

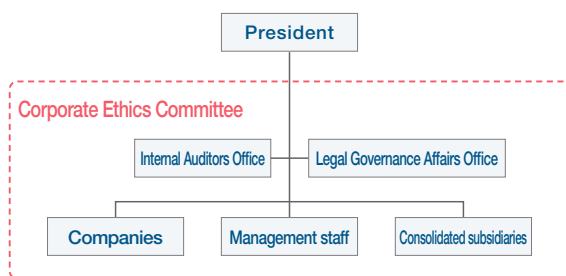
Compliance and Risk Management

Our Company has established the TOKYO KEIKI Group Code of Ethical Conduct as a code for acting in compliance with laws, regulations, our Articles of Incorporation, and social norms. We recognize that the awareness of every employee is of utmost importance in the establishment of corporate ethics, and strive to uphold corporate ethics in our everyday activities. We also refuse any relationships with antisocial forces that threaten order and security in civil society.

Concepts and policies regarding compliance

To manage corporate ethics activities across the organization, we have established a permanent Corporate Ethics Committee chaired by the Chief Legal Governance Officer.

Corporate ethics-related organizational chart



Code of Conduct

The TOKYO KEIKI Group Code of Ethical Conduct* forms a basis for encouraging sound behavior by every employee. Working from basic stances that include the avoidance of words and acts in violation of laws and regulations, and appropriate response to acts that violate corporate ethics, the Code of Ethical Conduct sets out our responsibilities to all stakeholders, including the provision of products and services of benefit to society, contribution to society through our corporate activities, and the creation of safe and comfortable working environments. By complying with this code of conduct, we will fulfill our responsibilities to society.

Note that we also translate the Code of Ethical Conduct into local languages and ensure that our overseas subsidiaries are thoroughly versed in the code.

* <https://www.tokyokeiki.jp/company/rinri.html>

Initiatives aimed at raising awareness of compliance

Under the recognition that the awareness of all employees is of utmost importance in establishing corporate ethics, every year in April we carry out education on our code of conduct (the Code of Ethical Conduct) for all employees.

Status of training implementation

In response to the COVID-19 pandemic, we changed the way we ran our FY 2021 Code of Ethical Conduct education, which had previously focused on classroom-based group training. In order to enable all employees to take and complete the education, training was primarily conducted via e-learning and online meetings, and the period over which education was provided was also lengthened. Following completion of the course, all employees submitted an Affidavit Concerning the Code of Ethical Conduct.

Internal audits

Based on Internal Audit Rules shared by the entire Group, internal audits are conducted with the aim of helping to increase Group management soundness and efficiency. Internal audits investigate the appropriateness and effectiveness of internal control systems from a standpoint that is independent of the division, department, or subsidiary being audited. Improvements are then implemented based on

the results.

The results of internal audits are reported to the President & CEO. The results of internal audits as well as corrective measures aimed at any identified deficiencies are also reported and shared in Corporate Ethics Committee meetings.

Whistleblowing system

Our Group has set up contact points inside and outside the company for directly accepting information on legally suspect acts or similar information, with the guarantee that no disadvantage will befall whistleblowers.

Two contact points inside the company are the Internal Auditors Office and the Audit and Supervisory Committee. The latter handles violations of laws and regulations by directors and executive officers, playing a role in preventing the concealment of violations by officers.

In FY 2021, there was one case of whistleblowing, which involved a minor issue, handled by the company's internal points of contact. We will continue working to entrench this system and enforce compliance with laws and regulations.

Initiatives to prevent corruption

Our Group's Code of Ethical Conduct stipulates that we will not pursue profits through improper means, and that we will conduct dealings in accordance with domestic and foreign laws and rules.

To address overseas dealings, we have established Regulations for the Prevention of Bribery of Foreign Public Officials, and offer education every year to deepen understanding of laws and regulations related to the prevention of bribery in key countries.

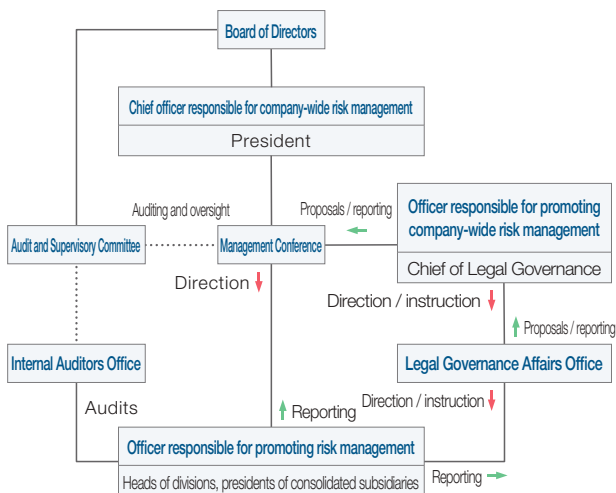
Conducted mainly as hierarchy-specific education for managerial-class employees in e-learning and classroom formats, this education includes overviews of laws on the prevention of bribery of foreign civil servants, the US Foreign Corrupt Practices Act, and cases of exposure of bribery of foreign public servants in Japan.

As many of our projects in Japan involve government agencies, we also strictly prohibit related collusion.

Concepts, policies, and structures for risk management

In our business activities, we face risks that must be identified, evaluated, and analyzed at the management level, and for which the priority of responses must be made clear. Our Group's risk management system is organized into a Legal Governance Affairs Office, Internal Auditors Office, Audit and Supervisory Committee, and other bodies, centered on the Management Conference and with the President & CEO as the chief officer responsible for company-wide risk management.

Risk management system diagram



Risk management implementation

We have established Risk Management Rules that are shared Group-wide and that apply to the entire Group.

We implement risk management separately for “serious management risks” and for all other risks.

What is deemed serious management risks is reviewed and re-drafted annually by the Legal Governance Affairs Office in accordance with the Risk Management Rules as a report titled “Serious Management Risks and Key Measures.” The Chief Legal Governance Officer submits this report for approval to the Management Conference and the Board of Directors. Various divisions, departments, and subsidiaries are identified

as being in charge in “Serious Management Risks and Key Measures.” Based on the ideal situations and key measures described in the report, these divisions, departments, and subsidiaries create “Serious Risk Measure Programs” for each specific measure that are submitted to the Legal Governance Affairs Office by the end of each year. The Legal Governance Affairs Office verifies the content of the “Serious Risk Measure Programs” submitted by the various departments in charge and, in the event of any deficiencies, indicates improvements to the relevant department. Each department integrates the determined risk measures into their medium-term business plans, and those measures that can be put into effect immediately are implemented as required.

