



Tokyo Seimitsu  
CSR Report 2020



## Editorial Policy

The Tokyo Seimitsu Group agrees to the philosophy of the "Sustainable Development Goals (SDGs)" proposed by the United Nations and recognizes the responsibilities and roles to fulfill towards the "achievement of a sustainable society". As such, the Group is implementing CSR activities, utilizing ISO26000. In Tokyo Seimitsu, effort for sustainability is positioned as a priority in the mid-term management plan announced in May 2018. In light of this, "Tokyo Seimitsu CSR Report" introduces a variety of initiatives taken to resolve social issues through business activities and to achieve sustainable improvement of corporate value. We hope this report will serve as a communication tool with our stakeholders, promoting their understanding of our group companies.

## Scope of This Report

- Organizations covered:** Tokyo Seimitsu Co., Ltd.  
Semiconductor Company, Hachioji Plant (Hachioji City, Tokyo)  
Sales Offices (3 offices in Japan)
- Metrology Company, Tsuchiura Plant (Tsuchiura City, Ibaraki)  
Sales Offices (14 offices in Japan)
- Administration Company (Hachioji City, Tokyo)
- Affiliated companies:** Tosei Engineering Corp. (Tsuchiura City, Ibaraki, and Miyoshi City, Aichi)  
Tosei Systems Co., Ltd.  
Tosei Box Corp.  
Accretech Powertro System Co., Ltd.
- Period covered:** In principle, this report covers activities during the period from April 1, 2019 to March 31, 2020. Activities continued from before the period covered, as well as those conducted most recently, are included.

In principle, this report pertains to the Tokyo Seimitsu Group. When the reported information is confined to one or more specific organizations, the scope of coverage is indicated individually.

Issued: October 2020 (next issuance scheduled for October 2021; last issuance date: October 2019)

## For additional information:

- CSR tab of Tokyo Seimitsu's website:  
<https://www.accretech.jp/english/csr/index.html>
- Products tab of Tokyo Seimitsu's website:  
<https://www.accretech.jp/english/product/index.html>

## The following documents can be downloaded.

- Company information:  
<https://www.accretech.jp/english/company/guide.html>
- Financial data:  
<https://ir.accretech.jp/en/index.html>
- CSR Report:  
<https://www.accretech.jp/english/csr/index.html>



SDGs: Goals to be achieved by 2030 through global efforts to make the world better and sustainable

# CONTENTS

<b>CEO's Message</b> .....	4
<b>Tokyo Seimitsu's View on CSR</b> .....	6
<b>Profile of Tokyo Seimitsu</b> .....	8
<b>Business Overview of Tokyo Seimitsu</b> .....	9
<b>ACCRETECH Group Code of Conduct</b> .....	10
<b>Stakeholder Engagement</b> .....	11
<b>Corporate Governance</b> .....	12
└ Corporate Governance	
└ Compliance	
└ Risk Management	
<b>Relationship with Customers</b> .....	16
└ Initiatives for Quality Control	
└ Quality Compliance and Employee Training	
└ Maintenance and Improvement of Product Quality	
└ Global and Attentive Support System	
└ Support System Based on Customer Consideration	
└ Initiatives for Customer Satisfaction	
<b>Relationship with Suppliers</b> .....	22
└ Basic View on Procurement	
└ Supply Chain Enhancement	
<b>Relationships with Employees</b> .....	24
└ Basic Policy for Human Resources	
└ Promotion of Compliance	
└ Initiatives for Safe Workplace Environment	
└ Initiatives for Health of Employees and their Families	
└ Human Resource Development	
└ Initiatives for Diversity in Work Style and Human Resources	
<b>Relationships with Shareholders and Investors</b> .....	30
└ View on Information Disclosure to Shareholders and Investors	
└ Proactive IR Activities	
<b>Relationship with the Global Environment</b> .....	32
└ Basic View on the Environment	
└ Eco Products	
└ Eco Factory	
└ Chemical Substances Control	
└ Overview of Environmental Impact	
└ History of Environmental Conservation Activities	
<b>Relationship with Society</b> .....	38
└ Relationship with Local Society	
└ Relationship with Industry Groups	
<b>Group Companies</b> .....	41
<b>ISO 26000 Correspondence Table</b> .....	44



The Tokyo Seimitsu  
Group is always  
committed to building a  
"future full of dreams."

President and CEO

*Hiroshi Yoshida*

In recent years, expectations are increasing for companies to contribute to the resolution of social issues, especially those relating to the SDGs, to realize a sustainable society. Due to the worldwide spread of COVID-19 since the beginning of this year, the uncertainty of society has become more serious, drawing more attention to the efforts to achieve a sustainable society.

Since the launch of the CSR Department under the direct control of the CEO in 2015, the Tokyo Seimitsu Group has declared its commitment to building a "future full of dreams" as the slogan of the CSR activities and worked for the achievement of a sustainable society, defining issues and goals for resolution of the issues.

COVID-19 has impacted various aspects of our life, but the efforts that we have taken so far have worked successfully to keep the impact on business activities to a minimum. On the other hand, new areas for improvement and issues have surfaced. We will continue to work proactively for the achievement of a sustainable society, while reviewing the issues and plans.

### Initiatives for ESG

With respect to the initiatives for environment (E), society (S) and governance (G), which are important in our pursuit of sustainability of business and society, to raise the awareness of all employees and encourage them to actively engage in relevant activities, we have set goals internally and reported the progress of the activities in the CSR Report.

Also, the status of important activities have been explained at the business results briefing. We also continue to provide our shareholders and investors with accurate information on our business performance, financial situation, and business strategy in a timely manner to improve transparency of our activities and governance.

In fiscal 2019, we focused our efforts on "strengthening of management foundation", "creation of rewarding workplaces" and "environmental contribution through business activities ("Eco-factory")" out of the important theme.

With regards to "strengthening of management foundation", the audit and supervisory function of the board of directors was strengthened to promote soundness and transparency in corporate activities.

For "creation of rewarding workplaces", effort for health management was intensified, which resulted in the acquisition of the silver certificate of "Excellent Health Company" from the Tokyo Branch of National Federation of Health Insurance Societies.

Concerning "environmental contribution through business activities ("Eco-factory")", efforts were made to create a carbon-free society and prevent global warming, such as adoption of renewable electric power (low carbon electricity) and installation of solar panels at the MI building of Tsuchiura Plant built in 2020.

In fiscal 2020, to cope with COVID-19, new work styles, such as remote work and web meetings, rapidly prevailed, and new values were cultivated about the work style. We have been striving for work style reform and will continue to do so in order to create rewarding workplaces in the era of new normal.

As a way to avoid "travelling" and "crowd", the COVID-19 pandemic triggered digital transformation (DX), such as working remotely, as well as increased use of robots. These technologies are effective not only to combat COVID-19, but they will be further accelerated and evolved in the era of new normal. We would like to continue providing manufacturing equipment for highly accurate and efficient manufacturing of semiconductor devices and electronic components from Semiconductor Company and precision measuring equipment ensuring precisely processed internal parts of robots to perform meticulous and complicated operations according to design from Metrology Company, thereby contributing to your attempts to create new values.

The Tokyo Seimitsu Group will consolidate the win-win relationship with many stakeholders and remain committed to building a "future full of dreams" with you, while creating new values.

### ● Important ESG Theme (materiality)

Environment	Environmental contribution through products (Eco-products)
	Environmental contribution through business activities (Eco-factory)
Society	Value provision through products
	Strengthening of sustainable supply chain
	Creation of rewarding workplace
Governance	Strengthening of management foundation
	Strengthening of compliance

### ● Major ESG Activities in FY2019

#### Environment

- Eco Products: Development of environmentally friendly products taking LCA (Life Cycle Assessment) into consideration
- Prevention of global warming: Partial switching to low carbon electricity, reduction of CO<sub>2</sub> emissions
- Reduction in resource usage: Cut in water consumption, higher recycling rate of wastes

#### Society

- Improved workplace environment: Work style reform, promotion of active social participation by women, health company declaration
- Quality, safety: Quality improvement through QMS activity, implementation of safety training
- Supply chain: Implementation of CSR activity in collaboration with suppliers

#### Governance

- Compliance: Strengthening of compliance structure and information security structure
- Risk management: Strengthening of business continuity plan (BCP)

# Tokyo Seimitsu's View on CSR

With philosophy "we create the world's No. 1 products and grow together to higher level by integrating excellent technology, wisdom and information available in the world", the Tokyo Seimitsu Group will work together with all stakeholders such as manufacturing customers and suppliers to realize sustainable society.

## MOTTO

**WIN-WIN RELATIONSHIPS  
CREATE THE WORLD'S NO.1  
PRODUCTS!**



Wind power generation

# ACCRETECH



Precision Measuring Instruments



Small components



Materials



Electric components

## Suppliers

Partners we work with to create new value

## Corporate Philosophy

We create the world's No. 1 products and grow together to higher level by integrating excellent technology, wisdom and information available in the world.

**Finished Products**  
Manufacturers  
Supported by  
Tokyo Seimitsu



Digital  
communication  
devices



Next-generation  
robots



Medical  
devices



Automobiles



**Semiconductor  
Manufacturing Equipment**

**Support  
Manufacturing and  
Society with  
Measuring Technology**

**Achieve a  
Sustainable  
Society**



The Tokyo Seimitsu Group has contributed to enhancing the convenience of society and reducing the environmental impact by providing precision measuring instruments that are indispensable for our manufacturing customers' highly efficient production processes and semiconductor manufacturing equipment that helps produce electronic products in an energy- and resource-saving manner. This means that the measuring technologies and products that the Tokyo Seimitsu Group provides support manufacturing activities of customers and that end products produced through those activities support the entire society. In order for us to continue to provide society with various values through our products, it is essential to grasp the needs of customers and society from a medium- and long-term perspective and collaborate with many suppliers who relate to our corporate philosophy.

We are determined to create new technologies based on the win-win relationships with stakeholders and support society through our manufacturing activities that improve the quality of life and preserve and enhance the environment. At the same time, we intend to enter new fields where we can provide security and safety by leveraging our technologies, thus contributing to the development of a sustainable society. Also, in order to keep growing together with stakeholders, we ensure that human rights are respected in all processes of our business activity and evaluate our impact on the global environment. We strive to fulfill our social role in awareness of the responsibility that we bear. As part of these efforts, the CSR report portrays Tokyo Seimitsu as it is and is intended to promote various forms of communication with stakeholders.

