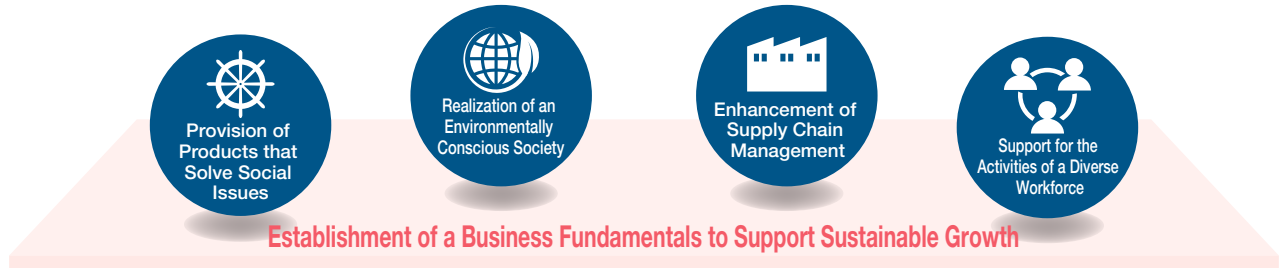


Identification of Materialities (Important Issues)

In accordance with the Sustainability Policy, we have identified four materialities that reflect the expectations of our stakeholders and important management issues for the TOKYO KEIKI Group. These are matters that the Group considers particularly important to enhance its corporate value with a view to realizing a sustainable society. Furthermore, in addressing these four materialities, we have adopted “establishment of a business fundamentals to support sustainable growth” as the guiding vision for the Group’s governance.

Identifying Materialities for the Group



The Materiality Identification Process

STEP 1 **Ascertaining Social Issues**

We have compiled an extensive list of environmental, social, and economic issues, referring to international frameworks and guidelines such as the GRI Standards, as well as the 169 targets of the SDGs.

STEP 2 **Initial Screening**

After conducting consultations with relevant departments within the company regarding the Group’s current situation and problems with the social issues listed, we narrowed down the list to those items most relevant to the Group.

STEP 3 **Developing Evaluation Criteria and Conducting Evaluations**

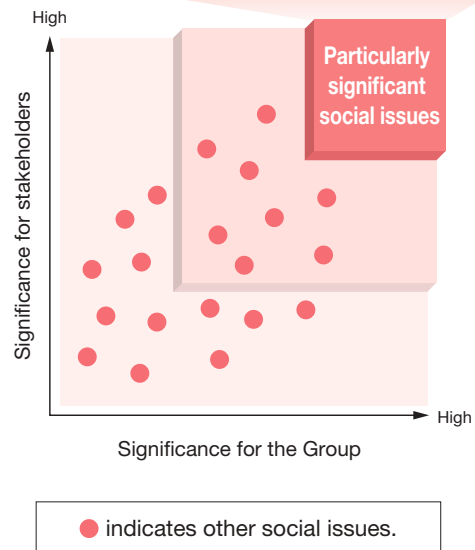
These issues were comprehensively evaluated on two axes, “significance for stakeholders” and “significance for the Group,” and represented on a “Materiality Map.”

STEP 4 **Determining Materialities**

Issues that were rated high on both axes in the materiality evaluation were grouped together as final candidates following discussions with experts. After receiving approval from the Sustainability Committee, the Management Conference and the Board of Directors deliberated on suitability and comprehensiveness of the issues in question before coming to a final decision.

Materialities Identified

-  **Provision of Products that Solve Social Issues**
-  **Realization of an Environmentally Conscious Society**
-  **Enhancement of Supply Chain Management**
-  **Support for the Activities of a Diverse Workforce**



Social: Provision of Products that Solve Social Issues

In providing products and services, we will continue to search for and resolve not only long-standing social issues but also new or latent issues that emerge in our rapidly changing society, thereby meeting the expectations and trust of our many stakeholders.

Approach to initiatives

TOKYO KEIKI Vision 2030 defines five business domains to strengthen based on the society projected to exist in 2030. It also confirms the relationship between those domains and our current businesses and technologies. Based on this, we put together a list of potential new businesses for the Group to take on as “candidates for growth drivers” and a list of “key points for enhancing existing businesses” so that current businesses may grow. Then, we set to work on the issues that come with these.

Promotion framework

Each internal company promotes enhancement of existing businesses while the Corporate Planning & Administration Office takes the lead in promoting candidates for growth drivers. We established the Business Development Office within the Corporate Planning & Administration Office in April 2023 to strengthen these efforts. Going forward, we will incorporate the progress we make on our existing business strategies and growth drivers in the next medium-term business plan.

Initiatives with candidates for growth drivers

We have set aside the period from fiscal 2021 to fiscal 2023 as a time to identify, incorporate, and develop new growth drivers. We have begun the following initiatives with five growth driver candidates.

• Edge AI* business

We have developed tools that optimize the use of AI on processors for edge AI and have made them available to users for testing. We have also begun recruiting partners in development on our website.

*Edge AI: To enable artificial intelligence (AI) to learn large amounts of data rapidly, AI typically resides on a server in a data center and communicates with terminals (edge devices) via the Internet. By contrast, edge AI can process calculations on-site without going through the Internet. Edge AI technology is expected to find use in agricultural and civil engineering/construction settings, where communication facilities are limited and real-time processing within the terminal is required. Very few companies in the world supply AI chips that can accelerate edge AI processing, and we aim to offer AI chips for different applications than others do.

• Hydrogen & energy business

In addition to hydrogen compressors, which we are working on within our existing businesses, we are collaborating with a partner to make hydrogen stations

more compact and available in package form. We have also commenced joint R&D of hydrogen production equipment with the National Institute of Advanced Industrial Science and Technology (AIST).

• Aerospace business

Building on our delivery of microwave amplifiers for small SAR satellites* in our existing business, we partnered with Synspec Inc. to mass-produce small SAR satellites and constructed a space initiatives building where satellites are assembled within the Nasu Plant.

*SAR satellites: SAR = Synthetic Aperture Radar. As they move, SAR satellites emit microwaves toward the earth’s surface and analyze images of the reflected waves to monitor conditions on the ground. Optical satellites used for surface observation cannot acquire images of cloud-covered areas or at night. SAR satellites that use microwaves, on the other hand, can observe ground conditions in any weather, day or night. As such, they are expected to be used for disaster monitoring and prevention and information gathering for infrastructure development. Although these SAR satellites are small and in the 100-kg class (about one-tenth the usual weight), they can capture high-resolution, wide-area images rivaling those of larger satellites. As the heart of SAR satellites, TOKYO KEIKI’s microwave amplifiers have contributed greatly to this performance.

• Railway business

A track diagnosis support system we developed aims to save manpower by automating judgments when monitoring railroad tracks, a job that previously was only done on foot.

• Life sciences

Together with universities and outside R&D organizations, we are conducting research and studies to contribute to medical and health applications of microwave and plasma technology.

Initiatives with existing businesses

• Marine systems business

Having participated in the first stage of the Nippon Foundation’s MEGURI2040 Fully Autonomous Ship Program, we are now taking part in the second stage, which aims for real-world implementation. Other projects include developing products that solve social issues by enabling safety, energy and labor savings, and eco-friendliness. This includes joint development with other companies.

• Hydraulics and pneumatics business

Our hydrogen compressor for hydrogen filling stations is helping to build a decarbonized society. Meanwhile, we are also developing energy-saving and hybrid hydraulic equipment.

- **Fluid measurement equipment business**

We offer water level gauge systems and fire extinguishing equipment for the disaster prevention market to keep communities safe.

- **Defense & communications equipment business**

We are meeting ICT needs by developing farm machinery automation equipment that makes agriculture more

efficient and by offering microwave amplifiers for semiconductor production equipment. We also provide solid-state radars for marine monitoring that contributes to maritime traffic safety.

We also develop, manufacture, maintain, and repair products for the defense market to meet rapidly growing safety and security needs.

R&D Initiatives

Research and development approach

Our 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 serves as the foundation of the Group's management.

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. In addition, the 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. Seizing future business opportunities, the 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 development, including the development of products whose commercialization is still years away, based on customer needs.

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.

Open innovation

The TOKYO KEIKI Group actively participates in joint research with industry, government, and academia, as

well as open innovation that promotes collaboration among businesses. The following are recent examples.

- **Aiming for wide-scale commercialization of fully autonomous ship technology by 2025**



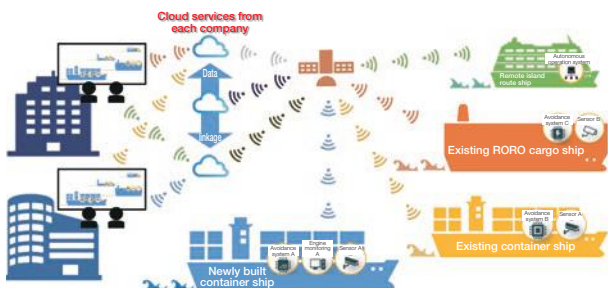
TOKYO KEIKI is a member of the Designing the Future of Fully Autonomous Ships Plus Consortium (DFFAS+), which consists of 51 companies in Japan. We are participating in the "Joint Technological Development Program for the Demonstration of Fully Autonomous Ships" (*1) under the Nippon Foundation's MEGURI2040 Fully Autonomous Ship Program (MEGURI2040).

The program is considered the second stage of MEGURI2040, which launched in 2020. Through it, TOKYO KEIKI and the Nippon Foundation aim for full-fledged practical application of autonomous ship technology cultivated in the first stage, known as "Joint Technological Development Program for the Demonstration Experiments of Fully Autonomous Ships," by 2025. This program has four objectives: demonstration experiments, standardization of developed technology, strengthening the development process infrastructure, and real-world implementation.

TOKYO KEIKI participated in the first stage of MEGURI2040 as the DFFAS Consortium, the predecessor of DFFAS+. We continue our participation in the second stage of MEGURI2040, in which we are serving as the leader of a working group tasked with standardizing the technology.

For the demonstration experiments, next-generation ships are being designed to support the domestic coastal shipping industry of the future. Demonstrations of ship and land operations that envision a future domestic coastal shipping industry supported by autonomous vessels are also being conducted. These demonstrations use four different ships^(*2) and two fleet operation centers. In addition to autopilot, gyrocompass, and other products, TOKYO KEIKI is providing steering control technology cultivated during the R&D phase of these products for a newly built full-package container ship equipped with all the autonomous navigation functions. The system will help keep autonomous operation safe by providing appropriate position control on the entire route from detachment to berthing and for evading hazards.

