

Sustainability
Report

2022





Management Philosophy

It is the mission of our Company and our Group to contribute to society, with a focus on our business of leveraging electronics and other advanced technology to create products that embody functions of human senses: measurement, cognition, and control.

1. Continually hone our technology to develop products that lead the world.
2. Anticipate changes in the market and create new value.
3. Prioritize quality in our products and earn the trust of customers.
4. Develop human resources who improve their abilities and their character to contribute to fulfilling our mission.
5. Engage in sound and fair corporate activities in line with social norms.
6. Protect the environment and work to conserve limited resources.
7. Increase our overall corporate value and meet the expectations of our stakeholders.

Sustainability Policy

Through our creative technologies in measurement, cognition, and control, the TOKYO KEIKI Group aims to realize a sustainable society and enhance our corporate value over the medium to long term while earning public trust.

1. Identify the underlying needs of our customers and society, and continue to solve problems through our business activities.
2. Strive to reduce environmental impact and ensure respect for human rights throughout our supply chain.
3. Continue to foster a corporate culture in which diverse human resources can demonstrate their individual strengths and thrive.

Company profile (as of March 31, 2022)

Trade name:	Tokyo Keiki Kabushiki-gaisha
Company name in English:	TOKYO KEIKI INC.
Founded:	May 1, 1896
Established:	December 21, 1948
Paid-in capital:	¥7,217,597,300
Employees:	1,304 (Consolidated: 1,696)

Editorial policy

We issue this report for the purpose of providing easily understood information on sustainability at TOKYO KEIKI to stakeholders including customers, business partners, shareholders, investors, local communities, and employees. Our goal is to make this report a useful tool for communication with our stakeholders.

Period covered

Fiscal 2021 (April 2021 to March 2022)
Some data and information on activities from April 2022 are also included.

Scope of coverage

Financial information:
TOKYO KEIKI INC. and its domestic and overseas consolidated subsidiaries

Non-financial information:
TOKYO KEIKI INC.
TOKYO KEIKI AVIATION INC.
TOKYO KEIKI POWER SYSTEMS INC.
TOKYO KEIKI RAIL TECHNO INC.
MOCOS JAPAN CO., LTD.
TOKYO KEIKI PRECISION TECHNOLOGY CO., LTD.

Referenced guidelines

GRI Standards

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Although the global economy showed signs of recovery due to the easing of behavioral restrictions that followed the rollout of vaccinations against COVID-19, the outlook remains uncertain due to prolonged supply chain disruptions and other factors. In addition, there are also concerns about the effects of global climate change, with natural disasters becoming more severe and more frequent in recent years. If we are to stop further deterioration, we cannot afford to halt our progress toward a carbon-free society. In addition, as society becomes more diverse, companies are now strongly expected to contribute to the realization of a society where all people are respected and can lead their lives in peace.

The TOKYO KEIKI Vision 2030 – Defining our Aspirations for 2030

At the beginning of fiscal 2021, the TOKYO KEIKI Group anticipated the society of 2030 and defined five business areas as social issues to be solved through our business: “Protect the global environment,” “Ensure a secure society and people’s health,” “Overcome the problems of the low birth rate and population aging,” “Build the future by serving as a key player in the AI/ICT revolution,” and “Advance the mobility-based society.” Furthermore, to address these social issues, we have formulated TOKYO KEIKI Vision 2030, identifying candidates for growth drivers by comparing our current businesses and technologies to areas of business we wish to enhance. With this vision as a foundation, we aim to shift to a

stage of medium- to long-term corporate value enhancement and sustainable growth by responding to rapidly changing social needs and taking the SDGs as a starting point for creating new global niche-leading businesses.

As an example of new projects currently underway, in the area of “protecting the global environment,” we are working on projects involving reducing greenhouse gas (GHG) emissions under the theme of solving environmental issues to achieve carbon neutrality. Currently, as part of our hydrogen-related business, we provide hydraulic-drive hydrogen compressors for hydrogen filling stations, and going forward, we will pursue further research and development of hydrogen-related equipment to broaden the scope of our business.

