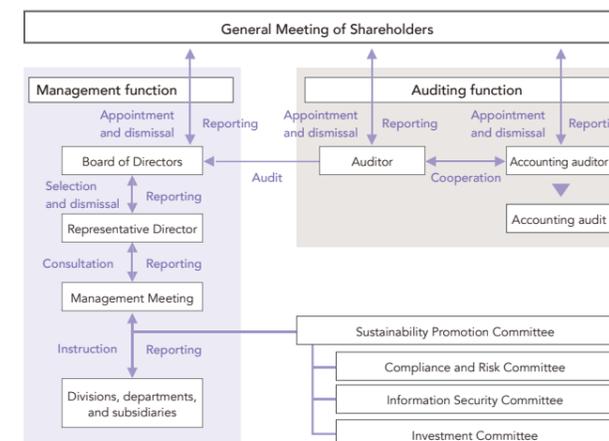
**Governance**

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**



©TOYOTA GAZOO Racing World Rally Team 2023

**TOPIC**

**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, at Rally Japan held in Aichi and Gifu Prefectures, CCI provided support as a local business to cheer on the team. CCI will continue sponsoring WRC, Suzuka Circuit and AUTOBACS RACING TEAM AGURI (ARTA) with the aim of promoting motorsports.

**Compliance**

**Legal and regulatory compliance**

CCI holds monthly meetings involving our legal counsel and relevant departments to ensure that our compliance with new or revised laws and regulations is seamless and correct. In this manner, we have a management system in place to share information on new and revised laws and regulations, along with our response and progress. Through these measures, we will continue to strengthen our management system.



**0 cases** (FY 2022)

**Whistleblowing (Internal reporting)**

The CCI Group has introduced a whistleblowing system to prevent, quickly detect and rectify misconduct as well as to promote compliance management. We have established internal and external contact points to receive consultations and reports from employees. The Compliance Secretariat handles these reports as appropriate.



**0 cases** (FY 2022)

**Compliance training and education**

The CCI Group provides ongoing training on its code of conduct and harassment in order to instill correct knowledge and foster awareness. CCI has provided monthly training to all employees using the compliance book since FY 2022. We will continue to promote awareness and knowledge among employees.



Compliance training in progress (March, 2023)

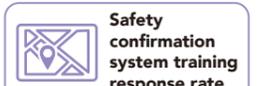
**Risk Management**

**Business Continuity Plan**

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 (December, 2022)



**98%** (March, 2023)