Risks other than serious management risks are handled in accordance with the Risk Management Rules. Each department, etc. follows a risk questionnaire to discover and identify risks that pose the possibility of causing a loss to the department. Departments conduct this process by investigating each risk category identified in the rules for that department’s own business goals. Even when risks may not be applicable at the current time, full consideration is given to enumerating risks that can be expected to arise in the future due to environmental changes.

Each department then engages in evaluation and calculation of all identified risks. This evaluation and calculation includes an evaluation of the frequency of occurrence and the impact of each risk. These values are in turn multiplied to produce an overall evaluation. Risks whose overall evaluation score is 10 or more points are identified as serious risks. Measures for these serious risks are recorded according to a set format and submitted to the Legal Governance Affairs Office. They are also integrated into the department’s own medium-term business plan. In addition, those measures that can be put into effect immediately are implemented as required. Those risks whose overall evaluation score is less than 10 points are, based on the respective department’s

controls (measures, practices, and self-evaluation), tackled as part of work efficiency improvement activities, etc.

At the end of each term, the departments evaluate the status of the implementation of the risk measures they formulated in the preceding fiscal year and report the results to the Legal Governance Affairs Office.

The Internal Auditors Office evaluates the “Serious Risk Measure Programs” from an independent perspective and, as necessary, conducts internal audits (inspections) and indicates corrections and improvements.

Examples of serious management risks

1. Domestic and foreign economic changes	7. Transactions with public agencies
2. Natural disasters and epidemics	8. Increasing competition
3. Development of new products	9. Material and component procurement
4. Product quality	10. Information security
5. Securing human resources	11. Intellectual property rights
6. Interest rate fluctuations	12. Retirement benefit liabilities

*Details regarding the above risks are provided in our Annual Securities Report.

BCP

Overview of BCP

In the event of emergencies, we place utmost priority on ensuring the safety of human life and promptly resolving the situation. The foundation of our response is minimization of losses and quick recovery from damage to ensure business continuity. Toward this end, we maintain and improve regulations and work manuals common across our Group, namely, the Crisis Management Regulations that set forth basic matters concerning crisis management, and the Crisis Management Manual that describes procedures for responding to specific incidents.

BCP system

The chief officer responsible for crisis management is the President & CEO, or a director or executive officer who is appointed to the position by the President & CEO. The organization that actually responds to an emergency is generally the department in charge involved in the crisis situation, with the Legal Governance Affairs Office providing support.

When deemed necessary by the chief responsible officer, an emergency response task force is set up with the chief responsible officer as the task force head and the department in charge as the secretariat. In 2020, we established a COVID-19 Emergency Response Task Force with the President & CEO as the chief responsible officer, and this task force was still in operation in FY 2021.

Information security

Information security policy

Our Information Security Basic Policy is aimed at ensuring the confidentiality, integrity, and availability of the information that constitutes a vital asset of ours, as well as protecting that information from threats including disasters and accidents. The appropriate discretionary measures that we undertake in this area are grounded in the aims of this Basic Policy.

The Information Security Basic Policy consists of the following four categories.

Information Security Basic Policy

- ① Information security initiatives
- ② Compliance with laws and regulations, etc.
- ③ Protection of information assets
- ④ Incident response

System for promoting information security

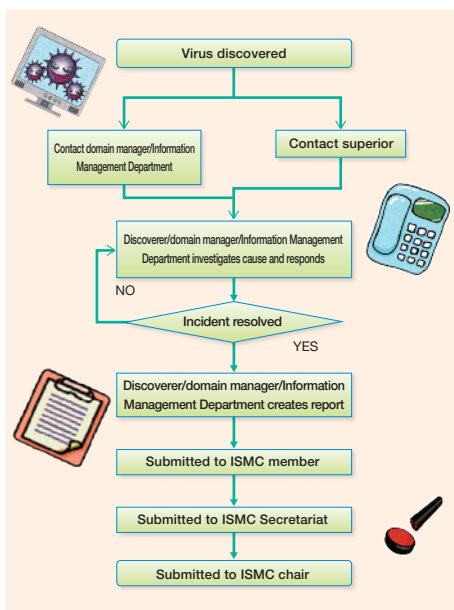
We have established an Information Security Management Committee (ISMC), chaired by the Chief Information Officer and composed of members selected from departments. Our Strategic Information Planning Department under the Corporate Planning & Administration Office oversees formulation of measures related to information security. When formulating key measures, the department submits these to the ISMC and, depending on the content, consults with the Management Conference. In addition, TOKYO KEIKI INFORMATION SYSTEMS INC. (TIS), a subsidiary of ours, is in charge of our Group’s information system development and operation. TIS has acquired ISO/IEC 27001 certification, an international standard for an information security management system (ISMS).



Information security incident response

We have created flowcharts and made these available on our intranet explaining in an easy-to-understand way what actions a user should immediately take in order to respond quickly when the risk of an information leak occurs due to the loss of a PC or smartphone, or when there is a serious information asset threat due to a computer virus infection, etc. Depending on the scope of the incident as reported by the chairperson of the ISMC, in accordance with the Crisis Management Regulations and per the judgment of the President & CEO, an emergency response task force for the information security incident may be established with the aim of swiftly bringing the incident under control and resolving it.

Example of information security incident response flowchart (computer virus)



Information system user support

User education is extremely important in order to increase the effectiveness of information security management. The Strategic Information Planning Department under the Corporate Planning & Administration Office holds briefings for users when new systems and services are implemented. The department also conducts e-learning classes on basic information security. In FY 2021, the department called attention to Emotet, a computer virus wreaking havoc; and business email compromise (BEC) scams. As a specific example, the department conducted targeted attack email training. Email training is considered an effective measure in a time when the threat of targeted emails is on the rise. By sending mock emails in the training, individual employees gain the knowledge to make proper decisions and take the correct action when they receive a suspicious email, making it possible to increase the level of awareness among employees.

Further, in response to the COVID-19 pandemic, we worked to strengthen our remote access environment, previously only used by a small section of users, and expanded the number of users of this system. Improvements included augmenting network equipment and expanding services available for use via remote access.

In addition, we made it possible for all remote access users to access the intranet site of the COVID-19 Emergency Response Task Force established in response to the COVID-19 pandemic, so that they may know what actions to take even when working from home.

