

Medium & Long Term Business Plan 2023

FUJIMI INCORPORATED

18 May 2023

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Company profile / Competitive advantage

Company profile

(as of March 31, 2023)



Company Name	FUJIMI INCORPORATED
Establishment	March, 1953
Headquarters	Nishi Biwajima-cho, Kiyosu City, Aichi Prefecture
Business	Manufacturing and sales of abrasives and chemical compounds
Stock	Tokyo Stock Exchange, Prime Market Nagoya Stock Exchange, Premier Market (Securities code : 5384 Date of Listing : February, 2007)
Net Sales	58.3billion JPY (Semiconductor 84%, Non-Semiconductor 16%)
Operating Income	13.2 billion JPY
Number of Employees	1,031 (Non-Consolidated; 732)
Manufacturing / R&D Sites	10 locations in Japan (Aichi, Gifu: 9 locations, Tokyo: 1 location) 5 overseas subsidiaries (U.S., Taiwan, Malaysia, Germany, China)

Competitive advantage

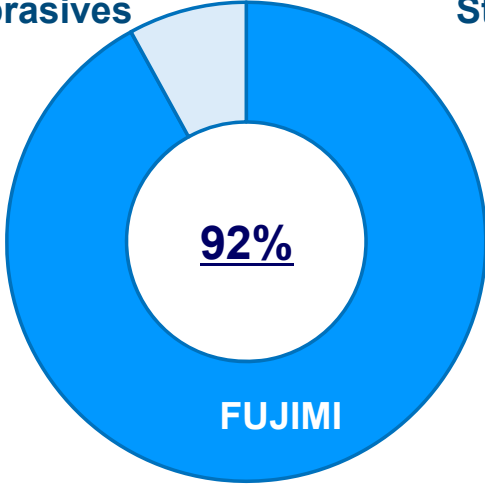
- ▶ **Strong market position in the semiconductor substrate processing segment providing superior quality materials**
- ▶ **Advanced and unique technologies providing solutions for surface processing requirements**
- ▶ **Strong R&D commitment to maintain long-term competitiveness**
- ▶ **Financial strength supporting aggressive R&D investment**
- ▶ **Strategically placed world-wide manufacturing and technology sites near major customers**

Strong market position in semiconductor industry

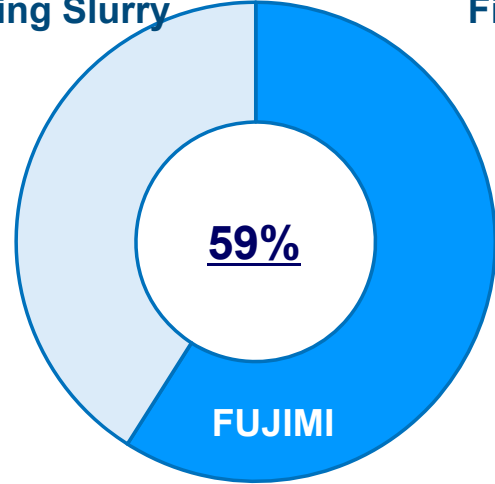
As of Mar. 2023, FUJIMI Estimate

Silicon wafer

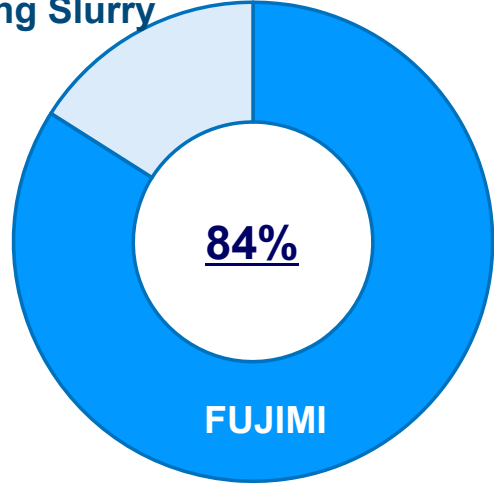
Silicon Wafer Lapping Abrasives



Silicon Wafer Stock Polishing Slurry

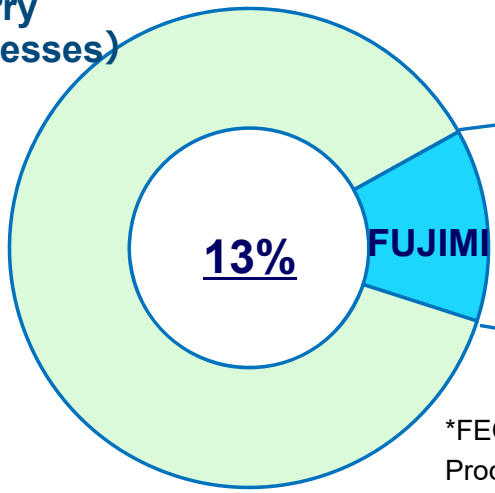


Silicon Wafer Final Polishing Slurry

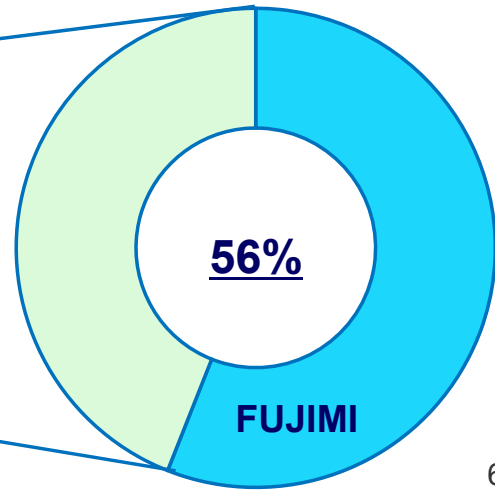


Semiconductor Devices (CMP)

CMP Polishing Slurry (Within all CMP processes)



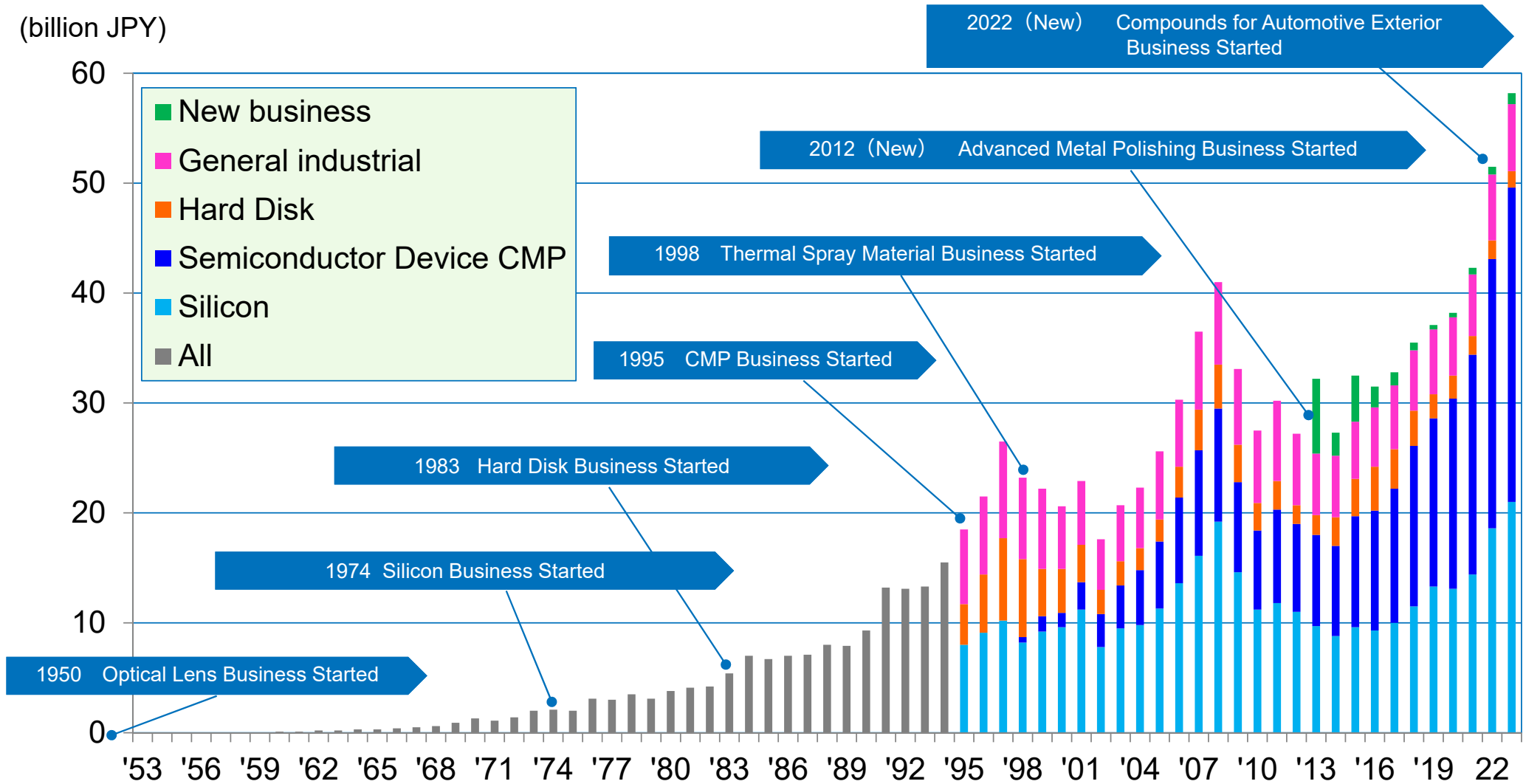
Share for FEOL* Poly-Silicon



*FEOL(Front End of Line): Process manufacturing transistors, capacitors, etc.

