

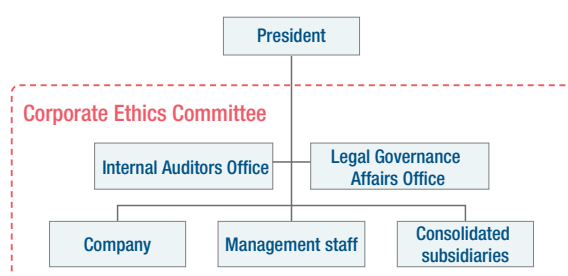
# Compliance and Risk Management

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

## Concepts and policies regarding compliance

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

### Corporate ethics-related organizational chart



### Code of Conduct

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

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

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

## Initiatives aimed at raising awareness of compliance

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

### Status of training implementation

In response to the COVID-19 pandemic, we changed the way we ran our FY 2020 Code of Ethical Conduct education, which in normal years was focused on classroom-based group training. In order to enable all employees to take and complete the education, training was primarily conducted via e-learning and online meetings, and the period over which education was provided also lengthened. Following completion of the course, all employees submitted an Affidavit Concerning the Code of Ethical Conduct.

### Internal audits

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

or subsidiary being audited. Improvements are then implemented based on the results.

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

### Whistleblowing system

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

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

In FY 2020, four cases of whistleblowing, all of which involved minor issues, were handled by the points of contact. We will continue working to entrench this system and enforce compliance with laws and regulations.

## Initiatives to prevent corruption

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

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

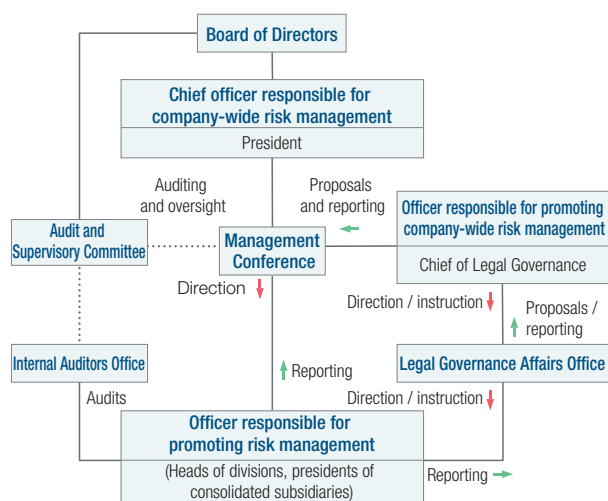
prevention of bribery in key countries. Conducted mainly as hierarchy-specific education for managerial-class employees in e-learning and classroom formats, this education includes overviews of laws on the prevention of bribery of foreign civil servants, the US Foreign Corrupt Practices Act, and cases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

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

## Concepts, policies, and structures for risk management

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

### Risk management system diagram



### Risk management implementation

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

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

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

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

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

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

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

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

### Examples of serious management risks

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

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

## BCP

### Overview of BCP

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

### BCP system

The chief officer responsible for crisis management is the President & CEO, or a director or executive officer who is appointed to the position by the President & CEO. The organization that actually responds to an emergency is generally the department in charge involved in the crisis situation, with the Legal Governance Affairs Office providing support. When deemed necessary by the chief responsible officer, an emergency response task force is set up with the chief responsible officer as the task force head and the department in charge as the secretariat.

In 2020, we established a COVID-19 Emergency Response Task Force with the President & CEO as the chief responsible officer. This task force is still in operation.

## Information security

### Information security policy

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

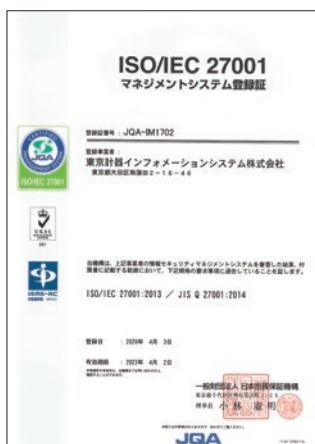
The Information Security Basic Policy consists of the following four categories.