COVID-19 Emergency Response Task Force page

新型コロナウイルスに係る緊急対策本部

2022.06.19 更新 (とある) (TOKINET)

皆さんへ

我々は今未曾有の事態に直面しています。人類が戦争以外で今回のような地球規模の共通問題を抱え、もがき苦しんでいることは過去なかったことと思います。4月7日に政府より緊急事態宣言を発令し、先週緊急対策本部で決定した在宅勤務の要を要しました。ここで大切なのは、我々一人一人の自覚ある行動です。一人の感染が家族、会社、お客様、地域に「他の多くの人に被害を及ぼす」と共に、事業活動にも多大な被害を招くことになります。感染のリスクを低減、かつ必要な業務がある中で業務の遂行は困難ではありますが、緊急事態であることを理解し、力をあわせ、知恵を出し、前向きに、明るい未来が来ることを信じて、この大きな試練を乗り越えましょう。

取締役社長 安藤 毅

緊急対策本部からの連絡	社外関連記事
2022.06.10(金) 当社における新型コロナウイルスの対応について (110) (御田町報告) [PDF] new	US企業との取引について (日経情報戦略サイト) US企業との取引について (日経情報戦略サイト)
2022.06.09 (木) 当社における新型コロナウイルスの対応について (112) (本社報告) [PDF] new	情報セキュリティの重要性 [PDF] 情報セキュリティの重要性 [PDF] セキュリティ対策の重要性 [PDF]
2022.05.21 (火) 当社における新型コロナウイルスの対応について (111) (御田町報告) [PDF]	新型コロナウイルス感染症について、Q&A (人総サイト) 新型コロナウイルス感染症について、Q&A (人総サイト)
2022.05.20 (金) 当社における新型コロナウイルスの対応について (110) (御田町報告) [PDF]	新型コロナウイルス感染症について、Q&A (人総サイト) 新型コロナウイルス感染症について、Q&A (人総サイト)
2022.05.11 (水) 当社における新型コロナウイルスの対応について (109) (御田町報告) [PDF]	社外お知らせ (開示情報) 社外お知らせ (開示情報)
2022.04.28 (水) 当社における新型コロナウイルスの対応について (108) (御田町報告) [PDF]	2021.01.07 (木) 新型コロナウイルス感染症予防のために、当社グループ各事業所への「来訪時のお願い」 [PDF] 新型コロナウイルス感染症予防のために、当社グループ各事業所への「来訪時のお願い」 [PDF]
	2021.01.07 (木) 新型コロナウイルス感染症防止に向けた当社社員対応について (107) [PDF] 新型コロナウイルス感染症防止に向けた当社社員対応について (107) [PDF]

R&D and Quality Management Initiatives

The TOKYO KEIKI Group's products flourish in a variety of fields around the world, including shipping, aerospace, industrial machinery, farming, construction machinery, and social infrastructure. As the manufacturer providing these products, we understand that research and development, and quality management serve as the foundation of the Group's management. In both research and development, and quality management, we promote the development of products that contribute to society, as well as the improvement of their quality, through Group-wide initiatives implemented by our administrative divisions, and through the initiatives of the internal companies and subsidiaries who engage in close contact with our customers.

Research and development approach

The basic policy of our Group's research and development is based on our Management Philosophy—"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."

Research and development is carried out based on the technology strategy and R&D plans of our research arm, the Research & Development Center, and is also implemented as part of product development by our internal companies and subsidiaries.

Research and development system

Our Research & Development Center primarily engages in relatively long-term research and development and, in general, the development of products utilizing the center's results is conducted by the development departments of our internal companies and subsidiaries. Seizing future business opportunities, the Research & Development Center researches and develops technologies that will serve as the core of a business. At the same time, our internal companies and subsidiaries engage in product development, including the development of products whose commercialization is still years away, based on customer needs. In addition, the Research & Development Center is also responsible for providing technical support for individual projects, and for undertaking research and development that would be inefficient for our internal companies and subsidiaries to perform on their own.

Development Committee

The Development Committee is an organizational body chaired by the Chief Engineering Officer. Its members include the Chief of the Research & Development Center and engineering managers from various internal companies. The Development Committee determines a variety of matters concerning the drafting and execution of our Group's technology strategies, with the committee chair making proposals and reports to the Management Conference as necessary.

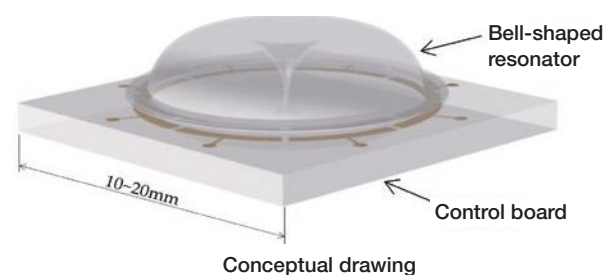
Industry–government–academia collaborative research

Our Company also proactively engages in industry–government–academia collaborative research.

MEMS* hemispherical resonator gyroscopes

Moving devices, such as drones, use inertial navigation systems to measure their acceleration and angular velocity to move while maintaining an awareness of the direction and distance they have moved. This enables them to move autonomously without a GPS signal. Moving accurately over long periods of time, however, requires the use of an ultra-high precision gyroscope. In connection to such ultra-high precision gyroscopes, TOKYO KEIKI's research into MEMS hemispherical resonator gyroscopes using 3D integral molding was selected in FY 2021 for the Japanese government's National Security Technology Research Promotion Fund. The aim of this research is to apply TOKYO KEIKI's strengths in gyroscope technology to MEMS to create gyroscopes that are highly precise yet small, lightweight, energy efficient, and low in cost. Such gyroscopes could be used in a wide variety of applications in a society that is seeing more and more drones as well as a variety of other autonomous, automated moving devices.

*MEMS (micro-electro-mechanical systems): Micron-level components mounted on silicon or glass substrates or organic materials, etc., and which are equipped with electronic circuits, mechanical components, sensors, and actuators (devices that convert energy into physical movement), etc.



Our approach to quality management

Our Group’s basic philosophy regarding quality is to “Prioritize quality in our products and earn the trust of customers.” This philosophy is embodied by and integrated on an organizational level through the Group Code of Conduct and the Code of Ethical Conduct, among others.

Common quality control policies

In order to put our basic philosophy into practice, each internal company has formulated its own quality policy and is working actively to acquire and maintain various certifications, including ISO 9001.

