



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.

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Company profile (as of March 31, 2023)

| | |
|--------------------------|------------------------------|
| 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: | 1,306 (Consolidated: 1,676) |

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 2022 (April 2022 to March 2023)
Some data and information on activities from April 2023 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



Promoting sustainability
management rooted in
our business strategies and
materialities

Representative Director /
President & CEO

T. Ando

We will strive to reinforce our foundations and develop growth drivers as we work to achieve TOKYO KEIKI Vision 2030, promoting the corporate culture that has been passed down unbroken throughout our history and refining the creative technologies that have forged new eras.

Business Status

In fiscal 2022, the outlook for the TOKYO KEIKI Group's business environment remained uncertain. Despite the full-scale resumption of economic activity around the world, issues such as elevated resource prices, the short supply of semiconductors and other components, and the soaring price of raw materials were further compounded by dramatic movement in exchange rates and a rapid rise in energy prices. The Group was affected by these factors, and although we managed to achieve an increase in revenue, profit declined, and we recorded an impairment loss in the Fluid Power & Control Systems Company, which is part of the Hydraulics and Pneumatics segment.

While we expect the adverse business environment to continue in fiscal 2023, each internal company and subsidiary in the Group has formulated an ambitious business plan and is working to implement them. We are also actively promoting the development of growth drivers. We plan for a year-on-year increase in revenue and profit, but do not expect to achieve our targets under the three-year medium-term business plan that began in fiscal 2021. At the same time, however, we are steadily preparing for rapid growth under our next medium-term business plan.

Steering the Group toward Future Growth

The Group's history can be traced back to the development of navigational instruments in Japan's Meiji era around the turn of the twentieth century. We began with marine gyrocompasses and other gyroscopic applications. As we developed toward our present-day business structure, we progressively created numerous core technologies such as applications using inertial sensors, microwaves, and ultrasonics, as well as hydraulic and pneumatic control technologies. These core technologies were shared and integrated between the Group's various businesses, forming the creative technologies that are the source of our growth. We have earnestly engaged in fulfilling customer requests and orders. Working face-to-face with our customers, mainly in Japan, to promote joint development, we have expanded our business domains by creating numerous "niche-leading" products. As a result, when one of our businesses faces an adverse external environment due to economic conditions or other reasons, we are able to offset its decline through earnings in other business fields, enabling us to maintain stable performance.

However, as the Ito Review notes, today's stock market demands that corporate groups achieve growth targeting an



ROE of 8%. The restructuring of markets on the Tokyo Stock Exchange has further fueled this trend. Meanwhile, with the competitive strength of the Japanese manufacturing industry on the wane, during the period sometimes referred to as "the lost 30 years," there is a limit to what we can achieve by focusing only on the Japanese market.

It was in this context that we established TOKYO KEIKI Vision 2030 in June 2021, aiming to steer the Group toward future growth, use the SDGs as a starting point for creating global niche-leading businesses and shift to a stage of medium- to long-term corporate value enhancement and sustainable growth. We have also positioned the three-year medium-term business plan that began in fiscal 2021 as a means to strengthen and reinforce our foundations as we strive to achieve our targets for the next decade. Under this plan, we will focus on identifying, incorporating, and developing growth drivers that open new markets.

One of the five growth drivers (see page 15) established as candidates for new businesses on which the Group may embark is the aerospace business. The frequent natural disasters in recent years, such as typhoons, extreme heat, and torrential rain due to linear rainbands, are thought to be partly due to global warming resulting from the rise in greenhouse gas (GHG) emissions. The use of small synthetic aperture radar (SAR) satellites is expected to assist in understanding such disasters. Small SAR satellites are used in constellations of several tens of units, and we have constructed the space wing at our Nasu Plant in Tochigi Prefecture as a production base to meet the continuing demand for satellite renewal. Although some time will be required before these satellites are deployed, we are steadily progressing towards contributing to disaster prevention and mitigation through the aerospace business, a new growth area.