### Information Security Basic Policy

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

### System for promoting information security

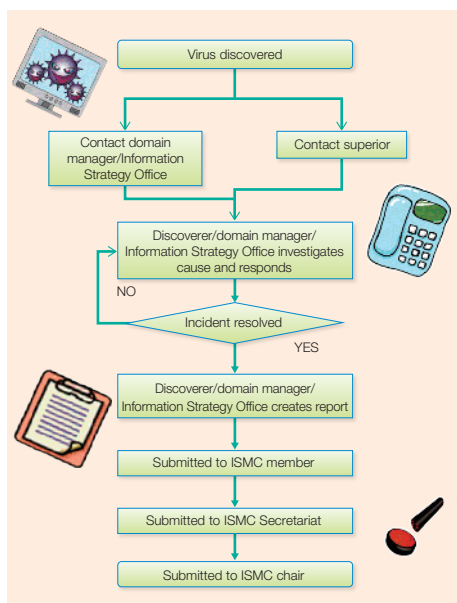
We have established an Information Security Management Committee (ISMC), chaired by the Chief Information Officer and composed of members selected from departments. Our Strategic Information Planning Department under the Corporate Planning & Administration Office oversees formulation of measures related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



### Information security incident response

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

### Example of information security incident response flowchart (computer virus)



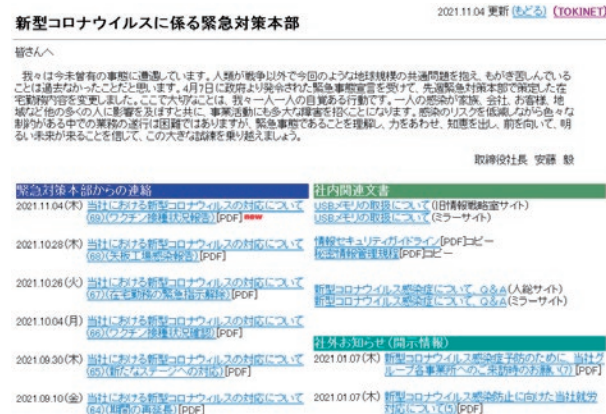
### Information system user support

User education is extremely important in order to increase the effectiveness of information security management. The Strategic Information Planning Department under the Corporate Planning & Administration Office holds briefings for users when new systems and services are implemented. The department also conducts e-learning classes on basic information security.

Due to the COVID-19 pandemic, in FY 2020, we worked to strengthen our remote access environment, previously only used by a small section of users, and expand the number of users of this system. Improvements included augmenting network equipment and expanding services available for use via remote access.

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

### COVID-19 Emergency Response Task Force page





# R&D and Quality Management Initiatives

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, and quality management serve as the foundation of the Group's management. In both research and development, and quality management, we promote the development of products that contribute to society, as well as the improvement of their quality, through Group-wide initiatives implemented by our administrative divisions, and through the initiatives of the internal companies and subsidiaries who engage in close contact with our customers.

## Research and development approach

The basic policy of our Group's research and development is based on our Management Philosophy—"To contribute to society, with a focus on our business of leveraging electronics and other advanced technology to create products that embody functions of human senses: measurement,

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

## Research and development system

Our Research & Development Center primarily engages in relatively long-term research and development and, in general, the development of products utilizing the center's results is conducted by the development departments of our internal companies and subsidiaries. Seizing future business opportunities, the Research & Development Center researches and develops technologies that will serve as the core of a business. At the same time, our internal companies and subsidiaries engage in product development, including the development of products that won't be commercialized for years to come, based on customer needs. In addition, the Research & Development Center is also responsible for providing technical support for individual projects, and for undertaking research and development that would be inefficient for our internal companies and subsidiaries to perform on their own.

### Development Committee

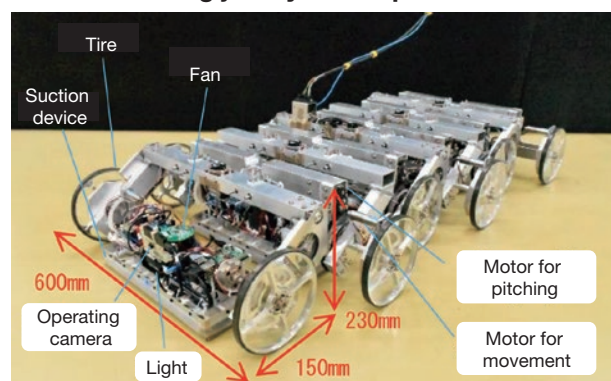
The Development Committee is an organizational body chaired by the Chief Engineering Officer. Its members include the Chief of the Research & Development Center and engineering managers from various internal companies. The Development Committee determines a variety of matters concerning the drafting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

