

FCL Components Group
Environmental Report
FY2024



The FCL Components Group recognizes environmental management as one of its most important roles and contributes to building a sustainable society. It participates in global environmental conservation efforts by striving to reduce the harmful environmental impact generated by the products or services offered throughout its business activities.

1. Greeting

We, FCL Components Group, have been implementing activities to reduce environmental impact based on the philosophy of "caring for the environment and conducting better corporate activities" since 1998.

In 2023, various parts of the world experienced disasters that appear to be caused by climate change, such as floods and droughts, highlighting the global environmental problems we are currently facing. Environmental issues have become urgent and essential elements in all business and social activities.

Digital transformation (DX) is a key approach to addressing environmental challenges. Advances in digital technology have enhanced our ability to collect and analyze environmental data, facilitating the development of more effective environmental management strategies. FCL Components is contributing to large-scale real-time environmental monitoring and implementing sustainable business practices through the provision of IoT network devices equipped with environmental sensors.

Furthermore, to promote the greening of the market through scientific and technological innovation, we are actively focusing on product development for green applications such as renewable energy and electric vehicles (EVs), as well as enhancing the energy and resource efficiency of our products.

Simultaneously, we have been working to reduce greenhouse gas emissions, electricity consumption, water usage, and industrial waste during manufacturing processes. Together with our business partners, we continuously promote activities aimed at reducing environmental impact throughout the entire life cycle of our products.

In fiscal year 2024, the FCL Components Group declared our commitment to carbon neutrality. In addition to traditional energy-saving efforts, we have incorporated plans to introduce renewable energy sources and utilize non-fossil energy certificates (designated as renewables). These steps mark our progression towards achieving carbon neutrality by 2050, a significant milestone we aim to accomplish with the active collaboration of our management team, employees, customers, business partners, government, and local authorities.

*1 FCL Components Group Declaration of Carbon Neutrality
<https://www.fcl-components.com/downloads/MICRO/fca/carbon-neutrality-2024en.pdf>



Masahiro Kinoshita
 Representative Corporate
 Officer, President and CEO

2. Group Profile

Head Office address	FCL COMPONENTS LIMITED Shinagawa Seaside Park Tower, 12-4, Higashi-shinagawa 4-chome, Shinagawa-ku, Tokyo 140-0002, Japan
Representative Corporate Officer	Masahiro Kinoshita, Representative Corporate Officer, President and CEO
Founded	October 1, 2001
Main Business	Manufacturing and sales of relays, keyboards, touch panels, thermal printers, wireless modules, KVM solutions, cross technology products (unit products)
Capital	90 million yen
Capital surplus	12,810 million yen (as of March 30, 2024)
Financial Year End	March 31
Employees	2,100 (consolidated as of March 31, 2024)
Group Composition	The Group is composed of a total 10 companies: 3 Japanese companies including 1 sales company, and 7 overseas companies including 5 sales companies

3. Environmental Policy & Environmental Protection Program

■ FCL Components Group Environmental Policy

Principle

The FCL Components Group recognizes the value and importance of protecting the global environment as one of its foremost priorities. Our environmental philosophy is: We are committed to conducting exemplary corporate activities while enhancing our coexistence with the environment. As a company engaged in the development, design, manufacturing, and sale of electrical components, we advocate for the implementation of an Environmental Management System (EMS) per ISO 14001, aiming to contribute to the achievement of a prosperous society aligned with the Sustainable Development Goals (SDGs).

Action Guidelines

- We recognize the global environment as one of the most important issues and continuously improve our environmental management system through our activities, products, and services.
- We strive to achieve a sustainable society through environmental initiatives for future generations.
- We offer products that contribute to both business growth and environmental protection.
- We comply with all relevant environmental laws as they apply to our activities, products, and services.
- We strictly prohibit hazardous substances in our products and refrain from discharging any hazardous substances into the environment, as stipulated by the FCL Components Group.
- Every employee is committed to improving the environment, including the use of sustainable resources, promoting carbon neutrality for climate control, conserving biodiversity both at work and at home, and extending these efforts to society.