Acquisition of ISO 9001 and other certifications

ISO9001	Marine Systems Company Measurement Systems Company Fluid Power & Control Systems Company Inspection Systems Company Communication & Control Systems Company
JIS Q 9100	Electronics Systems Company

Quality management promotion system

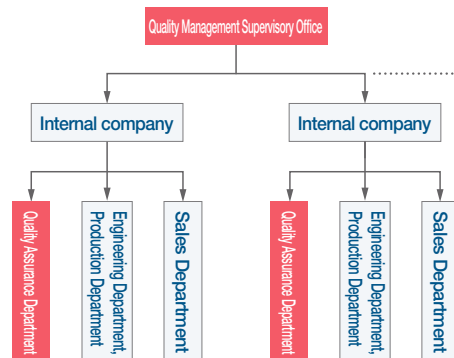
Two tiers of quality assurance activities

We have established a Quality Management Supervisory Office to deal with company-wide issues relating to quality under our Headquarters’ administrative divisions.

The Quality Management Supervisory Office engages in the cross-organizational management and supervision of quality to ensure that our Group’s products remain above a certain level of quality. The office also engages in activities to prevent risks to quality before they manifest. More specifically, in addition to maintaining and managing the Technical Production Regulations, which are company-wide rules regarding the quality of our products, the Quality Management Supervisory Office complements the independent quality management efforts of individual quality assurance departments by conducting inspection quality audits of each internal company and subsidiary.

Within each internal company, the Quality Assurance Department is established independently from the Sales, Engineering, and Production departments, providing advice and guidance in the contracting, design and development, purchasing, production, inspection, and service stages of the work process. In addition, we have established a Company Technical Production Rules framework, allowing each internal company, with their varying characteristics, to draw up its own operational rules as long as they do not violate the Technical Production Rules.

Schematic of the two-tier quality management system



Quality Subcommittee

The Quality Subcommittee was established as a forum for sharing information and resolving cross-organizational quality issues within the Company. It meets under the jurisdiction of the Chief Quality Officer, with the quality managers of each internal company and subsidiary as members. It is held four times a year by the Quality Management Supervisory Office to identify Company-wide problems and future challenges relating to quality, and to formulate measures to resolve them. In the event that concerns emerge regarding quality at an internal company or subsidiary, a report is made to the Chief of Quality at a Quality Subcommittee meeting. If the Chief of Quality deems it necessary, corrections may be indicated and information about the issue may be escalated to the necessary level, such as the Management Conference.

Specific measures for quality management

Inspection quality audits

The Quality Management Supervisory Office conducts inspection quality audits on each internal company and subsidiary. In order to ensure audit effectiveness and improve the quality management capabilities of our internal companies and subsidiaries, audit methods and scope are revised annually.

Activities of the Quality Subcommittee

Aiming to further improve product quality, the Quality Subcommittee has worked to build a defect database to share throughout the Group information on defects as well as peripheral knowledge, which had previously been accumulated on an individual basis by each internal company and subsidiary. Currently, the subcommittee is engaged in gathering internal examples of defects and organizing this information in order to begin sharing the database.

Improvement proposal (M-tag) activities

We are using so-called “M-tags” to promote improvements within the Company. M-tags are a way to identify M (“muda,” or waste) in the workplace and describe it on a tag such that it leads to improvements. All employees participate in this activity, and the seven kinds of workplace waste are tallied for each site and categorized into “individual” and “circle.” The aim is to improve work operations, including the work environment itself, and in turn help increase quality consistency.

Seven kinds of workplace waste
1. Over-processing
2. Inventory
3. Overproduction
4. Waiting
5. Motion
6. Transport
7. Defects

Quality training

Examples of defects are used to create educational materials such as Defect Example Reports and One-Point Lessons. Relevant personnel are also informed about such defects and horizontal deployment and education are provided to change employee behavior with the aim of preventing a defect’s reoccurrence. In addition, internal quality audits are one means we use to strengthen quality management systems, and we conduct internal auditor education in order to maintain and enhance the capabilities of our lead and regular auditors. Further, each of our internal companies holds quality meetings to report defects and share solutions.

Specific activity examples include hierarchy-specific education on quality assurance and quality management systems at the time of company entry as well as when being promoted to a higher position at the Nasu Plant’s Electronics Systems Company and Communication & Control Systems Company. An example of an everyday education activity is our holding of human error debriefings, whose aim is the prevention of defects. In addition, we hold a quality assurance month. Aiming to maintain and enhance awareness of quality on a routine basis, during the month we solicit quality slogans from employees, posting outstanding examples in our plants and also adding them to the signatures of employee emails.

Numerical results: customer satisfaction

The aim of our Group’s quality management is to improve customer satisfaction through the thorough implementation of problem solving-oriented quality assurance that engages with customers until their problems are overcome, even when those issues are inherent to the customer and not caused by the quality of our products. In order to understand and improve customer satisfaction, each internal company is devising various ways to quantitatively measure customer satisfaction in accordance with the characteristics of their respective businesses.

Moreover, because ensuring quality is directly linked to customer satisfaction, we also perform quantitative management based on failure costs and aim to share causes and countermeasures.

Supply chain management

Our basic approach

The essence of production activities is to procure the materials necessary for product manufacturing at the right time. By building and maintaining relationships of trust with our Group's suppliers and working to realize reciprocal benefits, we will achieve stable production and contribute to society by providing reliable quality.

Our Basic Materials Management Policy

Our basic approach to material procurement is to obtain products of reliable quality, at reasonable prices, at the right time, and in the right quantities.

To this end, we will develop, maintain, and manage our role as the center of a company-wide purchasing organization, thereby helping to ensure that the procurement of materials is conducted in a smooth and appropriate manner.

In addition, we will strive to maintain and improve a robust and stable supply system for material procurement that is based on relationships of cooperation and trust with our suppliers.

1. Maintain and manage TBB, the core system for purchasing operations, and related systems (purchase requisition B sheet system, accounts payable system, factoring system, Web-EDI, and lease system), and conduct purchasing and related operations based on mutual cooperation.
2. Cooperate with the Factory Materials Department to improve the efficiency of purchasing operations through ongoing promotion of subscription to Web-EDI.
3. Continue to implement internal controls (compliance with laws and internal regulations, risk management, and purchasing processes relevant to financial reporting) in purchasing management operations.
4. Conduct static observations of major suppliers and provide feedback to relevant departments in order to maintain and improve a robust and stable materials supply system. In addition, maintain close relationships with cooperative associations and their members through regular and irregular cooperation on various occasions.
5. As the purchasing department of the head office, work on cost reduction and improvement activities aimed at strengthening our organizational capabilities.