Working with the Nippon Foundation, the other DFFAS+ participating companies, and cooperating organizations in Japan and abroad, TOKYO KEIKI will continue working on MEGURI2040 as it seeks to achieve commercial autonomous ship operation by 2025. This will help support stable domestic logistics and transportation infrastructure by solving social challenges facing the Japanese coastal shipping industry, reducing labor shortages and workloads, preventing marine accidents, and maintaining shipping routes to remote islands.



Overview of demonstration experiment (all rights reserved)

(*1) Technological Development Program for the Demonstration of Fully Autonomous Ships: A financial support program for the development of technologies to promote practical use of autonomous ships and thereby create opportunities for further technological development in the field, thus promoting the transformation of Japan's logistics, economy, and social infrastructure.

(*2) Four different ships: A newly built full-package container ship equipped with all the autonomous navigation functions, an existing container ship with some autonomous navigation functions, an existing RORO cargo ship, and an existing remote island route ship.

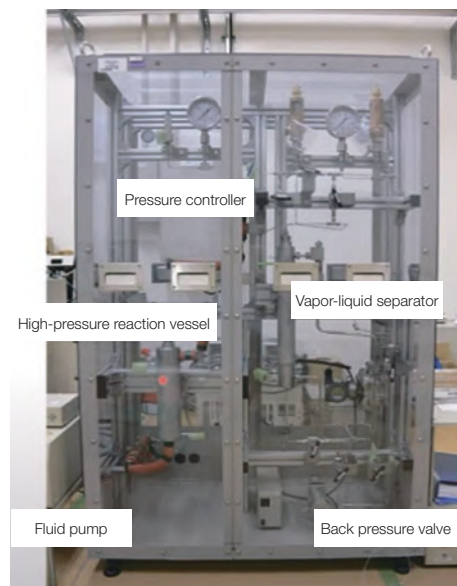
• Miniaturization of high-pressure hydrogen production system using formic acid.

TOKYO KEIKI and its subsidiary TOKYO KEIKI POWER SYSTEMS INC. (TPS), together with the National Institute of Advanced Industrial Science and Technology (AIST), have begun "Joint Research and Development on a Compact and Practical Model for a System for Producing High-Pressure Hydrogen using Formic Acid."*

TPS, a developer and producer of hydraulic systems, applies hydraulic control technology to offer hydrogen compressors for hydrogen filling stations, especially in urban areas. At the same time, we have been studying compact, low-cost hydrogen supply systems that can be used on-site. These are intended for rural areas with inadequate hydrogen filling stations and other hydrogen supply infrastructure, or for relatively small-scale hydrogen use.

In this area, we are researching and developing a compact and practical model for a system that produces high-pressure hydrogen using formic acid. AIST has been researching technology for producing high-pressure hydrogen from formic acid and implementing it in the real world. To store and transport hydrogen in large quantities, it must be compressed. Most hydrogen generation systems start with hydrogen at a pressure equivalent to the atmosphere and use a compression device to bring it to high pressure. A hydrogen production system using formic acid, however, can omit the compression process because it can obtain high-pressure hydrogen directly. This could allow for the use of smaller, less expensive equipment in the high-pressure hydrogen production process.

The Group is promoting the hydrogen and energy business as one growth driver in TOKYO KEIKI Vision 2030. We will work to further advance hydrogen energy through our R&D.



System for producing high-pressure hydrogen from formic acid, used by AIST to demonstrate the technology (Photo courtesy of AIST)

(*) Formic acid: A chemical widely used in industrial applications, including as a preservative in livestock feed, a tanning agent for hides, and anti-freeze. Storing and transporting hydrogen consumes a great amount of energy. This has prompted R&D on hydrogen carriers that can efficiently store and transport hydrogen by converting it to another substance. AIST has long focused on formic acid as a new hydrogen energy carrier.

Aiming for Track Diagnosis Support System

TOKYO KEIKI RAIL TECHNO INC. takes on new technological domain

Track inspection today

Japan prides itself on the unrivaled safety and accuracy of its railroads. Even today, many inspectors work to protect the tracks. It takes many materials (components) to build tracks, and these materials must be kept in sound condition for trains to operate safely. Inspection and repair work is performed late at night, after train service ends for the day until the first trains start running early in the morning. However, “foot patrols” (visual inspections) require monitoring track conditions on foot during the day. Workers risk being hit by a train while doing this very dangerous job. It’s critical to secure highly skilled individuals, as they need to inspect the condition of track materials while walking along the line. Moreover, the work is a heavy responsibility and psychological burden for

workers. The rigorous work conditions are one reason why the number of workers has fallen in recent years, making it acutely challenging for railroad operators to maintain safe and sustainable railroads. The need to solve this social issue has led to a great demand in recent years for measurement work to be done with rolling stock that carries inspection equipment.

The “track diagnosis support system” from TOKYO KEIKI RAIL TECHNO (TRT) could help to free workers from dangerous foot patrols and improve track maintenance productivity by enabling more frequent inspections and examinations and using data gathered at high frequency to predict the deterioration of facilities.

Merits of the track diagnosis support system

More than 70% of the ultrasonic rail inspection cars*¹ used by railway companies in Japan today are TRT products. Based on this success, TRT developed the track diagnosis support system, which inspects various track materials. Mounted on passenger trains as well as exclusive maintenance vehicles, the system can automatically determine the condition of track materials. The result is greater efficiency, safety, and accuracy in the monitoring of track materials compared to foot patrols.

The system uses multiple image sensors that are located under the cabin and continuously photograph the track from different angles. It identifies individual track materials from the images taken. AI is implemented to support determination on whether anything has fallen off or is missing and whether there are any defects or other abnormalities from the track images.

The system can even be mounted on passenger rolling stock for high-frequency measurement. Operators can therefore switch from the conventional repair planning method of TBM*² to CBM*³ and accurately calculate when repair work is required. This reduces both human and financial costs.

Through R&D conducted at TRT and TOKYO KEIKI’s Fluid Power & Control Systems Company, we developed proprietary imaging equipment that mounts under the cabin. TOKYO KEIKI also made the image processor used by the system. In addition, the TOKYO KEIKI Group

manages all processes, from the development of image processing algorithms to software production. This enables us to offer prompt and detailed support.

*1 Ultrasonic rail inspection car: A non-destructive inspection car, it has equipment that uses ultrasonic waves to detect flaws inside rails that are concealed from visual inspection.

*2 TBM: Time-Based Maintenance. A maintenance method based on periodic maintenance. Maintenance is performed at predetermined times and cycles, regardless of the condition of equipment and machinery.

*3 CBM: Condition-Based Maintenance. A maintenance method that utilizes IoT, AI, or other technologies to monitor and predict equipment deterioration and breakdowns. This enables appropriate repairs and parts replacement before breakdowns or malfunctions occur.

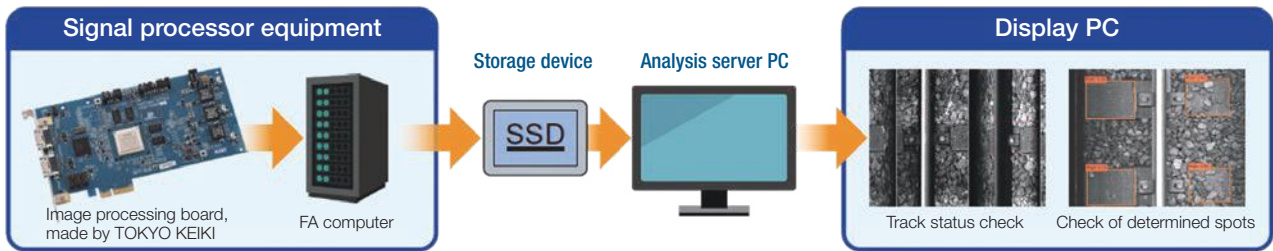


A multifunction inspection car of Kyushu Railway Company (JR Kyushu) equipped with the track diagnosis support system

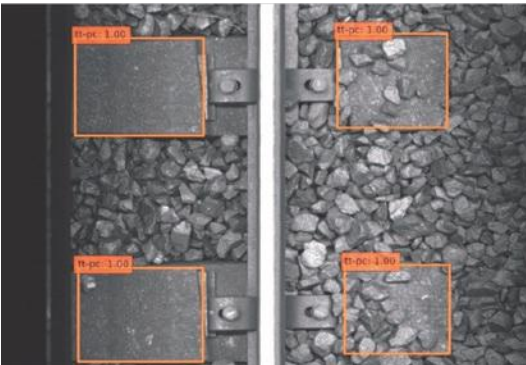


Track diagnosis support system

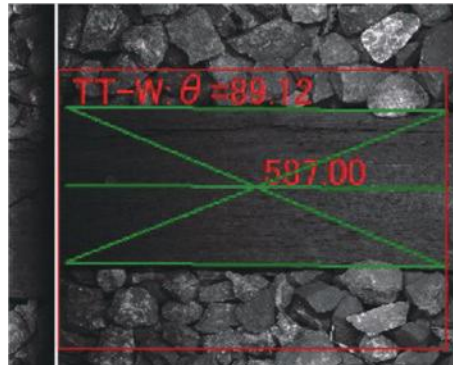
Overview of analysis



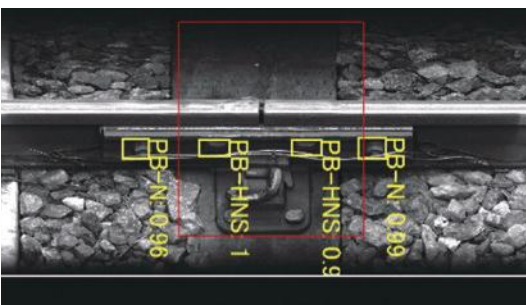
Example of materials detection



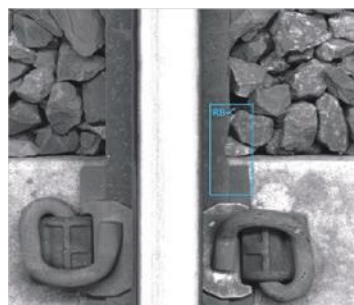
Automatic determination of railroad sleepers



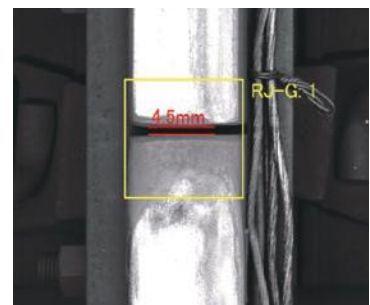
Perpendicular determination of railroad sleepers



Determination of fishplate bolt



Base corrosion



Measurement of joint gaps

Environment: Realization of an Environmentally Conscious Society

Through its business activities, the Group is working to reduce GHG (greenhouse gas) emissions, which is an important issue of global scale. In response to market and customer demands for environmental friendliness, we will integrate the design, procurement, and manufacturing processes for our products and services to provide added value, such as energy savings. In addition, to reduce GHG emissions in Scope 1 and 2, we will pursue efficient energy use by harnessing the creativity and ingenuity of all our employees.