Priority Items

We prioritize the following items related to the environmental aspects of our products and services:

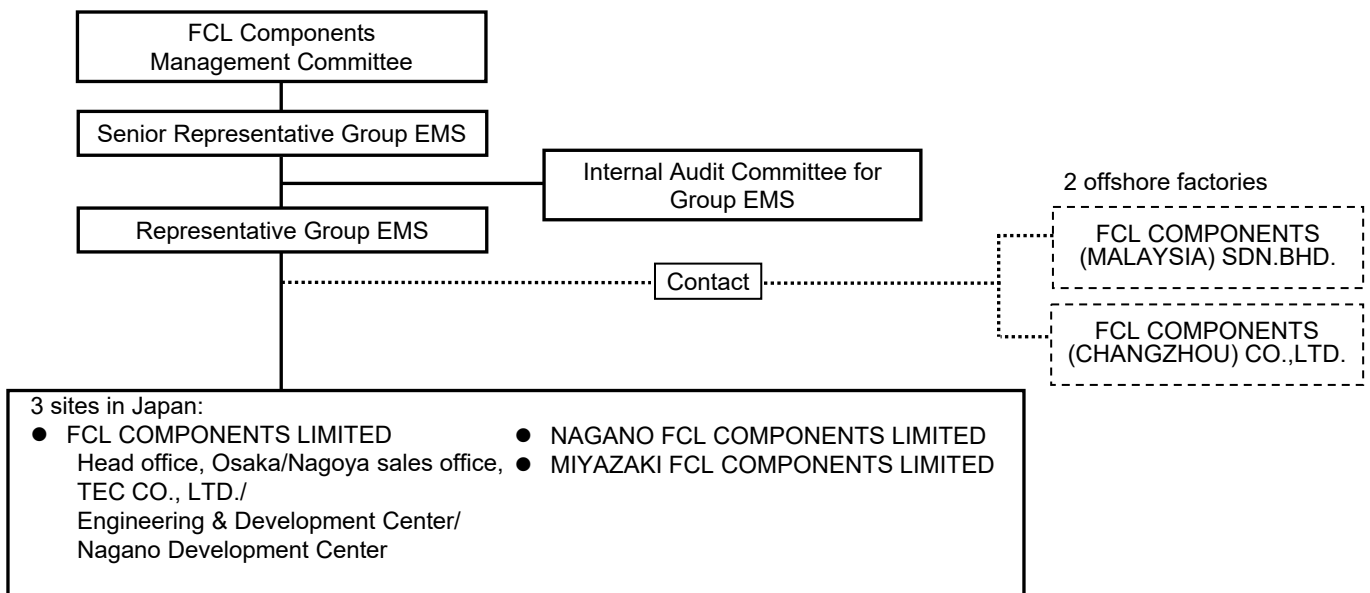
1. Improvement of environmental impact throughout the product lifecycle
2. Promotion of social contribution activities
3. Reduction of energy consumption per unit
4. Reduction of waste emissions per unit

Supplement

1. This policy is communicated to our employees, group members, and all relevant stakeholders.
2. Our Analytical Engineering Department is responsible for the Environmental Policy.

April 1, 2024
FCL Components Group EMS Management

4. Organization for Environmental Activities



5. The 9th Stage Group Environmental Protection Program (FY2022 to FY2024)

The FCL Components Group has launched the 9th Stage of its Environmental Protection Program and has commenced activities accordingly. All targets were achieved in FY2023. Specifically, regarding environmentally friendly products, we exceeded the goal by one.

Item	The 9 th Stage Group Environmental Protection Program Goals	FY2023		
		Target	Result	
Social contribution activities	Improvement of environmental value throughout production life cycle 10 or more products which satisfy one of below to be developed by end of FY2024. (1) Product to lead in energy-efficiency ^(*1) (2) Product's resource efficiency ^(*2) is increased by 1% or more (3) Development of new technology leading to improvement of energy or resource efficiency (4) Product's energy or resources efficiency is increased by improving manufacturing processes	3 products	4 products	Done
	Promotion of social contribution activities Promote activities to solve social and environmental issues.	23 activities	24 activities	Done
Own business activities	Improvement of energy efficiency Based on the Energy Conservation Act, we will improve specific energy consumption unit in facilities by an average of 1% per year from the average of the last 5 years results ^(*3) .	See table-1		Done
	Control on waste emission We will reduce specific waste unit to less than the average for the last five years. ^(*4)	See table-2		Done