### Industry-government-academia collaborative research

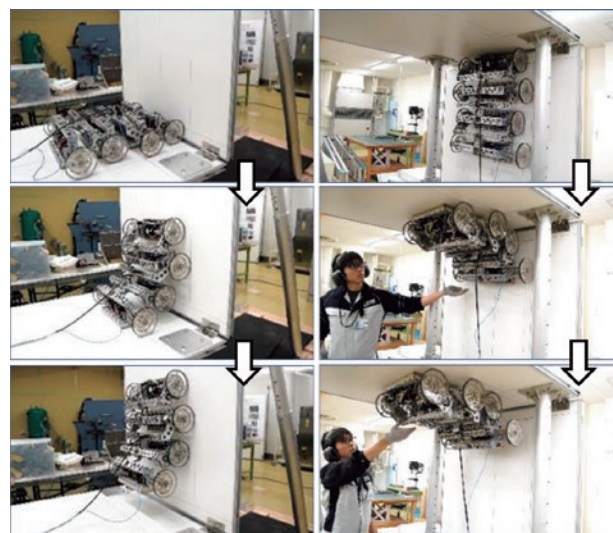
Our Company also proactively engages in industry-government-academia collaborative research. In the past, we participated in high-precision wearable motion sensor research under NEDO's Industry-Academia Collaboration Practical Application Support Project. In addition, one example of research and development we are currently engaged in is collaborative research into hull inspection robots together with Nippon Kaiji Kyokai. We are jointly researching and developing robots that

use suction to adhere to move on and between walls and ceilings in order to conduct inspections inside the cargo holds of bulk carriers. Going forward, we plan on continuing to proactively engage in collaborative research projects like this with outside organizations.

### The robot being jointly developed



The robot's appearance and components



From floor to vertical wall      From vertical wall to ceiling  
Moving between surfaces

## Our approach to quality management

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

### Common quality control policies

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

certifications, including ISO 9001.

### Acquisition of ISO 9001 and other certifications

ISO 9001	Marine Systems Company Measurement Systems Company Fluid Power & Control Systems Company Inspection Systems Company Communication & Control Systems Company
JIS Q 9100	Electronics Systems Company

## Quality management promotion system

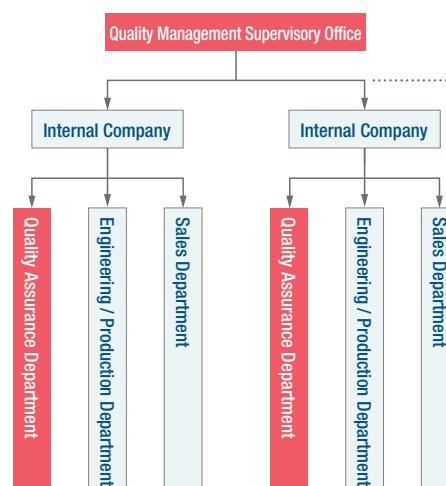
### Two tiers of quality assurance activities

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

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

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

### Schematic of the two-tier quality management system



### Quality subcommittee

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

## Specific measures for quality management

### Inspection quality audits

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

### Activities of the Quality Subcommittee

In order to share company-wide examples of defects and peripheral knowledge accumulated by our various internal companies and subsidiaries, the Quality Subcommittee has set about building a Group-wide defect database with the aim of improving quality through the sharing of defect examples.

### Improvement proposal (M-tag) activities

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

### Quality training

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

Specific activity examples include hierarchy-specific education on quality assurance and quality management systems at the time of company entry as well as when being promoted to a higher position at the Nasu Plant’s Electronics Systems Company and Communication &

Control Systems Company. An example of an everyday education activity is our holding of human error debriefings, whose aim is the prevention of defects. In addition, we hold a quality assurance month. Aiming to maintain and enhance awareness of quality on a routine basis, during the month we solicit quality slogans from employees, posting outstanding examples in our plants and also adding them to the signatures to employee emails.