Environmental policies

1. We will evaluate the environmental impact of all our business activities and the products we provide to our customers at during production, use, and disposal, and strive to save resources and energy, reduce waste, and prevent pollution.
2. We will establish and maintain a PDCA cycle by setting environmental objectives and targets for these initiatives.
3. In addition to complying with environmental laws and regulations, ordinances, industry codes of conduct, and agreements with local communities, we will establish and maintain independent management standards wherever possible.
4. We will establish an environmental management system in which all employees participate, using audits and reviews to make improvements on an ongoing basis.
5. We will provide education to all employees to improve their awareness of the environment and the environmental management system, as well as asking our affiliates and partner companies for their understanding and cooperation.
6. These environmental policies shall be publicly disclosed.

Environmental policies in each district

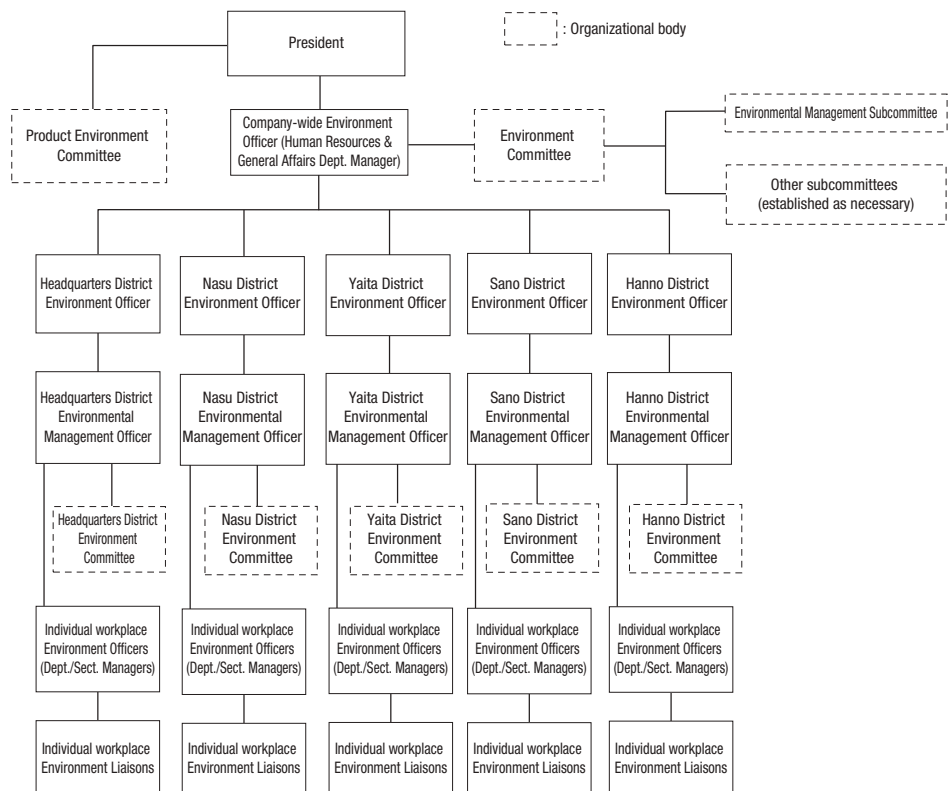
Our Nasu, Yaita, and Sano plants have drawn up their own environmental policies based on the company-wide policies, taking into account the characteristics of the manufacturing they perform and consideration for the surrounding environment. In order to put our basic philosophy into practice, each district has formulated its own environmental policies and is working actively to acquire various certifications, including ISO 14001.

ISO 14001 compliance status

Location	Date acquired
Nasu Plant	December 2005
Yaita Plant	January 2007
Sano Plant	April 2007
Tanuma Plant	November 2006

Environmental management structure

The Environment Committee is in charge of company-wide environmental policy, and the Environmental Management Subcommittee has been established beneath it. The head of the Human Resources & General Affairs Department chairs both committees, and the managers of the Nasu, Yaita, and Sano plants serve as committee members.



Climate Change Initiatives

The TOKYO KEIKI Group is working to reduce GHG emissions and promote resource and energy conservation to minimize the impact of our business on climate change. At the same time, we are taking steps to mitigate the impact of future climate change on the Group's businesses.

Initiatives on TCFD recommendations

We announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in August 2022. By using the TCFD framework to comprehensively assess risks and opportunities related to climate change, we will enhance the resilience of our strategies. In addition, we will set clear indicators and targets

for each initiative and enhance our disclosure of events that have a material impact on our business activities, providing climate change-related financial information and more.



(1) Governance

To promote sustainability management, our Group established the Sustainability Promotion Office and the Sustainability Committee in June 2021. At the center of our Group, the Sustainability Promotion Office plans and promotes measures involving sustainability management. The Sustainability Committee is chaired by the Representative Director, President & CEO and selects members from Internal Directors and Executive Officers. It functions as a meeting body that discusses and shares sustainability management-related policies and measures,

and executes decisions without delay across the Group. It also makes proposals on key measures and issues progress reports to the Management Conference and the Board of Directors.

The Sustainability Committee met nine times in fiscal 2022, planning and formulating important measures such as the determination of our sustainability policy and identification of materialities. The proposals were then sent to the Management Conference and Board of Directors for their deliberation before being adopted by the Group.

(2) Strategy

(2)-1. Scenario analysis based on TCFD recommendations

The TOKYO KEIKI Group recognizes climate change as a critical issue in the sustainability management of the Group. For that reason, we created our own scenarios based on the TCFD recommendations and referring to

the 2°C and 4°C warming scenarios in the IPCC's Sixth Assessment Report. Using these scenarios, we evaluated the impact of a warmer climate in 2030, the target year for achieving our mid- to long-term strategy. The table below lays out our view of each scenario.

Scenario analysis based on TCFD recommendations







Classification		Our view of each scenario (future image)	
		2°C scenario	4°C scenario
Transition	Policy and regulations	Control policies and regulations will be implemented globally to curb rising temperatures. Environment-related regulations that are enacted will be stricter than in the 4°C scenario.	Despite calls to curb rising temperatures, there will not be much progress in tightening regulations after the 2020s.
	Technological innovation	Technological development will focus mainly on reducing GHG emissions.	Technological development will mainly solve issues relating to adaptation to rising temperatures.
	Markets	How well industrial machinery reduces GHG emissions will be an important factor in customer purchasing behavior.	Purchasing behavior will not change significantly from the status quo, but new markets will be formed to address problems created by rising temperatures.
	Reputation	The social reputation of companies that are passive about reducing GHG emissions or are unable to reduce them will be damaged, which will very likely affect customer purchases.	Companies that solve social problems will gain better reputations, and industry restructuring may result.
Physical (acute)		An increase in sudden climate disasters will cause damage.	An increase in sudden climate disasters will cause damage.
		Economic impacts of sudden climate disasters will include crop failures due to drought and the submergence of logistics and supply chain facilities and factories due to flooding.	These will happen more frequently than in the 2°C scenario.
Physical (chronic)		There will be chronic damage from prolonged extreme weather. Prolonged extreme weather will include more regularly occurring crop failures due to rising temperatures and the submergence of facilities and factories near the coast due to rising sea levels.	There will be chronic damage from prolonged extreme weather.
			These will happen more frequently than in the 2°C scenario.

(2)-2. Assessment of risks and opportunities based on scenario analysis

Based on the scenarios we created, we identified events that could affect TOKYO KEIKI Group business activities and measures to deal with them. We are presently reviewing specific initiatives and plan to decide on them

as part of our materiality initiatives in conjunction with the next medium-term business plan. We will announce these when they are decided. The table below shows the events that we identified and countermeasures that are conceivable at this time.

Assessment of risks and opportunities based on scenario analysis

Classification	Risk & opportunity details		Impact on TOKYO KEIKI business		Countermeasures	Materiality initiatives
			Category	Nature of impact		
Transition	Policy and regulations	GHG emissions regulations become stronger. (carbon tax, related taxes, etc.)	Risks	Taxation causes energy procurement costs to rise.	<ul style="list-style-type: none"> Make business processes more efficient and gradually shift to renewable energy to minimize the impact of the introduction of carbon tax. Work to continually reduce GHG emissions. (Scope 1, 2) 	 Realization of an Environmentally Conscious Society
		Energy conservation regulations become stronger.		Prices of both fossil fuel energy and renewable energy rise, causing procurement costs to increase.		
	Technological innovation	Transition to low-carbon technology is encouraged.		Development costs to acquire low-carbon technologies rise and there is not enough development staff.	<ul style="list-style-type: none"> Promote development of proprietary products using energy-saving and renewable energy technologies that are differentiated from competitors' products, and work to increase the number of developers for this purpose. 	
			Opportunities	Technologies for adapting to rising temperatures are developed and put to practical use.		
	Markets	There is increased demand for products that help conserve energy and reduce GHGs.	Risks	Product competitiveness is lost due to failure to meet customer purchasing requirements, making it impossible to continue doing business with existing customers.	<ul style="list-style-type: none"> Build sustainable supply chains, including the development of products that meet customer needs and finding new partners to achieve this. 	
Reputation	A company's reputation is affected by how it is responding to rising temperatures.	Stock markets take a negative view of any business that is passive about efforts to reduce GHG emissions. Such businesses lose investment, which harms their corporate value.		<ul style="list-style-type: none"> Actively and effectively disclose our decarbonization initiatives. Work to continually reduce GHG emissions. (Scope 1, 2, 3) 		 Realization of an Environmentally Conscious Society
Physical (acute)	Localized torrential rains increase river flooding and landslides.	Risks	Business sites and cooperating factories are damaged due to flooding from nearby rivers or rainfall runoff, causing operations to be disrupted.	<ul style="list-style-type: none"> Establish a resilient supply chain system by developing a business continuity plan and taking other measures to prepare for disasters. 	 Establishment of a Business Fundamentals to Support Sustainable Growth  Enhancement of Supply Chain Management	
			Supply chains are disrupted by disasters.			
Physical (chronic)	Localized hot temperatures, heat waves, and abnormally low temperatures occur chronically.	Risks	Significant deterioration of the working environment due to insufficient air-conditioning capacity at some workplaces, including partner factories, results in greater damage to employee health.	<ul style="list-style-type: none"> Continually develop business infrastructure that supports sustainable business activities and establish rules to optimize the entire supply chain to ensure that occupational safety can be maintained at all times, including at partner factories. 	 Establishment of a Business Fundamentals to Support Sustainable Growth  Enhancement of Supply Chain Management	
			Factory operations are restricted in summer and winter due to planned power outages resulting from chronic power shortages.			