Another example, in the area of “Ensure a secure society and people’s health,” is our contributions to disaster preparedness through our aerospace business. The first step in this direction is the small synthetic aperture radar (SAR) satellites for which we provide microwave amplifiers. Synthetic Aperture Radar is a radar that emits microwaves onto the earth’s surface and receives the reflected waves to produce an image. Analysis of satellite image data acquired from the reaches of space is expected to be useful in responding to earthquakes, floods, and other disasters. Our microwave amplifiers are installed in the core of the satellite, and we are currently constructing a new facility at our Nasu Plant to further expand our involvement to include assembly of the satellite as a whole.

Meanwhile, in the areas of “Overcome the challenges of the low birth rate and population aging” and “Build the future by serving as a key player in the AI/ICT revolution,” our railway business is developing a new railway maintenance inspection system incorporating AI to support rail maintenance personnel, a workforce that is suffering severe labor shortages, thereby achieving further safety and efficiency in railway maintenance.

A Sustainability Promotion Framework to Create Distinctive TOKYO KEIKI Value

The key strength of the TOKYO KEIKI Group lies in the fact that it has developed by harmonizing its various businesses. Therefore, even when considering sustainability, we are working to build a framework based on the idea of reexamining what is distinctive about TOKYO KEIKI and drawing out new ideas. Corporate sustainability activities often end up being formulaic, but we will continue to conduct activities that incorporate the values, originality, and creativity distinctive to the TOKYO KEIKI Group.

The organizations that form the foundation of the Group’s sustainability activities are the Sustainability Promotion Office and the Sustainability Committee, which are designed to serve as a top-down activity framework. Policies and measures involving sustainability management are proposed by the relevant divisions, led by the Sustainability Promotion Office. These are then deliberated and decided on a committee, made up of management personnel and executive officers and chaired by myself, before being implemented throughout the company. In fiscal 2021, one of our main activities was to identify materialities, which are important issues shared by the Group and our various stakeholders. From fiscal 2022 onwards, the divisions involved collaborate under the committee to study and promote specific measures for these materiality issues. As another example of our activities, we have decided to set our GHG reduction target in Scope 1 and 2 (direct/indirect GHG emissions by the company) for fiscal 2030 at minus 37% (relative to fiscal 2013), the target set by the government for the industrial sector. As a company on the Prime market, the things we must do for the environment are many and varied. Going forward, we will continue to work in line with the Task Force on Climate-related Financial Disclosures (TCFD) proposals and enhance our information disclosure efforts.

Based on the belief that the promotion of sustainability



management requires not only strong top-down action, but also bottom-up action, in which each and every employee sees sustainability as their own responsibility and acts accordingly, we have also established the “Future Design Unit” within the Promotion Office. The mission of this unit is to facilitate proposals for improving operational efficiency at the ground level, to develop employees’ ideas for products and businesses that solve social issues to the stage where they can win the approval of top management, and to put them into practice. We hope that the Future Design Unit will serve as a hub for a variety of opinions and ideas for contributing to the environment and society, both internally and externally, and raise awareness of the ongoing improvements that have been a vital part of the company for more than 125 years, as well as its achievements in social contribution.

Meeting Stakeholder Expectations

In April 2022, TOKYO KEIKI moved to the Prime Market of the Tokyo Stock Exchange as part of a major turn toward growth and an even greater focus on solving social issues through innovative technology. We are also working to comply with the TSE’s Corporate Governance Code, which was revised in June 2021, and plan to disclose the status of human resource development and the implementation of higher governance systems in the future. We will meet the expectations of our stakeholders by ensuring high standards of governance and providing products that meet the demands of the environment and society, thereby leading to sustainable growth.

I hope that we can continue to count on your generous support.