Supply chain management system

Our Group's supply chain management system comprises the Material Management & Purchasing Office, the Headquarters' administrative divisions; and the purchasing divisions of each internal company. The relationship between the Material Management & Purchasing Office and company purchasing divisions is non-hierarchical, and, as an organization under the direct control of the President, the Material Management & Purchasing Office supports each company's purchasing activities.

Purchasing management initiatives

The Material Management & Purchasing Office engages in administrative tasks such as maintaining and managing basic companywide policies, the Standard Purchasing Rules, and standard basic business agreements used by our Group. The office also provides companywide guidance on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Act); supervises purchasing and procurement; maintains and manages our core information system (TBB system); manages credit based on supplier management information; and supports the activities of

cooperatives and partner association members. In addition, the Material Management & Purchasing Office is in charge of procuring materials for product development in the Headquarters District. Each internal company's purchasing division primarily purchases the production materials necessary for that company's production activities, engaging in efficient, fair, and equitable transactions with our suppliers in Japan and overseas. When initiating a transaction, it is standard practice to conclude a standard basic business agreement prepared by the Material Management & Purchasing Office. Actual purchasing is conducted using our TBB system, ensuring that the transaction is in accordance with the Standard Purchasing Rules. Each individual company engages in the development of the skills of its purchasers. The Material Management & Purchasing Office also encourages purchasers to take a seminar on the Subcontract Act, and urges the individual purchasing divisions to promote the taking of the same. In FY2021, 16 out of 56 purchasers took the seminar.

Improving quality across the supply chain

Business policy briefings for suppliers are held in May every year primarily at each of the Group's production sites (the Nasu Plant, Yaita Plant, and Sano Plant) in an effort to provide accurate information. Quality audits are based on each internal company's quality management system and are conducted at the start of transactions, on a regular basis, and on other occasions as deemed appropriate. The scale of our Group's suppliers is varied. Many of our machined component business partners, in particular, are small in scale, and with them we value face-to-face dialogue with purchasers. Placing importance on direct communication makes it easier to know a supplier's working conditions and quality management, and also helps to build long-term relationships of trust with suppliers. In FY 2021, we conducted a total of 46 supplier audits.

In addition, there is a system to certify suppliers involved in cutting and sheet metal processing, assembly processing, etc. as green procurement companies (companies taking measures against environmentally hazardous substances), which are subject to green procurement inspections that we perform. During these inspections, we provide explanations and guidance on reducing or eliminating environmentally hazardous substances.

Toki-mate J-Kai

Toki-mate J-Kai is an organization for young managers at the Group's small and medium-sized suppliers and the next generation of business managers. In addition to technical exchanges and study sessions, the association regularly holds events to visit our domestic and overseas production sites for training purposes. The association is fully supported by the Material Management & Purchasing Office and the purchasing departments of each production site.

Together with Employees

Human resources are the most important asset of the TOKYO KEIKI Group. Our basic policy is to cultivate independent, growth-oriented human resources, and we require all employees to take action on their own to generate results. Toward this end, we seek to increase our corporate value by supporting employees' capacity development and by continuously enhancing the value of our human capital.

TOKYO KEIKI Vision 2030, our vision for what the Group should be in FY 2030, establishes the strengthening human capital as our human resources strategy and policy, and in order to achieve this vision, we are focusing on human resources cultivation and organizational reform.

Concepts and policies regarding human resources

Policies regarding hiring initiatives

Amid great changes taking place in the business environment, it is essential for the sustainable growth and development of our Group that we secure the human resources which form the wellspring of competitiveness and the pillar of change. In order for all employees to maximize their individual personalities and abilities, and to take on the challenge of resolving social issues, our vision for the human resources sought by our Group is people who take on challenges with determination.

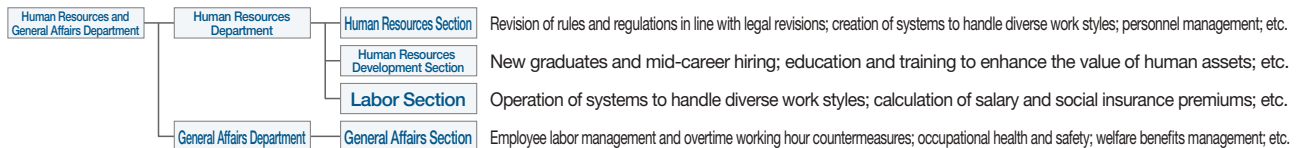
The Human Resources & General Affairs Department is engaging in recruiting activities while at the same time coordinating this future-oriented vision for human resources with the needs of each department.

Our policies for undertaking human resources development

While working to solve social issues through innovation, the TOKYO KEIKI Group is aiming to meet the expectations of our customers and enhance the profitability that forms the foundation of sustainable growth.

Toward that end, developing the capabilities of the employees who support our management foundation is indispensable. In addition to actively developing company-wide improvement activities in production, sales, engineering, services, and elsewhere to raise the efficiency of all work and turn the reserves thus created into resources for growth, we will tackle multi-skill development and other human resource development that enhances added value.

Personnel management system diagram

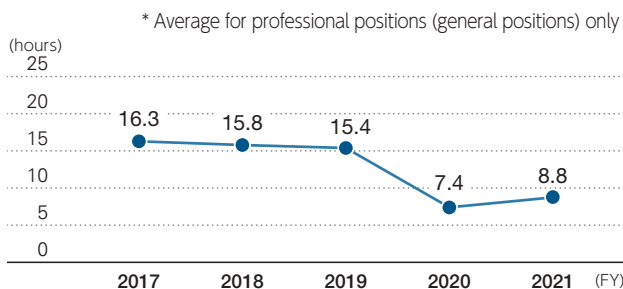


Initiatives for work style reform

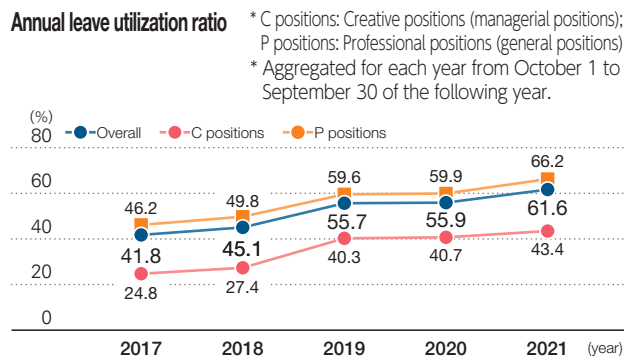
The Company enacts numerous measures and has established programs including telework, flextime, no-overtime days, and childcare and nursing care leave programs to flexibly accommodate diverse work styles and let all employees fully exert their capabilities.