(3) Risk management

The TOKYO KEIKI Group manages risks in keeping with our risk management system.* Following our Risk Management Rules, we classify risks as major management risks or other risks and manage them accordingly. Risks that relate to sustainability are written up for the Sustainability Committee's consideration by members of the Sustainability Promotion Office or

Sustainability Committee. The Sustainability Committee promptly discusses the magnitude of the risks and how to deal with them. Its resolutions go to the Management Conference and Board of Directors for deliberation and final approval.

*See the risk management system diagram on p. 53.

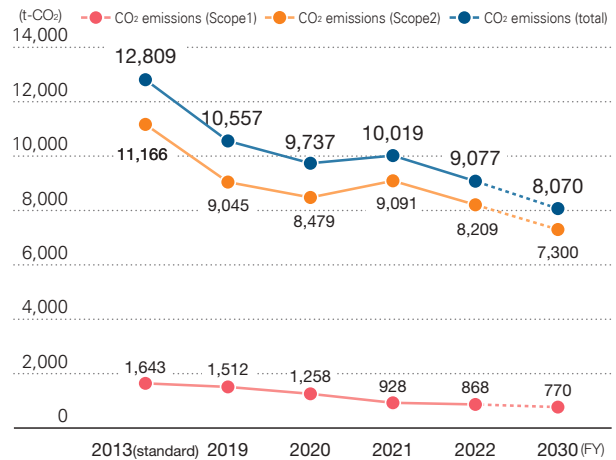
(4) Indicators and targets

• Scope 1 and 2 GHG emissions reductions

The Group set a target of reducing GHG emissions within the Group by 37% in fiscal 2030 compared to fiscal 2013. We are conducting activities to achieve this. In fiscal 2022, in addition to planned capital investments for energy conservation that we were already making, we switched part of our electricity purchases to green power midway through the fiscal year. These efforts caused fiscal 2022 emissions to decline to 9,077 t-CO₂, a reduction of 9.4% from the previous fiscal year.

In September 2023, our Vietnamese subsidiary TOKYO KEIKI PRECISION TECHNOLOGY CO., LTD. (TPT) also began a PPA (power purchase agreement for solar power). This will further accelerate GHG emissions reductions. The trends in Scope 1 and 2 emissions reductions are shown in the figure on the right.

Trends in GHG emissions reductions (Scope 1 and 2)



Initiatives to use renewable energy

TPT entered into a PPA in March 2022. Construction was subsequently delayed due to circumstances in Vietnam, but the supply of electricity began in September 2023. Thanks to this arrangement, solar power can provide about 30% of the electricity used by TPT, which could reduce GHG emissions by an estimated 400 t-CO₂ yearly.

TOKYO KEIKI has also decided to install solar power generation equipment at our Nasu Plant as part of our own facilities. Although the amount of power generated is small, we determined that the Nasu Plant could use the generated electricity without waste since it has a clean room that operates year-round. Our aim is to begin operation of the solar power equipment in fiscal 2023.



Solar panels on factory roof (TPT)

Energy saving initiatives at Headquarters building

Subsidiary TOKYO KEIKI TECHNOPORT INC. (TCN), which manages the TOKYO KEIKI headquarters building, sets annual targets for reducing energy consumption and manages progress on those targets. Buildings constructed in recent years commonly have individual air-conditioning systems to save energy. By contrast, the headquarters building, completed in 1988, has an atrium at its center, which makes energy conservation difficult.

To meet the challenge, TCN developed and implemented detailed daily plans for energy conservation.

In fiscal 2022, despite many extremely hot days that summer, energy consumption fell 6.4% compared to fiscal 2020. In addition, consumption of city gas, which is also used for heating in winter, decreased by a very significant 25.8%.

And with energy prices so high, it is even more important to reduce consumption. Our intent is to increase the number of energy-saving actions that individual Headquarters workers can take.

Initiatives for Environmental Management

In the manufacturing industry, it is our social responsibility to try to minimize our impact on the environment when we choose materials and use energy to make our

products. By fulfilling this responsibility while engaging in business activities, we will contribute to the realization of a sustainable society.

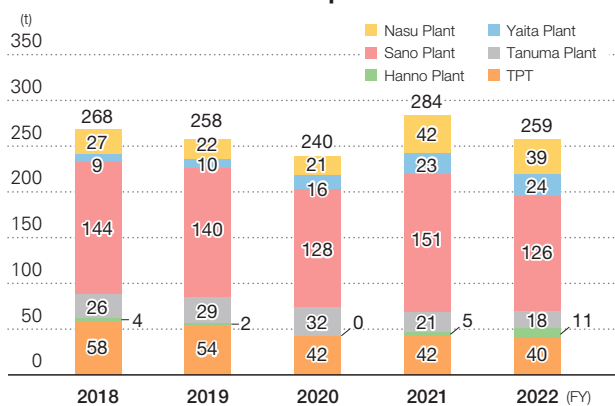
Initiatives to reduce waste

The TOKYO KEIKI Group aims to reduce the environmental impact of various types of waste generated when manufacturing our products. Our Group-wide efforts to reduce such waste are based on the 3Rs concept.

Compliance with laws and regulations

Waste is disposed of appropriately in accordance with laws and government ordinances, as well as the regulations of the municipalities where our factories and plants are located.

Amount of industrial waste produced



Promoting the “3Rs”

• Reuse

We are now reusing some of our used products and parts (including electronic parts) with the approval of our customers.

• Reduce

The use of equipment to reclaim wash oil and the evaporation and drying of wastewater from glass processing are helping to reduce the amount of wastewater and waste oil we produce. In fiscal 2022, the Sano Plant produced less waste oil, but other types of waste remained at about the fiscal 2021 level, for a total of 259 tons of waste.

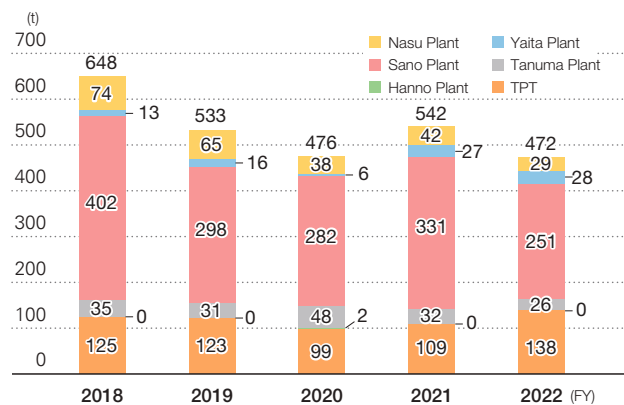
• Recycle

We hire contractors to take our scrap metal, waste oil, and waste paper, which are valuable recyclable materials, and accordingly thoroughly separate our waste.

The breakdown for these valuable recyclable materials

for fiscal 2022 was 403t of scrap metal, 17t of waste oil, and 51t of waste paper.

Valuable recyclable materials produced

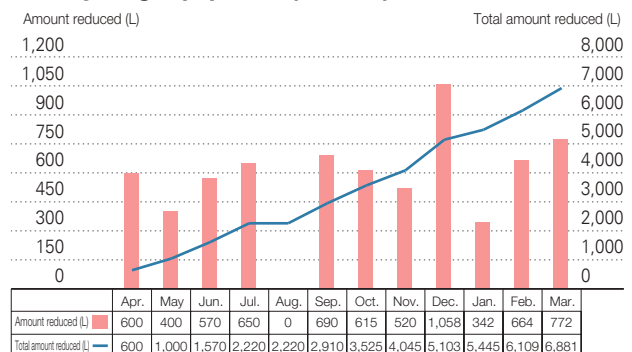


Recycling used wash oil

The Sano Plant alone accounts for about two-thirds of the company’s overall waste output, and roughly 60% of that is water-soluble cutting fluid, wash oil, and other types of waste oil. To reduce the amount of these wastes, we installed hydrocarbon-based wash oil recycling equipment in fiscal 2020. The equipment separates out about 10% of the oil dissolved in the wash oil. The remaining 90% of the wash oil can be used as new, which reduces waste and uses resources more effectively.

In fiscal 2022, the equipment recycled 6,881 liters of oil. Going forward, we will continue to recycle waste oil to reduce our waste output.

Amount of waste oil reduced through use of wash oil recycling equipment (FY2022)



Measures for proper management of chemicals

Some chemical substances have harmful effects on the environment and human body. As such, it is companies' social responsibility to manage them properly and to take the environment and occupational safety into account. We are working to cut our emissions of chemicals by setting voluntary reduction targets.

Switching to alternatives to hazardous chemicals

Each of our factories is actively switching to alternative materials to hazardous chemicals.

• Cleaning agents for hydraulic products

Switched from dichloromethane to hydrocarbon-based

• Thinners

Switched to alternatives free from toluene and xylene

• Cutting fluid

Switched to alternatives free from chlorine

In the past, we used dichloromethane to remove oil from the surface of hydraulic products produced at the Sano Plant prior to the coating process. Dichloromethane, however, is a highly toxic chemical substance. We made the decision to switch to a less toxic hydrocarbon-based cleaning agent and designed and built our own dedicated cleaning equipment. The equipment started operating in January 2021. The amount of dichloromethane used was 495 kg in fiscal 2021 and 743 kg in fiscal 2022. These represent a significant reduction in use of over 90% compared to fiscal 2020, and a reduction in environmental and human health impact.