Sustainability Management Integrated with Our Business Strategies

At the TOKYO KEIKI Group, we are forging ahead with sustainability management to achieve TOKYO KEIKI Vision 2030. I believe that sustainability management should be more than just a slogan: it must bring growth and perpetuity to our businesses. To date, the Group's employees have worked together with customers to pioneer new eras with creative technologies. However, simply maintaining our current businesses and methods will not lead to growth in sales and profit. Since becoming president, I have explained the keywords that describe our business environment to all employees at Group-wide instruction and meetings with management personnel, and repeatedly emphasized the importance of overcoming the adverse business environment to achieve growth. I have especially stressed the importance of a two-pronged approach to management, promoting medium- and long-term growth in addition to strengthening existing businesses to boost short-term revenue, and consistently reiterated how vital it is that we create a corporate culture overflowing with the desire to take on challenges.

The members of the Sustainability Promotion Office have also visited each plant and business location to hold briefings wherein they explain the policies and measures that form the core of the Group's sustainability management. They have directly conveyed our concept of sustainability management as an approach that leads to growth and perpetuity. It is vital that we ensure that a philosophy of sustainability management, integrated with our business strategies, penetrates throughout the Group by engaging in dialogue on business sustainability with a focus on front-line issues. I do not believe we can get anywhere unless we break down the issue into an understanding of what sustainability management actually means, as well as what each of us as individuals must do to achieve it.

In addition to these efforts to disseminate the Group's

philosophy and align the direction of employees, we are undertaking revisions to our personnel evaluation and target management systems aimed at encouraging employees to actively take on new challenges such as proposals to enter new growth fields and pioneer new markets. Around me, I am now beginning to feel the results of the change in perceptions created by these reforms.

Identifying Materialities Rooted in Sustainability Management and Related Activities

As part of our pursuit of sustainability management, we have appointed, from among the Executive Officers, an officer responsible for actively promoting our response to each of the Group's four materialities (see page 23), which we have identified as important issues shared by the Group and our various stakeholders. Each responsible officer reports to the Sustainability Committee, which I chair, on the status of activities to address these materialities. The committee provides direction and support as necessary.

Here, I will present the main activities we have undertaken so far to address the Group's materialities.

Regarding the provision of products that solve social issues, the Corporate Planning & Administration Office has played a central role in product development initiatives based on the growth drivers and strategies for existing businesses established under TOKYO KEIKI Vision 2030. As part of this, we moved the Future Design Unit, newly established as a forum for innovation-generating proposals from individual employees, under the control of the Business Development Office newly established at the Corporate Planning & Administration Office in April 2023. The Business Development Office oversees the five areas of business we wish to enhance (see page 15), while the Future Design Unit is responsible for pioneering other new businesses. We will promote the development of "new products that contribute to resolving social issues" with greater clarity between the roles of each section.

Regarding the realization of an "environmentally conscious society," today, amid international awareness of the importance of achieving a decarbonized society, it is crucial for us, as a company listed on the Prime Market of the Tokyo Stock Exchange, to take the initiative in achieving this goal. We have established a target for the Group to reduce GHG emissions by 37% by fiscal 2030 (relative to fiscal 2013). While this is an ambitious target for us, the Chief Production Officer is playing a central part in promoting efforts to achieve it. In addition to the ongoing upgrade to energy-saving equipment, in fiscal 2022 we began procuring electric power

sourced from renewable energy, achieving a reduction in emissions ahead of our plan. In fiscal 2023, we have decided to install solar power generating equipment and we can expect an even more rapid reduction in GHG emissions in the future. We are also focusing on the hydrogen-related business as part of our development of new products that contribute to resolving social issues, as mentioned above. We will continue to contribute to achieving carbon neutrality, not just for the Group, but for society as a whole.

Regarding the “enhancement of supply chain management,” we issued our Partnership Declaration in April 2023. TOKYO KEIKI has three plants in Tochigi Prefecture (Nasu Plant, Yaita Plant, and Sano Plant). Our production at each of these plants is only made possible through the support we receive from our local partner companies and other stakeholders. Building a strong supply chain is vital for the Group to achieve sustainable growth and realize TOKYO KEIKI Vision 2030. This not only requires improving efficiency but also building sustainable relationships of co-existence and mutual prosperity through concerted efforts with our partner companies, including the construction of environmentally friendly supply chains. The Chief Purchasing Officer plays a central role in exploring ways to construct resilient supply chains. We will work to strengthen our supply chain management, including efforts to reduce GHG emissions and protect human rights, to enable the Group to grow together with our partner companies.