For employees seeking venues for communication outside of work, such as club activities and social gatherings at workplaces, the Company strives to provide opportunities by bearing a portion of expenses.

Monthly average overtime hours

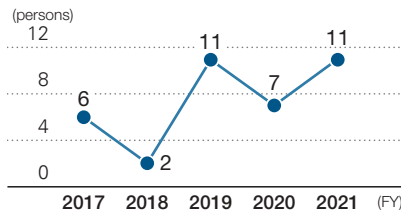


Annual leave utilization ratio



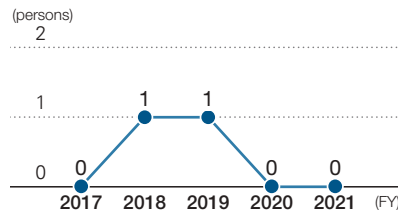
Number of persons taking childcare leave

*The number of persons newly taking childcare leave each fiscal year is counted; persons continuing childcare leave from the previous year are not counted in the year of continued leave.



Number of persons taking nursing care leave

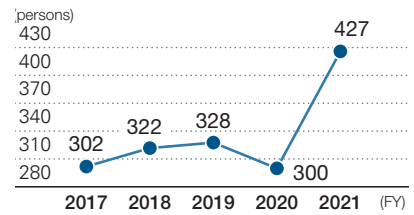
*The number of persons newly taking nursing care leave each fiscal year is counted; persons continuing nursing care leave from the previous year are not counted in the year of continued leave.



Number of persons taking special annual leave

*Special annual leave refers to leave days newly granted on October 1 in number equal to days of annual paid leave that had expired in the previous year. It is used for treatment of non-occupational injuries or illnesses, etc., for the purpose of employee welfare. Persons who have used at least one day of the year during the fiscal year are counted.

*The number of persons taking special annual leave increased in FY 2021 due to people receiving vaccinations against COVID-19.



Education system

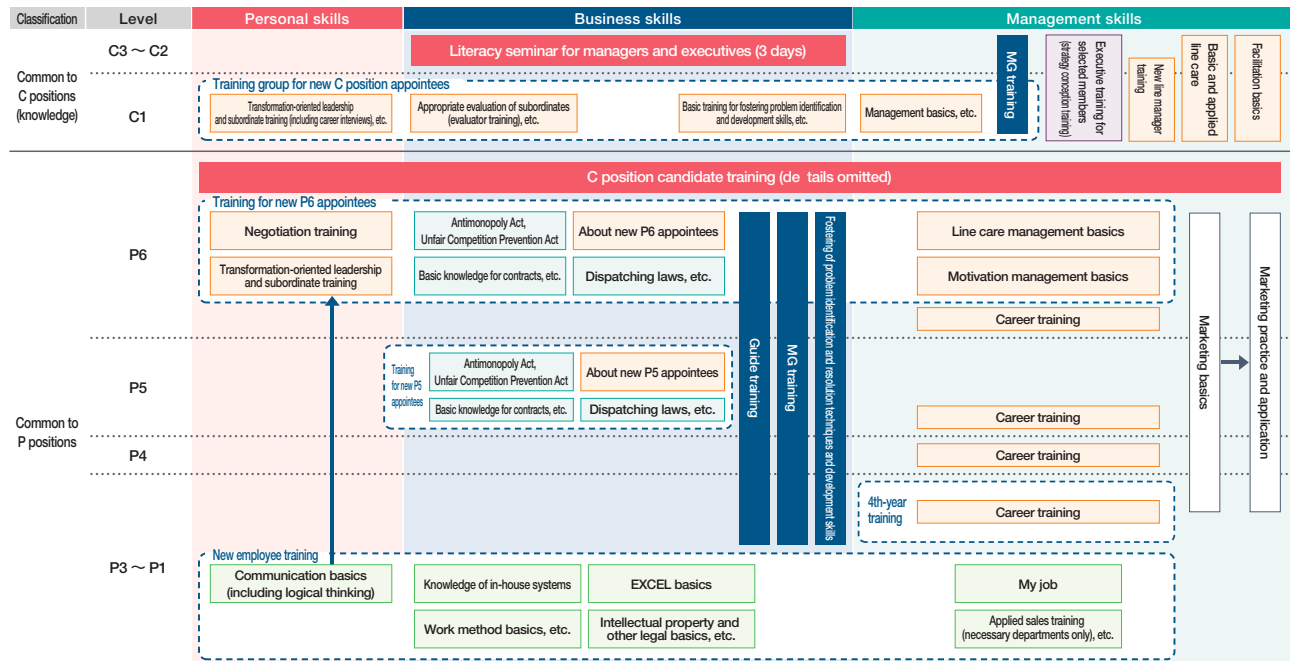
Career plan

To enhance the value of our human capital, we offer education and training to all employees, from new entrants to executives.

Specific examples include hierarchical education in the form of level-specific training for the maintenance of

knowledge and skills, line manager education in the form of training for the acquisition of management skills and knowledge, and training of selected candidates as future executives.

Knowledge and skills acquired at each level of hierarchy



* C positions: Creative positions (managerial positions); P positions: Professional positions (general positions)

Creating a suitable evaluation system

Suitable evaluations of each employee's work are essential to maintaining individual employee motivation while also attending to day-to-day operations.

TOKYO KEIKI has established a target management system and, in order to ensure fair and transparent employee performance evaluations, opportunities are established twice a year for superiors to meet with their subordinates to set goals and discuss results. Having superiors provide direct feedback on the results of evaluations to subordinates increases subordinates' understanding of their evaluation results. Further, we operate a system which encourages employees

to feel motivated in working to achieve results sought by the company by establishing appropriate work targets, derived from management targets, for each individual employee.

Our TOKYO KEIKI Vision 2030, formulated in June 2021, promotes investment in human capital for our sustainable corporate growth. For our human resources strategy, the plan specifically sets forth reforming our human resources system, supporting diversifying work styles, and revising our evaluation system. In FY 2021, we formulated a new human resources system oriented toward taking on new challenges, and began operation of this system in FY 2022.