Response to the PRTR system

Pollutant Release and Transfer Register (PRTR) is a system to determine the amount of hazardous

Class 1-designated chemical substances discharged from factories and report the results to the national government. The government then compiles and publishes the data.

Reducing dichloromethane emissions at the Sano Plant has been a challenge for a long time. However, we have significantly reduced emissions by switching to a hydrocarbon-based cleaning agent and recycling it. Since fiscal 2021, we have no longer needed to submit reports to the government. Likewise, we have not needed to report on toluene emissions since 2020. However, we will continue to monitor emissions of both substances.

PRTR emissions: Sano Plant *Emissions only (excluding transfers)

FY	Dichloromethane (kg)	Toluene (kg)
2018	18,400	1,330
2019	14,000	1,100
2020	11,000	986
2021	495	989
2022	743	927

PRTR emissions: Nasu Plant *Emissions only (excluding transfers)

FY	Xylene (kg)	1,2,4-Trimethylbenzene (kg)
2018	66	17
2019	51	12
2020	50	12
2021	49	13
2022	13	11

Initiatives to protect biodiversity

Another critical social responsibility for our Headquarters, plants, business locations, and other sites as we continue our business is to reduce the impact on the surrounding environment and work to conserve it. The Group is committed to protecting the environment site by site.

Green space around the Headquarters building certified as an Ota Ward Protected Forest

Technoport Kamata, the location of TOKYO KEIKI's Headquarters, is an office building block that was built as a redevelopment of the site of our former headquarters and plant. Two-thirds of the vast grounds were turned into a tranquil green space environment, becoming a

conspicuous green oasis in Kamata, a district with little verdure. The area around our Headquarters, in particular, is surrounded by a variety of trees, and Ota Ward has designated the more than 2,000-m² green space around the Headquarters building as a "Protected Forest."



Ota Ward Protected Forest



Social:



Enhancement of Supply Chain Management

As a manufacturer, the Group's lifeline lies in its supply chain. In order to make it sustainable and strong, we will transform it into a robust materials purchasing system that can respond to rapid changes in the market, society, and the environment, while ensuring co-existence and mutual prosperity with our suppliers. We will also address various social imperatives, such as the reduction of GHG (greenhouse gas) emissions in Scope 3, the handling of hazardous substances, and human rights issues.

Establishment of the TOKYO KEIKI Group Sustainable Materials Procurement Policy

In addition to our existing requirements for materials procurement, we have established the Sustainable Materials Procurement Policy to declare our commitment as a company to building sustainable relationships with our suppliers and to procuring materials responsibly with regard to social issues such as human rights protection and conservation of the environment.

(1) Fair and equitable transactions

In procuring materials, we will, on the premise of conducting fair transactions, make selections in good faith based on a fair and comprehensive evaluation of basic evaluation criteria such as quality, price, delivery time, and environmental considerations, as well as sustainability of business activities and attitude toward ongoing improvement.

(2) Compliance and proper management of information

In conducting transactions, we will comply with social norms and related laws and regulations, and appropriately manage information obtained through such transactions. In addition, we will ensure that confidential information is not leaked.

(3) Relationship building as a manufacturing partner

In conducting transactions, we respect the vision and position of our suppliers as partners in manufacturing, and by building relationships of trust from a medium- to long-term perspective, we aim to strengthen our competitiveness through mutual prosperity with these partners.

(4) Ensuring sustainable quality and trust

In order to ensure the trust of customers and the market by maintaining the quality of procured parts and materials, we will establish a sustainable quality management system in cooperation with our business partners.

(5) Consideration for health and safety, the working environment, human rights, and conflict minerals

In conducting transactions, we will promote material procurement activities that take into consideration health and safety, the working environment, and human rights in the supply chain.

(6) Harmony with the global environment through green procurement

In procuring materials, we will strive, alongside our business partners, to protect the environment in accordance with our environmental policy and promote green procurement activities, including reduction of GHG emissions and harmful chemical substances, in consideration of the global environment.

(7) Realizing BCP in the supply chain

In preparation for disasters and unforeseen circumstances, we will work with our business partners to establish a BCP system for maintaining employee safety and continuity of corporate activities in the supply chain, and take appropriate measures.

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.

As an organization under the direct control of the President, the Material Management & Purchasing Office supports each internal company's purchasing activities. The Material Management & Purchasing Office engages in administrative tasks such as maintaining and managing basic companywide policies, the Standard Purchasing Rules, and the template of Purchase Agreement 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 suppliers. In addition, the 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 Purchase Agreement. Actual purchasing is conducted using our TBB system, ensuring that the transaction is in accordance with the Standard Purchasing Rules.

Each internal company engages in the development of the skills of its purchasers. The Material Management & Purchasing Office also urges purchasers of each internal company's purchasing division to take a seminar on the Subcontract Act, and in fiscal 2022, 30 out of 55 purchasers took the seminar.

*TBB system: TOKYO KEIKI Best Buying system

Concepts regarding human rights

Our Group 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.

Green partner initiative

The “Green Partner System” is an initiative to eliminate hazardous substances from production processes throughout the supply chain in order to encourage environmentally friendly manufacturing. TOKYO KEIKI is putting this system into practice alongside our suppliers.

Under this initiative, suppliers who meet our management standards and have the ability to conduct independent quality management to prevent hazardous substances being used in or contaminating their production lines are certified as Green Partners. This eliminates the need to submit a non-inclusion certificate for each product or part and to conduct some of the tests on the chemical substances they contain. We also provide various services to Green Partners, such as support for the testing and analysis of chemical substances contained in parts and materials, provision of environment-related information, and support for environment-related education.

Engagement with suppliers

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 share 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 suppliers, 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.

Calculating Scope 3 emissions

In order to understand supply chain GHG emissions across all of our business activities and effectively

reduce them, we calculated the total emissions of all of our supply chains based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain from the Ministry of the Environment.

The breakdown of Scope 3 emissions is shown in the table below. Emissions from Category 1 (purchased goods and services) were the greatest at 55.2% of the total, followed by Category 11 (use of sold products) at 33.7%. We have confirmed that understanding the actual status of these two categories and planning and implementing reduction measures are effective in reducing Scope 3 emissions, and will implement these measures accordingly.

Since Scope 3 is expected to be replaced in the near future by calculations using primary data (actual data, rather than calculations), we have decided to set a target value for Scope 3 by fiscal 2025.

Overview of Scope 3 CO₂ emissions calculation (FY2022)

Category	CO ₂ emissions (t-CO ₂)	Percentage
1 Purchased goods and services	126,167	55.2%
2 Capital goods	3,631	1.6%
3 Fuel- and energy-related activities	1,450	0.6%
4 Upstream transportation and distribution	733	0.3%
5 Waste generated in operations	384	0.2%
6 Business travel	1,283	0.6%
7 Employee commuting	620	0.3%
8 Upstream leased assets ^{*1}	-	-
9 Downstream transportation and distribution ^{*2}	-	-
10 Processing of sold products ^{*3}	-	-
11 Use of sold products	76,939	33.7%
12 End-of-life treatment of sold products	17,323	7.6%
13 Downstream leased assets ^{*4}	-	-
14 Franchises ^{*5}	-	-
15 Investments ^{*6}	-	-
Total	228,530	100.0%

*1: Not applicable (emissions from leased assets included in Scope 1 and 2).

*2: Not applicable (finished product logistics outsourced and thus included in category 4).

*3: Not applicable (as TOKYO KEIKI’s products are finished products, they are not processed after sale).

*4: Not applicable (no relevant leased assets).

*5: Not applicable (no relevant franchises).

*6: Not applicable (no relevant investments).

Calculation method: Based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain from the Ministry of the Environment and the Ministry of Economy, Trade and Industry.
Calculation period: April 1, 2022–March 31, 2023
Calculation scope: TOKYO KEIKI (non-consolidated)



Social:



Support for the Activities of a Diverse Workforce

In order to meet our goals with respect to this materiality, the TOKYO KEIKI Group will promote the recruitment and advancement of a diverse range of personnel regardless of gender, nationality, age, employment status, disability status, etc., providing a place where employees with a diverse range of attributes can play an active role. In promoting the advancement of women, we will not limit ourselves to the scope of the Act on the Promotion of Women's Active Engagement in Professional Life, but will continue to develop a comfortable working environment and expand opportunities for women to play an active role in the company.

TOKYO KEIKI Vision 2030, our vision for what the Group should be in fiscal 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

Initiatives for hiring

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 diverse 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 consolidate these into a powerful force aimed at creating new value, 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.

Policies for human resources development

Our Group is engaged in a wide variety of businesses, and as such, there is a diverse range of knowledge and skills required of employees in each of these businesses. We must also respond quickly to the drastically changing external environment.

To ensure the Group's continued sustainable growth given the nature of our business and the external environment, it is essential to have "independent, growth-oriented human resources," that is, people who are able to think for themselves and perform their duties proactively, not only under the direction of the Company or their superiors, and who can grow while adapting to changes around them.

To this end, our basic policy for human resource development is to "cultivate independent, growth-oriented human resources," and while holding the Group's management policies and strategies as universal values, we support the development of individual capabilities so that each employee can think, judge, and act on their own initiative in the face of the drastically changing external environment, maximize their individual capabilities, take on difficult tasks, and achieve results as an organization.

Through these efforts, we will also strengthen our human capital and pursue sustainable enhancement of corporate value.

Support for independent career development

Amid changes in the nature of our business and the external

environment, we expect our employees to think about the careers they aspire to and the actions they need to take to achieve them. TOKYO KEIKI provides career training for employees four years after they join as new graduates and each time they are promoted. Opportunities are also provided for employees to meet with their supervisors every six months to discuss their future careers. In addition, the company offers self-development programs such as correspondence courses and external webinars.

There is also an internal recruitment system in place whereby departments advertise job openings, employees voluntarily apply for positions, and transfers are arranged through a matching process. Seven of these were concluded in fiscal 2021 and three in fiscal 2022.

Going forward, we will further support the development of individual skills by reviewing our training programs to encourage employees to think and learn on their own initiative, and by revamping our systems to stimulate internal open recruitment.

Encouraging the acquisition of qualifications for business use and to promote self-development

As part of our efforts to cultivate independent, growth-oriented human resources, TOKYO KEIKI has established a public qualification assistance program to improve employees' ability to perform their duties and to revitalize the company organization by promoting self-development.