# Profile of Tokyo Seimitsu

## Corporate Philosophy:

**We create the world's No.1 products and grow together to higher level by integrating excellent technology, wisdom, and information available in the world.**

## MOTTO:

**"WIN-WIN RELATIONSHIPS CREATE THE WORLD'S NO.1 PRODUCTS ! "**

## Corporate Brand:

# ACCRETECH

The words "Accrete" and "Technology" are combined to coin this term, meaning to **" Grow Together "**.

Established in 1949, Tokyo Seimitsu started manufacturing and sale of measuring machines by application of mechanical gauges in 1951, and developed the world's first germanium pellet automatic thickness sorting machine in 1958. In this way, since the early years, the Company has dedicated itself to technical verification in the areas of semiconductor manufacturing equipment and precision measuring instruments.

Our philosophy is: "We create the world's No.1 products and grow together to higher level by integrating excellent technology, wisdom, and information available in the world". Proactively entering into a partnership with companies and individuals sharing the philosophy and objectives with us, we develop innovative new products at the level of nanotechnology.

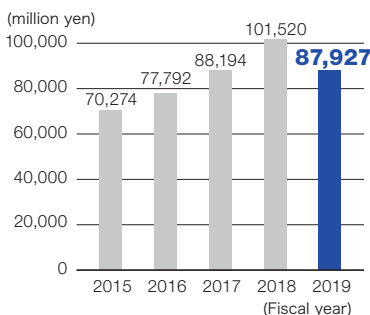
We are a technology-oriented company committed to nurturing a global and hybrid corporate cultural environment of Tokyo Seimitsu (ACCURETECH) encompassing different cultures and to building a development system for the world's No.1 products, under

the motto of "WIN-WIN RELATIONSHIPS CREATE THE WORLD'S NO.1 PRODUCTS," for the purpose of making this collaboration a success.

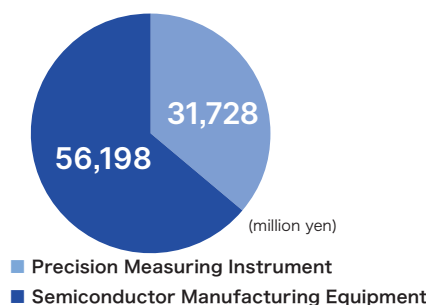
The corporate brand, "ACCURETECH," introduced in 2001, is a term coined by combining the word "Accrete", meaning "to grow together", and the word "Technology". It represents our corporate philosophy to "create the world's No.1 products and grow significantly with our partners and customers by integrating the excellent technology, wisdom, and information available in the world". Based on this philosophy, we have provided manufacturers around the world with measuring instruments utilizing the state-of-the-art precision measuring technology as well as semiconductor manufacturing equipment that takes advantage of precision positioning technology. Staying true to the concept of "Nothing can be created without means of measurement." as the basic principle of manufacturing, we will continue our sincere effort to offer valuable technologies and services that are friendly to the global society and environment.

## Financial Data (Consolidated)

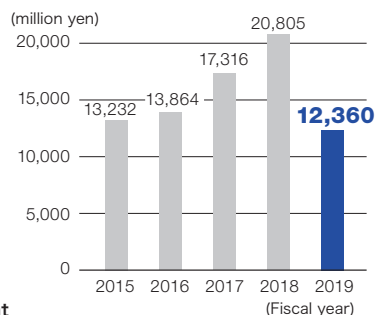
### Sales Amount



### FY2019 Sales Amount by Business (Million yen)



### Ordinary Profit



\* The numbers shown are rounded down to the nearest 1,000,000 yen.

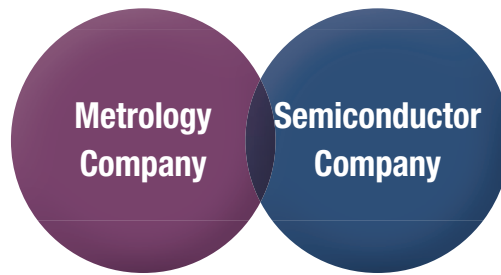


# Business Overview of Tokyo Seimitsu

With semiconductor manufacturing equipment and precision measuring instruments as the pillars of its business, Tokyo Seimitsu conducts business activities globally, mainly in Asia, but also in other parts of the world including Europe and the Americas. We aim to create the world's No.1 products and continue to grow with our partners and customers by integrating the excellent technology, wisdom and information available in the world.

## Precision Measuring Instrument

Our "Precision Measuring Instruments" have been supplied to various industries worldwide such as automobile, heavy duty equipment, aircraft, etc., and highly valued by customers and utilized in their measuring labs and production lines. We continue our product developments to achieve their durability, smaller footprint, and fully-automatic operation and so forth.



## Semiconductor Production Equipment

Our Semiconductor Company holds the largest global market share specifically in the conventional fields of wafer manufacturing, test, and back-end processing. In addition, we have also been active in the fields of CMP (Chemical Mechanical Planarizers) and Polish Grinders to fulfill our customers' needs to build the optimum production systems.

### Outline of Company

Company name	Tokyo Seimitsu Co., Ltd.
Head office	2968-2, Ishikawa-machi, Hachioji-shi, Tokyo
Established	March 28, 1949
CEO	Hitoshi Yoshida
Paid-in capital	10,703 million yen (as of March 31, 2020)
Exchange listing	Tokyo Stock Exchange 1st Section
Sales amount (consolidated)	87,927 million yen (Fiscal 2019)
Ordinary profit (consolidated)	12,360 million yen (Fiscal 2019)
Number of employees (consolidated)	2,250 (as of March 31, 2020)
Operation sites	Hachioji Plant, Tsuchiura Plant, and 17 sales offices in Japan, 66 overseas offices, 6 domestic group

### Products

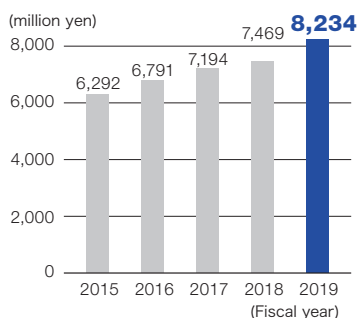


Precision Measuring Instrument

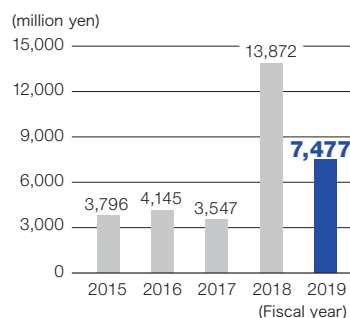


Semiconductor Manufacturing Equipment

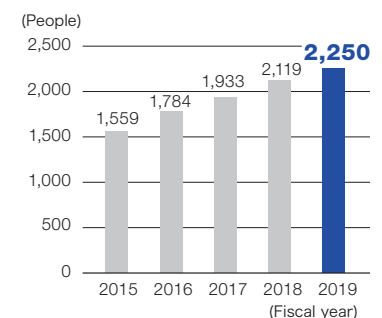
### R&D



### Capital Expenditures



### Number of employees



# ACCRETECH Group Code of Conduct

In order to create a WIN-WIN relationship with all stakeholders, including customers, shareholders and investors, suppliers, etc. and to achieve sustainable development in the long term, the Tokyo Seimitsu Group must conduct business activities and take actions that can be accepted by society.

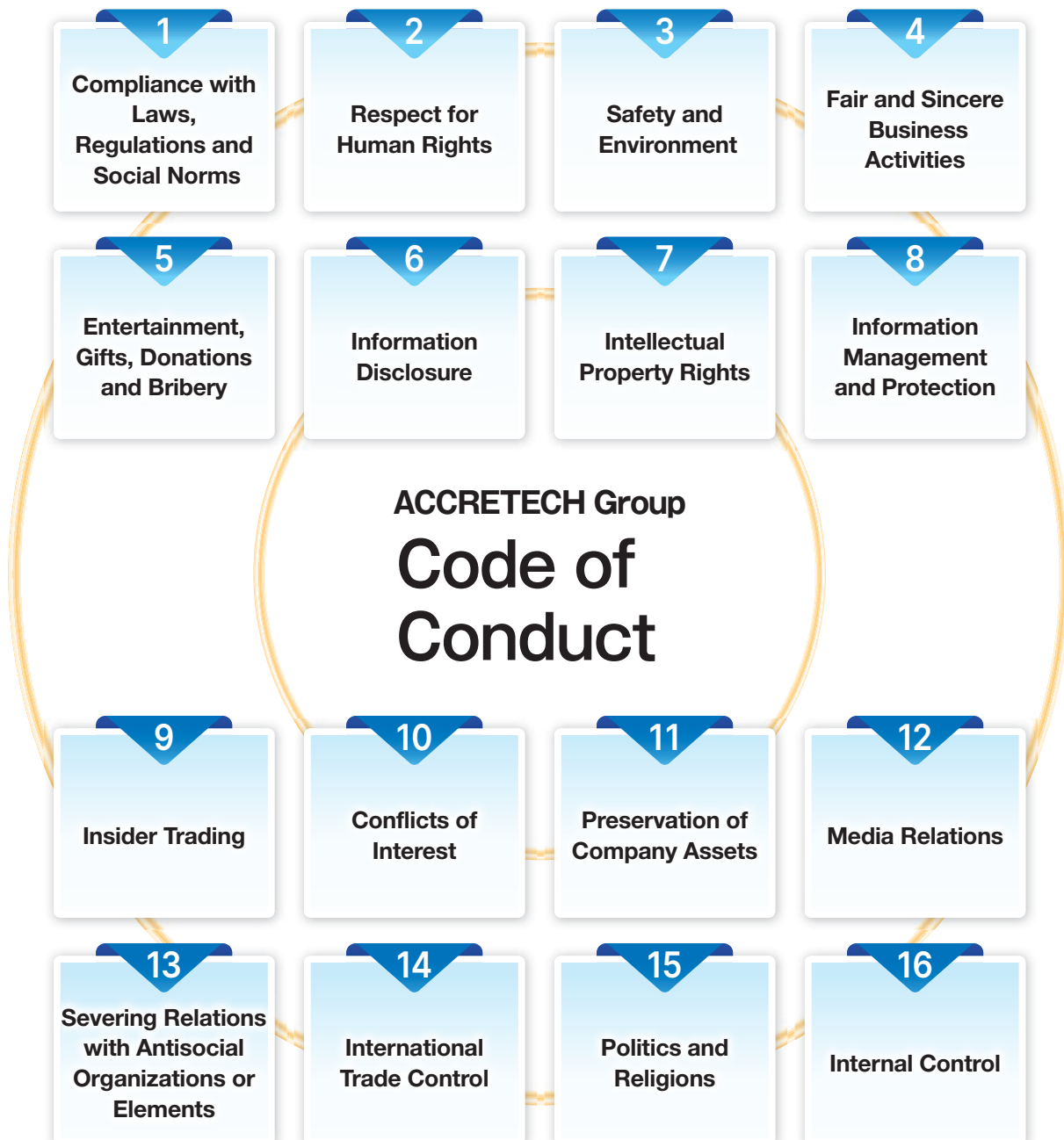
The Group has adopted "the ACCRETECH Group Code of Conduct" (herein after called the "Group Code of Conduct") to provide a set of guiding principles, such as compliance with laws and internal regulations, respect for human rights, fair and sincere business activities and ethical behavior, which are to be observed by all directors