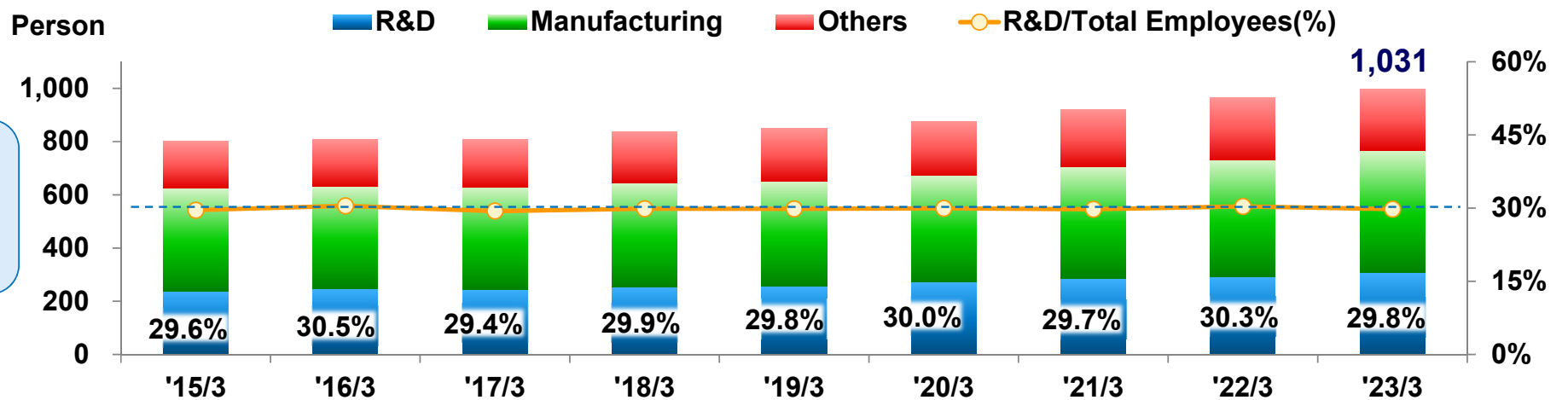
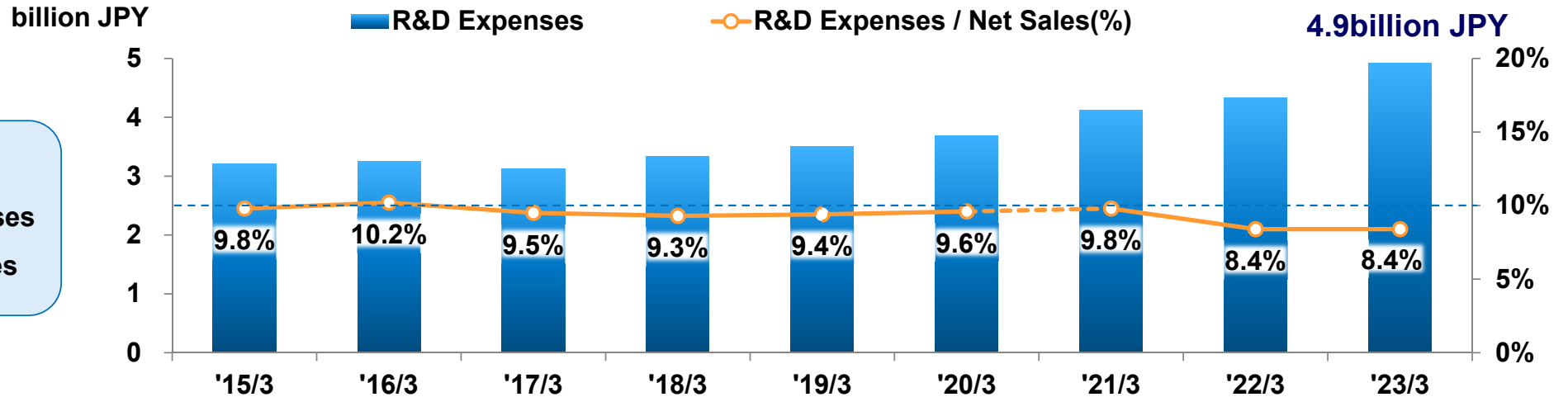
Advanced and unique technologies providing solutions for surface processing requirements

(billion JPY)

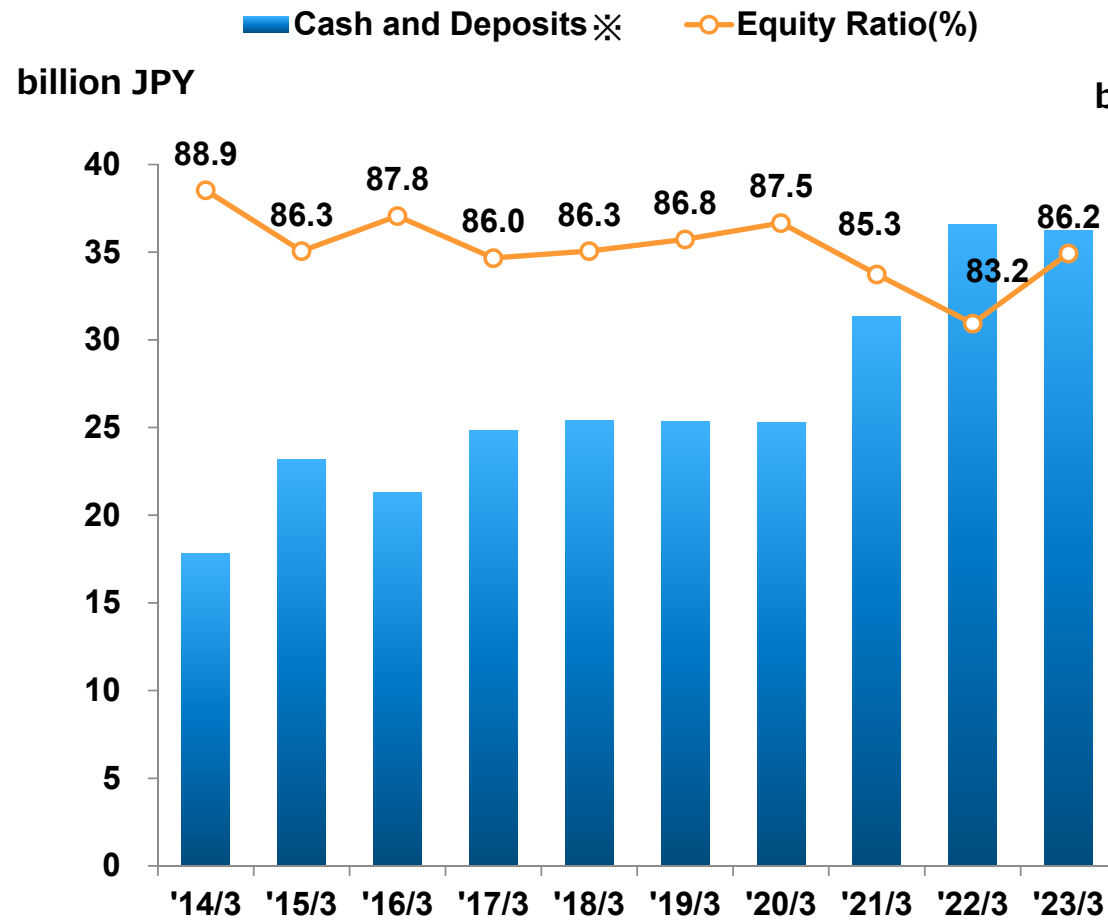


Source: FUJIMI Estimate

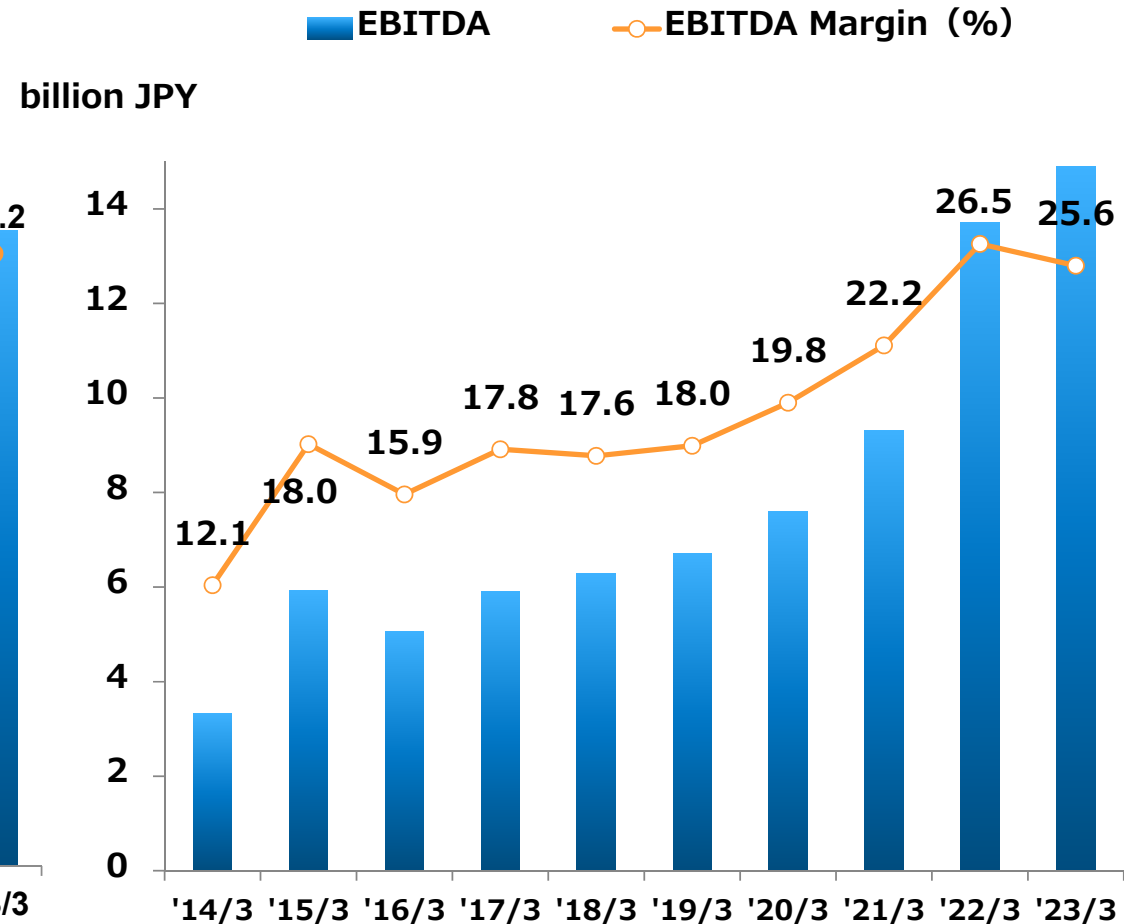
Strong R&D commitment to maintain long-term competitiveness



Financial strength supporting aggressive R&D investment



※ Including Securities
 ※ No interest-bearing debt



※ EBITDA = Operating Income + Depreciation
 ※ EBITDA Margin = EBITDA / Net Sales

Strategically placed world-wide manufacturing and technology sites near major customers

- Intensive investments in customers' industry areas to be better served.
- Overseas sales composition ratio 77%

FUJIMI EUROPE GmbH (Germany)

- Silicon Wafer Manufacturer
- Semiconductor Device Manufacturer

FUJIMI INCORPORATED

- Silicon Wafer Manufacturer
- Semiconductor Device Manufacturer

FUJIMI CORPORATION (U.S.A)

- Silicon Wafer manufacturer
- Semiconductor Device Manufacturer
- SiC device manufacturer

Shanghai Office

- Silicon Wafer Manufacturer
- Semiconductor Device Manufacturer

FUJIMI-MICRO TECHNOLOGY SDN. BHD. (Malaysia)

- Hard Disk Substrate Manufacturer
- SiC Device Manufacturer

FUJIMI TAIWAN LIMITED (Taiwan)

- Silicon Wafer Manufacturer
- Semiconductor Device Manufacturer

● Development base
 ● Sales offices
 ● Production facilities
 ● Marketing and Technical support
 Destination Country

Summary of Previous Medium & Long Term Business Plan

Assumptions of the previous Medium & Long Term Business Plan

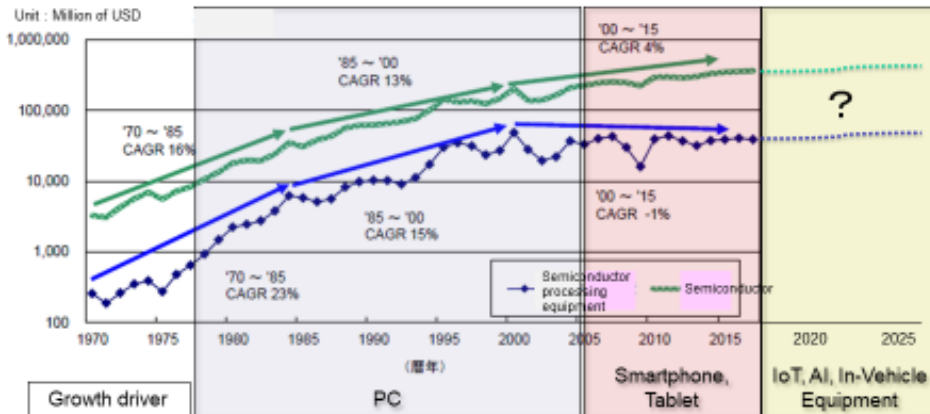
- ▶ The previous Medium & Long Term Business Plan assumed that the semiconductor market would slow down its growth rate due to maturity.
- ▶ We planed to optimize its business portfolio by focusing on non-semiconductor and non-polishing fields.