Representative Director
President & CEO



Message from the Chief Sustainability Promotion Officer

A year and a half has passed TOKYO KEIKI Group established new organizations (the Sustainability Committee and the Sustainability Office) to serve as the foundation of its sustainability management. During that time, the climate change situation facing us has continued to worsen, with four key indicators — greenhouse gas concentrations, sea level rise, sea surface temperature rise, and ocean acidification—reaching new highs by 2021. As such, the IPCC (Intergovernmental Panel on Climate Change) prediction of a 1.5°C increase in average global temperature relative to the pre-industrial era by 2030 is now beyond doubt. Even in the midst of these ongoing global issues, the risk of dependence on fossil fuel-derived energy has become apparent due to the international tensions triggered by Russia’s invasion of Ukraine in February of this year, making the move toward decarbonization an urgent imperative.

Given these circumstances, our Group has decided to address the “realization of an environmentally conscious society” as one of our materialities (important issues for the company and its stakeholders). Initially, we will work to reduce GHG (greenhouse gas) emissions by 37% relative to fiscal 2013, the government’s target for the industrial sector, but in the future we will strive to reduce emissions throughout our supply chain.

We have established a “Sustainability Policy” to clarify the Group’s approach to sustainable corporate activities, including the resolution of the decarbonization issues

mentioned above, and have decided to communicate this approach both internally and externally. This policy, the details of which are provided in this report, represents the Group’s management philosophy for the future, and the core spirit in which it will continue its corporate activities. In addition, we have identified “materiality” issues that we must address in order to conduct future corporate and business activities in line with our sustainability policy, and by steadily resolving these issues, we will realize the future we are aiming for as a Group.

There are many things that should and must be done to improve the Group’s sustainability while contributing to society and the environment, but management and all employees will continue to work together to improve the quality of the Group’s sustainability management as we change our mindset to make these issues “things we want to do.”

Director & Executive Officer, Chief of Sustainability Promotion

Yukihiko Suzuki

Company History

Begins manufacture of navigational instruments such as compasses and depth sounders



Compass installed in bridge of the flagship "Mikasa"

Successfully develops Japan's first marine radar system



MK-II Mod.0 Radar Display

Begins manufacture of Sperry gyrocompasses

Head Office moves to Kamata, Tokyo



Successfully develops the world's first ultrasonic flowmeter and moves into the field of flow measurement



UF-100 Ultrasonic Flowmeter

Establishes NEW TOKYO KEIKI (now TOKYO KEIKI Yaita Plant) for mass production of electronic and measurement products



Develops radar warning system used in the F-4EJ fighter plane

Celebrates 100 years of operations

Establishes Maritime Traffic Department in the Electronics Systems Division



Restores the "TOKYO KEIKI" corporate name

Establishes Chinese subsidiary TOKYO KEIKI (SHANGHAI) CO., LTD.

Introduces company-based organizational structure

Changes corporate governance system to have an Audit and Supervisory Committee

1896

Begins production of pressure gauges in Koishikawa, Tokyo as Wada Keiki Seisakusho, Japan's first instrument factory



1901

1917

Company reorganized as TOKYO KEIKI CO., LTD.
Optical instruments business spun off and established as Nippon Kogaku K.K. (now Nikon) with Mitsubishi joint-stock company

1918

1923

Begins development of aeronautic instruments

1930

Company name changed to TOKYO KEIKI SEIZOSHO

1948

株式会社 東京計器製造所
TOKYO KEIKI



Flight Compass

1952

1954

Begins manufacture of hydraulic equipment

1962

Develops a rail inspection car using ultrasonic flaw detection technology



1963

1968

Establishes TOKYO VICKERS CO., LTD. (now TOKYO KEIKI Sano Plant) for mass production of hydraulic equipment

1969

1970

Company name changed to TOKYO KEIKI CO., LTD.