### Numerical results: customer satisfaction

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

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

### Example of a customer satisfaction survey

\* Excerpt of FY 2020 Communication & Control Systems Company RF Products Department contract process customer satisfaction data

	Quality	Delivery	Customer service
Target	6.1 or higher	5.2 or higher	6.1 or higher
Actual	6.4	6.3	6.4

Setting quality, delivery, and customer service targets at the start of the period, the company surveyed customers each quarter and achieved its targets for all categories.

## Supply chain management

### Our basic approach

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

### Our Basic Materials Management Policy

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

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

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

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

### Supply chain management system

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

### Purchasing management initiatives

The Material Management & Purchasing Office engages in administrative tasks such as maintaining and managing basic companywide policies, the Standard Purchasing Rules, and standard basic business agreements used by our Group. The office also provides companywide guidance on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Act), and maintains and manages our core purchasing information system (TBB system). In addition, the Material Management & Purchasing Office is in charge of procuring materials for product development in the Headquarters district.

Each internal company's purchasing division primarily purchases the production materials necessary for that company's production activities, engaging in efficient, fair, and equitable transactions with our suppliers in Japan and overseas. When initiating a transaction, it is standard practice to conclude a standard basic business agreement prepared by the Material Management & Purchasing Office. Actual purchasing is conducted using our TBB system, ensuring that the transaction is in accordance with the Standard Purchasing Rules. Each individual company engages in the development of the skills of its purchasers. The Material Management & Purchasing Office also encourages purchasers to take a seminar on the Subcontract Act, and urges the individual purchasing divisions to promote the taking of the same. In 2020, 20 out of 47 purchasers took the seminar.

### Improving quality across the supply chain

Business policy briefings for suppliers are held in May every year primarily at each of the Group's production sites (the Nasu Plant, Yaita Plant, and Sano Plant) in an effort to provide accurate information. Quality audits are based on each internal company's quality management system and are conducted at the start of transactions, on a regular basis, and on other occasions as deemed appropriate. The scale of our Group's suppliers is varied. Many of the companies to which we outsource machined components, in particular, are small in scale, and with these we value face-to-face dialogue with purchasers. Placing importance on direct communication makes it easier to know a supplier's working conditions and quality management, and also helps to build long-term relationships of trust with suppliers. In FY 2020, we conducted a total of 90 supplier audits.

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

### Toki-mate J-Kai

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



# Together with Employees

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

## Concepts and policies regarding human resources

### Policies regarding hiring initiatives

Amid great changes taking place in the business environment, securing the diverse, outstanding human resources that are the wellspring of competitiveness is essential to the sustainable development of our Group. 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, we hold the following image of the human resources that our Group seeks.

- Persons who possess passion, persistence, and the toughness to carry through to the end
- Persons who possess the initiative to jump into new areas despite inexperience
- People who think for themselves and seek to solve problems

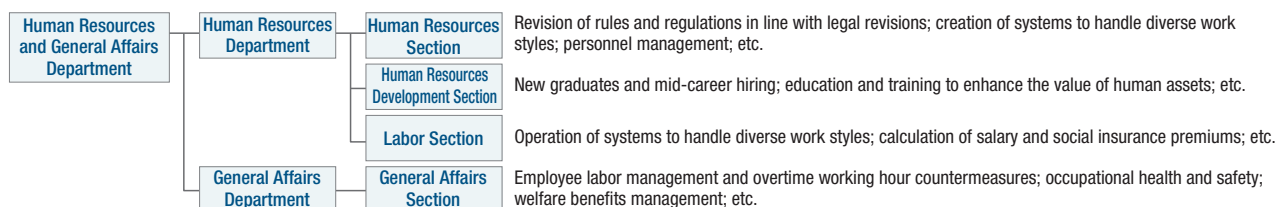
In creating this image of the human resources we seek, we compare notes against departments' specific

needs and the human resources management visions of the Human Resources & General Affairs Dept. This Department undertakes its yearly recruiting activities on the basis of hearings with individual departments.

### Our policies for undertaking human resources development

While working to solve social issues through innovation, we will meet the expectations of our customers and enhance the profitability that forms the foundation of sustainable growth. Toward that end, developing the capabilities of the employees who support our management foundation is indispensable. In addition to actively developing company-wide improvement activities in production, sales, engineering, services, and elsewhere to raise the efficiency of all work and turn the reserves thus created into resources for growth, we will tackle cross-training and other human resource development that enhances added value.