and employees to meet the highest ethical standards and transparency, and constructs the Compliance Management System to promote compliance.

The Tokyo Seimitsu Group provides education for the directors and employees on the Group Code of Conduct to improve and raise awareness.

The Group also makes sincere efforts to obtain understanding and cooperation from all stakeholders in its compliance activities.

The Group Code of Conduct contains action guidelines on the following items:



# Stakeholder Engagement

We create communication channels with all stakeholders and consolidate the win-win relationship with them to achieve sustainable and powerful growth.

The Tokyo Seimitsu Group considers that continuous, active and bilateral communication with different stakeholders is important to create business values and social values while fulfilling social responsibilities. By sharing true needs and issues with stakeholders through sincere communication, we aim to build strong

and deep trust with them and grow together. We are determined to strengthen win-win relationships with many stakeholders and continue our activities, aiming to improve the corporate value and contribute to society.

## ● Major Stakeholders of Tokyo Seimitsu Group



## ● Major Communications with Stakeholders

Stakeholder	Major means of communication
Customers	<ul style="list-style-type: none"> <li>● Implementation of customer satisfaction questionnaire (once a year)</li> <li>● Response by Sales/ Customer Service (as appropriate)</li> <li>● Exhibition/event (several times a year)</li> <li>● Metrology Center (seminar, workshop, private show, etc.) (several times a year), etc.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>● Labour management negotiation</li> <li>● Sending information by company newsletter and intranet (as appropriate)</li> <li>● Whistleblower system (as appropriate), etc.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>● Shareholder's general meeting (once a year)</li> <li>● Business results briefing (four times a year)</li> <li>● Issuing shareholder newsletters (twice a year)</li> <li>● Briefing for individual investors (once a year)</li> <li>● Sending information by website, etc. (as appropriate)</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>● Issuing newsletter of Hachioji Branch of Tokyo Federation of Labour Standards Associations (5 times a year)/ Attending seminars (as appropriate)</li> <li>● Special lecture for local students (every several years)</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>● CSR questionnaire (once a year)</li> <li>● Response through procurement activity (as appropriate)</li> </ul>
Industry groups	<ul style="list-style-type: none"> <li>● Member of Semiconductor Equipment Association of Japan (SEAJ)</li> <li>● Member of ISO Technical Committee</li> <li>● Member of the Japan Society for Precision Engineering</li> <li>● Japan Precision Measuring Instruments Manufacturers Association</li> <li>● SEMI(Semiconductor Equipment and Materials International), etc.</li> </ul>

# Corporate Governance

The Tokyo Seimitsu Group is committed to constructing and running a highly transparent management system and aims to achieve sustainable growth and increase corporate value in a medium- and long-term basis.

## Corporate Governance

### Basic View on Corporate Governance

Tokyo Seimitsu's corporate brand, "ACCRETECH\*", represents its corporate motto, "win-win relationships create the world's No. 1 products". Under this brand, we strive to achieve sustainable growth and enhance corporate value amid the current rapid technological innovation and economic globalization.

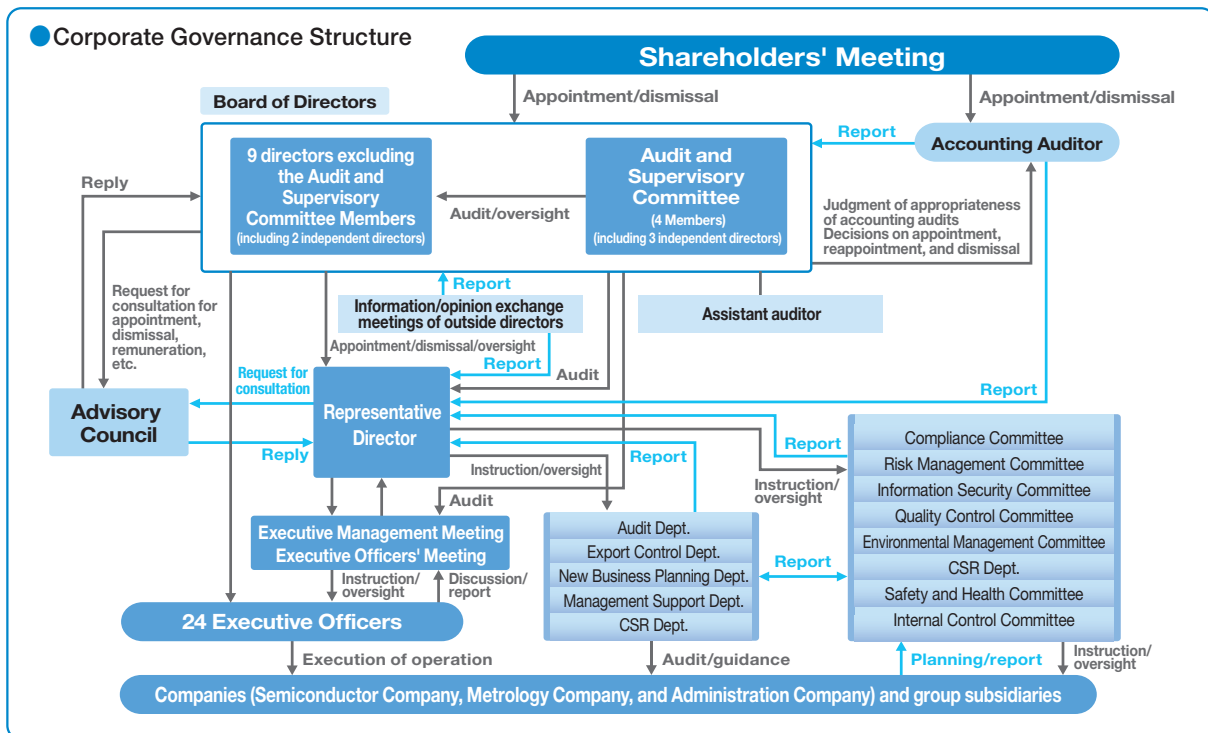
Recognizing the need of corporate governance to ensure fair and transparent management activities as a reliable corporate citizen in the international community, we have established the following five basic policies:

\* ACCRETECH is a term coined by the Company, combining "ACCRETE", meaning "to grow together", and "TECHNOLOGY".

### Basic Policies

1. The Board of Directors strives to properly perform its roles and responsibilities to make transparent, fair, quick, and committed decisions.
2. The Company respects the rights of shareholders and ensures the equality of shareholders.
3. The Company strives to have constructive dialogues with shareholders on investment policy that considers mid- to long-term returns for shareholders.
4. The Company strives to maintain appropriate collaboration with stakeholders other than shareholders, such as customers, suppliers, employees, creditors, and local communities.
5. The Company strives to ensure proper information disclosure and transparency.

The full text of the Corporate Governance Report can be downloaded from our website.  
<https://www.accretech.jp/english/company/basicpolicy.html>



### Cross-holding of Shares

With respect to cross-holding of shares, since there is an argument that existence of suppliers and customers as stable shareholders may loosen the monitoring of management by shareholders, and it may lead to inefficiency in capital management as cross-held shares are an underutilized asset on the company's balance sheet, Tokyo Seimitsu responds to it in accordance with the following policy.

### "Policy for Cross-Holding of Shares"

The Board of Directors shall comprehensively examine whether shares held as cross-holdings are meaningful based on mid- to long-term economic rationality and qualitative aspects, including risk and return.

Cross-held shares that are not considered meaningful to retain as a result of the examination will be reduced, in principle, while such shares that are determined to contribute to increasing the corporate value in the medium to long term, are retained.

Consequently, 3.49 million cross-held shares were sold between April 2019 and March 2020.

## ■ View and Structure on Internal Controls

We are committed to reinforcing our corporate governance and compliance and ensuring sound and transparent management by establishing internal control systems.

The Board of Directors strives to build an effective internal control system and establish a structure for complying with relevant laws, regulations and articles of incorporation to ensure that all business operations are performed appropriately and soundly. Also, the Audit and Supervisory Committee audits the effectiveness and functionality of the internal control system.

The Audit Department, established as an organization under the direct control of the CEO, conducts internal audits to verify that the business operations of the Tokyo Seimitsu Group are conducted in compliance with relevant laws, regulations, articles of incorporation, and internal rules, as well as to assess the validity of controls. The Audit Department also carries out IT control audits in cooperation with other relevant departments and teams. The Audit Department checks the establishment and operation status of internal controls related to financial reporting of the Tokyo Seimitsu Group and evaluates their validity.

If the Audit Department finds any violation of laws, regulations, articles of incorporation, or internal rules, or any risk due to some other reasons, its General Manager immediately notifies the CEO and the Board of Directors takes actions.