Excerpts from the previous Medium & Long Term Business Plan

More Mature Semiconductor Market

✓ In a long term perspective, CAGR* in semiconductor industry growth is slowing down mature.

- Growth drivers have shifted from PC to tablet and smartphone.
- IoT, AI and in-vehicle equipment are expected as next growth drivers, however the potentials are uncertain.



Source : Above graph is developed by Fujimi based on original source NOMURA SECURITIES CO., LTD. on 9/18/2015
*CAGR : Compound Annual Growth Rate

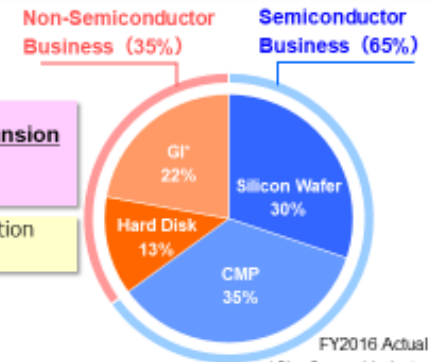
Business Portfolio Optimization with New Business Expansion

Challenge Items

Non-Semiconductor Business: New Business Expansion

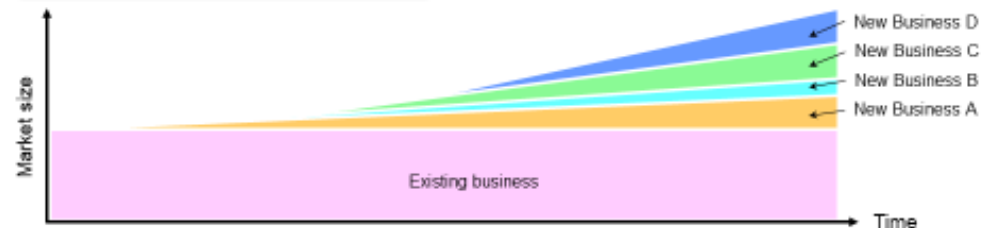
→ Business Portfolio Optimization

Semiconductor : Existing Business Expansion and Penetration into Periphery Business Field



FY2016 Actual
*GI : General Industry

New Business Expansion (Image)



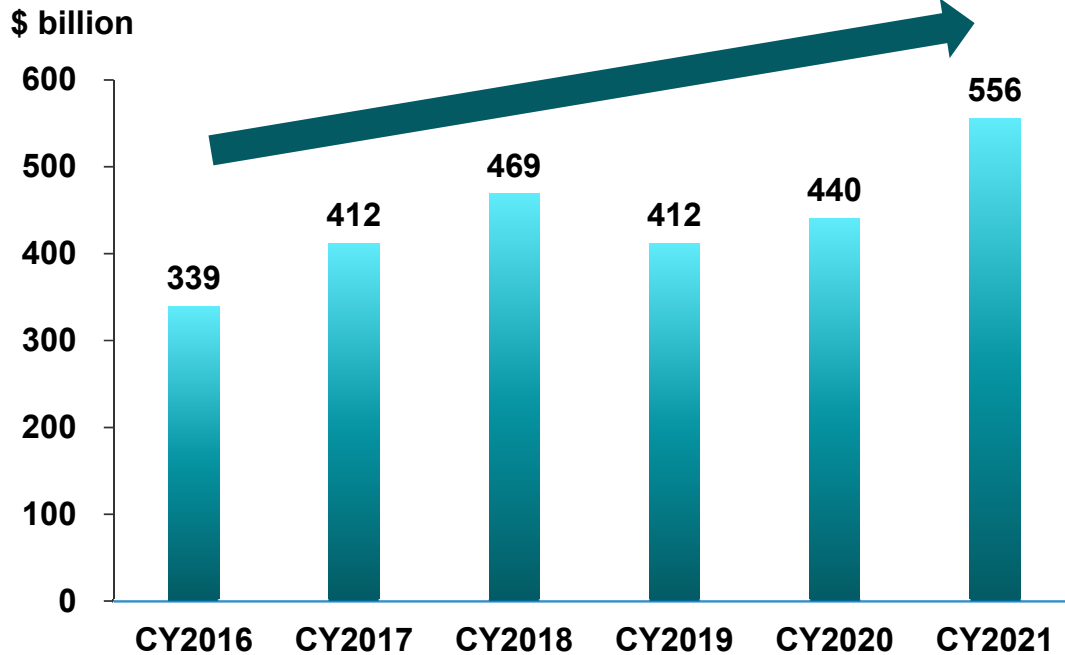
Existing Business Expansion + Progressing New Business + Next New Business

Review of previous Medium & Long Term Business Plan (semiconductor market)

- ▶ The semiconductor market experienced double-digit growth, despite 2019 temporary slowdown in memory devices.
- ▶ FUJIMI CMP product sales grew faster than the global semiconductor market as adoption expanded in most advanced technology fields for both logic and memory.

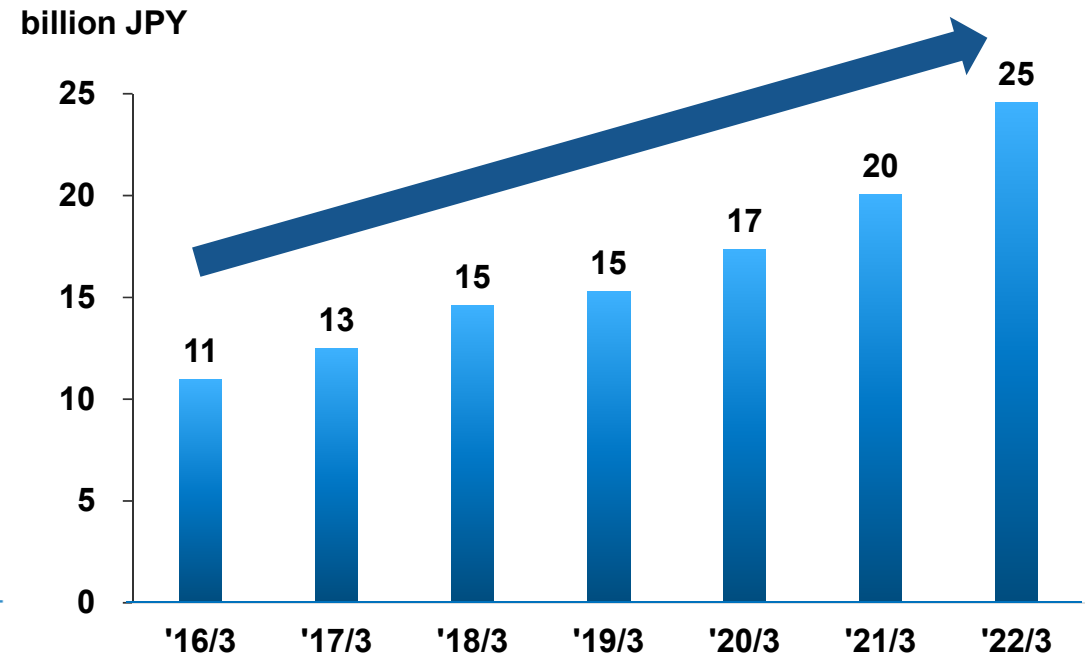
Semiconductor Market

CAGR : 10.4%



FUJIMI CMP Sales

CAGR : 14.4%



Review of previous Medium & Long Term Business Plan (KPI)

- Operating income and ROE achieved targets due to sales growth of highly profitable products for most advanced semiconductors.
- In the new business field, consolidated net sales and new business sales composition ratio did not reach the targets due to shrinking demand for polishing for metal housings and the slow adoption of newly developed products.

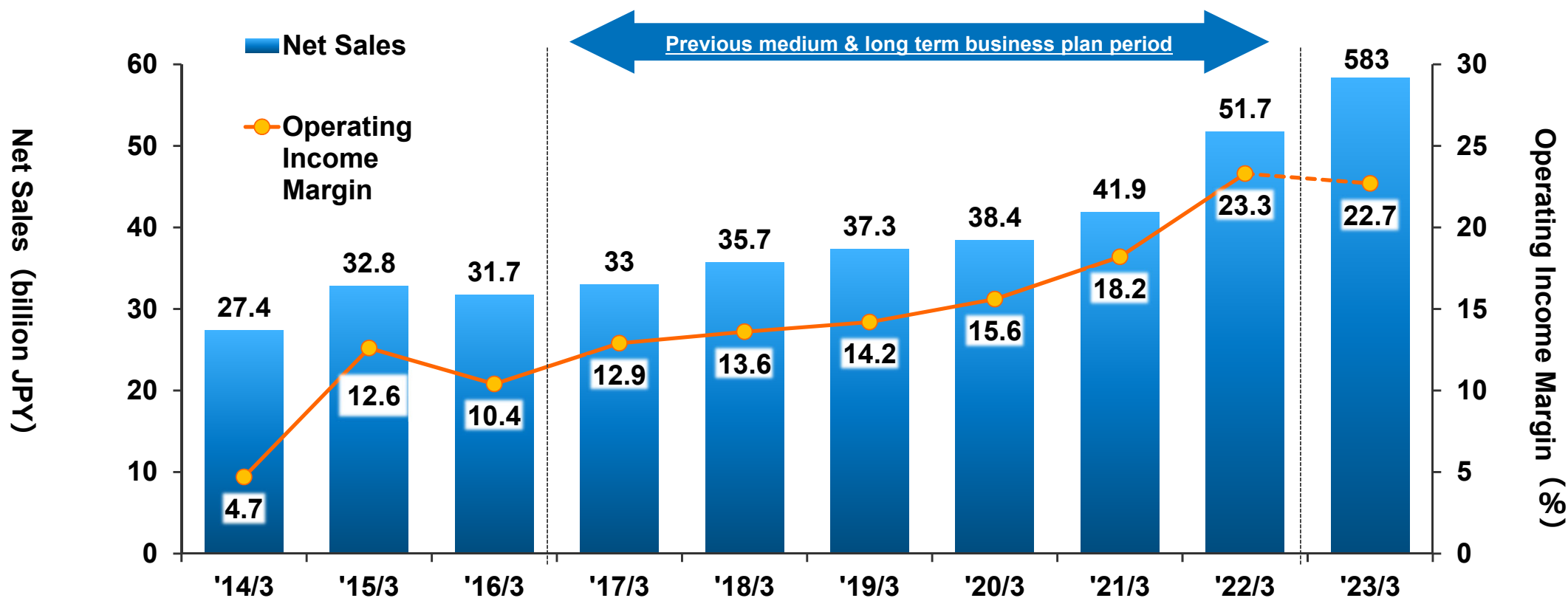
Blue font : target achieved
Red font : missed target