### Personnel management system diagram



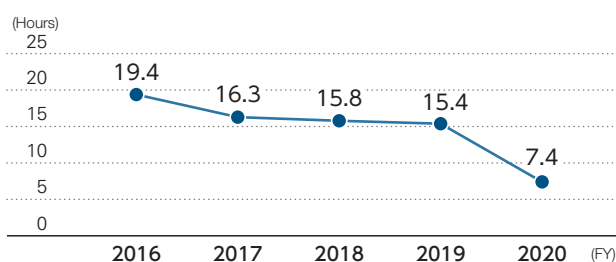
## Initiatives for work style reform

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

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

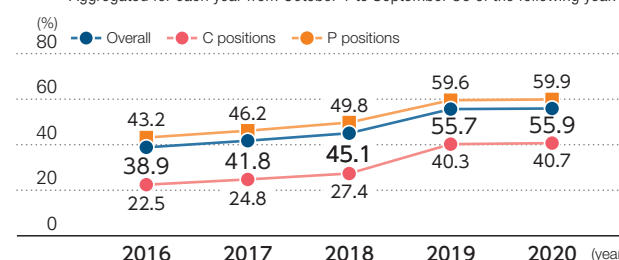
### Monthly average overtime hours

\* Average for professional positions only



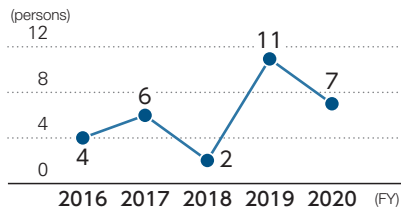
### Paid annual leave utilization ratio

\* 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.



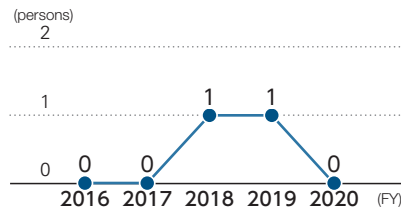
### Number of persons taking childcare leave

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



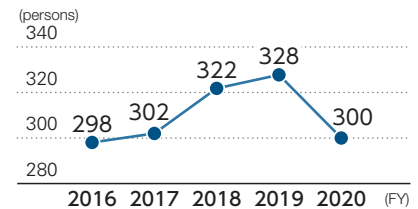
### Number of persons taking nursing care leave