1971

1973

Establishes DAICHI TOKYO KEIKI CO., LTD. (now TOKYO KEIKI Nasu Plant) as a specialized factory for the manufacture of aerospace and terrestrial electronic products

1990

Company name changed to TOKIMEC, INC.



1996

1999

MRG-10 microwave level gauge goes on sale



2005

2008

2011

Establishes TOKYO KEIKI PRECISION TECHNOLOGY CO., LTD. in Vietnam as a base for hydraulic equipment manufacturing

2012



2013

2016

2021

Celebrates 125 years of operations

Our Businesses

Marine Systems Business

Marine Systems Company

MOCOS JAPAN

Supporting the safety and security of ocean navigation through leading-edge gyrocompass technology and marine autopilot technology

- As a pioneer in nautical equipment, having been the first company in Japan to manufacture marine radar, gyrocompasses, and autopilots, we offer a comprehensive lineup of navigational instruments necessary for ship operation and supply them on a global scale.
- As a top manufacturer of gyrocompasses and autopilots, we are also participating in projects to develop unmanned vessels and to reduce GHG emissions.



Autopilot



Gyrocompasses



Electronic Chart Display and Information System

Hydraulics and Pneumatics Business

Fluid Power & Control Systems Company

TOKYO KEIKI POWER SYSTEMS INC.

TOKYO KEIKI PRECISION TECHNOLOGY

Supporting manufacturing and infrastructure development on the ground

- We support the creation of social infrastructure by providing hydraulic, pneumatic, and electronic products that feature excellent energy efficiency and operability, principally for the industrial machinery and construction equipment markets.
- Our hydrogen compression equipment contributes to the proliferation of next-generation energy.



Energy-saving pump systems for industrial machinery



Display for construction machinery



Hydraulic hydrogen compressors for hydrogen filling stations

Fluid Measurement Equipment Business

Measurement Systems Company

Contributing to the safety of everyday life through water resource management and river disaster prevention

- We achieved the world's first practical application of ultrasonic flowmeters. We contribute to the effective use of valuable water resources through flow rate monitoring of water and sewerage systems and of agricultural water.
- Our microwave level gauge-based water level monitoring system aids in prevention and mitigation of river flooding and urban flooding.



High-precision ultrasonic flowmeter



Microwave level gauge

Supporting safe living through gas-based fire extinguishing systems

- Ever since we became the first in Japan to develop inert gas-based fire extinguishing systems, we have protected valuable assets from fires at facilities not suited to water- and foam-based fire extinguishing.



Gas-based fire extinguishing systems

Defense & Communications Equipment Business

Electronics Systems Company
 Communication & Control Systems Company
 TOKYO KEIKI AVIATION INC.

Supporting society through proprietary microwave application technology and inertial sensor technology

- We develop and provide aircraft electronic equipment and submarine inertial navigation systems for the defense market.
- We provide a vessel traffic service system that handles vessel traffic control in congested sea lanes, including in Tokyo Bay and Osaka Bay.
- Our high-performance microwave application products contribute to the miniaturization of semiconductors and to space projects.
- We support smart agriculture through inertial sensors and control technology.
- We provide a variety of attitude control systems that combine our core technologies, including gyroscopes, accelerometers, and magnetic azimuth sensors, for use in news helicopters, broadcasting vans, and more.



Aircraft radar warning receivers



Vessel traffic service system



Solid state microwave power supply



Automated straight-line assistance device for agricultural vehicles



Antenna directioning system

Other Businesses

Inspection Systems Company TOKYO KEIKI RAIL TECHNO INC.

Our Printing Inspection Equipment business contributes to maintaining quality in printing

- Our high-precision image processing technology detects printing problems and helps improve the quality of printed materials.



Printing quality inspection system

Our Railway Maintenance business supports safe transport on railways

- We support rail maintenance operations with ultrasonic rail inspection cars and rail flaw detectors that are in operation at more than 70% of Japan's railway companies.