Internal audits are conducted according to an annual plan approved by the Board of Directors, and their results are immediately reported to the CEO as well as at the Board of Directors and Executive Management Meetings. Audit results and suggested improvements are also shared with related sections and divisions.

In fiscal 2019, the Audit Department audited four overseas group companies and seven internal business units and committees. Although there were minor findings about discrepancy between part of the operations and internal regulations, no major issue, which could lead to violation of laws or critical risks, was pointed out.

Details of the basic policy for the internal control system are available at our website.  
[https://www.accretech.jp/english/company/internal\\_control.html](https://www.accretech.jp/english/company/internal_control.html)

## Compliance

### ■ Basic View on Compliance

The Tokyo Seimitsu Group is determined to observe laws, regulations and social norms and take sincere and ethical behaviors to meet the expectations of all stakeholders. To ensure that all officers and employees have self-awareness as a good business person and good citizen and act according to conscience with a sense of high ethics, we have constructed the Compliance Management System and developed policies and regulations concerning compliance and ensure that such policies and regulations are thoroughly understood and followed by all through education and training.

In addition to making efforts to routinely grasp the compliance status, we have established a whistleblower system to enable officers and employees to consult for and report any incidents relating to compliance that they

have noticed, aiming to capture issues relating to compliance at an early stage.

### ■ Compliance Management System

The Tokyo Seimitsu Group has "the Compliance Committee" as an organization to manage compliance-related efforts. This organization is led by the Board of Directors and executive officers, the other members include directors in charge of production, engineering, and personnel management, presidents of the group companies, etc. Revision of "the ACCRETECH Group Code of Conduct", which is the basic policy concerning compliance, establishment and revision of regulations, planning and implementation status of compliance education and training, etc. are reported and discussed at this committee. Also, in case of any risk of violation of or conflict with laws and regulations, report is given promptly, and response measures and recurrence prevention measures are deliberated at the committee.

In fiscal 2019, "the Compliance Committee" functioned and operated without any problems as a place for report and deliberation.

### ■ Compliance Education

It is important that thorough compliance, all directors and employees should understand applicable laws, regulations, and rules and realize their obligation to comply with them.

The Tokyo Seimitsu Group provides a variety of education programs for the purposes of enrichment of knowledge concerning compliance and maintenance and improvement of awareness level for compliance. In addition to level-specific education programs such as "new employee training" and "training for managers", we have implemented an e-learning training system in Japan. Education programs for specific job fields and sections, such education for compliance of relevant laws and regulations as part of industrial safety and health training on production site and legal compliance education concerning quality and environmental management, are also implemented.

It has been a practice to periodically report the plans and results of compliance education programs at "the Compliance Committee". In fiscal 2019, the programs were implemented as had been planned, as with the previous years.

### ■ Whistleblower System

The Tokyo Seimitsu Group has the Compliance Consultation Service as a whistleblower system since 2006.

This service is offered through the following channels inside and outside the company. ① Whistleblower contact point (Compliance Committee members) ② Personnel Counseling Dept. ③ External lawyers ④ Independent directors ⑤ Directors who are members of Audit and Supervisory Committee. Every effort is made to protect the anonymity and privacy of whistle blowers and shield them from any negative consequences.

Information provided by whistleblowers as well as its response are reported and deliberated at "the Compliance Committee".

According to the whistleblower records in fiscal 2019, there was no problem with regard to compliance that may affect the business activities of the Tokyo Seimitsu Group.

## ■ Efforts to ensure Compliance

The Tokyo Seimitsu Group has long been striving to prevent bribery and corruption. In response to recent strengthening of laws and regulations relating to prevention of bribery and corruption in each country, in January 2020, the Group announced "the Anti-Bribery and Anti-Corruption Policy" in accordance with the provisions of "the ACCRETECH Group Code of Conduct".

While being intent on preventing bribery and corruption based on "the Anti-Bribery and Anti-Corruption Policy", we would like to ask for understanding and cooperation of the stakeholders in complying with this policy.

## ■ Compliance status

Assessment by internal audits and external audits in fiscal 2019 revealed that with regard to the appropriateness of financial reporting, efforts for product quality and the environment and response to all stakeholders in and out of the company, there was no problem, such as illegal behavior, violation of laws and non-compliance, that may affect the business activities.

# Risk Management

## ■ View on Risk Management

### Risk management policy

We prevent the occurrence of potential risks and respond to apparent risks revolving around the business of the Tokyo Seimitsu Group.

#### (Risk management policy)

1. The Tokyo Seimitsu Group strives to prevent the occurrence of potential risks. If any risk has become apparent, President & CEO and all employees work in unison to take prompt and prudent action.
2. If any risk has become apparent, priority is given to protection and saving of human life.

#### (Risk items and content)

The following risks are assumed to be the risks revolving around the business.

- (1) Risks of occurrence of natural disasters and sudden events (earthquake, fire, storm and flood damage, terrorism, etc.)
- (2) Risks caused by economic and financial market trends (business trends, fluctuation of currency rates, etc.)
- (3) Risks caused by changes in customer investment trends (changes in semiconductor industry, automotive industry, etc.)
- (4) Risks caused by competitor and industry trends (price competition, development competition, intellectual property rights, etc.)
- (5) Risks concerning public regulations, policies and taxation (country risk, etc.)
- (6) Risks concerning human resources (industrial accident, unexpected incident and accident, etc.)
- (7) Risks concerning capital providers (changes in share ownership, etc.)
- (8) Risks concerning IT system (IT system failure, etc.)
- (9) Risks concerning the quality of products and services
- (10) Other risks associated with business execution

## ■ Risk Management System

"The Risk Management Committee" is in place to manage risk for the Tokyo Seimitsu Group. Headed by the President and CEO, the Committee consists of executive officers from Companies and directors of group companies appointed by the Chair. Measures to prevent potential risk are reported from relevant sections to the Committee, which will then report to the Board of Directors as necessary. When risk becomes obvious, "the Risk Task Force" is established immediately.

## ■ Initiatives for Risk

### BCP (Business Continuity Plan)

Tokyo Seimitsu, in line with the "business continuity policy", reviews and refines its business continuity plan and BCP in plants. In fiscal 2019, based on the damage estimation in the event of threats and analysis of the fragility of the current measures conducted for each company and plant in the previous year, taking the changes in external environment into account, measures for earthquake-proof reinforcement and continuation of product supply and service provision at each department, such as Administration, Production Control, Manufacturing, IT, Accounting and International Business, as well as BCPs and manuals were reviewed and refined. Also, from the viewpoint of fulfilling the basic policy "confirming and ensuring the safety of employees and their families", evacuation drills were implemented to reconfirm the basics of evacuation and disaster prevention and response and to review night-time evacuation measures and stockpiles. Moreover, with regard to the BCPs of group companies in Japan, in accordance with the organizational structure, prioritized business and operational structure based on alignment with the parent company determined in the previous fiscal year, damage estimation in the event of threats and analysis of the fragility of the current measures were conducted to construct and strengthen the structure for alternative production and data backup. Going forward, we will continue the initiatives for periodic review and improvement of the BCPs.

### ● Safety Confirmation System

The Tokyo Seimitsu Group has a "safety confirmation system" in place that enables us to check whether employees are safe in the event of a disaster or accident by using cellular phones or smartphones.

While ensuring that every employee is explained about this system when joining the Company, in order to check its effectiveness and to raise awareness of all employees, we conduct semiannually a "drill to operate the safety confirmation system" and announce its results. We also trace once a month employees whose e-mail address is not registered yet and invalid e-mail addresses to improve the effectiveness of the system.

### ● Countermeasures against COVID-19

To prevent the spread of COVID-19, with protection of employees as the topmost priority and enabling business and operational continuation at the same time, a variety of preventive countermeasures were implemented.

### Reduction of the infection risk of employees

- Working from home
- Distribution of face masks for work and commuting
- Daily temperature check and report
- Encouraging employees to take leave when feeling unwell
- Voluntary restraint of domestic and overseas business trips

**Maintenance of workplace hygiene**

- Keeping alcohol sanitizer, etc.
- Deployment of non-contact thermometers
- Encouragement of sanitary practices such as hand washing and gargling
- Periodic room ventilation
- Review of cafeteria and meeting operation (reduction of participants, use of web meetings, etc.)
- Reduction of density by changing workplace layout

Moreover, guidelines for response to COVID-19 patients and their close contacts were established to prevent transmission. Also, response structure was set up to prepare for an outbreak of infection.

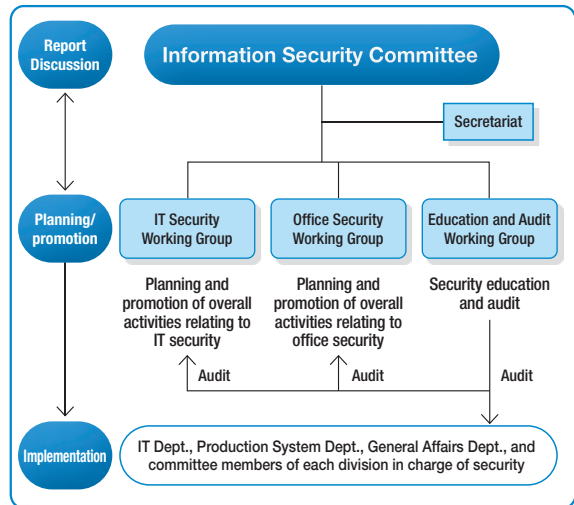
**Information Security**

As a provider of manufacturing equipment, inspection systems and components utilizing state-of-the-art technology, which are essential for society, we recognize that protection of information in corporate activities (including intellectual properties, technical information, sales information and personal information) is our responsibility. As such, the Company has established the Information Security Committee to enhance information security, ensuring proper management of intellectual properties and trade secrets and prevention of technology leaks.

The Information Security Committee, headed by a director of the Company, drives company-wide efforts for control of information security. As subordinate organizations of the Information Security Committee, IT Security Working Group mainly in charge of cybersecurity measures, Office Security Working Group mainly dealing with security within office environment and Education and Audit Working Group mainly engaged in monitoring of security activities and education activities are organized to implement periodic security control activities.

In order to respond to the cybersecurity risk associated with increased use of IT in operations in recent years, the IT Security Working Group takes multilayered protection

**Information Security Committee and Functions**



measures to block the invasion of viruses.