Item	First Year (FY2017)	Final Year (FY2022)		(ref.) FY2023
	Actual	Plan	Actual	Actual
Net Sales	33.0 billion JPY For semi : 23.7 billion JPY For non-semi : 9.3 billion JPY	60.0 billion JPY For semi : 33.0 billion JPY For non-semi : 27.0 billion JPY	51.7billion yen For semi : 44.0 billion JPY For non-semi : 7.7 billion JPY	58.3 billion JPY
Operating Income Margin (Ref : Operating Income)	12.9% (4.2 billion JPY)	More than 15% (9.0 billion JPY)	23.3% (12.0 billion JPY)	22.7% (13.2 billion JPY)
New Business Sales Composition (Ref:)	4 % (1.3 billion JPY)	More than 25% (More than 15.0 billion JPY)	2% (0.9 billion JPY)	2 % (1 billion JPY)
Non-Semiconductor Sales Composition	31%	More than 45%	15%	14%
Non-Lapping / Polishing Sales Composition	6%	More than 15%	5%	4%
ROE	7.4%	More than 10%	15.4%	16.1%
Payout Ratio	39%	More than 50% *By FY2019	49.9% *From FY 2018 onward, maintained approximately 50%	51.4%

Review of previous Medium & Long Term Business Plan (Highlight)

- Sales and profits increased throughout the period (2017/3~2022/3).
- ROE target 10% was achieved one year ahead of plan.

ROE(%)	1.9	8.6	5.3	7.4	6.4	8.7	8.3	10.4	15.4	16.1
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Status of achievement of the previous Medium & Long Term Business Plan (End of FY22)

Direction of Efforts in Each Business	Achievements and Challenges
Semiconductor Field	
<p>▷ Silicon</p>	<p>[Achieved] Obtained POR at a major customer for SiC semiconductors *Started HVM as of FY2023 [Need] Expand market share by gaining new SiC semiconductor customer</p>
<p>▷ CMP</p>	<p>[Achieved] Gained by key customers for most advanced processes [Need] Improve quality control capabilities to meet the most advanced technology requirements. Strengthen supply chain management. Capture business opportunities through customer-oriented product development in the semiconductor packaging process.</p>
Non-Semiconductor Field	
<p>▷ Functional Materials</p>	<p>[Achieved] Developed new functional ceramic powders, ceramic composite materials, and new titanium phosphate powders [Need] Strengthen ability to grow seeds in new markets and launch new products</p>
<p>▷ Thermal Spray Material</p>	<p>[Achieved] Started evaluation of 3D printing materials by some customers. [Need] Enhance ability to grow seeds in new markets and launch new products. Expand market share in advanced semiconductor manufacturing equipment.</p>
<p>▷ Polishing Solutions</p>	<p>[Achieved] Launch automotive polishing compounds and fully automated robotic polishing system Developed magnetic fluid polishing systems [Need] Explore Grinding needs and strengthen incubation capability</p>
<p>▷ Business Alliance</p>	<p>[Achieved] Invested in a total of 6 companies through CVC and in-house [Need] Promote M&A to realize “Powder & Surface Company”</p>

Status of achievement of the previous Medium & Long Term Business Plan (Growth strategy) (End of FY22)

Direction of Companywide Growth Strategy

Results and Issue

Re-acknowledge Fujimi's Business Domain

- ▷ Expand "Powder & Surface" field as Fujimi's business domain
- ▷ Conversion from abrasive manufacture to "Powder & Surface" company

【Achieved】

- Growth in semiconductor-related business (silicon and CMP)
- Aggressive investment of resources in non-semiconductor and non-polishing areas
- Reinforced effective management through new organization "Business Fields"

【Need】

- Continued development of non-semiconductor and non-polishing areas

Expand new applications and search for new businesses opportunities

- ▷ Short to medium term : Expand existing businesses and search for new business opportunities
- ▷ Medium term : Develop Non-polish applications and businesses
- ▷ Long term : Incubate new business themes in the 10 year time range

【Achieved】

- Adoption of newly developed products for advanced and next-generation semiconductors
- Development of products for non-abrasive and non-semiconductor applications based on core technologies
- Solution business promotion by establishing a new 3D polishing method

【Need】

- Maintain and improve quality control capabilities to meet increasingly sophisticated customer requirements
- Strengthen ability to grow technology seeds in new markets

Aggressive R&D investment and cooperation with other companies

- ▷ Expand existing businesses and invest medium and long term growth
- ▷ Enhance material design capability
- ▷ Aggressively seek alliances with other companies, as well as merger & acquisition opportunities

【Achieved】

- Expansion of production line for advanced semiconductors
- Deepen and strengthen the basic technologies of existing businesses through the establishment of an Advanced Research and Technology Center

【Need】

- Expansion of product supply system in anticipation of increased demand for semiconductors
- Improvement and expansion of R&D environment to further support new product development
- Promote M&A to realize "Powder & Surface Company"

New Medium & Term Business Plan

Basic policy

Based on its corporate mission “we will develop new, innovative technologies and applications with a commitment to environmental sustainability, thereby enabling the advancement of technology for the betterment of humanity”, Fujimi will realize conversion from an abrasives manufacturer to “Powder & Surface” company by expansion of existing businesses (semiconductor-related business, etc.) and by creation of new businesses that will become new pillars of businesses, and will contribute to the achievement of a sustainable society.

Fujimi has formulated the Plan covering the six-year period from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2029, aiming;

- Further investment of its resources in R&D and expansion of global product supply chain
- Active promotion of human resource investment and ESG initiatives as the basis of sustainable management
- Realization of its mid to long-term corporate slogan “We support your forward-looking ideas and challenges”.

Environmental analysis

- ▶ During the period of the plan, the semiconductor market growth is expected to continue, especially for data centers, automobiles, and industrial machinery.
- ▶ While the semiconductor market has expanded more than our expectation because of the rapid digitization out of the Covid19, the semiconductor market is still cyclical with the market currently experiencing a backlash, and therefore it is important to cultivate non-semiconductor business for our sustainable growth.

Macro	Semiconductor	Impact on FUJIMI
Global Economy Uncertainty	<ul style="list-style-type: none"> ▶ Close correlation between the global economy and the semiconductor market. 	<ul style="list-style-type: none"> ▶ More than 80% of sales are for semiconductors, and business volatility is expanding.
U.S. and China Tensions	<ul style="list-style-type: none"> ▶ Stricter enforcement of the CHIPS Act restricts the manufacture of most advanced products in China and exports to China. 	<ul style="list-style-type: none"> ▶ Risk of slow down in sales to semiconductors in China <ul style="list-style-type: none"> ※ We have refrained from aggressive expansion into this market. ▶ Most Advanced products are manufactured locally, in Europe, the U.S., Korea and Taiwan. ▶ We continuer our three-site strategy: Japan, the U.S., and Taiwan.
Environmental Issues	<ul style="list-style-type: none"> ▶ Advances in miniaturization with low power consumption performance ▶ Expanding market for power semiconductors with low power loss performance 	<ul style="list-style-type: none"> ▶ Positive for us, which has a high market share for advanced semiconductors. Meanwhile, development, manufacturing, and quality requirements become increasingly sophisticated. ➤ The power semiconductor market is expected to grow significantly, and we will invest our technology in this area.

New Medium & Long Term Business Plan (quantitative targets)

▶ We aim to achieve consolidated sales of 100 billion JPY in 2030 with ensuring profitability.

Target item	FY2023	FY2024	FY2026	FY2029
	Actual	Forecast	Plan	Plan
Net Sales	58.3 billion JPY	58.5 billion JPY	77.0 billion JPY	95.0 billion JPY
New Business Sales Ratio	2.0%	3%	15%	20%
Non-Semiconductor Sales Ratio	14.0%	15%	20%	25%
Non-Polishing Sales Ratio	4.4%	5%	8%	10%
Operating Income Margin	22.7%	21.4%	20%	20%
EBITDA Margin	25.6%	25.0%	26%	27%
ROE	16.1%	13.9%	15%	15%

(Net Sales)

- ▶ CAGR from the first year of the plan is 10%.
- ▶ Each sales ratio aims to increase significantly from the current level in order to achieve sustainable growth for the future.

(Profitability)

- ▶ Aiming for higher EBITDA margin despite lower operating margin due to higher depreciation and R&D expenses
- ▶ Depreciation is expected to peak in FY2029/3

(Capital efficiency)

- ▶ Aim for ROE of 15% or more

(Dividend Policy) Targeting a consolidated payment ratio of over 55%, continuously providing stable dividend payments. Fujimi will start an examination for an addition of DOE (Dividend on Equity) related policy. For details, please refer to the 10 May, 2023 press release.

Key policy

Based on the basic policy, important measures to be taken during the period of this plan are as follows

1. Creation of new businesses that realizes conversion from an abrasives manufacturer to “Powder & Surface” company

- ✓ Strengthen marketing system by leveraging the strengths of proprietary technologies
- ✓ Providing original, high value-added products in functional materials
- ✓ Providing process solutions to help customer create the desired surface
- ✓ Promote M&A to create new businesses and acquire technologies necessary for growth

2. Building a robust foundation for semiconductor-related businesses and establishing an overwhelming position in the field of materials for next-generation semiconductors

- ✓ Expansion of global product supply system in anticipation of mid- to long-term growth in demand for semiconductors
- ✓ Maintain and improve industry-leading R&D and quality assurance capabilities in response to increasingly sophisticated semiconductor processes
- ✓ Promote the development of materials for mounting substrates that realize higher functionality and multifunctionality of next-generation
- ✓ Growth into a major supplier of abrasives / slurries for SiC and GaN power semiconductors, key to realizing a decarbonized society

3. Reinforcement of core technology and development of new technology

- ✓ Further development of core technologies (filtration, classification, and purification technologies, powder technology, and chemical technology)
- ✓ Challenge to develop innovative new technologies to create customer value

Key policy

Based on the basic policy, important measures to be taken during the period of this plan are as follows

4. Challenge to develop GRIT* organization and human resource for realization of a 100 year company

- ✓ Establishment of an unwavering integrity mindset to pass on pride in manufacturing excellence to the next generation
- ✓ Foster and realize a great work culture that motivates employees to excel
- ✓ Cultivation of professionals who fulfills customer's needs
- ✓ Creation of best teamwork by striving together

*GRIT : Never give up with the power of passion and perseverance, and complete job toward the goal to the very end.