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



### Number of persons taking special annual leave

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



## Education system

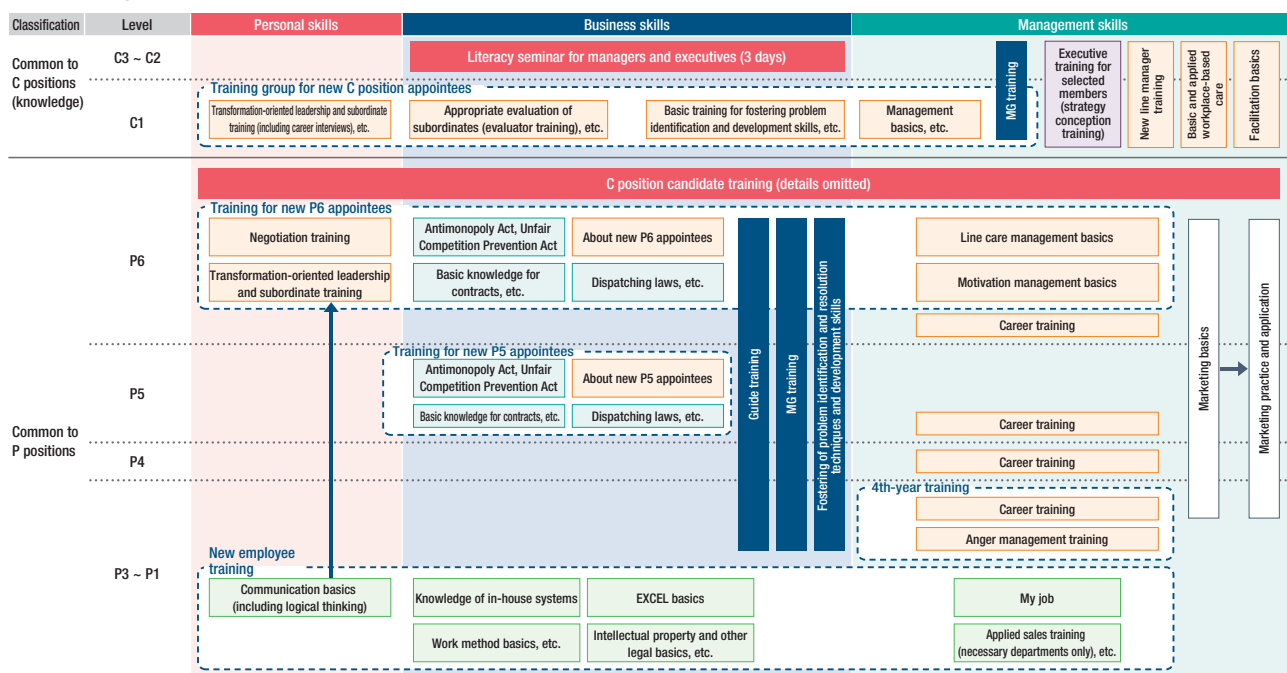
### Career plan

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

Specific examples include hierarchical education in

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

### Knowledge and skills acquired at each level of hierarchy



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

## Education Initiatives in Fiscal 2020

### Use of external training during the COVID-19 pandemic

The unprecedented turmoil caused by the COVID-19 pandemic has had major impacts on education and training. Group education, external training, and other activities normally carried out face-to-face have become difficult. We have switched to remote methods for these activities, and are working to address employees' motivation for voluntary study by developing flexible training formats. As one example, in fiscal 2020 we enhanced the business skills courses that all employees can audit online.

### Training by in-house instructors

In the past, our educational activities have made use of external resources including instructors from outside the

Group and course attendance at external institutions. In some areas of curriculum, however, including training in legal affairs, sales, and manufacturing, we appoint our employees as instructors. Merits of this initiative include the ability to acquire knowledge and case study information that are specific to the Group and not readily available from outside lecturers, as well as the ability to raise awareness of in-house education through collaboration with departments in the Company.

While some courses were canceled in fiscal 2020 because of the COVID-19 pandemic, we are carrying out education in 20 of our 42 major courses under in-house instructors.

Through a hybrid curriculum that combines these internal resources with external resources, we are working to maximize educational impact.

## Policies and initiatives for diversity

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

### Promotion of active participation by women

By addressing legal revisions and holding discussions with labor unions, we are advancing the creation of environments that are conducive to work by female employees. As in-house programs, we have established childcare and nursing care leave programs along with a reduced working hours program for childcare.

### Accepting special needs school students as factory trainees

Every year, our Sano Plant accepts student interns from neighboring prefectural high schools. In fiscal 2020, we accepted students with mild intellectual disabilities from a special needs school in Tochigi Prefecture in response to a factory training request from the school. Prior to the two-week training, we held preliminary meetings with the teachers from the school and the students' guardians, and agreed to make safety the highest priority in the training and to set a goal of teaching participants to perform their tasks on their own.

Teachers and guardians made observation visits several times during the training, during which we received thanks for the work procedure manual that we created for the students. The students gained proficiency more quickly than expected, and yielded results that satisfied both sides in post-training reviews. The plant views the experience as a positive one for the future

hiring of persons with disabilities.

### Employment of persons with disabilities

When hiring people with disabilities, we make physical enhancements incorporating wheel-chair accessible workplace layouts and offices with improved toilets, and also prepare opportunities for education to promote understanding of disabilities among members of the accepting workplaces. After individuals join the Company and receive assignments, the Human Resources Dept. checks regular reports from the workplace, makes regular workplace visits, and communicates closely in providing labor management and necessary care.

#### Number of persons with disabilities employed

Headquarters	11
Nasu Plant	9
Yaita Plant	5
Sano Plant	8
<b>Total</b>	<b>33</b>

#### Employment rate of persons with disabilities

2.12%

# Human Rights

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

## Concepts and policies regarding human rights

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

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

(From our Code of Conduct and Corporate Governance Guidelines)