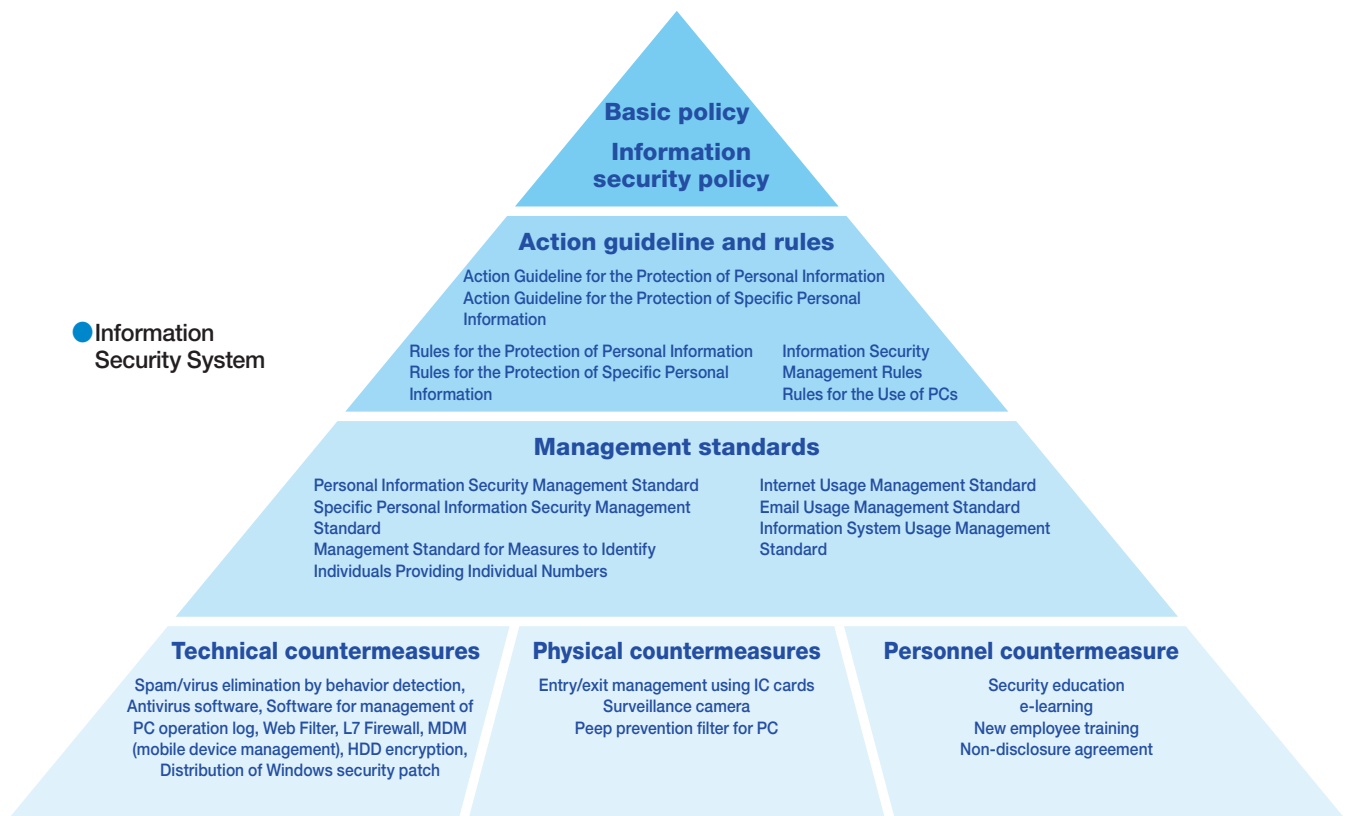
The Group also analyzes security equipment logs and collects fragility diagnosis results and threats information, thereby capturing the latest cybersecurity information, and implements self-inspection and countermeasures whenever appropriate.

The Office Security Working Group engages in planning and promotion of overall activities and countermeasures for office security and reviews security-related regulations to maintain security.

The Education and Audit Working Group performs audit of the status of security control activities and awareness activities concerning security. The Company annually provides information security training to all employees.

A subsidiary of the Company, which provides software, has acquired the ISO27001 certification and is now working to expand activities to comply with ISO27001.

**Information Security System**



# Relationship with Customers

Paying sincere attention to customer needs and making improvements continuously day by day, we support manufacturing activities of customers and contribute to the realization of a sustainable society by providing the latest semiconductor manufacturing equipment and precision measuring instruments and related support services.

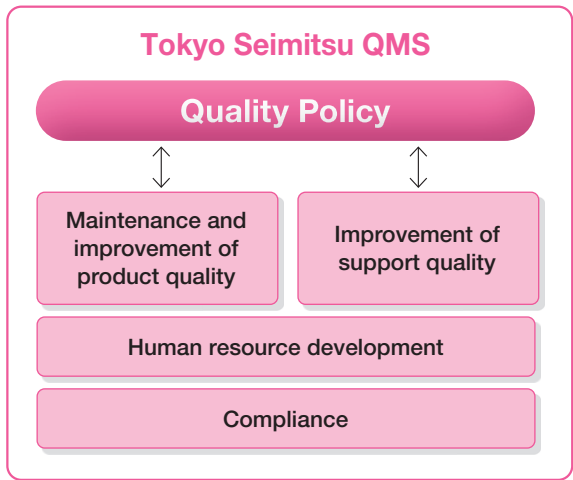
## Initiatives for Quality Control

### Basic View on Quality

Since the products provided by Tokyo Seimitsu are production equipment, their "quality" should consist of "stable and reliable quality of product" and "quality of prompt and meticulous support". Based on this belief, we are always striving to improve such "quality". We consider that provision of superior "quality" will protect and improve the social status and profits of customers. In order to achieve this, we are making continuous effort to improve the quality management practices under the Tokyo Seimitsu Quality Management System (QMS), having acquired ISO 9001 certification collectively for Hachioji and Tsuchiura Plants in 1994.

Activities are implemented in the following four categories and the progress is reported.

- Compliance and Employee Training
- Maintenance and improvement of product quality
- Global and Attentive Support System
- Efforts for pursuit of customer satisfaction



### Quality Policy

Disclosing the following quality policy in and out of the company, Tokyo Seimitsu performs quality management to improve product and support quality.

#### Quality Policy of Tokyo Seimitsu Co., Ltd. [Basic Philosophy]

##### WIN-WIN RELATIONSHIPS CREATE THE WORLD'S NO.1 PRODUCTS!

1. We comply with laws and regulations in products and production, and contribute to society by prioritizing on meeting customer requirements.
2. At the beginning of every fiscal year, each Company reviews its quality targets (priority targets) for the previous year, and sets new quality targets for the new year to enhance product quality.
3. We continuously improve the performance and effectiveness of our quality management system.
4. We develop user-friendly products by establishing partnerships with users.
5. We seek to improve quality through total quality control (TQC).
6. We seek to improve quality through partnerships with subcontractors.
7. We enhance customer support in business, technology and services.
8. We incorporate safety, quality, and reliability in each production process to achieve stable supply.
9. The quality management system applies to the activities, products, and services of Semiconductor and Metrology Companies.
10. This quality policy is disclosed internally and externally.

## Quality Compliance and Employee Training

Compliance is essential for provision of products and services that offer security and trust to customers. As such, it is positioned as the foundation of the Company. Also, since quality activities are carried out by employees, we consider that human resource development is the key to sustaining the activities.

We are striving to maintain and improve product quality and improve support quality based on compliance and human resource development.

### Compliance Education

An e-learning system is implemented to provide compliance training to all employees.

After the training, comprehension test is conducted to improve the comprehension of training participants.

Also, training on the Group Code of Conduct and important items of information security is annually implemented to raise employees' awareness of compliance.



## Quality Training

Training on the ISO management system is implemented in an e-learning format to disseminate the knowledge of the management system. Also, a system is constructed to ensure that operations are performed based on the latest regulations and standards, making it a rule that whenever internal regulations and standards are revised, training is conducted in each department and implementation status is checked by internal audit. In November every year, as an activity of Quality Month, quality slogans are solicited from employees in order to raise and share quality awareness among all employees. Also, employee training includes education for development of personnel with the skills and competence required for performing operations that may impact product quality, which is conducted according to the internal regulations.

## Response to Laws and Regulations of Other Countries (RoHS/REACH/PFOA)

Tokyo Seimitsu manages compliance with the RoHS directive, Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the Stockholm convention on Persistent Organic Pollutants for each material supplied, using an in-house system.

With the cooperation of suppliers, information of chemical substances contained in the supplied material is registered in the system to check the compliance for each product.

As for newly adopted materials, chemical substances contained in the materials are checked at the time of selection to make sure that they are compliant with the regulations.

## Maintenance and Improvement of Product Quality

The Company operates quality management system based on ISO9001 and builds safety, quality and reliability in the product realization process, thereby improving quality through total quality control (TQC). Always keeping in mind that the Company is responsible for providing products and services of stable and superior quality to protect and improve the social status and profits of customers, we are implementing activities for quality improvement and enhancement.

## Quality Improvement Activities by QMS System Program

Continuous efforts have been made to strengthen quality control since the collective acquisition of ISO9001 certification by Hachioji and Tsuchiura Plants in 1994. In every fiscal year, quality targets are set for each business unit to tackle quality improvement. For the purposes of performance improvement of the quality management system and continuous improvement, actual data of predetermined management parameters (quality management system program achievement rate, on-time delivery rate, rate of non-conforming product, defective rate, complaint rate, etc.) are evaluated at the QC meeting to develop and implement improvement measures.

After the acquisition of ISO9001:2015 certification, operation

of a new quality system program began in fiscal 2017.

With this new quality management system program, quality policy was revised and quality targets were set by each plant to improve quality performance in order to address the needs of stakeholders, internal and external challenges and manage risk.

More specifically, each section devises its implementation plan to achieve the quality targets by creating an implementation plan document for quality targets as well as a quality management system program.

Quality Working Group, in its quarterly meetings, confirms achievements of the quality management system program, evaluates progress and examines measures for improvement.