Regarding support for the activities of a diverse workforce, we have established the slogan “Relentlessly taking on challenges” as a value under TOKYO KEIKI Vision 2030 to promote our transformation to a culture of taking on challenges. In fiscal 2022, we created the new catchphrase “If we stop taking on challenges, we will stop being TOKYO KEIKI” and made it known throughout the Group. We have also endeavored to create a corporate environment where diverse human resources can play an active part. In addition to reforming our human resources system, the Human Resources & General Affairs Department is playing a key role in promoting various initiatives. As diverse human resources are the Group’s greatest asset, we encourage employees to acquire qualifications and enhance our training programs to support their growth, as well as establishing a range of other programs that enable diverse working styles. In these ways, we seek to create a virtuous cycle where boosting employee engagement leads to sustainable development for the Group.

Regarding the “promotion of gender equality” indicated by the Japanese government, the Group welcomed its first female Outside Director in June 2023, and we also sought



to boost the diversity of our management team. We will continue to engage in initiatives related to diversity as a Prime Market-listed company.

Towards the Next Stage

Many of the Group’s products are incorporated into the products manufactured by our customers. Despite their inconspicuous presence, our products have supported safety and security around the world for over 120 years by making full use of the Group’s unique, creative technologies. Employees throughout all of the Group’s divisions — not only those related to manufacturing but also technological development, quality assurance, and the sales and service divisions responsible for contact with customers, as well as the staff who support the operation of each division — feel a sense of pride in this history and the role played by the Group’s products. By striving for further growth by enhancing the abilities of our employees, each of whom holds limitless potential, I firmly believe that we can change the future of the Group.

Corporate growth has become a focus of attention in recent times, with the Tokyo Stock Exchange issuing requests to listed companies with price-book ratios (PBR) below 1.0. The Group’s PBR has remained below 1.0 for some time, and I apologize for the concern that this has caused to our stakeholders. I believe that to increase our PBR and ROE, all we need to do is improve performance. To this end, it is crucial that we accelerate the Group’s growth through inter-company alliances and M&A activities, in addition to further refining our technological capabilities.

We will deploy all our management resources as we aim for sustainable growth, and I look forward to the continued support of all our stakeholders in this effort.

Message from the Chief Sustainability Promotion Officer



Fiscal 2022 saw the intensification of Russia's full-scale military invasion of Ukraine, shaking democracy to its core. Held in these circumstances, the 27th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP27) concluded without reaching an agreement on the further reduction of fossil fuel usage to achieve a decarbonized society. Conflict between nations leads to an explosive increase in energy consumption. In this sense, fiscal 2022 was a year of significant setbacks from the perspective of sustainability.

Meanwhile, global-scale climate change continues to cause chaos with no regard for human convenience, giving rise to a spate of natural disasters around the world such as widespread bushfires in western Australia, heatwaves soaring above 50 °C in India and other parts of South Asia, the collapse of glaciers in the Alps, and large-scale flooding in Pakistan. And the rise in temperatures is accelerating. According to the latest report by the World Meteorological Organization (WMO), we face a critical situation, with temperatures expected to rise by over 1.5 °C by 2027.

In this environment, we have established the TOKYO KEIKI Group's Sustainability Policy, drawing on our management philosophy, as a guideline for raising our sustainability in terms of the environment, society, and economy. We have also identified four materialities as we pursue sustainability management in line with this policy. These materialities reflect the expectations of our shareholders and important issues for the Group's growth

going forward. They will be our driving force as we practice sustainability management.

Our materiality initiatives have just gotten underway, and it will take a little longer before we can present specific targets and results. However, resolving these materialities will form the nucleus of the Group's sustainability management, including the achievement of TOKYO KEIKI Vision 2030. We have therefore decided to share our progress on each initiative with our stakeholders, beginning with this fiscal year's Sustainability Report.

Achieving our four visions through these materialities will be no simple task. However, we are already face-to-face with the urgent need to respond to climate change, especially, and it is no longer possible to simply look the other way. In terms of consideration for the environment, we also have a corporate responsibility to engage in efforts such as the reduction of plastic waste, including packaging materials, all of which causes serious marine pollution. We will take the challenge to resolve these materialities through the value of "Relentlessly taking on challenges" set forth in TOKYO KEIKI Vision 2030.