## Initiatives related to human rights

### Initiatives to prevent harassment

#### • Policy on the prevention of harassment

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

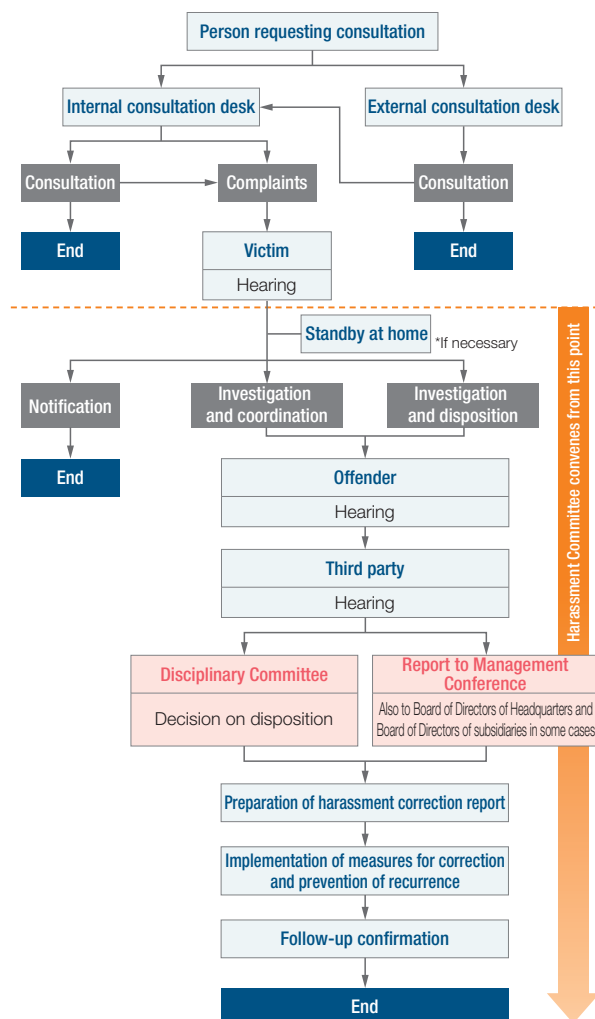
#### • Regulations for the prevention of harassment

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

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

prevention of recurrence, after which the Committee, the head of the relevant department, and management supervisors will prepare a harassment correction report.

### The problem-solving process





# Occupational Health and Safety

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

## Occupational Health and Safety Policy and System

### Occupational Health and Safety Policy

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

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

### Systems for occupational health and safety

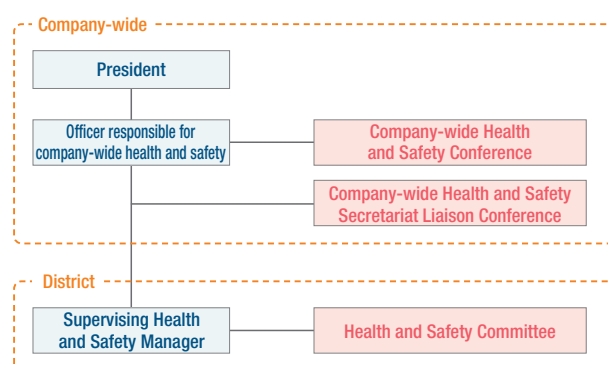
Our health and safety system is composed of a district organization that consists of employees working at our sites and a company-wide organization that coordinates the district organizations. (See the health and safety organization chart.)

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

and safety, and to discuss the content of regulations.

The Company-wide Health and Safety Secretariat Liaison Conference is convened every month before the Health and Safety Committee meeting in each district. The districts' Committee secretariats gather to discuss and exchange information on agendas for respective Health and Safety Committee meetings, matters that should be shared across organizations, company-wide initiatives, and more. Labor unions do not participate.

### Health and safety organization chart



### Occupational accidents in fiscal 2020

Looking at work-related accidents in fiscal 2020, occupational accidents decreased by 2 incidents from the previous fiscal year to 7 incidents, commuting-related accidents decreased by 3 incidents to 11, and traffic accidents decreased by 3 incidents to 9 incidents. To prevent further work-related accidents, we will continue striving to ensure safety by enforcing safety and disaster readiness at factories and during commuting.

## Thinking about health

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

### Specific initiatives

#### • Initiatives for health management

We engage in initiatives such as the following for the improvement and maintenance of our employees' health.

- Display of calories on menus in our workplace cafeterias and the regular provision of healthy menus
- Influenza vaccination

We are promoting influenza vaccinations company-

wide, with the Company and the health insurance association subsidizing vaccination fees. In fiscal 2020, 87.6% of all employees underwent vaccination.