As of March 31, 2023, 552 certifications have been accredited, and a total of 124 people were newly certified in fiscal 2022.

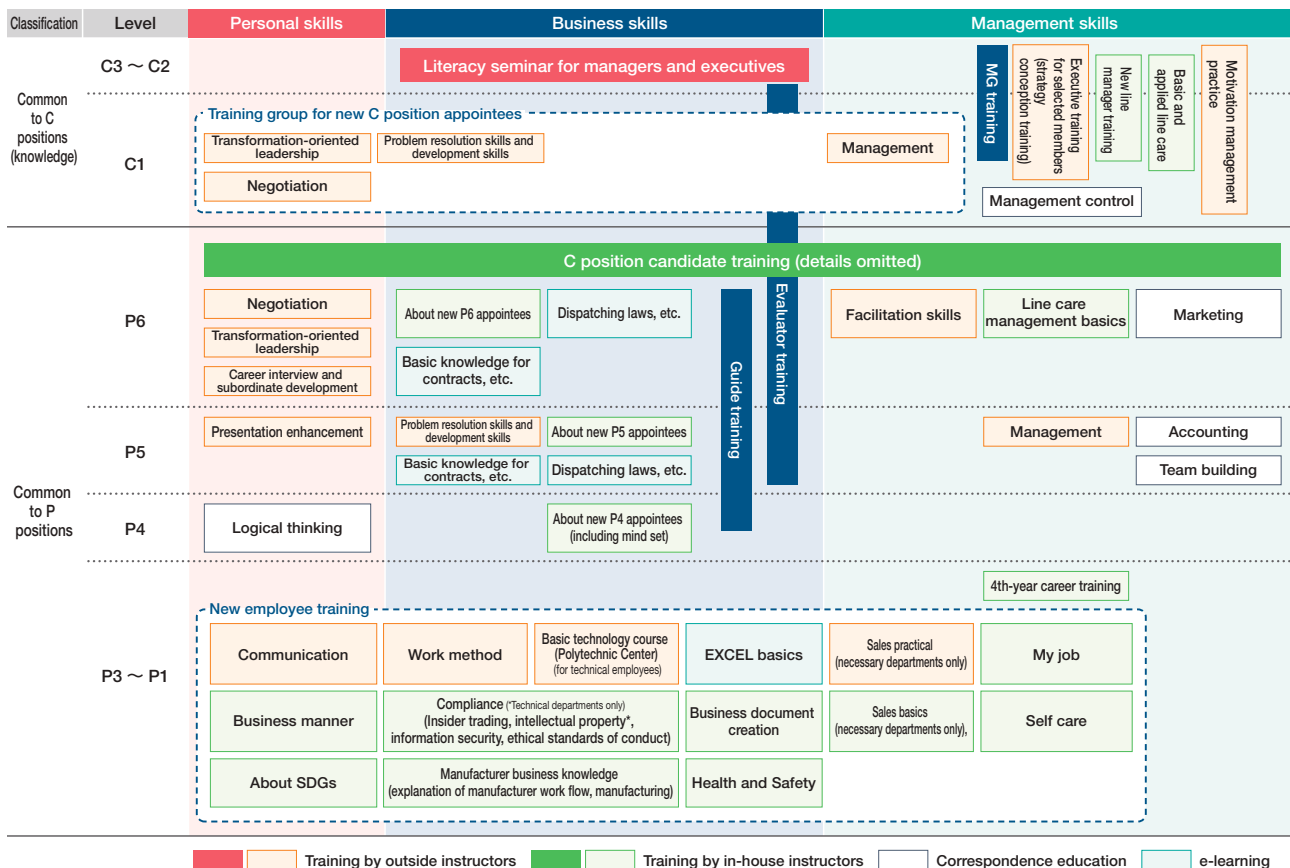
We expect that in the future, the knowledge and skills required of our employees will become more diverse, so from fiscal 2022, we have expanded our qualifications in data science fields such as statistical processing in order to "promote DX" as stated in the TOKYO KEIKI Vision 2030. We will continue to promote support for employees to acquire public qualifications so that they can develop their skills independently.

Education and training to enhance the value of human assets

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

Knowledge and skills acquired at each level of hierarchy

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



in the form of level-specific training for the acquisition of knowledge and skill based on a finely-tuned curriculum.

This includes providing training to employees who have been promoted to managerial positions in the Group to improve their skills in transformation-oriented leadership, management, problem resolution skills and development skills, and negotiation in order to support the development of their capabilities. In principle, all employees who have been promoted to managerial positions since the introduction of this training system are required to participate in the training.

However, some employees were unable to participate for work-related reasons, and as of March 31, 2023, the participation rate was 91.4% of eligible employees. Going forward, we will also encourage employees who have not yet taken the training to do so.

In addition, all employees promoted to management positions have an opportunity, six months after their appointment, to report to the Representative Director, President & CEO on their progress in realizing the TOKYO KEIKI Vision 2030 and receive feedback on their efforts.

Approach and Policy Regarding the Working Environment

In order to continue to foster a corporate culture in which a diverse range of workforce can demonstrate their individual strengths and grow through taking on challenges, the TOKYO KEIKI Group strives to create an environment conducive to personal development by assigning the right people to the right positions. In addition, we will work to establish a working environment that accommodates a diverse workforce and a variety of work styles.

Internal working environment development policy

- Promote a challenge-oriented personnel system to realize the TOKYO KEIKI Vision 2030
- Maximize the use of human capital by identifying individual capabilities and placing the right people in the right positions.
- Strive to create a comfortable working environment for everyone regardless of gender, nationality, age, employment status, disability status, etc. and to ensure that everyone has the opportunity to take on challenges.
- Accommodate a diverse range of work styles and strive to achieve work-life balance.
- Aim for fair and equitable evaluations that lead to human resource development.
- Strive to maintain and improve a safe and secure work environment to ensure both mental and physical health.

Reform of the personnel system to realize the TOKYO KEIKI Vision 2030

In order to realize TOKYO KEIKI Vision 2030, in fiscal 2022 we revised our evaluation system and wage system. The concept behind the new personnel system is to develop the company by placing human resource development at the core and expanding it to “strengthening the ability to implement strategies,” “employee growth,” and “fostering a culture of taking on challenges,” all of which are interlinked and mutually reinforcing.

We believe that growth comes from employees taking on challenges, learning from their mistakes, and experiencing success. Accordingly, we have introduced the “Challenge Goal System,” which is designed to place high value on personnel who take on the challenge of achieving ambitious goals. By reflecting evaluation results in compensation and promotion, this system encourages employees to take on challenges.

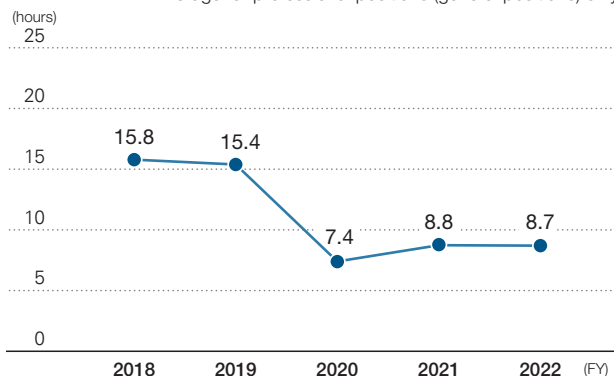
We will support our employees in achieving their challenges, aiming for the development of the company and the realization of the management targets set forth in TOKYO KEIKI Vision 2030. In addition, a committee has been established to deliberate on evaluation results and issues related to the operation of the evaluation system, aiming for a fair, equitable, and transparent personnel evaluation system.

Accommodating a diverse range of work styles

To let all employees fully exert their capabilities, we have implemented a number of measures, including the establishment of various systems such as telework and flextime that can flexibly accommodate a variety of work styles, as well as no-overtime days. In addition, to achieve work-life balance, we are striving to reduce overtime hours and improve the rate at which employees take annual paid leave (annual leave). In fiscal 2022, the upper limit on the number of times employees can take half-day leave was eliminated, creating an environment that makes it easier for employees to take annual leave.

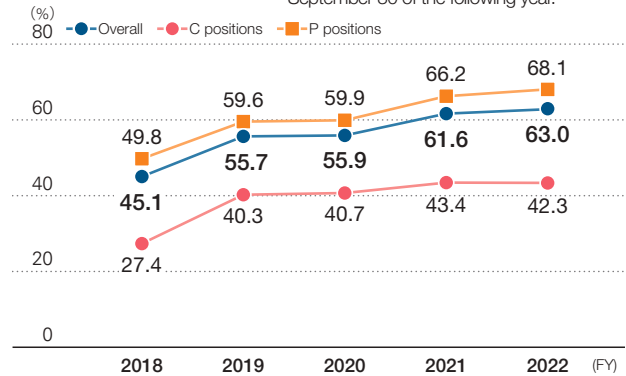
Monthly average overtime hours

* Average for professional positions (general positions) only



Annual leave utilization ratio

C positions: Creative positions (managerial positions);
P positions: Professional positions (general positions)
* Aggregated for each year from October 1 to September 30 of the following year.



Promotion of active participation by women

By promoting the development of a comfortable working environment for women, including the establishment of a childcare and nursing care leave system and a shortened working hours system for childcare, the TOKYO KEIKI Group has maintained a 100% rate of eligible female employees taking childcare leave and returning to work after childcare leave in fiscal 2022. Other opportunities for women to play an active role are expanding, such as the first appointment of a woman to a managerial position at a plant.

Employment of persons with disabilities

In addition to hiring at our head office and plants, we also use a satellite office that has been established as an environment that makes it easy for people with disabilities to work, and strive for appropriate labor management and necessary care through such measures as periodic visits by our Human Resources Department. The company is also actively hiring people with disabilities and expanding the scope of their work. For example, in fiscal 2022, we hired two new employees with disabilities in addition to our existing workforce of four, and broadened their duties from human resource-related tasks to accounting and business department tasks.

In addition, the Nasu and Sano plants have installed ramps and other accessibility facilities to provide a safe and secure working environment for people with disabilities.

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.