In the last fiscal year, of the 71 targets in total, 48 targets were 100% achieved and the target achievement rate was 68%. With regard to the targets that were not achieved, causes are identified and feedback is given about measures for improvement.

## Change Control Enhancement

We have strived to eliminate defects by verifying the risks associated with changes in design and production and taking measures beforehand. In 2017, change control rules were established in high-level standard documents of the Company and the rules were incorporated into lower-level standard documents of relevant sections. Since then, we have been mitigating the risks of defects caused by changes by performing risk assessment of change control in accordance with the control standards.

We are accumulating change control results data to use it as a data base of similar change risks and seek quicker and more efficient change control operation.

Also, in 2018, with regard to reduction of complaints by change control, we started setting change control effectiveness as a KPI, with the target as 0.5% or lower.

$$\text{Change control effectiveness ratio [\%]} = \frac{\text{No. of complaints occurred}}{\text{No. of change controls implemented}} \times 100\%$$

The change control effectiveness ratio in fiscal 2019 was 0.45%, which achieved the target.

## Supplier Quality Improvement Activities

Securing the quality of outsourced parts is essential to realize the stability and reliability of the quality in our products. Regarding suppliers as important partners, we fulfill social responsibilities through the entire supply chain. "Expected Quality System and Environmental System of Suppliers" is distributed to suppliers to maintain and improve the quality of outsourced parts.

Quality defects of outsourced parts are managed by "Defective Product Notice", and the Company works with the suppliers to identify the root cause and implement recurrence prevention measures. Also, depending on the degree of occurrence of defective products, supplier quality audit is conducted to achieve quality improvement through cooperative effort between the Company and the supplier. In fiscal 2019, considering the delivery track record and quality status, 16 suppliers were subjected to quality audit for improvement.

## Global and Attentive Support System

### Semiconductor Manufacturing Equipment Business

#### Worldwide Semiconductor Business and Global Support System

In fiscal 2019, we supplied maintenance parts to 432 customer sites in 30 countries around the world.

(China, Taiwan, South Korea, Thailand, Philippines, Malaysia, Singapore, Indonesia, Vietnam, US, Canada, Mexico, Brazil, Germany, France, UK, Austria, Italy, Switzerland, Czech, Denmark, Hungary, Finland, Bulgaria, Belgium, Portugal, Russia, Costa Rica, Morocco, Romania) Our semiconductor manufacturing equipment operating around the world is supported by our group companies consisting of 47 locations in 13 countries. In particular, for China with a vast land and increasing new deliveries, service locations are established in 12 areas and Application Center with the latest demonstration equipment is located in Shanghai and Shenzhen to meet a variety of customer requests, including observation of actual equipment, demonstration processing and evaluation and training.

#### Training System

In 2011, within the Customer Engineering (CE) Department, which is responsible for customer support, Global Service Engineer (GSE) Group was organized to start training and support to overseas service engineers. Members of this Group are personnel with experience of working as expatriates and foreign engineers based in Japan. They communicate with engineers and sales personnel of overseas group companies almost every day by email, web meeting and telephone to support them in responding to customer requests, ensuring stable operation of equipment and resolving problems.



Training session



As engineer training specific to the GSE Group, Global Training, which is a program to invite young overseas engineers to Japan as trainees for one-year practical training, was started in 2014.

The objective of this training is to promote the trainees' understanding of technology, quality, production and applications so that they will be able to provide customer support at a higher level after returning to their home countries. By attending the training, the trainees can build a close connection with different sections of Hachioji Plant and will become important resources for the company as promising engineers. The cumulative number of trainees until 2019 is 17. They are actively working at different locations around the world and none of them has left the company.

With respect to customer training, equipment operation and maintenance training is conducted not only for customers visiting our sites. If requested by customers, we also provide training at customer sites around the world.

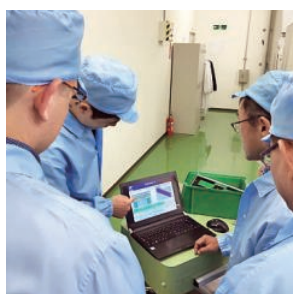
The training content is designed flexibly as we often receive special requests from customers beforehand, and training manuals have been prepared accordingly.

In the COVID-19 pandemic since the beginning of 2020, training methods that were used until the previous year cannot be used anymore. As this situation is expected to continue for some time, in order to shift to IT-based remote training in which trainees can train by using the virtual reality (VR) technology without having the equipment in front of them, the Company has starting up a project team mainly consisting of young employees within the CE Department to develop new training methods.

#### Standardization of Support Quality and Implementation of GSM

Since 2013, the GSE Group has been organizing Global Service Meeting (GSM) every year. For this meeting, which also includes practical training using the equipment, about 60 people representing the service engineers of overseas group companies meet at Hachioji Plant to receive of the latest information and information sharing.

The GSM has already been held seven times and the exchange among attendees at the meeting has helped deepen the trust between the CE Department and overseas group companies. In order to maintain the speediness and meticulousness in responding to customer requests during the COVID-19 pandemics, the cooperative relationship with overseas group companies is gaining importance. The GSM in fiscal 2020 will be a web meeting. With the trust-based relationship that has been built with overseas group companies, we should be able to overcome the current difficulties. At the time of the GSM, skills of all engineers are checked for accreditation and management of skill levels. By assigning work to each engineer within their capability according to their skill level, high quality of work is provided for the benefit of customers. For each type of equipment, four ranks of skills are defined for engineers, and training



manuals have been developed according to each rank. When an engineer is approved by the trainer team manager for completion of the training that they have attended, their rank goes up, which will lead to promotion.



GSM(Global Service Meeting)

### Supply System of Service Parts for Global Response

At present, Parts Center of the CE Department handles more than 20,000 different parts. Supply of service parts and consumables is an essential factor to ensure stable operation of our products, which are operating on a 24-hour basis around the world.

The Parts Center stocks service parts at 15 locations in Japan and abroad. While maintaining an appropriate inventory level, existing stocks are reviewed as needed and parts for new products are added to optimize the inventory.

Also, CE Stock Manager System enables engineers to share the stock status around the world to facilitate emergency response. This system is also effective in terms of BCP.

A lot of precision parts and parts for special use are used for state-of-the-art equipment. As such, to export parts, it is necessary to closely watch export restrictions relating to changes in political situations and environmental issues. With compliance as the top priority, all companies of the Tokyo Seimitsu Group export parts after examination by the Export Control Department under strict rules prescribed within the company. Because of its AEO (Authorized Economic Operator) status granted by Tokyo Customs as an excellent exporter and Special General Comprehensive License from METI, Tokyo Seimitsu is able to process export procedures promptly.

### Supply System Based on Customer Consideration

#### Precision Measuring Instrument Business

#### Support Activities to Shape Customer's Future by Precision Measuring Technology

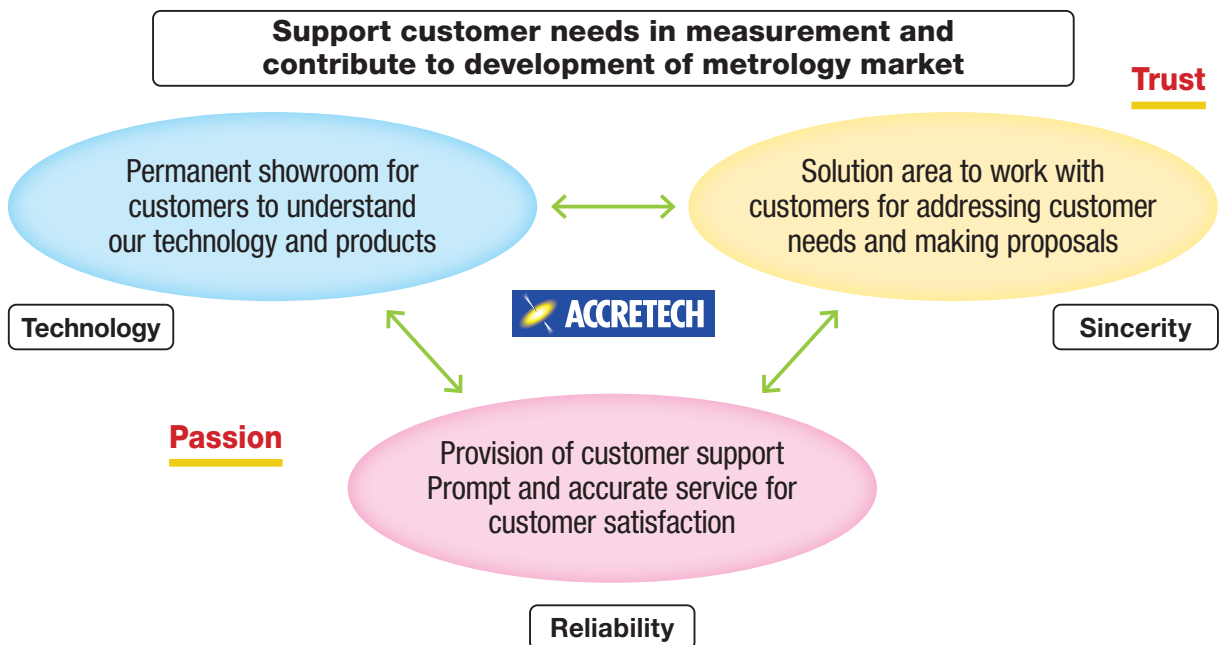
Under the slogan of "Nothing can be created without means of measurement.", Tokyo Seimitsu regards our precision metrology instrument business as "the original point of manufacturing" that provides society with

"precision" and "reliability" instead of seeing it as mere sale of measuring instruments. No manufacturing activity is possible without the process of "measurement". Based on the belief that "measuring accurately" is indispensable for our customers to provide reliable products to society, we have set up the structure capable of providing various supports.

#### Initiatives of Metrology Center

To provide meticulous support considerate of customer needs, Tokyo Seimitsu has Metrology Centers located in Tsuchiura, Hachioji, Osaka and Nagoya. The Center is staffed with engineers having expertise in metrology and equipment operation to meet diverse customer needs.

### Concept of Metrology Center: "Trust" and "Passion"



**<"A place for learning" about our products and metrology : [Technology] >**

For customers who have our measuring instruments, dealers, universities, high schools and companies in local community, we provide "places for learning" by holding events such as plant tours, product workshops, and metrology seminars in order to deepen their understanding of metrology and help them understand our products through various product exhibits.