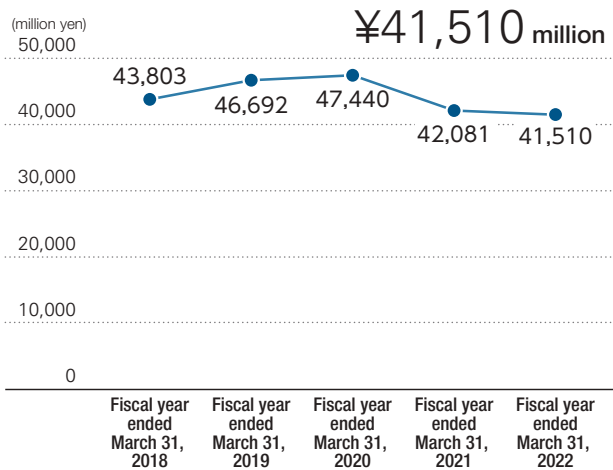


Ultrasonic rail inspection cars

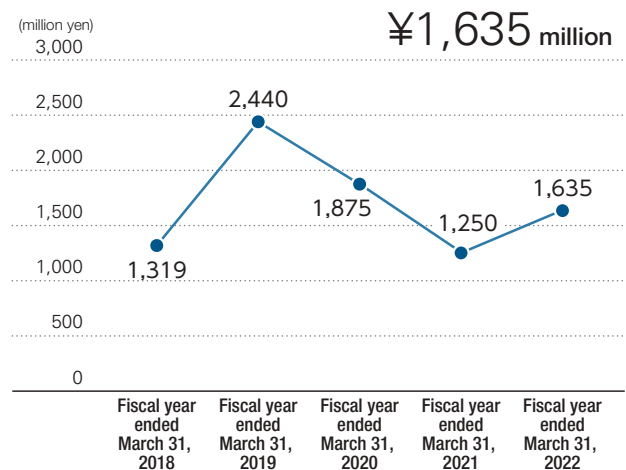
Financial and Non-Financial Highlights

Financial information

Changes in consolidated net sales

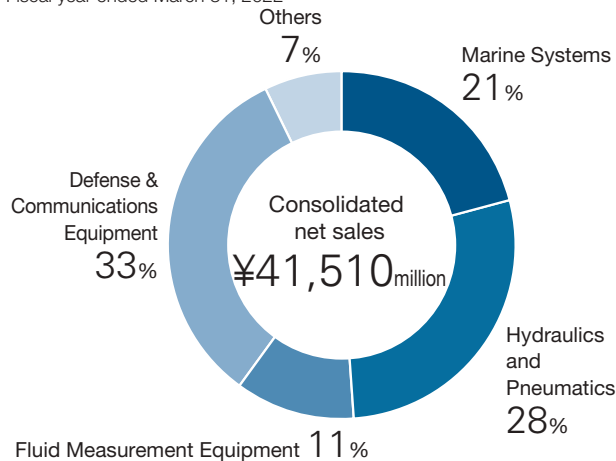


Changes in consolidated operating profit



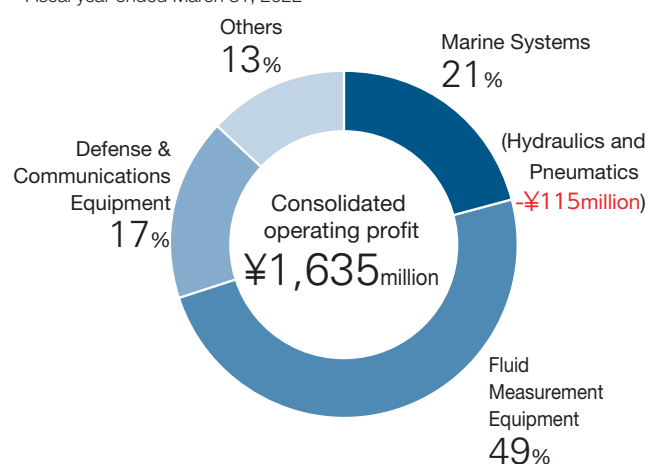
Consolidated net sales segment ratios