Table-1 Specific energy consumption unit FY2023 targets and results

Site name	Calculation formula	FY2023 target ^(Note 5)	FY2023 result	
FCL COMPONENTS	$\frac{\text{Energy consumption (t-CO}_2\text{)}}{\text{Sales amount (million yen)}}$	0.996	0.763	Done
NAGANO FCL COMPONENTS	$\frac{\text{Energy consumption (t-CO}_2\text{)}}{\text{Sales amount (10 million yen)}}$	2.520	1.800	Done
MIYAZAKI FCL COMPONENTS	$\frac{\text{Energy consumption (t-CO}_2\text{)}}{\text{Production quantity (thousand pcs)}}$	0.0177	0.0165	Undone

Table-2 Specific waste unit FY2023 targets and results

Site name	Calculation formula	FY2023 target ^(Note 5)	FY2023 result	
FCL COMPONENTS	$\frac{\text{Waste amount (kg)}}{\text{Sales amount (million yen)}}$	82.7	76.7	Done
NAGANO FCL COMPONENTS	$\frac{\text{Waste amount (kg)}}{\text{Sales amount (million yen)}}$	20.0	15.4	Done
MIYAZAKI FCL COMPONENTS	$\frac{\text{Waste amount (kg)}}{\text{Production quantity (million pcs)}}$	365.9	294.1	Done

*1: The products meet the criteria which is ranked at the top level in the market, including leading products (world-first, industry-first, world-best, industry –best) in energy efficiency.

*2: Improvement of product's resources (smaller, lighter, thinner, reducing number of parts) or resource circulation (reducing waste amount, recycle capability).

*3: Specific energy consumption unit = energy consumption amount (KI crude oil equivalent) / production amount (industrial output amount or quantity). CO₂ conversion factor shall be the latest one published under the Energy Conservation Act.

*4: Specific waste unit = waste emission amount (t) / production amount (industrial output amount or quantity)

*5: Target was calculated based on the average of the last five years.

*6: Planned values were reviewed during the period.

6. Environmental Activities

Development of Eco-friendly Products

We are dedicated to developing and offering eco-friendly products that enhance both environmental and commercial aspects.



Highlights of new Developments



Relay



Wireless Module



Touch Panel

Improvement	Products	Details of improvement	Improvement ratio (compared to our conventional products)
Energy efficiency	Relay	Power savings through renewal of driving mechanism (FBR53-LE relay)	26% reduction in power consumption
Resource efficiency	Wireless module	Resource conservation through reducing the height of the product (FWM8BLZ14)	48% reduction
	Touch panel	Reduction of protective sheets by developing an ITO film with antibacterial/antiviral functions	5% reduction

Status of Social Contribution Activities

Each group company engages in social contribution activities to foster harmony with local communities and preserve biodiversity, including the eradication of invasive plant species.



Major Activities



Head office (Shinagawa, Tokyo)
Donation of contact lens case



Engineering & Development Center (Suzaka, Nagano)
Cleaning up around the factory



Nagano FCL Components (Iiyam, Nagano)
Eradication of invasive plant species



Miyazaki FCL Components (Nichinan, Miyazaki)
Cleaning up around the factory

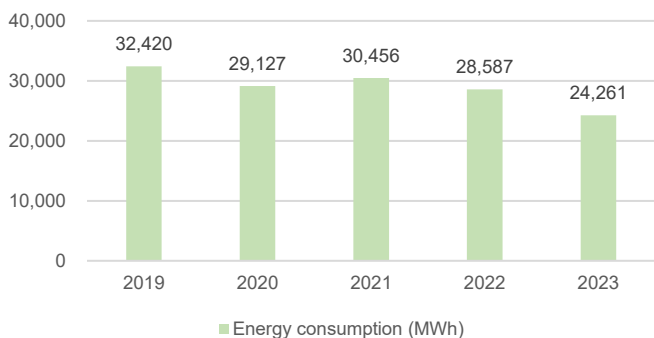
Global Warming Prevention Activities (Reduction of Energy Origin CO2, Improvement of Energy Efficiency)

The FCL Components Group has set a goal to achieve carbon neutrality by FY2050. In addition to traditional efforts to reduce fossil fuel consumption (such as electricity, heavy oil, and LPG), we are exploring the adoption of non-fossil energy sources (such as solar power) and the utilization of Renewable Energy Certificates and Non-fossil Certificates.