As an additional outreach activity, we also hold web seminars to provide information to as many people as possible.

● Number of "Places for Learning" provided Unit: times

Uses	times
Private trade shows, open-houses, etc.	12
Seminars, lectures, etc.	11
Lectures and measurement guidance at public organizations	15

**<Proposal of solutions : [Trust] [Sincerity] >**

In order to strengthen the win-win relationship with customers, in addition to meeting the requests of customers who visit the Center, the Center offers services, such as proposing possible solutions and providing operation training, aspiring to go beyond customer expectations. Catering to the needs of customers who are unable to visit, a remote customer response system is in place.

**<Customer support : [Passion] [Reliability] >**

The Center has a "centralized call center" for consultation about measuring and support in operating products and troubleshooting. We provide support to customers who have purchased measuring instruments from us, by offering guidance at the training school that is held regularly, etc.

In cases where customers are unable to conduct measurements internally because "they have no measuring instruments" or "their measuring instruments do not have the necessary measurement function", we offer "consignment measurement" service whereby we conduct measurements for these customers.

● Activities in FY2019

Contents	times
Calls responded by call center	10,924
Training sessions	341

Customer inquiries are analyzed, and findings are taken into account when creating operation manuals so that customers will be able to use the instruments more comfortably.

**<Additional activities >**

We will step up our efforts to achieve higher level of customer satisfaction by meeting diversified customer requests, such as proactively addressing the needs of society after the outbreak of COVID-19 (web seminars, remote response).

**Training for Engineers Overseas**

The global service department for precision measuring instruments invites service engineers from overseas locations to the Metrology Center at the Tsuchiura Plant for intensive training. Basic training for new engineers and advanced training targeting skilled and experienced engineers are offered and strengthening the global support system, as well as preparing the manuals and procedures in each language.

● Activities in FY2019

Contents	times
Basic training	3 participants from 2 countries
Advanced training	14 participants from 6 countries

**Opening of Renovated Osaka Metrology Center**

In conjunction with the reopening of Osaka Office after renovation, the Metrology Center was extended to double the floor area. The number of models installed was increased 1.5 times for significant improvement in the support system mainly for customers in West Japan.

The Center has a seminar room accommodating up to 100 people, which can be used for large-scale events rather than being used merely as a meeting space.

It also has a communication lounge to offer a relaxing place for visitors besides introducing our technology to them. Accordingly, the Center now functions more effectively as a place for introduction to technology, proposal of solutions and relaxation.



Osaka Office



Osaka Metrology Center

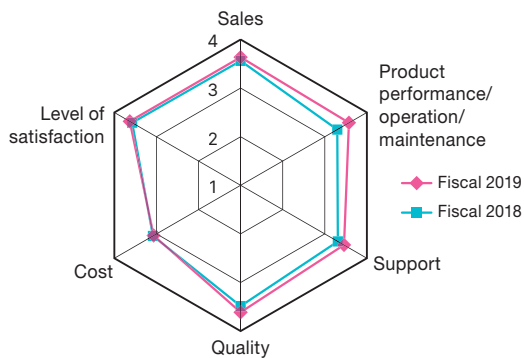
## Initiatives for Customer Satisfaction

### Improvement Activity Based on Customer Satisfaction Surveys (Initiatives of Semiconductor Company)

The Semiconductor Company annually conducts customer satisfaction questionnaire surveys for the products to compile and analyze the survey results. The survey revealed improvements for a lot of items as compared to the results of fiscal 2018. From the results of this fiscal year, graphs for prober, semiconductor manufacturing equipment, and blade, a cutting tool, are shown below as examples.

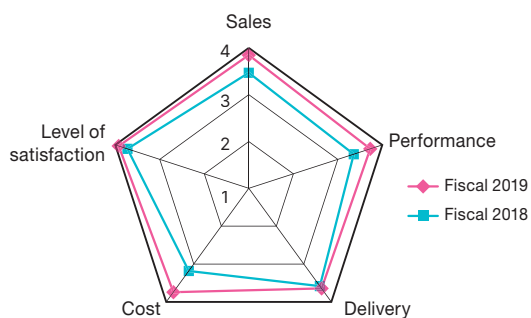
#### Results of the 2019 Questionnaire (Prober)

4: Satisfactory, 3: Fair, 2: Less satisfactory, 1: Unsatisfactory



#### Results of the 2019 Questionnaire (Blade)

4: Satisfactory, 3: Fair, 2: Less satisfactory, 1: Unsatisfactory

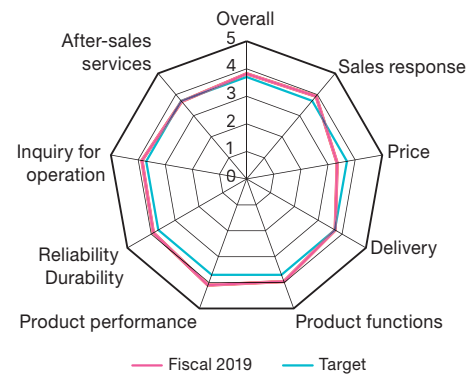


Subjects requiring improvement were extracted in relation to the quality management system program of the QMS activities based on the survey results to implement specific activities to improve customer satisfaction. As a subject for improvement, an instruction manual of equipment was improved. The instruction manual after the improvement was distributed to customers as a sample version to review the improvement activity. As a result, it was confirmed that the satisfaction score of the instruction manual and maintenance manual was improved about 10%. Moving forward, we will strive to improve customer satisfaction, reflecting on customer feedback.

### Improvement Activity Based on Customer Satisfaction Surveys (Initiatives of Metrology Company)

Metrology Company conducts customer satisfaction questionnaire surveys for customers one year after the purchase of the products to compile and analyze the survey results. The customer satisfaction score in fiscal 2019 was 3.82.

#### Results of Customer Satisfaction Survey of Metrology Company (Fiscal 2019)



The target score, which is 3.7, was achieved in fiscal 2019. However, aiming to achieve further improvement, the Company responds to each customer, considering the comments described on the questionnaire sheets. Also, in July 2019, the use of NPS\* (Net Promoter Score) questionnaire was started in addition to the traditional customer satisfaction questionnaire survey. Trend analysis is conducted for the NPS questionnaire results to improve customer loyalty.

# Relationship with Suppliers

In order to deepen win-win relationships with all suppliers, we aim to build a supply chain focused on social responsibility and work with them to achieve sustainable growth.

## Basic View on Procurement

Suppliers provide the materials, components, and services that are indispensable for us to deliver high-performance and high-quality products to customers, and we consider all of them our valued partners. To establish win-win relationships with these suppliers, it is essential to comply with laws, regulations and social norms and fulfill social responsibilities in terms of "human rights and labour", "occupational safety and health", "environment", "ethics" and "information security" among others by the supply chain as a whole, let alone address "safety and quality". We expect every supplier to act voluntarily as a responsible enterprise committed to meeting the needs of the international community. By working together with them, we intend to turn our entire supply chain into a robust value chain and promote value-added manufacturing.

## Supply Chain Enhancement

Tokyo Seimitsu has declared compliance with RBA (Responsible Business Alliance: old EICC). To meet the requirements of the international community with regard to corporate responsibilities for ensuring safe working environment, protecting worker dignity and reducing the environmental impacts, among others, we ask suppliers to cooperate in complying with the international standards.

## Formulation of CSR Guidelines for Suppliers and Request for Cooperation

### Outline of Tokyo Seimitsu Supplier CSR Guidelines

#### Prefaces

1. Procurement policy
2. Supplier CSR Guidelines  
[Human rights and labour]  
[Occupational safety and health]  
[Environment]  
[Ethics]  
[Safety and Quality]  
[Information Security]
3. Requests for Suppliers
4. Revision history

In order to meet expectations of RBA and the global community, we have created "Tokyo Seimitsu CSR Guidelines for Suppliers" which state the "procurement policy" and stipulate guidelines for suppliers in "human rights and labour", "occupational safety and health",

"environment", "ethics", "safety and quality" as well as "information security". We ask for suppliers' understanding of the guidelines and cooperation in promoting sustainable procurement.

## Construction of Supplier Survey System

As a study into suppliers' state with CSR, Tokyo Seimitsu started a survey in fiscal 2016 using an "SCM (Supply Chain Management) check sheet". The survey is conducted to score the performance of suppliers with regard to eight high-level classifications: "legal compliance", "ethics management", "environmental management", "facility and equipment (safety) management", "labour and employment management", "biodiversity", "conflict minerals" and "business continuity". The results show the average score is 88.7 (out of the maximum of 100) and that more than 90% of the suppliers scored 80 or higher. Items with low scores were "promotion of women's advancement in labour and employment management", "biodiversity" and "business continuity". We are undertaking improvements on these items in cooperation with suppliers. With regard to the other five items, we have confirmed that they are managed without problems and shared our awareness with suppliers.

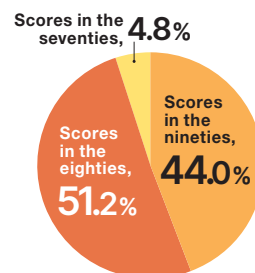
We also visit our suppliers, inquire how they work on CSR as well as their difficulties and discuss ways to assist them in overcoming challenges. We are advancing collaboration in order to have our entire supply chain fulfill social responsibilities by deepening close cooperation with suppliers.

In addition, Tokyo Seimitsu has also asked suppliers to conduct separate surveys for improvement on "environmental consideration". We have asked them to conduct a survey based on "Environmental Management Structure Survey Sheet" and submit "Environmental Impact Contractor Register" and "Environmental Conservation Status Survey Sheet" by identifying the operations that may affect the environment.

### Major Items in Supplier Questionnaire

1. Legal compliance
2. Ethics management
3. Environmental management
4. Facilities and equipment
5. Employment management
6. Biodiversity
7. Conflict minerals
8. Business continuity

### Survey on Response to CSR by SCM Check Sheet



The survey based on "SCM check sheet" has been implemented since 2016. The survey covered a total of 166 suppliers. For "promotion of active social participation by women", "biodiversity" and "activities for business continuity in case of emergency" which scored low, improvements will be made through supplier workshop.