Director & Executive Officer,
Chief of Sustainability Promotion

Yukihiro Suzuki

Company History



Founder Yoshihira Wada Story (Only in Japanese)
<https://www.tokyokeiki.jp/company/chronicle/comic.html>



Begins manufacture of navigational instruments such as compasses and depth sounders



Compass installed in bridge of the flagship "MIKASA"

Begins manufacture of Sperry marine gyrocompasses

Head Office moves to Kamata, Tokyo



Successfully develops Japan's first marine radar system



MK-II Mod.0 Radar Indicator

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 CORPORATION) 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

Changes company name to TOKYO KEIKI CO., LTD.




1971

1973

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

1990

Changes company name to TOKIMEC, INC.


1996

MRG-10 microwave level gauge goes on sale



1999

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 CO., LTD.

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 radars, 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

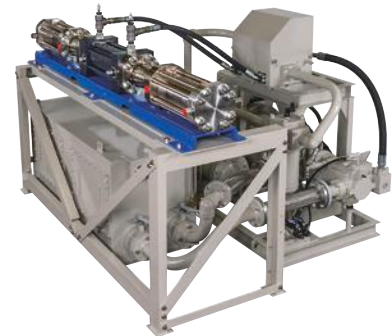
- We support the creation of social infrastructure by providing hydraulic, pneumatic, and electronic products that feature excellent energy efficiency and operability, principally for the industrial machinery and construction equipment markets.
- Our hydrogen compression equipment contributes to the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

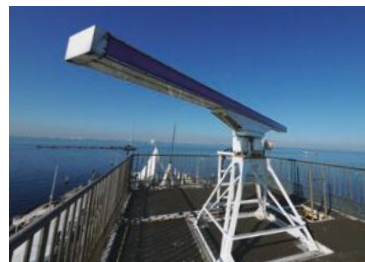
Electronics Systems Company
 Communication & Control Systems Company
 TOKYO KEIKI AVIATION INC.

Supporting society through proprietary microwave application technology and inertial sensor technology

- We develop and provide aircraft electronic equipment and military vessel 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

Equipment Business

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.