5. Implementation of sustainability management

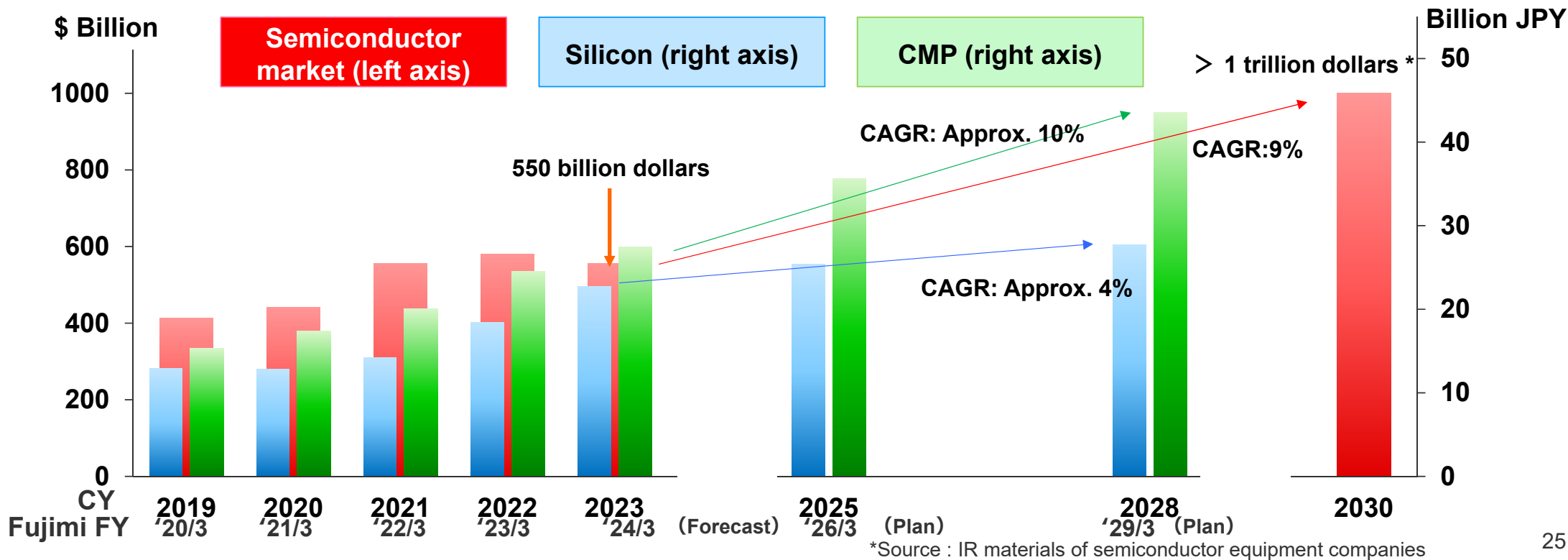
- ✓ Proactive contribution to solve environmental issue, including climate change
- ✓ Strengthening of business continuity capabilities focusing risk management and supply chain management
- ✓ Strengthening of governance structure to support the global business activities
- ✓ Promotion of value-creating activities that contribute to improving sustainability

Initiatives in each business

	Classification	Goal Initiative	Direction
Semiconductor	CMP	Top of the world's premier manufacturer of FEOL slurry	Establishment of quality and technology that meet the expectations from leading customers, and maximization of the strengths through network covering Japan, the U.S., and Taiwan
	Silicon	Leading manufacturer of abrasives for silicon wafers	Providing tailored polishing process solution for each customer by establishing proprietary technologies (raw material design, blending and refining technologies)
	Packaging	Acquire business opportunities in the field of materials for semiconductor packaging.	Promoting tailored product development for each customers in response to advanced packaging technology
	SiC	Major supplier of abrasives for SiC power semiconductors	Expanding market share by establishing new technologies based on our core technologies and introducing new products with high efficiency
	Thermal spray	Expanding market share	Creating customer value by providing solutions using composite technologies (Semiconductor) Establish status as a partner developing product for advanced semiconductor manufacturing equipment (Non-semiconductor) Identification and acquisition of new promising projects that will become pillars of our business
Non-Semiconductor	Hard Disk	Returning to top player by regaining market share	Strengthen product competitiveness by enhancing development capabilities and improving technical support systems for customers
	Polishing Solutions	Creation of new business in the polishing solutions area	Providing advanced polishing solutions to satisfy customers' needs, including automotive polishing compounds
	Advanced Technology & Functional Materials	Creation of new business in the powder area	Continue development and commercialization of functional materials (ceramic powders, ceramic composite materials, new powders, etc.) using unique technical marketing and powder technologies

Semiconductor market and our semiconductor-related business

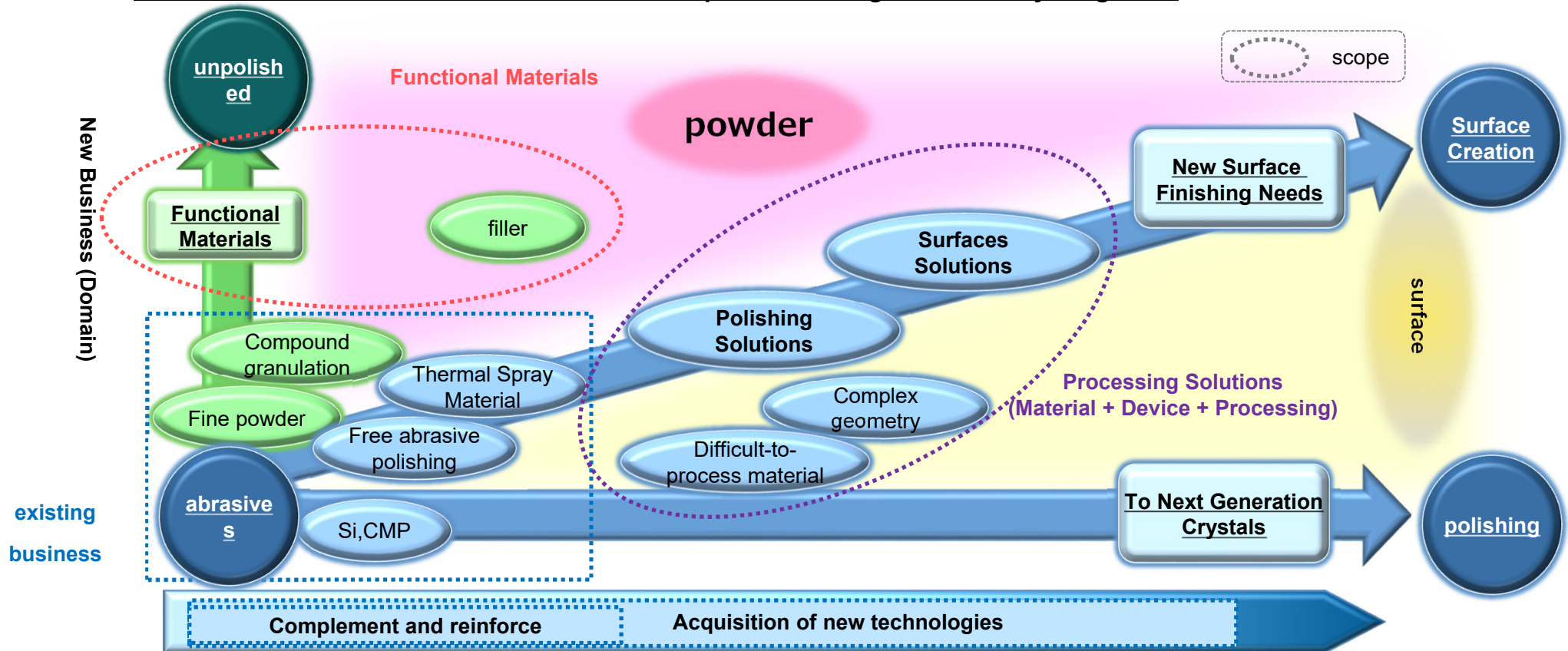
- ▶ The semiconductor market is expected to exceed \$1 trillion by 2030 with growth drivers of data centers, automobiles, and industrial machinery.
- ▶ For our products for semiconductors, the sales forecast is based on our survey of each customer's production plan and its usage of our product together with adjustment its possible rationalization and other factors.
- ▶ We assume a CAGR of approximately 10% and approximately 4% for our CMP products and silicon respectively (from 2024/3 to 2029/3), compared to a CAGR of 9% for the semiconductor market (CY2023 to 2030).



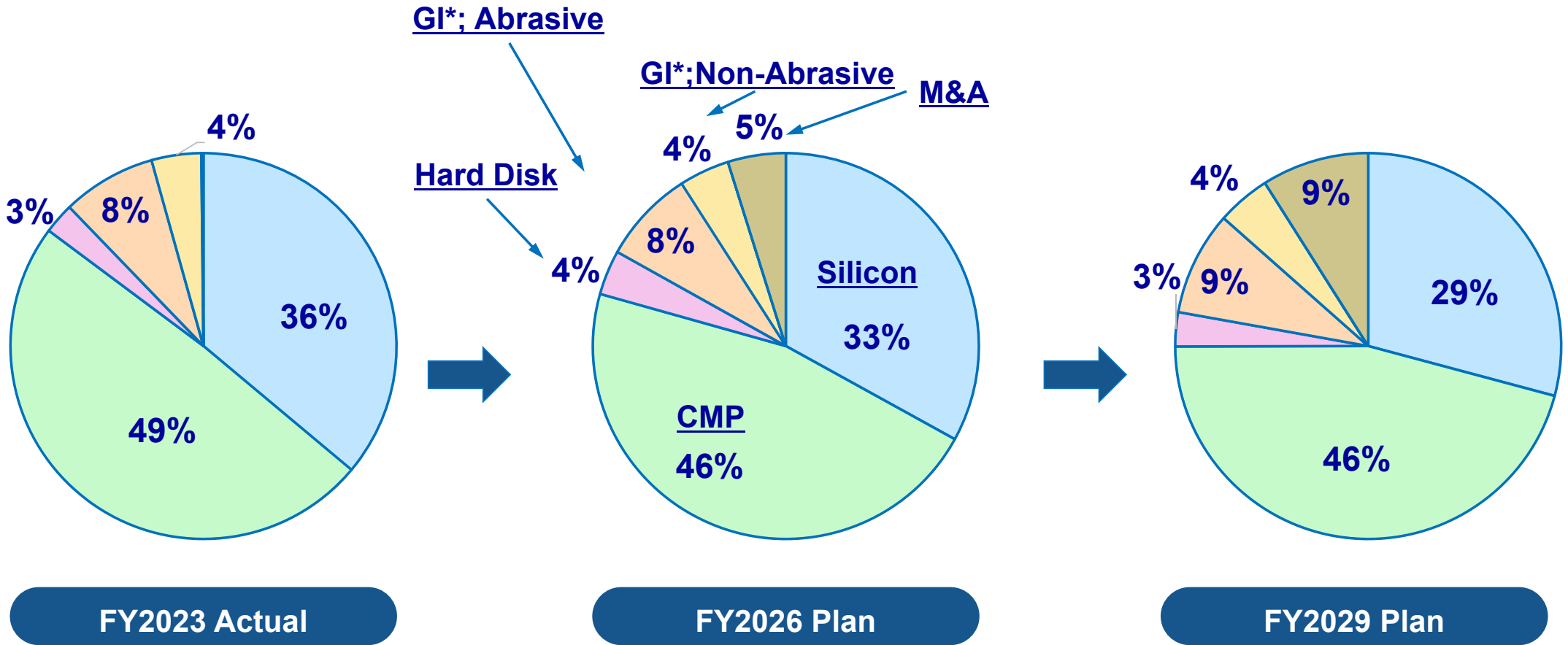
Direction of growth

- ▶ Promote M&A to create new businesses and acquire technologies necessary for growth
- ▶ Scoping new surface processing needs and new functional powder fields