Policies and initiatives for diversity

Our Group is strengthening the employment of women and persons with disabilities, and is developing environments conducive to work for all employees.

Promotion of men taking childcare leave

The TOKYO KEIKI Group also promotes the utilization of our childcare leave system by men in order to support balance between work and childcare. In FY 2021, the rate for taking such leave was high, with 7 out of 30 applicable male employees taking childcare leave.

Participation in the Women Activity Network

Tochigi Prefecture, the location of our plants, supports women working at companies and other workplaces in forming networks and building their career. The prefecture holds exchange, study, and training meetings where working women of differing industries, ages, and years of experience can exchange information. TOKYO KEIKI participates in the Women Activity Network for women who work in the Sano Industrial Park. FY 2021 marked our sixth year of participation.

At each network event, around 10 employees from each member company participate with the aim of improving work motivation and expanding horizons. Taking into consideration the COVID-19 pandemic, in FY 2021 the network continued to operate but its activities were limited to a single class. Nevertheless, the network promoted incorporating the theme of this class, assertiveness,* into one's work.



*Assertiveness: A communication skill in which one respects the person one is speaking to while expressing oneself using appropriate means.

Providing first-time employment to a special needs school graduate

At the request of a special needs school in Tochigi Prefecture, in FY 2020, the Sano Plant provided internships to students with mild intellectual disabilities and welcomed one of them back again in FY 2021. Four internship sessions in total were held over the two-year period, each session lasting around 10 to 15 days.

During his internship sessions, the student worked together with employees from the Factory Administration Section, engaging in cleaning and green space management work. This year, once again, the student performed his jobs appropriately with full understanding of the instructions given to him.

Both school staff and guardians told us that the participant had found the work rewarding and strove to improve each day. In response to a strong desire for the participant to join TOKYO KEIKI after graduation, the decision was made for TOKYO KEIKI to hire him as the company's first employee from this school in April 2022.

Employment of persons with disabilities

We have established a satellite office to provide a work environment that makes it easy for people with disabilities to work, and strive to ensure appropriate labor management and necessary care through means such as regular workplace visits by Human Resources Department personnel. In FY 2021, we continued to work on our hiring of people with disabilities. In addition to hiring three new people, we also expanded the scope of their responsibilities from HR-related work to include accounting and some business department tasks.

Number of persons with disabilities employed *1	
Headquarters	12
Nasu Plant	5
Yaita Plant	6
Sano Plant	9.5
Total	32.5

Employment rate of persons with disabilities *2
2.07%

*1, 2 Calculated based on the Ministry of Health, Labour and Welfare's Employment Quota System for Persons with Disabilities

Human Rights

Companies must recognize their potential for unintentionally affecting human rights, directly or indirectly, in the conduct of their business, and must engage in business activities with awareness of respect for human rights. The TOKYO KEIKI Group will fulfill its corporate responsibilities on a basis of respect for the human rights of our stakeholders and of all people.

Concepts and policies regarding human rights

We will respect human rights and will appropriately manage personal information. Under the idea that providing motivating workplaces while respecting the human rights, personalities, and individualities of employees aids in maintaining and strengthening our competitiveness, we aim to be a company where diverse human resources can play active

roles regardless of race, nationality, gender, age, or other characteristics. We also monitor the business activities of overseas subsidiaries and suppliers in everyday work to ensure the absence of human rights violations.

(From our Code of Conduct and Corporate Governance Guidelines)

Initiatives related to human rights

Initiatives to prevent harassment

• Policy on the prevention of harassment

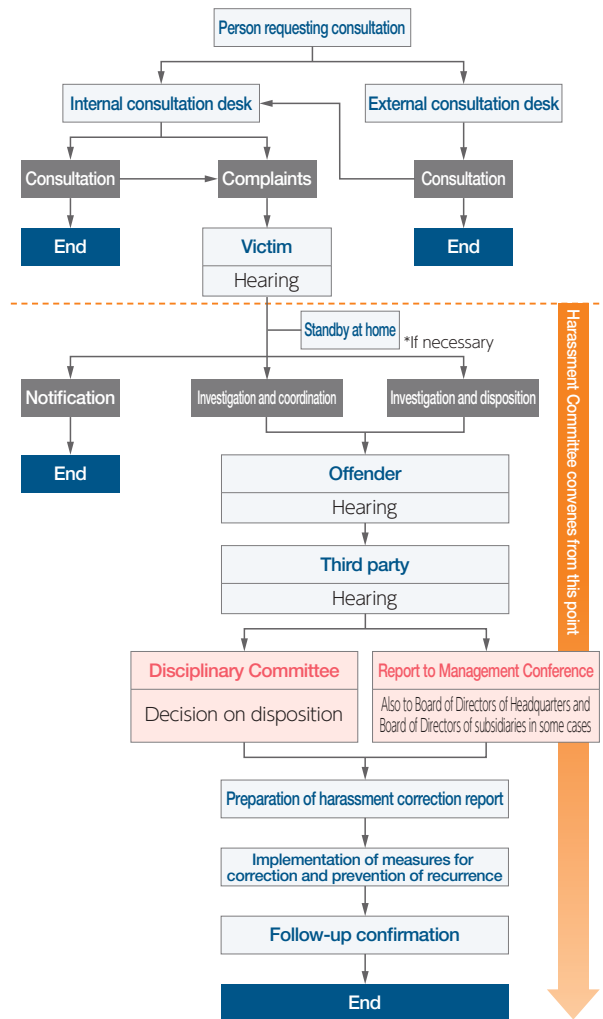
The Group creates work environments in which all employees can exert their capabilities to the utmost and pursue their potential. At the same time, to achieve pleasant workplaces where people can actively collaborate and cooperate with others, we seek to take measures to prevent and eliminate harassment in workplaces and to respond promptly and fairly to complaints and requests for consultations concerning harassment.

• Regulations for the prevention of harassment

Our Harassment Prevention Regulations define power harassment, sexual harassment, and other forms of harassment, and address topics including prohibited actions and LGBT issues. The regulations are applied not only to all officers and employees working in the Group but also to customers and business partners when the noted parties are involved.