Fiscal year ended March 31, 2022

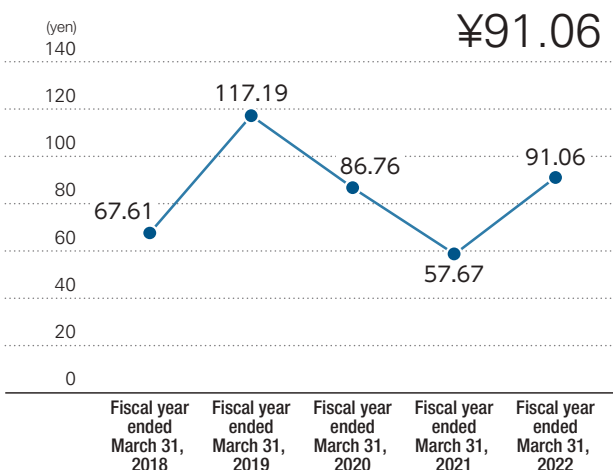


Consolidated operating profit segment ratios

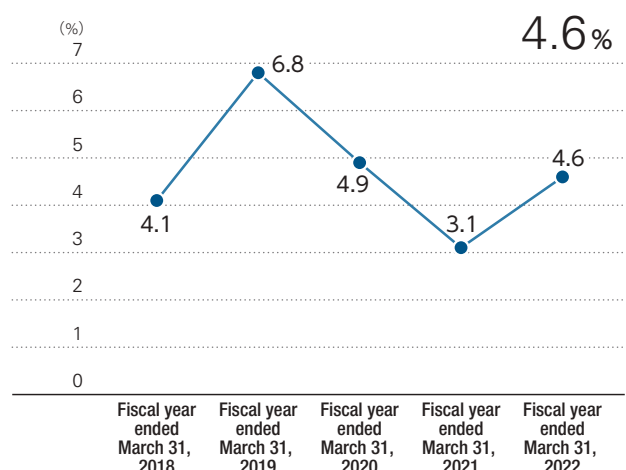
Fiscal year ended March 31, 2022



Changes in earnings per share



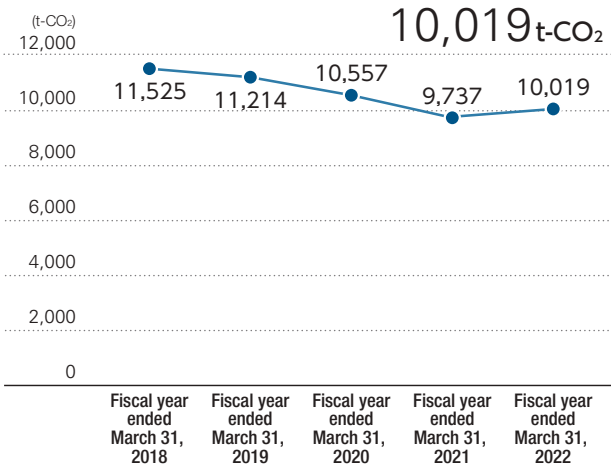
ROE



Non-financial information

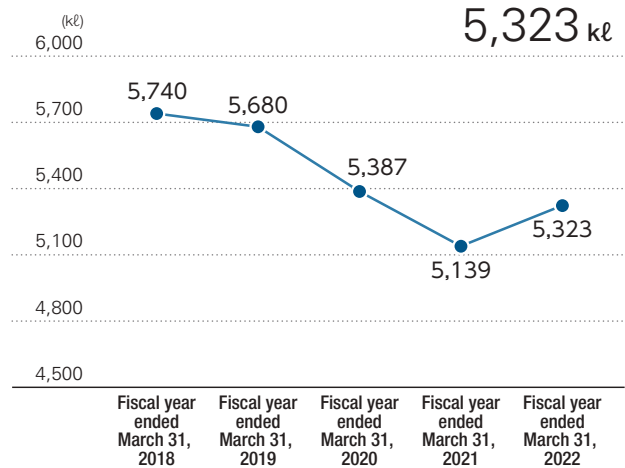
GHG emissions (Scope 1, Scope 2) (see p.19)