Promote M&A to create new businesses and acquire technologies necessary for growth



Sales by Application



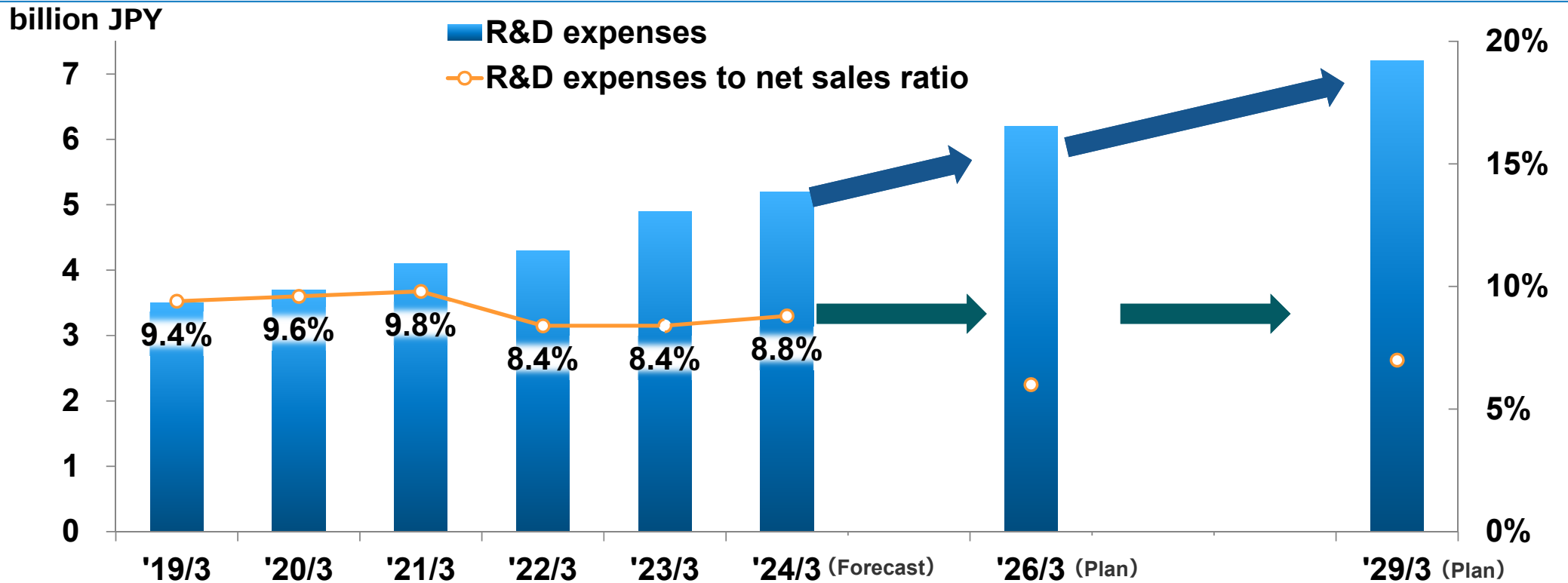
*GI : General Industry

Sales composition (New Business, Non-Semiconductor, Non-Abrasive)

	FY23 Actual	FY26 Plan	FY29 Plan	Growth Drivers
New Business	<p>2% 98%</p>	<p>New Business 15% Existing Business 85%</p>	<p>20% 80%</p>	<ul style="list-style-type: none"> ▷ Semiconductor related: SiC, Packaging ▷ General industrial abrasives: For automotive exteriors ▷ General industrial non-abrasives: Ceramic powders/ sintered products Carbide for 3D printers ▷ M&A
Non-Semiconductor	<p>14% 86%</p>	<p>Non-semiconductor 20% Semiconductor 80%</p>	<p>25% 75%</p>	<ul style="list-style-type: none"> ▷ General industrial abrasives: For automotive exteriors ▷ General industrial non-abrasives: Ceramic powders/sintered products Carbide for 3D printers ▷ M&A
Non-Abrasive	<p>4% 96%</p>	<p>Non-Abrasive 8% Abrasive 92%</p>	<p>10% 90%</p>	<ul style="list-style-type: none"> ▷ General industrial non-abrasives: Ceramic powders/sintered products Carbide for 3D printers ▷ M&A

R&D expenses

R&D expense ratio to net sales, which was around 10% in the past, has declined to the 8% level with increased sales in recent years. R&D expenses are expected to increase at an average annual rate of about 9% due to the expansion of R&D facilities in response to the miniaturization of semiconductors, the introduction of cutting-edge R&D equipment (evaluation equipment, polishing equipment, etc.), and the construction of new laboratories to strengthen core technologies and establish new technologies.



*R&D expenses of M&A partners are not included.

Large investment plan

In response to the trend of countries around the world to regard semiconductors as a strategic commodity, and promote large-scale investment and “local production for local consumption” , we have responded with R&D, manufacturing, and quality assurance systems covering three countries of Japan, the U.S., and Taiwan.

FUJIMI INCORPORATED (Gifu)

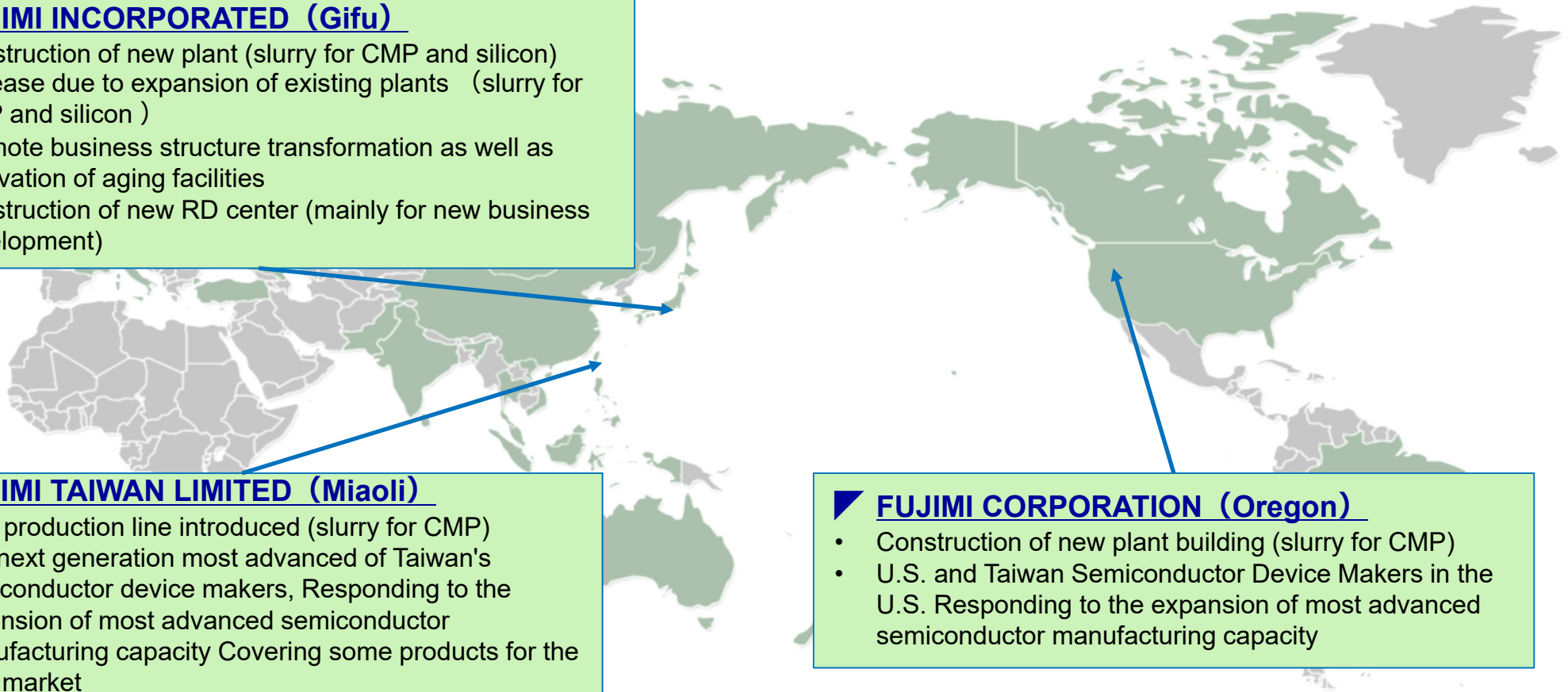
- Construction of new plant (slurry for CMP and silicon)
- Increase due to expansion of existing plants (slurry for CMP and silicon)
- Promote business structure transformation as well as renovation of aging facilities
- Construction of new RD center (mainly for new business development)

FUJIMI TAIWAN LIMITED (Miaoli)

- New production line introduced (slurry for CMP)
- The next generation most advanced of Taiwan's semiconductor device makers, Responding to the expansion of most advanced semiconductor manufacturing capacity Covering some products for the U.S. market

FUJIMI CORPORATION (Oregon)

- Construction of new plant building (slurry for CMP)
- U.S. and Taiwan Semiconductor Device Makers in the U.S. Responding to the expansion of most advanced semiconductor manufacturing capacity



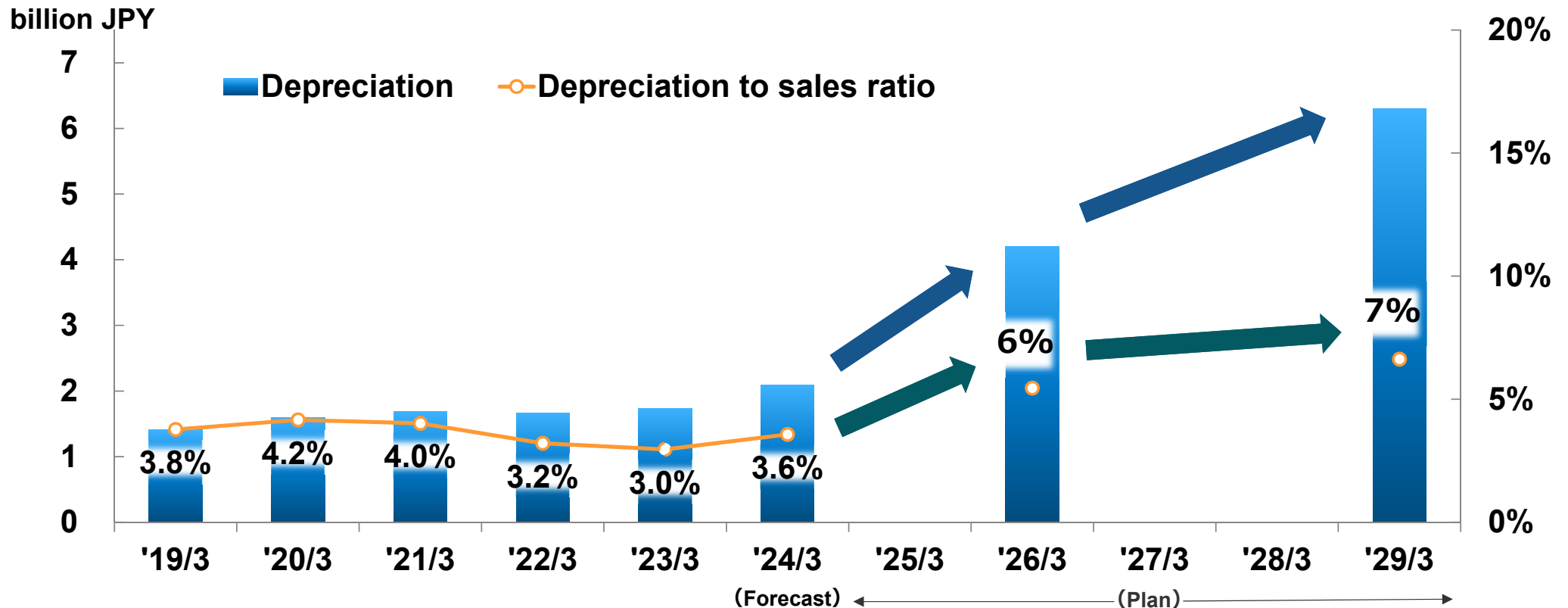
Investment plan

Our annual capital investment amount has been around 2 billion JPY over the past few years, however the company plans to make an unprecedentedly large capital investment (55 billion JPY) to expand our global product supply system to fulfill medium-term growth in semiconductor demand and to ensure the advancement of core technologies and development of new technologies. Due to soaring prices of construction materials and labor costs, the investment amount is expected to be significantly higher compared to the past plant construction.