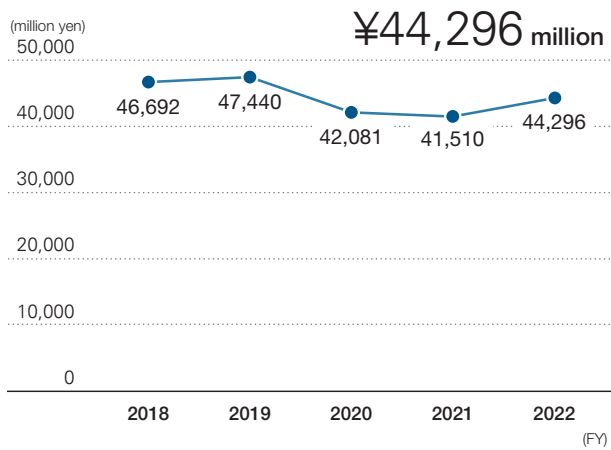


Ultrasonic rail inspection cars

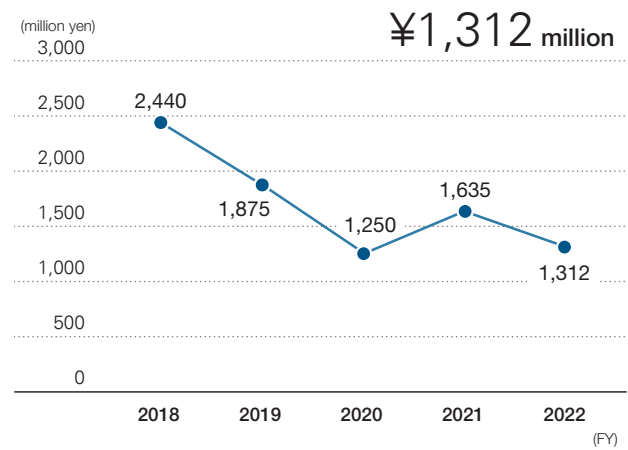
Financial and Non-Financial Highlights

Financial information

Changes in consolidated net sales

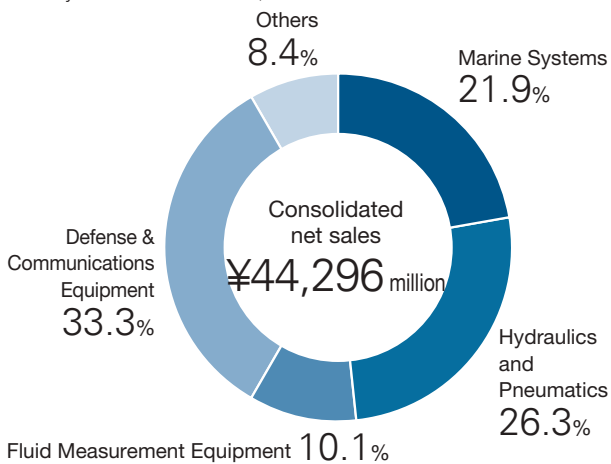


Changes in consolidated operating profit



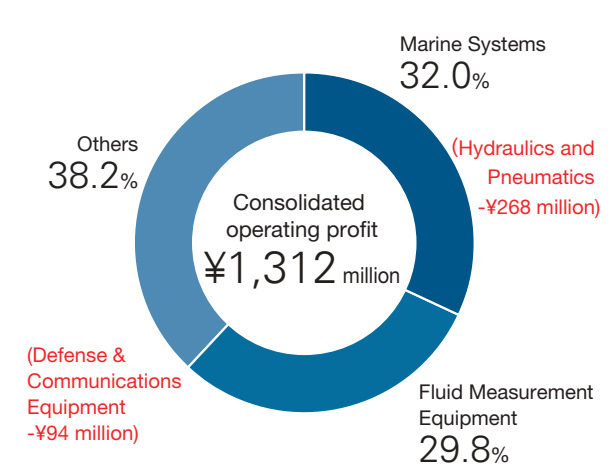
Consolidated net sales segment ratios

Fiscal year ended March 31, 2023

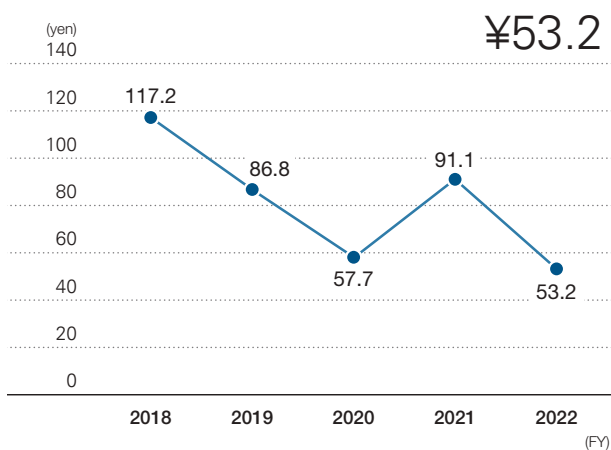


Consolidated operating profit segment ratios

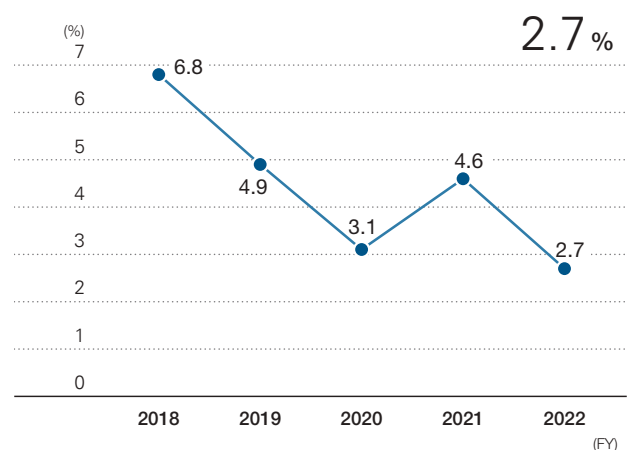
Fiscal year ended March 31, 2023



Changes in earnings per share



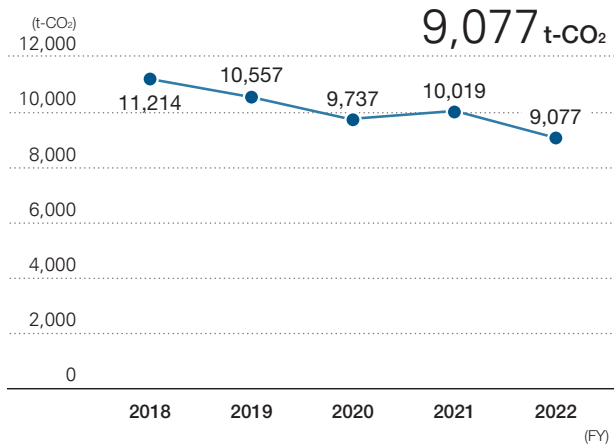