Note: Data is aggregated for the Head Office, Nasu Plant, Sano Plant, Yaita Plant, Tanuma Plant, Hanno Plant, and TOKYO KEIKI PRECISION TECHNOLOGY (Vietnam)

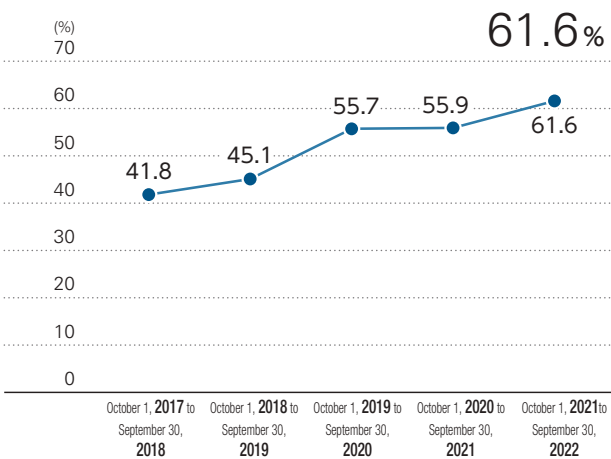


Energy usage (crude oil equivalent) (see p.19)

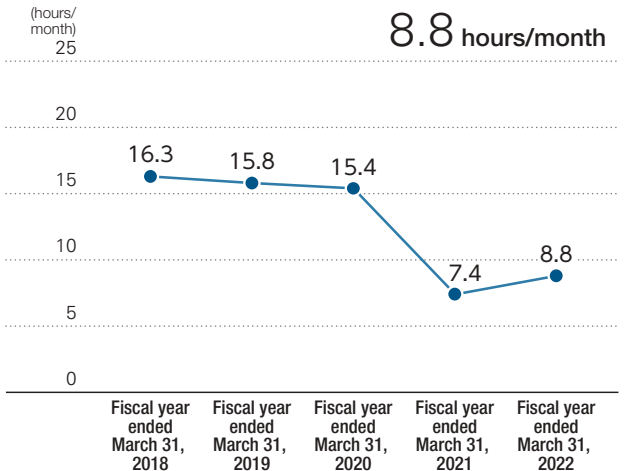
Note: Data is aggregated for the Head Office, Nasu Plant, Sano Plant, Yaita Plant, Tanuma Plant, Hanno Plant, and TOKYO KEIKI PRECISION TECHNOLOGY (Vietnam)



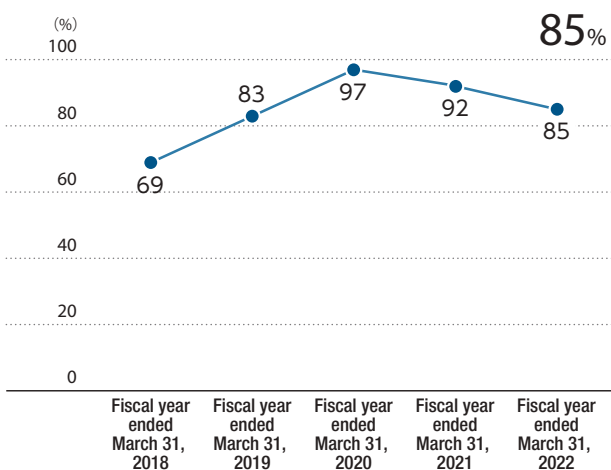
Annual leave utilization ratio



Average overtime hours



Reemployment rate for employees past retirement age



Women/foreign nationals in management positions