	FY18-FY23 6 year plan (Actual)	FY24-FY29 6 year Plan (Plan)		
			FY24-FY26 3 year total	FY27-FY29 3 year total
Capital Investment	Of the 12.7 billion yen investment cash flow, 11.2 billion JPY	55.0 billion JPY	30.0 billion JPY	25.0 billion JPY

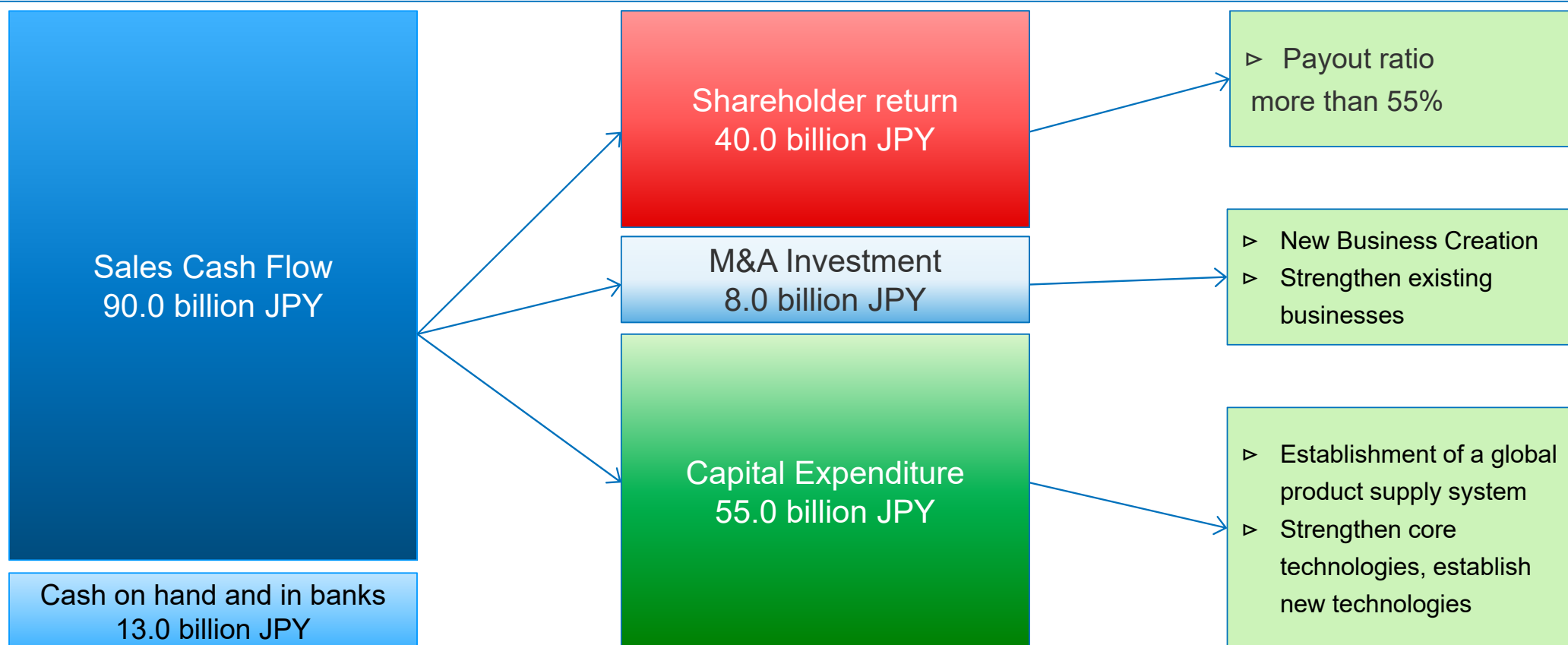
Depreciation

Depreciation to sales ratio, which had been hovering between 3% and 5% in the past, is expected to increase significantly to a CAGR of 17% due to the construction of a new plant and increased production capacity to expand a stable global product supply system, the expansion of RD facilities to keep pace with semiconductor miniaturization, the introduction of cutting-edge R&D facility equipment (evaluation equipment, polishing equipment, etc.), and the construction of a new RD center to strengthen core technologies and establish new technologies.



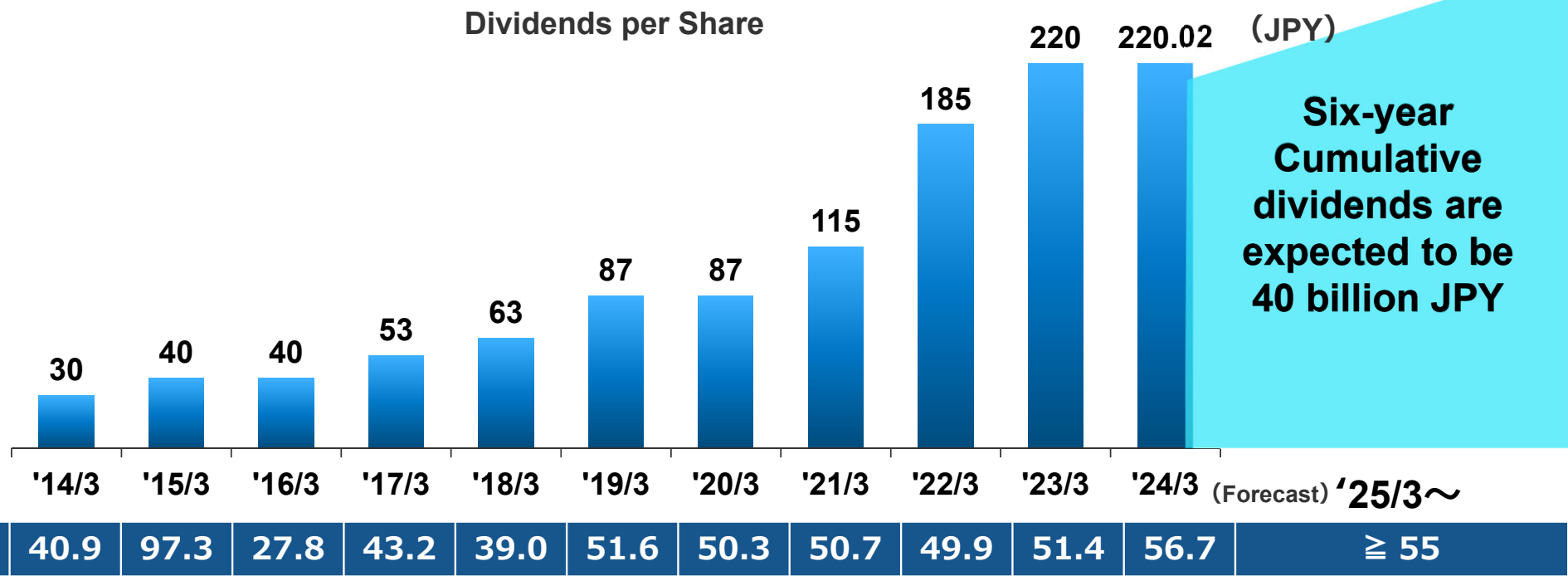
Capital allocation image (6-year cumulative total)

Investing the operating CF generated from semiconductor applications (CMP, silicon) in the expansion of the global product supply system, reinforcement of core technologies and core development of establishing new technologies in anticipation of further demand growth, while realizing more positive shareholder returns.



Shareholders' return transition and new return policy

- ▶ Further strengthening of shareholder returns
 - ▷ After change : Target consolidated dividend payout ratio of 55% or more
 - ▷ Before change : Target consolidated dividend payout ratio of 50% or more
- ▶ Fujimi will start an examination for an addition of DOE (Dividend on Equity) related policy.



Materiality

Specification of materiality (Toward achieving a sustainable society)

- ▶ In developing the Plan, Fujimi has specified 18 materialities (“Materialities”) as important subjects/issues which Fujimi prioritizes for a sustainable society.
- ▶ Fujimi, under its corporate mission “we will develop new, innovative technologies and applications with a commitment to environmental sustainability, thereby enabling the advancement of technology for the betterment of humanity”, has long been committed to contributing to society and achieving sustainable business growth.
- ▶ By specifying Materialities this time, Fujimi recognizes social subjects/issues to which Fujimi should contribute and address. Fujimi plans to update the Materialities on a regular basis based on social trends and the status of our own initiatives.

Materiality Identification process

Step1

**Comprehensive identification of social issues from an ESG perspective and identification of issues for the Company.
Then, verify the level of importance to our company.**

Step2

Stakeholder interviews were conducted to verify the level of importance to society.

Step3

Based on the level of importance to the company and to society, the issues are divided into four categories: Environmental (E), Social (S), Governance (G), and Value Creation.