We have set up consultation desks shared across the Group, both inside and outside the Company, to accept information from persons who have been subjected to harm, from persons who have witnessed or heard of incidents of harassment, or from other third parties who experience suspicions. When a matter is deemed to be of severe degree, the Harassment Committee will make a determination of whether harassment has occurred, seeking input from attorneys and other experts. Following that, the Committee will report to the Management Conference (in the case of a subsidiary, to the subsidiary's Board of Directors as well) and to the Board of Directors of Headquarters as necessary, and will make a report and entrust consideration of disposition to the Disciplinary Committee. The Harassment Committee will then consider and implement measures for correction and prevention of recurrence, after which the Committee, the head of the relevant department, and management supervisors will prepare a corrective action report.

The problem-solving process



Occupational Health and Safety

Employee health and safety forms the foundation for our corporate activities. As a part of the manufacturing industry, we realize that the physical and mental health of all of our employees is a key factor in continuing operations with safety at the forefront. Under this recognition, we will strive to create and maintain workplaces where employees can work with peace of mind, and will continuously work to create environments in which accidents do not happen.

Occupational Health and Safety Policy and System

Occupational Health and Safety Policy

Recognizing that, based on principles of respect for people, the securing of safety takes priority over all other activities and that health forms the foundation for corporate activity, the TOKYO KEIKI Group engages in business in accordance with the following provisions.

1. We will eliminate risk factors related to occupational health and safety in the workplace, strive to create comfortable workplaces, and promote the maintenance and improvement of physical and mental health.
2. We will build a health and safety management system that includes occupational health and safety policies, and will maintain its appropriateness, validity, and effectiveness by making continuous improvements.
3. We will make occupational health and safety policies and other necessary matters known to all persons who work at the Company, and will work to enhance awareness of health and safety.
4. We will comply with laws and regulations related to occupational health and safety management systems, with agreements concluded by the Company, and with matters set forth in internal rules.

Systems for occupational health and safety

Our health and safety system is composed of a district organization that consists of employees working at our sites and a company-wide organization that coordinates the district organizations. (See the health and safety organization chart.)

Our Company-wide Health and Safety Conference is convened in accordance with our Company-wide Health and Safety Conference Regulations. Its members are the manager of the Human Resources & General Affairs Dept. and its General Affairs Section manager, the managers of the Nasu, Yaita, Sano, Hanno, and Tanuma plants, and a matching number of labor union members (usually the Central Executive Committee). As a rule, the Conference convenes once a year to consider the revision and abolition of regulations concerning health and safety, and to discuss the content of regulations.

The Company-wide Health and Safety Secretariat Liaison Conference is convened every month before the Health and Safety Committee meeting in each district. The districts' Committee secretariats gather to discuss and exchange information on agendas for respective Health and Safety Committee meetings, matters that should be shared across

organizations, company-wide initiatives, and more. Labor unions do not participate.

Health and safety organization chart



Work-related accidents in FY 2021

Looking at work-related accidents in FY 2021, industrial accidents increased by 2 incidents from the previous fiscal year to 9 incidents, commuting-related accidents decreased by 2 incidents to 9, and traffic accidents increased by 9 incidents to 18 incidents. We will continue striving to ensure safety to prevent further work-related accidents.

Initiative to prevent recurrence of industrial accidents

When an industrial accident occurs, members of the district Health and Safety Committee conduct an on-site inspection in the presence of the victim and determine measures to prevent recurrence. The content of these measures is recorded in a work-related accident incident report and submitted to the Company-wide Health and Safety Secretariat Liaison Conference. The measures are also horizontally deployed to the district Health and Safety Committees.

In recent years, such accidents have tended to be less the result of negligence due to familiarity by experienced workers and more caused by inexperienced workers. Accordingly, we are striving to prevent industrial accidents before they occur by reinforcing instruction provided by experienced workers during the period when inexperienced workers are acquiring the basics of safe operation.

Thinking about health

As stated in our Occupational Health and Safety Policy, we recognize that the physical and mental health of our employees forms the foundation of our corporate activities.

One example initiative is our provision of training for self-care and for workplace-based care through occupational health nurses and Human Resources and General Affairs

Department staff in charge of health care. We also conduct stress checks for employees and provide feedback on the results. In fiscal 2021, we conducted stress checks for 1,909 persons, with a response rate of 93.3% (1,782 persons analyzed).

Social Contribution

With awareness of our existence as a public entity within society, the TOKYO KEIKI Group contributes to the development of the communities in which we conduct business and readily contributes to society through a variety of activities.

Concepts and systems for social contribution

Our concept of social contribution under our Management Philosophy

Taking the items “Engage in sound and fair corporate activities in line with social norms” and “Protect the environment and work to conserve limited resources” stated in our Management Philosophy as the foundation for our approach to social contribution, we make contributions to the areas around our workplaces and engage in environmental protection activities.

System for social contribution activities

Our measures for everyday community contribution are planned and handled by the Human Resources and General Affairs Department in the Headquarters district and the Factory Management Section in individual factories.

Planning for aid, relief funds, and so on in the event of serious damage due to natural disaster is coordinated group-wide by a disaster task force set up during an emergency or by the Corporate Planning & Administration Office.

Examples of social contribution

Maintenance of local environments

Plant area beautification activities

In late fall, the Hanno Plant cleans up sidewalks in the vicinity, clearing away the deep piles of leaves from the roadside trees in the area. The plant manager and the entire managerial staff engage in the work of maintaining the community environment in an effort to preserve the environment of the community.

Because the sidewalks around the plant have a steep incline and are easy to slip on, this work is believed to help prevent falls and slips by pedestrians and bicycle riders due to fallen leaves, and to also contribute to improving community scenery.



Medical-related

Cooperation in Japanese Red Cross Society blood drive

Our Head Office, plants in Tochigi, and the Hanno Plant cooperate in blood drives by the Japanese Red Cross Society. In the past two years in particular, the temporary closure of major commercial facilities, cancellation of various large-scale events, requests to refrain from leaving home, and other effects of the COVID-19 pandemic have resulted in a continued shortage of blood donors. Desiring to boost the supply of blood needed for transfusions, we have responded with measures including an increase in blood drives at our plants.

Leave systems

As a program to encourage employee participation in volunteer activities, we have augmented our normal annual paid leave program with a special annual leave program that grants a number of leave days equal to unused, expired paid annual leave days. This leave can be used in special circumstances such as continued leave to aid neighboring residents or to take part in regional reconstruction after a disaster. In addition to annual leave and special annual leave, persons affected by disaster may take up to 7 days within a period of 14 calendar days following the disaster as general leave (paid leave).

In addition, paid leave is granted for the exercise of civil rights in cases of performing civil duties such as lay judge duty and Committees for the Inquest of Prosecution duty.