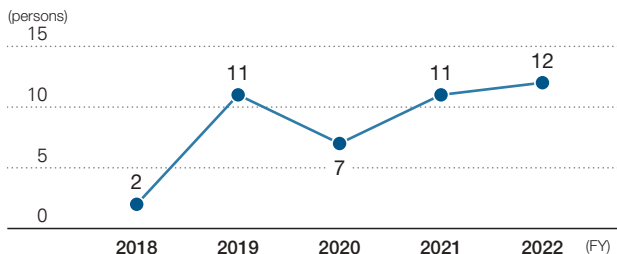
In fiscal 2022, 27% of eligible male employees took childcare leave, a higher rate than in the previous year (23.3%).

Special annual leave program

The TOKYO KEIKI Group has introduced a special annual leave program that allows employees to accumulate expired annual leave and use it in such situations as medical treatment for personal injury or illness, childcare, nursing care, or volunteer work. In fiscal 2023, the system was expanded to allow use for follow-up examinations as part of health checkups. This system supports employees in their health and balance between work and childcare or nursing care needs, as well as in performing community service, and is used by a large number of employees each year.

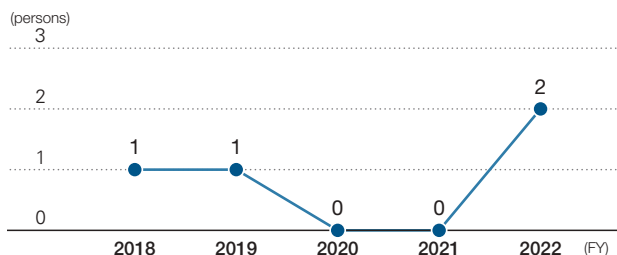
Number of persons taking childcare leave

*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

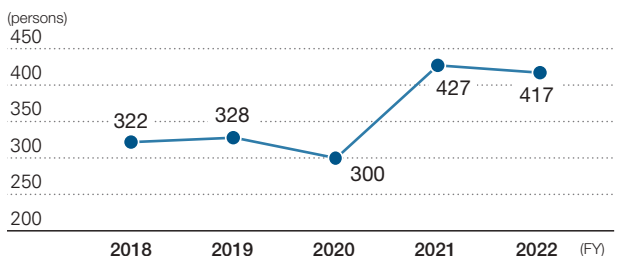
*The number of persons newly taking nursing care leave each fiscal year is counted; persons continuing nursing care leave from the previous year are not counted in the year of continued leave.



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. 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 fiscal 2021 due to people receiving vaccinations against COVID-19.



Initiatives to prevent harassment

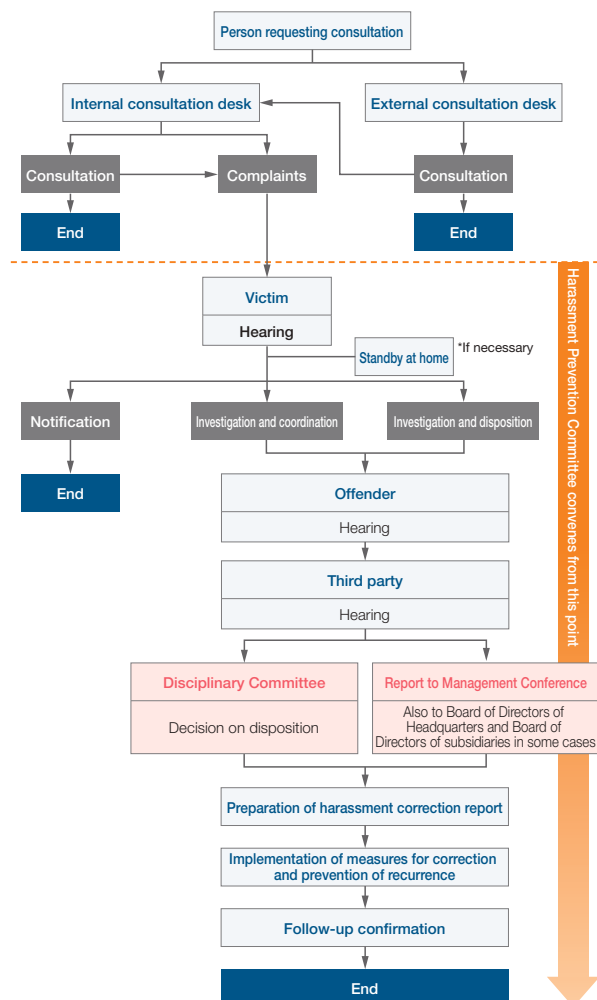
The Group creates workplace environments in which all employees can exert their capabilities to the utmost and pursue their potential. At the same time, to achieve pleasant workplaces where people can actively collaborate and cooperate with others, we seek to take measures to prevent and eliminate harassment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

consultations concerning harassment.

The Harassment Prevention Regulations, which define harassment and prohibited actions, apply not only to all officers and employees working for the Group, but also to customers, business partners, and others. We have set up shared consultation desks, 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.

In the event that a complaint is received, the Harassment Prevention Committee will certify whether or not harassment has occurred after seeking the opinions of lawyers 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 and the Disciplinary Committee as necessary, and will entrust consideration of disposition. The Harassment Prevention 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 harassment correction report.

The problem-solving process



Occupational health and safety initiatives

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.

Health and Safety Policy

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.

Health and safety system

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

The Company-wide Health and Safety Conference is a labor-management meeting held in accordance with company regulations, and attended by the manager of the Human Resources and General Affairs Department, who is responsible for company-wide health and safety, Supervising Health and Safety Managers from each region, and a matching number of members from the labor union (normally, 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.

Like the Company-wide Health and Safety Conference, each District Health and Safety Committee is a labor-management meeting attended in equal numbers by the company and the union, and meets monthly to discuss topics related to health and safety in the district.

Health and safety organization chart



Work-related accidents in fiscal 2022 and efforts to prevent recurrence

Looking at work-related accidents in fiscal 2022, industrial accidents increased by 4 incidents from the previous fiscal year to 13 incidents and commuting-related accidents decreased by 7 incidents to 2.

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 employees and more caused by inexperienced employees. Accordingly, we are striving to prevent industrial accidents before they occur by reinforcing instruction provided by experienced workers during the period when inexperienced employees are acquiring the basics of safe operation.

In addition, the number of traffic accidents involving company-owned vehicles, including those involving flying stones, is on the rise, and we are working to reduce the number of accidents by providing instruction on safe driving to drivers.

Thinking about health

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

As one example of our employee health management initiatives, we are working to reduce the rate of employees with abnormal findings and eliminate presenteeism by recommending that those with abnormal findings in health checkups undergo follow-up examinations and by restricting the work of employees who exceed certain levels. In addition, a Health Management Promotion Council was established in fiscal 2023. We actively support the maintenance and promotion of employee health and aim to obtain certification as a "Health and Productivity Management Organization" while implementing various measures such as enhancement of internal systems and optimization of the working environment.

For mental health, we provide 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 2022, we conducted stress checks for 1,947 persons, with a response rate of 93.8% (1,827 persons analyzed).

Measures to prevent infectious disease

To prevent the spread of infectious diseases within the company, the Group conducts annual vaccinations against seasonal influenza at workplaces to prevent the spread of infection through collective immunity.

For urgent issues such as COVID-19 that must be

addressed by the entire company, an emergency response task force will establish to determine the best infection control measures based on the latest information and to coordinate the entire TOKYO KEIKI Group in order to prevent the spread of infection.

Major initiatives to increase the value of human capital

Category	FY2022 outcomes	FY2023 initiatives
Recruitment	<ul style="list-style-type: none"> Recruitment based on individual business plans New graduate hires (joining in FY2023): 46 (34 men, 12 women, including 2 global personnel) Mid-career hires (joining in FY2022): 20 (17 men, 3 women, including 1 global personnel) 	<ul style="list-style-type: none"> Expansion of recruitment quota for international students and overseas students Expansion of recruitment quota for semi-recent new graduates Establishment of internship courses
Human resource development	<ul style="list-style-type: none"> Implementation of 39 level-specific training courses over the course of the year Implementation of President dialogue meetings (for newly appointed managers) Expansion of accreditation of public qualifications Implementation of data literacy assessments (to be used in future digital education) 	<ul style="list-style-type: none"> In addition to the existing training programs, "Strategy Realization Enhancement" for realizing TOKYO KEIKI Vision 2030 and "Coaching" training for developing subordinates are scheduled to be provided to managers.
Personnel system	<ul style="list-style-type: none"> Revision of the evaluation system (setting of Challenge Goals) Revision of the wage system 	<ul style="list-style-type: none"> Revision of the promotion system (introduction of a special promotion system) Review of the personnel system
Diversity	<ul style="list-style-type: none"> 3 women newly appointed to managerial positions (C positions: creative positions) Rate of people with disabilities among employees: 2.14% 	<ul style="list-style-type: none"> Holding of dialogue meetings among female employees Establishment of opportunities for dialogue between female prospective employees and female employees Promotion of childcare leave use by male employees Expansion of recruitment of people with disabilities
Health and productivity management	<ul style="list-style-type: none"> Recommendation of follow-up examinations for those with abnormal findings in health checkups, imposition of work restrictions for those who exceed certain levels Granting of special leave for follow-up examinations (permission to use) Thorough implementation of interviews with occupational physicians for employees who work long hours Workplace vaccinations against influenza 	<ul style="list-style-type: none"> Inauguration and regular meetings of the Health and Productivity Management Promotion Council Additional implementation of various health measures to obtain certification as a "Health and Productivity Management Organization"



Social:

Initiatives of the Human Resources & General Affairs Dept.

for Realization of TOKYO KEIKI Vision 2030

The TOKYO KEIKI Group has embarked on addressing the materiality of promoting “Support for the Activities of a Diverse Workforce,” which is one of the four materialities (important issues) that reflect important management issues for sustainability management (see page 23). Taking this occasion, four young employees from the Human Resources & General Affairs Department representing the next-generation leaders of TOKYO KEIKI and Fumio Kobori, Executive Officer and Department Manager discussed the Company’s current status, issues, and future direction from the perspective of enhancing human capital as outlined in TOKYO KEIKI Vision 2030.



Minori Okano,
Labor Management Section

Risako Hosokawa,
Recruitment and Human Resources
Development Section

Fumio Kobori,
Executive Officer and Human Resources &
General Affairs Dept. Manager

Saya Ueo,
General Affairs Section

Tomonao Shimada,
Personnel Section

Challenge targets that instill a proactive spirit in employees

Kobori: We modified our human resources system in fiscal 2022 to a development system that encourages further growth of our employees. Specifically, we revised the evaluation, promotion, and wage systems. What changes have you noticed within the Company in association with these revisions?