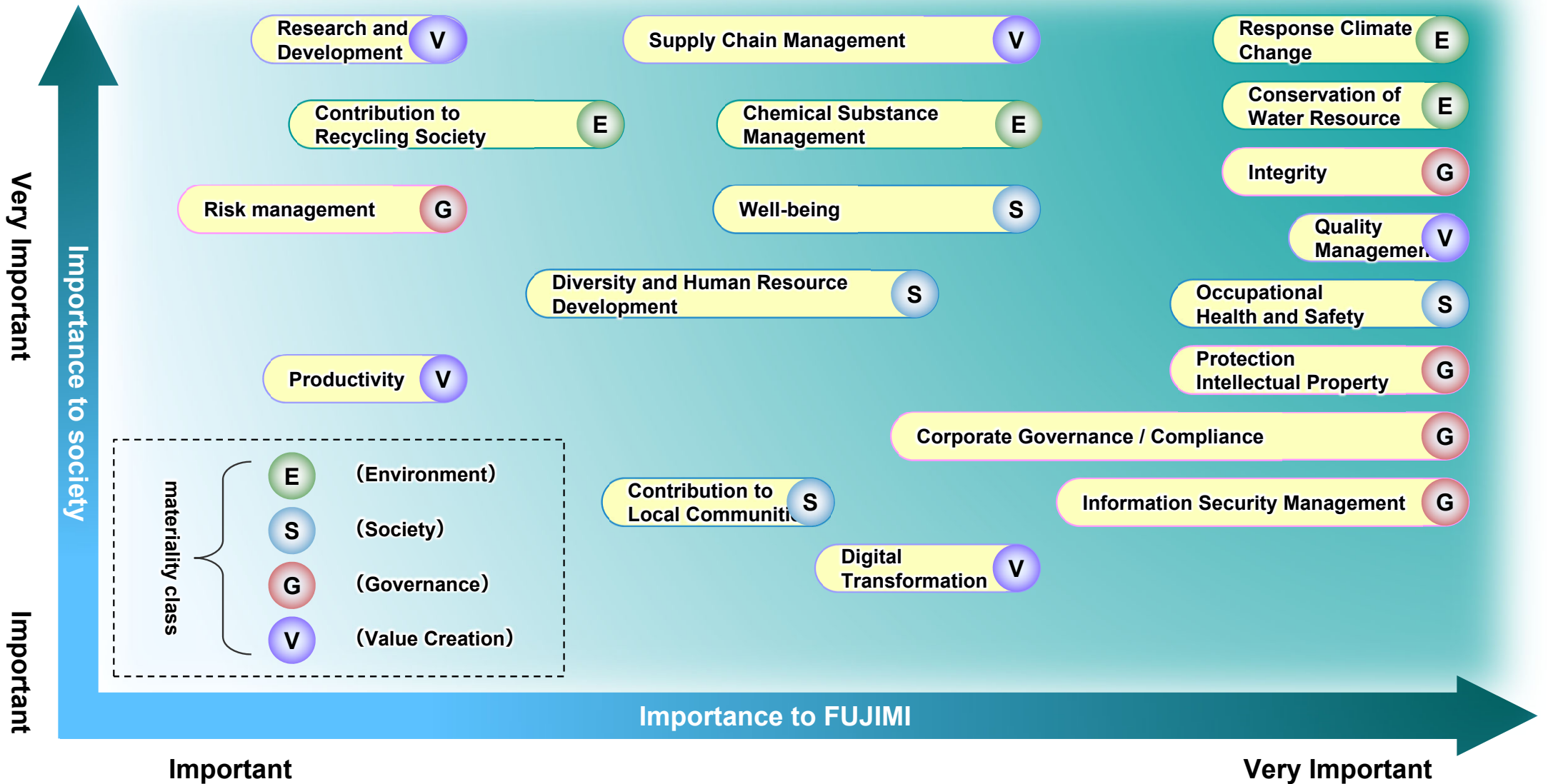
Step4

Identify our materiality in alignment with our corporate mission

Step5

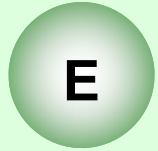
Deliberated and approved by the Board of Directors

Materiality matrix



Our materiality

18 Materiality



(Environment)

- Response Climate Change
- Conservation of Water Resource
- Contribution to Recycling Society
- Chemical Substance Management



(Society)

- Occupational Health and Safety
- Well-being
- Diversity and Human Resource Development
- Contribution to Local Community



(Governance)

- Integrity
- Information Security Management
- Protection of Intellectual Property
- Risk management
- Corporate Governance / Compliance



(Value Creation)

- Supply Chain Management
- Digital Transformation
- Quality Management
- Research and Development
- Productivity

Explanation of materiality

Environment (E)

Response Climate Change



【 Specific Background 】

The world urgently needs to address climate change, and Fujimi recognizes the importance of taking concrete measures to address climate change. To date, we have been reducing CO2 emissions by establishing energy conservation committees at each of our plants to ensure meticulous energy management. In the future, we will monitor emissions at each site, set mid- to long-term reduction targets for the entire company, and promote various measures to further reduce our environmental impact.

Environment (E)

Conservation of Water Resource



【 Specific Background 】

Some of our products use a large amount of groundwater in the production process, and water is an important natural resource that is indispensable for our business activities. Therefore, we will ensure the effective use of water resources by reducing the amount of water used (or input), to continue stable business activities, as well as to conserve forests and recharge water sources (*).

※ Please refer to the explanation of "Society (S) Contribution to Local Communities" for our efforts regarding forest conservation and water source recharge.

Explanation of materiality

Environment (E)

Chemical Substance Management



【 Specific Background 】

Appropriate management of chemical substances for environmental protection, human safety, business continuity, etc. is a serious responsibility of companies. We will strengthen our management system, appropriately grasp the regulatory status in each country, and ensure compliance with related laws and regulations and additional standards*. We will also promote ongoing efforts to meet the standards required by our customers regarding chemical substance management.

※ Ordinances enacted in addition to the standards set forth in national laws and regulations, or municipal ordinances enacted in addition to the standards of prefectural ordinances

Environment (E)

Contribution to Recycling Society



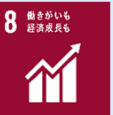
【 Specific Background 】

To achieve both environmental conservation and economic development, it is important to build a recycling-oriented society by making effective use of limited resources, reducing and recycling waste emissions, and properly disposing of waste. We will also promote ongoing efforts to conserve resources throughout the supply chain.

Explanation of materiality

Social (S)

Occupational Health and Safety



【 Specific Background 】

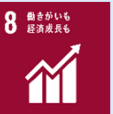
Ensuring the safety of our employees is our highest priority, and we aim to eliminate occupational accidents by implementing measures to prevent them at our domestic and overseas locations.

We will also work to improve the health of our employees, eradicating long working hours and strengthening mental health measures.

We will strive to maintain the health of our employees and ensure that they can work with peace of mind through both accident prevention and health maintenance.

Social (S)

Well-being



【 Specific Background 】

Our management stance is "We aim to be a company that motivates employees to excel by creating a great work culture. " We will continue to foster an organizational culture that allows employees to feel fulfilled and comfortable in their work and promote initiatives to realize wellbeing through improvements in the work environment, review of personnel systems, and sufficient consideration for work-life balance.

Explanation of materiality

Social (S)

Diversity and Human Resource Development



【 Specific Background 】

The success of diverse human resources and the development of human resources are indispensable for the continuous development of our business. In order to promote diversity, we will work to create a workplace environment where people can feel comfortable and fulfilled regardless of gender, race, nationality, creed, disability, etc.

In order to develop human resources, we are providing educational opportunities through our training programs and reviewing our training programs, and will continue to enhance our training programs for each position.

Social (S)

Contribution to Local Communities



【 Specific Background 】

We have several bases and factories in Japan, and we are committed to activities that take the local environment into consideration. Since a large amount of groundwater is used in the production process of our products, we are continuing activities to contribute to the local environment under the theme of "Water Offset" in Itoshiro, Shirotori-cho, Gujo City, Gifu Prefecture, which is located in the upper reaches of a river in Gifu Prefecture where many of our production sites are located. Through reforestation, the company is working with local organizations to protect the natural environment of the water source area and maintain or increase the soil's water-holding capacity, and will continue to value its ties with the community.

Explanation of materiality

Governance (G)

Integrity



【 Specific Background 】

We will be strongly conscious of integrity (sincerity and sincerity) as the base of "pride in manufacturing," which we cherish, and we will think for ourselves based on social norms and ethics, and reexamine the challenges, problems, and operations that we face.

We will promote the strengthening of our integrity mindset to solidify our "pride in manufacturing."

Governance (G)

Corporate Governance / Compliance



【 Specific Background 】

Our Management Policy is to "We adhere to rules and regulations and strive to improve the quality of our technologies and management, thereby strengthening our stakeholders' confidence and trust". We are committed to thorough compliance with laws and regulations, as it is essential for sound economic development, business continuity, and sustainable development for a company to comply with all laws and regulations and to ensure fair business practices. In strengthening corporate governance, we recognize the importance of strengthening our global management system. We will continue to actively communicate with our stakeholders and make efforts to utilize their opinions in our corporate activities.

Explanation of materiality

Governance (G)

Protection of Intellectual Property

【 Specific Background 】

The intellectual property of our products and technologies developed over many years of research and development is an important asset of our company. We will strive to secure and protect intellectual property, prevent leakage of our technologies, and strengthen research and development. We will also comply with intellectual property laws, patent laws, etc., and respect the intellectual property of others.

Governance (G)

Information Security Management

【 Specific Background 】

In response to the increasing risks related to information security, we will build robust security measures and strive to prevent damage from occurring.

In addition, we will further promote the development of an emergency management system to ensure a stable supply of products to our customers without delay in the event of an emergency.

Explanation of materiality

Governance (G)

Risk management

【 Specific Background 】

As a company that contributes to the semiconductor industry, which is indispensable to society through polishing technology, it is our responsibility to ensure a stable supply of products. We strive to improve our business continuity and emergency response capabilities by taking measures in advance to prepare for the occurrence of serious incidents. In addition, We will contribute to our customers' stable business activities by establishing a system that ensures a stable supply of products even in an emergency.

Value Creation

Supply Chain Management



【 Specific Background 】

Geopolitical risks, climate change, and the intensification of natural disasters have made the stable procurement of raw materials and the establishment of logistics networks a challenge. Securing stable raw material procurement and logistics is essential for business continuity and stable supply to customers. We will respond flexibly to changes in the business environment that may occur in the future and fulfill our supply responsibilities under any circumstances.

In addition, there is a potential risk of human rights violations and environmental destruction when procuring raw materials, and we will continue to take necessary measures to ensure responsible raw material procurement.

Explanation of materiality

Value Creation

Quality Management

【 Specific Background 】

We believe that the quality of our products, which contribute to the semiconductor industry through polishing technology, affects our customers' businesses and, by extension, the daily lives of ordinary consumers. As semiconductors continue to miniaturization, it is essential for our business to have quality assurance capabilities that enable us to meet ever-increasing quality requirements and quality control capabilities that ensure stable quality. We will work on stable process control, quality verification, and quality improvement, and also continue to strengthen our quality control system.

Value Creation

Research and Development

【 Specific Background 】

As a leading company in the field of precision polishing, we have continued our research and development for many years. We will continue to challenge for the highest quality and performance in the cutting-edge field of semiconductors, where further miniaturization is progressing, and develop and provide products that meet customer requirements in a timely manner.

At the same time, we will leverage our proprietary technologies cultivated through the development of polishing materials to promote the development of new applications that contribute to sustainability.

Explanation of materiality

Value Creation

Digital Transformation

【 Specific Background 】

We are promoting DX with the aim of strengthening our composition development capabilities, improving productivity, enhancing quality control capabilities, and efficiently utilizing human resources. Going forward, the Company will develop a system for DX promotion and promote it company-wide.

Value Creation

Productivity

【 Specific Background 】

Improving productivity is an important issue in order to stably meet customer demand and to cope with the declining birthrate, aging population, and shrinking workforce. We will strive to improve productivity by reviewing and optimizing current processes, optimizing the value chain, and utilizing DX.

技術を磨き、心をつなぐ

FUJIMI

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