ROE



Non-financial information

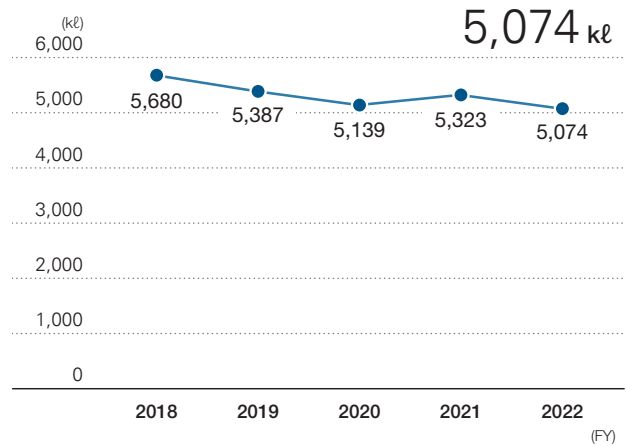
GHG emissions (Scope 1, Scope 2) (see p.32)

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

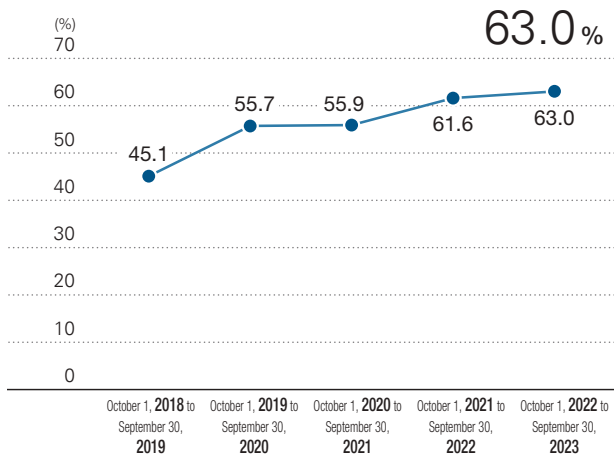


Energy usage (crude oil equivalent)

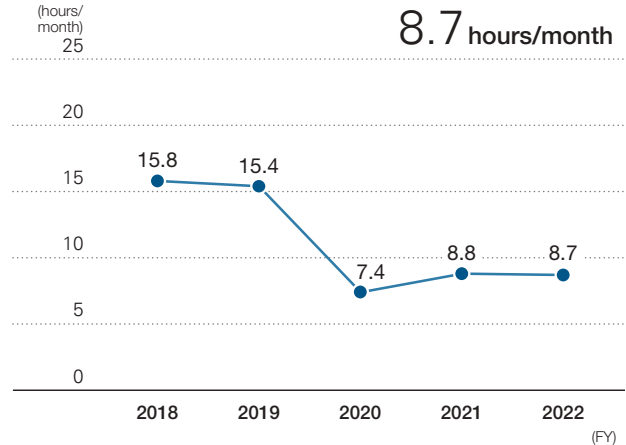
Note: Data is aggregated for the Head Office, Nasu Plant, Sano Plant, Yaita Plant, Tanuma Plant, Hanno Plant, and TOKYO KEIKI PRECISION TECHNOLOGY (Vietnam)



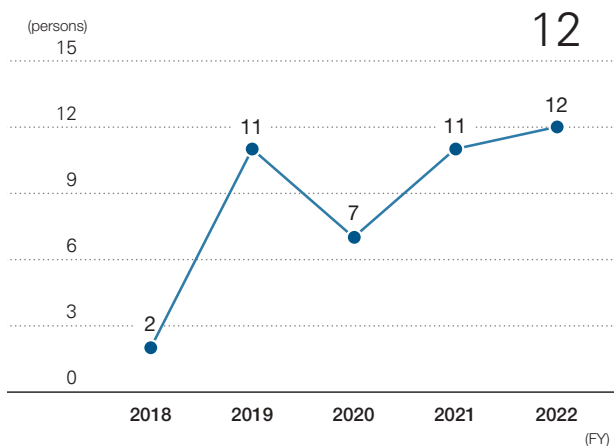
Annual leave utilization ratio



Average overtime hours



Number of persons taking childcare leave



Women/foreign nationals in management positions