Shimada: As part of my job, I am responsible for compiling employee evaluations, so I am probably more likely to notice changes in the system compared to other employees. The most noticeable change in the modified human resources system is the Challenge Target System that reflects the Company’s commitment to actively recognizing individuals who take on challenges. Previously, the relative importance of targets was defined by weighing their level of difficulty, but the new system provides a separate category for the targets of challenges initiated by each employee. Thus, I think it promotes greater motivation for employees to take action on their own initiative.

Hosokawa: As part of my responsibilities in recruiting new graduates, we have made some changes to the human resources system so that it now places greater importance on challenges. Specifically, we have modified the type of human resources sought by the Company to “individuals who are willing to take on challenges,” and

have updated the keywords that describe our Company, replacing “a stable company” with “a company with a history of challenges” and “a company with a stable foundation that supports challenges.”

Okano: There have also been changes in my task of calculating salaries. Under the conventional promotion system, employees who passed a promotion exam were normally promoted in the following fiscal year. However, under the new Special Promotion System, those who pass the exam can be promoted within the same fiscal year. Since a promotion means a salary increase, the new system will strengthen employee motivation. At the same time, there has been an increase in inquiries from employees wanting to know when they will receive a raise, as there are now multiple patterns of salary increases. I think it is necessary to thoroughly disseminate the new system to all employees.

Kobori: Yes, indeed. Many aspects of the new system are complex, so I think it may be necessary to spread greater awareness of the system. Ms. Ueo, what are your views as a new employee?

Ueo: I joined the Company in April 2023, so I am not familiar with the previous system. However, the addition of the new Challenge Target system alongside the regular objectives is

highly beneficial even for a new employee like myself. As a first-year working adult, I do not yet know what tasks I might be capable of and what the Company expects of me. In this situation, working with my supervisor and senior colleagues to set targets has helped me gain a sense of what I might be capable of, what areas would be rather challenging for me, and what the Company expects of me. Right now, every day presents a new challenge, but I intend to continue addressing these challenges by thinking of what I ought to begin studying and how I may responsibly engage in my duties so I can achieve my target a year from now.



Promoting workstyle reforms that value diversity

Hosokawa: Our Company introduced the teleworking system in fiscal 2020, just when I was due to return to work after my childcare leave. Thanks to this system and the system for reduced working hours for childcare, I was able to return to work smoothly and without stress. With more flexibility in our daily schedules, my husband and I can drop off and pick up our child from the nursery and still concentrate on our work. We are able to balance our work and childcare responsibilities in a way that is satisfying to us both.

Ueo: I understand there are three styles of teleworking: working from home, in a satellite office, and in a branch office.

Okano: I work from home once a week or so. I find it helpful, because I can concentrate better and work efficiently when I am alone.

Shimada: I commute to work as much as possible, because I sometimes lose focus when I work from home.

Kobori: Working from home has the advantage of enriching both work and private life. I think it is good to utilize the system to concentrate and increase productivity, like in Mr. Okano's case.

Ueo: One advantage of our Company is that it offers various workstyles that value diversity, including flextime and half-day leaves. The flextime system allows us to concentrate on working hard when we need to by adjusting our working hours according to the tasks at hand. Half-day

leaves also provide a diversity of workstyles because we can take a half-day off and work either in the morning or afternoon only. Although this may not be directly related to diversity, having many extended vacations, such as the Golden Week holidays in May, summer vacation, the Obon holidays in August, and the year-end and New Year holidays, is also an additional benefit for new employees like myself who have just started working.

Shimada: Yes, I agree. I am generally able to utilize flextime or take an annual paid leave (annual leave) as I plan, although this may vary depending on the department. As Ms. Ueo mentioned, the extended vacations are a characteristic feature of our Company. Holidays and days off are rescheduled as working days and added to seasonal vacations that all employees take at the same time.

Okano: It is also uncommon for a company to go into summer vacation at the end of July and the Obon holidays soon thereafter in August.

Kobori: Our Company offers many extended vacations, and I have noticed that annual leaves are also quite easy to take. When working on holidays rescheduled as workdays, the company cafeteria is less crowded than usual because many employees choose to take annual leave on these days. I think it is a good idea to gradually increase the rate of employees taking annual leave by allowing flexibility in how and when they choose to take it.





Hosokawa: As I am in charge of operations for recruiting new graduates, the female employment ratio and the ratio of female managers are topics that frequently come up from the perspective of diversity. However, it is not easy to suddenly employ an increasing number of women. Rather, I believe we need to create an environment conducive to empowering our existing female employees even more so they can serve as role models for prospective students.

Shimada: Based on my standpoint of handling promotion-related affairs, every year sees few female candidates for management positions. This is partly due to the low ratio of female employees, although we are now recruiting more women than before.

Hosokawa: Yes, the ratio of women is increasing in terms of both applicants and new employees, including mid-career workers. The number of workers of different nationalities is also growing.

Shimada: In recent years, the Personnel Section has also been focusing on employing people with disabilities. In 2020, a satellite office was established in Yokohama city to provide opportunities for people with disabilities to engage primarily in basic tasks.

Kobori: Going beyond the satellite office, we must also create an inclusive environment for people with disabilities throughout our Company, including our plants. In fiscal 2023, a foreign national employee was assigned to our Human Resources Department, and more people of diverse nationalities are expected to be hired in the future. This will further advance diversity in our Company. Let's explore various ideas together to create a comfortable work environment for all, regardless of childcare or family care responsibilities, gender, nationality, age, or disability status, to give everyone an equal opportunity to take on challenges.

Benefits that enrich work-life balance

Hosokawa: When recruiting new graduates, I think the company housing for single employees is highlighted the most by our Company as a key benefit to students. Within the Company, we call them "dorms," and I believe everyone here, including Mr. Kobori, has experienced living in a dorm.

Okano: Yes, that's right. When an employee is assigned to the Head Office, living alone in Tokyo could be expensive, considering rent. However, in the case of our dorms, the Company leases an entire apartment building near the Head Office where employees can live for a rent of just 8,000 yen or so, which is deducted from their salary. Many companies commonly provide a housing allowance to their employees, but that is considered a part of their income, and each employee has to personally pay social insurance and taxes on it. In the case of a dorm, however, such out-of-pocket expenses are minimized, so I think it is an excellent system.

Ueo: Yes, living in a dorm is safe and secure, because everyone has their own room and privacy.

Kobori: I agree. Although it is a dorm, everyone is free to enjoy their own lifestyle, so there are probably few inconveniences in living in a dorm. I think it is a good system befitting our Company.

Ueo: Another benefit offered in our Company is the clubs which I have been charged with overseeing. I understand that clubs were once popular in our Company, but we have few such clubs now due to COVID-19 and other factors. Therefore, to increase their number, I am planning to first launch a website that provides comprehensive information about these clubs.

Kobori: There are many people at our plants who are passionate about clubs. By all means, please introduce their passion for these clubs via interviews and photos to generate excitement and interest.

Ueo: Yes, I certainly will. In addition to sports clubs such as baseball and soccer, there are also cultural clubs, so I look forward to meeting with various people.

Kobori: Additionally, we receive a constant stream of improvement ideas regarding employee welfare benefits, such as installing water dispensers and in-house convenience stores.

Ueo: When I was in university, we had water stations throughout our campus. They provided an eco-friendly solution, because by using our own bottles, no waste was generated. It would be nice to have similar water dispensers in our Company.



Okano: I was the one who proposed the idea of having an in-house convenience store. I think it would be helpful to have a convenience store or kiosk in the Head Office building. Although there are several stores nearby, when it rains during lunch break, most people are reluctant to go outside, so having the option to do some simple

shopping within the company building would be great.

Shimada: I like that idea. I would also propose introducing a “cafeteria-style” welfare benefit system that would allow each employee to personally choose benefits that suit their needs, in response to diversifying values and lifestyles.

Education systems that encourage personal growth

Shimada: To ensure the active participation of diverse human resources, it is crucial to create an environment that promotes employee growth. Our Human Resources Department offers various training programs according to each level-specific curriculum. These include programs for all employees that focus on the knowledge and skills required of working adults, such as the capacities to think logically and solve problems. They aim to develop “independent, growth-oriented” human resources who can think for themselves, proactively pursue their duties, and respond to changes in society. In light of the dramatic changes in the business environment today, I think this type of training should continue to be emphasized.

Hosokawa: As noted by Mr. Shimada, it is definitely necessary to have training programs that raise the performance level of all employees to a certain extent. At the same time, as learning preferences vary widely from person to person, what remains to be done is to improve correspondence and support programs that help individuals acquire public qualifications, which everyone can take at their own initiative for self-improvement.

Okano: A few years ago, using a grant from the Company, I obtained a license as a Labor and Social Security Attorney. I had been interested in obtaining this license from before, but had been hesitant to act due to the time and cost required. However, when I consulted with my supervisor, I was offered support, such that the Company would cover part of my expenses and my attendance at Saturday classes would be counted as working on a holiday. With this support, I was able to obtain my license, which has been extremely useful in my present work. Now that many more correspondence and support programs are available for acquiring public qualifications, I plan to attain at least one public

qualification every year.

Kobori: The Company is establishing a framework to help employees acquire public qualifications that are relevant to the individual’s operation in the Company. During job interviews, students sometimes ask us what qualifications they should obtain. We respond by informing them that the recommended qualifications differ according to the department they are assigned to, but regardless of their department, they will receive comprehensive support from the Company.

Ueo: The new employee training we received immediately upon entering the Company equipped us with the knowledge required of working adults, and we were able to begin our jobs in our respective departments with a sense of readiness and confidence. I am currently striving to obtain third-grade bookkeeping certification within this fiscal year as a qualification pertinent to my job.

Kobori: Here, we discussed the qualification situation within our Human Resources Department, but obviously, employees engaging in engineering and production are also eager to obtain qualifications as a technician, electrician, chief electrical engineer, radio operator, information technology engineer, hazardous materials engineer, and more. When there is something that employees want to do and that somehow connects with their job, it can increase their expectations of improving their skills and strengthen their motivation and incentive to work. The views and thoughts you shared with us today were inspiring. As members of the Human Resources and General Affairs Department, let’s refine our internal systems and mechanisms, considering developments both within and outside the Company, to firmly support all employees of our Group and ultimately realize TOKYO KEIKI Vision 2030 and further growth of our Company.