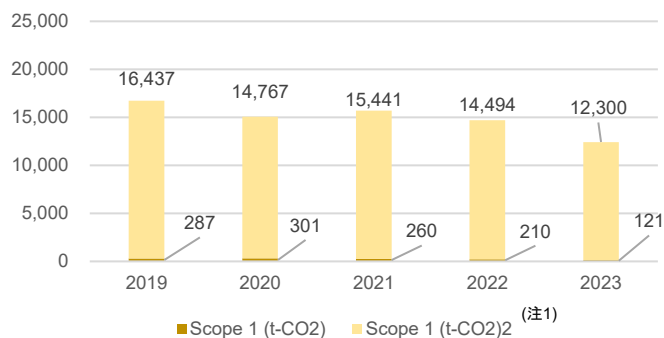


Furthermore, we continue our efforts to reduce water consumption, including groundwater use.

Transition of total energy consumption amount

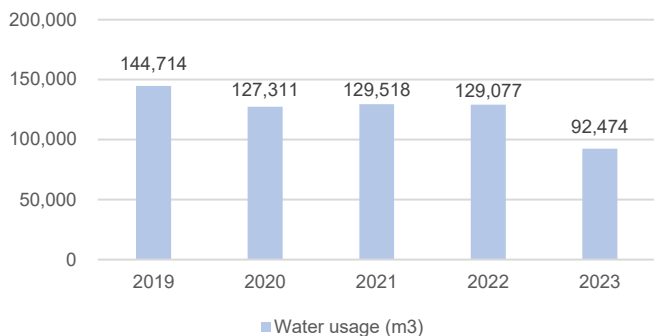


Transition of CO₂ emission



Scope 1: Direct emissions by own company emissions
 Scope 2: Indirect emissions associated with the use of electricity, heat and steam supplied by external companies

Transition of water usage

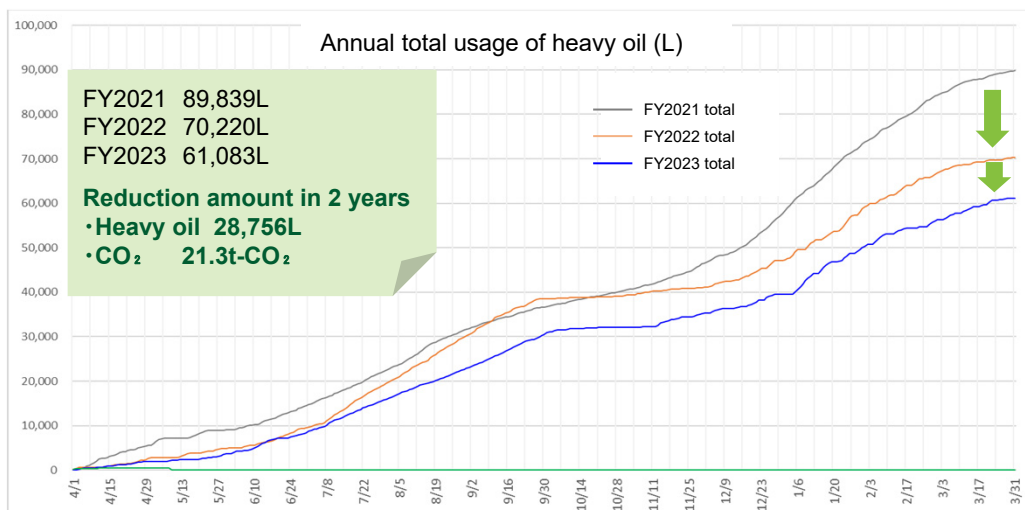


Carbon Neutrality
 FCL Components Group
 Declaration of Carbon Neutrality
<https://www.fcl-components.com/downloads/MICRO/fca/carbon-neutrality-2024en.pdf>

Topics

Enhancing Energy Efficiency: Reducing CO₂ Emissions through Optimized Air Conditioning Operations Integrated with Factory Processes

We have established an Energy Conservation Promotion Working Group, comprising representatives from three domestic sites, and have actively engaged in activities aimed at improving energy usage efficiency to reduce CO₂ emissions. This initiative builds upon measures implemented since FY2022, focusing on the reduction of heavy oil consumption. (FCL Components Limited Engineering & Development Center)