#### • Initiatives for mental health

Through occupational health nurses and Human Resources and General Affairs Department staff in charge of health care, we provide training for self-care and for workplace-based care. We also conduct stress checks for employees and provide feedback on the results. In fiscal 2020, we conducted stress checks for 1,915 persons, with a response rate of 95.7% (1,833 persons analyzed).

# Social Contribution

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

## Concepts and systems for social contribution

### Our concept of social contribution under our Management Philosophy

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

### System for social contribution activities

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

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

## Examples of social contribution

### Maintenance of local environments

#### • Japanese red pine conservation activities in a state-owned forest (town of Nasu, Tochigi Prefecture)

Near the Nasu Plant in the town of Nasu in Tochigi Prefecture is a state-owned forest of Japanese red pine. This vast forest, loved by Emperor Showa, was once a beautiful location with thickets of Japanese red pine. Damage by pine weevils, however, has sharply decreased the number of trees.

Every year, employee volunteers from the Nasu Plant take part in Japanese red pine conservation activities. Responding to the Enna Forest Management Office's campaign to protect Japanese red pine tree forest along the Nasu Kaido Road and preserve the landscape, volunteers carry out Japanese red pine sapling planting and leaf pickup every March. In March 2021, they performed thinning and pruning of the planted trees. In June, about 10 employees carried out undergrowth cutting under the commissioner of the Office.



This cutting is not simply cutting grass with a brush cutter or a sickle, but must be performed with great care to avoid cutting the planted pine seedlings and the wild golden-rayed lilies that grow in clusters.

This volunteer activity is now in its 6th year. We hope to continue working alongside people in local communities.

#### • Beautification activities around plants in Tochigi Prefecture

Employees of the Nasu Plant take part in community beautification activities in the greenery-rich areas around the plant. Employees of the Sano Plant in Sano participate in community cleanup activities conducted several times a year, cooperating with neighboring companies in the same industrial park.

#### • Maintaining street lights around the Yaita Plant

The seven street lights to the north of the Yaita Plant were installed in the past by a commerce and industry association neighboring the plant. The association is now dormant, however, and the street lights are no longer maintained. The street is used by students from nearby schools, and traffic- or crime-related risks could arise if the street lights go out of order. For that reason, the Company performs maintenance of the street lights, contributing to safety and security in the area.

### Medical-related

#### • Cooperation in Japanese Red Cross Society blood drive

Our Head Office, plants in Tochigi, and the Hanno Plant cooperate in blood drives by the Japanese Red Cross Society. This past year in particular, the temporary closure of major commercial facilities, cancellation of various large-scale events, requests to refrain from leaving home, and other effects of the COVID-19 pandemic have resulted in a shortage of blood donors. As continuation of this situation will lead to severe impediments in the supply of blood needed for transfusions, we have responded with measures including an increase in blood drives at our plants.

### Community contribution, etc.

Our Sano Plant participates in street-level awareness activities two to three times a year during Traffic Safety Week. Together with the local police station and neighboring companies, we put up banners at major intersections in the Sano Industrial Park and at Roadside Station rest areas, and take part in flyer distribution and litter collection.

Other examples of yearly community contribution by our plants include the acceptance of interns from local high schools, small contributions to local festivals, donations to elementary school student softball competitions, cosponsorship of fireworks displays, dispatch of instructors for special classes at schools, and many other activities.

The COVID-19 pandemic resulted in the cancellation of events and acceptance of interns over the past year, and donations have been smaller than usual as well. However, we plan to continue these activities to aid the development of local communities where we do business.

### Special annual leave program

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

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

### Donations under the shareholder benefits program

The TOKYO KEIKI Premium Benefits Club, a shareholder benefits program introduced by the Company in fiscal 2020, grants special benefit points in accordance with the number of shares held by shareholders. Shareholders can exchange points for over 4,000 products, such as food items and electrical appliances.

Within these items, we prepared a category named “Social Contribution” that allows shareholder benefit points granted by the Company to be donated to public interest corporations including the Japanese Red Cross Society, NPOs, environmental NGOs, and international NGOs.

This year, donations totaling 117,100 yen were directed to the Japanese Red Cross Society, the NPO Katariba, and the NGO Save the Children Japan under this shareholder benefit program.