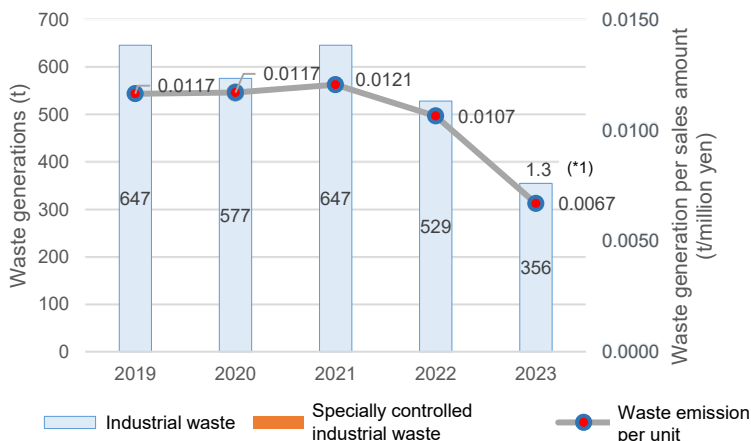


■ Managing Industrial Waste Reduction and Promoting Circular Economy Initiatives

This initiative centers on implementing the principles of the 3Rs (Reuse, Reduce, and Recycle), waste separation, and promoting recycling and reuse practices among all employees. By minimizing waste and encouraging its recycling or reuse, our goal is to reduce environmental impact. Additionally, our Nagano FCL Components Repair Center offers repair services for keyboards, thermal printers, and KVM solutions, supporting a circular economy by extending the lifecycle of products.

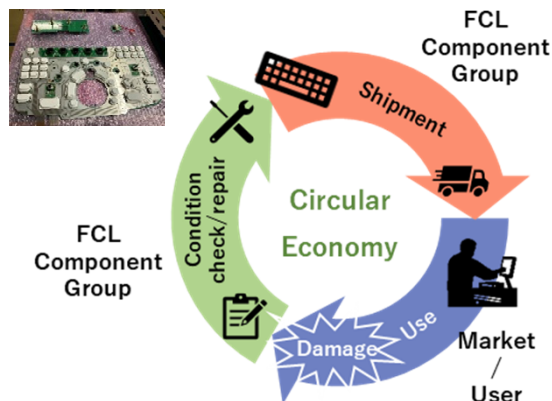


■ Transition of industrial waste reduction



*1: Specially controlled industrial waste that is explosive, toxic, infectious, or has other properties that may cause damage to human health or the living environment is distinguished from ordinary waste. (From FY2023)

■ Long-term use of products through repair service



7. Chemical Substances Contained in Products

■ Management of Chemical Substances Contained in Products

All materials are purchased under the Common Environmental Purchasing Specifications, and FCL Components Group specified banned materials are checked by certification of compliance and chemSHERPA (*1). Phthalic acid ester, which was added under the revised European RoHS directive, is analyzed by Gas Chromatograph Mass Spectrometry and other methods inside our company. In addition, we have established a management system for pollution control in production sites and suppliers and check products' compliance.



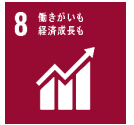
*1: A scheme that facilitates sharing information on chemical substances in products conducted by Ministry of Economy, Trade and Industry. (Abbreviation of Chemical Information Sharing and Exchange under Reporting Partnership in supply chain).

■ Green Procurement

We ask all supply partners to build an environmental management system as well as prevention of global warming and biodiversity program to further the reduction of the environmental impact throughout the supply chain.

8. Actions to High-Risk Minerals

The FCL Components Group promotes the investigation of the High Risk Minerals (Note 1) in line with OECD Due Diligence Guidance. We use the 'Responsible Materials Initiative (RMI) for conflict minerals and cobalt' reporting template for these investigations. We will continue the activities to smelting manufacturers and to improve transparency of supply chain to provide reliable information for the customers.



(Note 1) Investigate and identify tantalum, tin, gold, tungsten, cobalt and mica.

9. Third-Party Evaluations

■ ISO14001:2015

FCL Components Group obtained ISO14001:2015 in FY2016 and has since maintained efforts to reduce our environmental footprint.



■ EcoVadis Sustainability Evaluation

We are proud to have achieved a Silver rating in the EcoVadis assessment (Headquarters: France).

Our environmental initiatives received particularly high scores.



■ Contact

Engineering & Development Center
 Business Planning Section, Business Promotion Division
 Address: 1174 Suzaka, Suzaka-shi, Nagano-ken, 382-0076 Japan
 E-mail: fcl-contact@cs.fcl-components.com

FCL COMPONENTS LIMITED

Shinagawa Seaside Park Tower
 12-4 Higashi-shinagawa 4-chome,
 Shinagawa-ku, Tokyo 140-0002

Published by: Business Planning Section, Business Promotion Division
 Edited by: Marketing Section, Sales Division
 Published on: August 6, 2024
 Period of report: April 1, 2023 to March 31, 2023 (including FY2024 plans)