## ■ Commendation of Supplier

Tokyo Seimitsu conducts supplier commendation once a year. We commend excellent suppliers based on the evaluation of "quality", "cost", "delivery", "cooperation" and "management".

Supplier commendation of fiscal 2019 was postponed to prevent the spread of COVID-19.

## ■ Workshops and Other Events for Suppliers

Tokyo Seimitsu annually holds a CSR seminar at a workshop organized by suppliers to help them understand the importance of fulfilling social responsibilities as a supply chain member.

### ● CSR Seminars by Tokyo Seimitsu

#### Fiscal 2015

Our Views on CSR

#### Fiscal 2016

Description of "SCM Check Sheet" and Survey Request

#### Fiscal 2017

Trends in CSR  
Report of Previous Year's "SCM Check Sheet" Results  
Report of CSR Activities by Tokyo Seimitsu

#### Fiscal 2018

Report of CSR Activities by Tokyo Seimitsu  
Trends in CSR  
Supply Chain Initiatives  
Supplier CSR Guidelines (First Version)

\*Explanation and request for submission of "check report"



Workshop for suppliers

The workshop scheduled in late February 2020 was postponed to prevent the spread of COVID-19, but instead of holding the CSR seminar, materials were distributed to suppliers for information sharing and opinions were exchanged with them by email.

#### Distributed materials

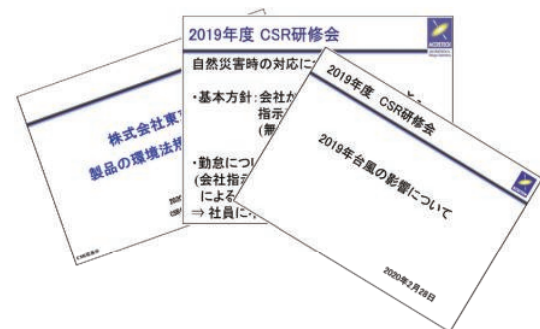
- Trends of substances prohibited in products in 2020 and request for cooperation
- Sharing of information about extensive damages caused by the typhoons in 2019 and preparing for such damages
- Introduction to disaster control measures by Tokyo Seimitsu

In order to strengthen win-win relationships with suppliers, we aim to build a supply chain focused on social responsibility and work with them to achieve sustainable growth.

### ● CSR Seminar in fiscal 2019 (sending materials)

#### Fiscal 2019

Trends of substances prohibited in products in 2020  
Sharing of information about damages caused by the typhoons in 2019, review of BCP  
Introduction to disaster control measures by Tokyo Seimitsu



## ■ Training for Tokyo Seimitsu Employees

The Company provides training by e-learning to employees of the Purchasing Department who interact with suppliers. The training covers "ethics", "safety and quality" and "information security" among other subjects to ensure the appropriateness of their response to suppliers.

### ● Subjects of Employee Training

1. Tokyo Seimitsu Code of Conduct
2. The Subcontract Act
3. Information Security
4. Ethics

# Relationship with Employees

To enable employees to work lively, we strive to enrich the work environment in which each individual worker remains mentally and physically healthy and safe and can demonstrate their full potential, and we also promote human resource development.

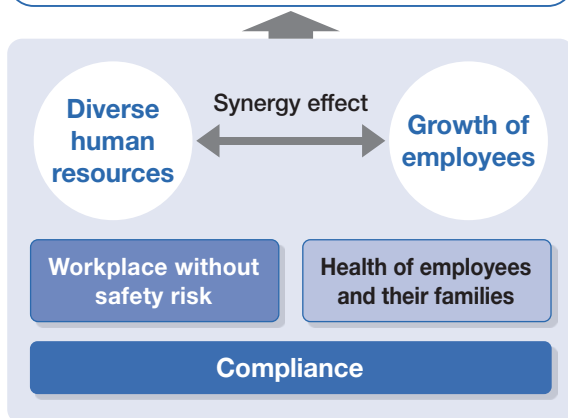
## Basic Policy for Human Resources

### Basic View on Human Resources

Employees are the property of Tokyo Seimitsu. For sustainable growth of the Company, it is essential to cherish and nurture this property. We have been making effort in the following five areas to create comfortable, safe and healthy workplaces and provide opportunities and environment to foster growth, thereby building trust with employees to ensure that they work lively with a sense of fulfillment.

1. Promotion of Compliance
2. Initiatives for Safe Workplace Environment
3. Initiatives for Health of Employees and their Families
4. Human Resource Development
5. Initiatives for Diversity in Work Style and Human Resources

### Employees' sense of fulfillment



## Promotion of Compliance

Compliance of laws and social norms on labour standards and industrial safety and health and prohibition of acts of infringement of human rights are declared in the "the ACCRETECH Group Code of Conduct", and e-learning training on this code of conduct is periodically conducted. The e-learning training includes contact information for whistleblowing and consultation as prescribed in the whistleblower system, and employees are encouraged to inform the contact if they encounter any cases of harassment or violation and infringement of the Code of Conduct. Tokyo Seimitsu performs periodic audit of the group companies in Japan and abroad to ensure that they comply with local laws and regulations, instructing them to prevent child labour by checking the age on identification documents before employment and avoid restricting employees equivalent to forced labour.

Also, Tokyo Seimitsu has a labour union with the rights of labour-management consultation guaranteed by collective agreement. With regard to checking of working hours and wages against the statutory limit and minimum wage and problems and concerns about workplace environment, labour management consultation is conducted through the labour union, thereby improving the working environment by respectful discussions.

## Initiatives for Safe Workplace Environment

Since Tokyo Seimitsu is a manufacturer of machines, a lot of equipment, parts, tools and processing machines exist at the sites of manufacturing and logistics. A lot of safety risks requiring attention are involved as they include heavy items, sharp edges, objects moving or rotating at a high speed, high voltage electrodes and hazardous chemicals. Also, as the product is equipment for production, several operations, such as delivery, installation and maintenance, are carried out at customer's production sites, which makes the working environment unfamiliar to the operator. Identifying these risks with attention to details and taking measures to minimize the safety risks based on the observation and prediction of operator's movement and flowline will enable operators to perform daily work in a reasonable manner without hesitation, allowing them to feel a great sense of fulfillment from work.

Based on this concept, activities are reported regarding the following four phases.

1. Safety management within the plants
2. Ensuring safety outside the plants
3. Disaster prevention and mitigation, emergency lifesaving
4. Traffic safety in commuting and business trips

### Safety Management within the Plants

The plant is a space where employees perform daily operations. The basic structure does not change significantly unless additional buildings are built or existing buildings are renovated, but the plant is always changing due to fluctuations in production, changes in product composition and improvement activities. Therefore, it is important to continue the activities to look out for safety risks and reduce them.

In Hachioji and Tsuchiura Plants, activities to reduce industrial accidents and company car accidents have been continuously implemented by setting reduction targets.

Under the Safety and Health Committee of each plant, dedicated subcommittees for safety, health, disaster prevention are organized to promote the activities in a multifaceted way.

### Activities of the Safety and Health Committee

Each plant has a Safety and Health Committee, led by the plant manager who is the "general safety and health manager". The Committee is responsible for industrial safety related to the environment, machinery, and work, industrial health related to infection, food poisoning, mental



health, chemicals, and disaster prevention and mitigation such as fire fighting, traffic safety and emergency aid, based on an annual plan approved by the Board of Directors. Internal audits are conducted twice a year and the results are submitted to Audit Department and reported to Board of Directors. The Committee is subject to auditing by Audit Dept.

### Reduction of industrial accidents

Both Semiconductor Company and Metrology Company have had no accident in recent years. However, two industrial accidents (eight lost workdays in total) occurred in Hachioji Plant of Semiconductor Company.

Both of the two industrial accidents occurred in the mass production process of a large-scale new product. According to the internal regulation, it is mandatory to perform risk assessment to ensure safety whenever an operation process is added or modified, but risk identification for the newly implemented operations was inadequate. We will strive to develop and strengthen human resources capable of performing an assessment to ensure strict implementation of the risk assessment process. Tsuchiura Plant of Metrology Company is renewing the record of 30 consecutive years without accident.

Semiconductor Company	Fiscal 2017	Fiscal 2018	Fiscal 2019
Accident frequency rate	0.00	0.00	0.97
Accident severity rate	0.0000	0.0000	0.0039

Metrology Company	Fiscal 2017	Fiscal 2018	Fiscal 2019
Accident frequency rate	0.00	0.00	0.00
Accident severity rate	0.0000	0.0000	0.0000

### Industrial Safety Activities

In addition to assessment and control of work environment risks through workplace inspection and risk assessment conducted when new machines are installed or operating procedures are changed, we implement education and training in machine operations, heavy machinery operations and wiring operations as appropriate to avoid hazards. Besides in-house training, employees actively participate in industrial safety seminars organized by external training institutes. Most of the external seminars are organized by the Tokyo Federation of Labour Standards Associations that Tokyo Seimitsu is involved in operation as a member (See "Activities in the Hachioji Area"). The seminars are useful as a means of training for our employees as well as promotion of industrial accident prevention activities for local workers

#### ● Activities implemented in fiscal 2019

Hachioji Plant (Organized by Tokyo Federation of Labour Standards Associations: *)	Number of employees covered
Safety and health education for new employees (at the time of hiring)*	58
Skill training course for slinging work, Special training course for crane operation*	33
Training for foremen and safety and health supervisors*	6
Skill training course for operations chief of organic solvent*	15
Skill training course for specified chemical substances and tetraalkyl lead, etc. chief lecture*	4
Special training for work in dusty environment*	2
High-pressure gas safety training	36

Tsuchiura Plant	Number of employees covered
Safety training for forklift, slinging and crane operations	52



High-pressure gas safety training (at Hachioji Plant)

### Safety inspection and 5S\* patrol

In Hachioji Plant, safety inspection is annually conducted by teams of several employees including the plant manager for all workplaces. In the safety inspection, safety risks are extracted by using a check sheet and workplaces that are found to be risky are given an instruction for improvement. After a certain period of time, follow-up inspection is conducted for those workplaces to verify the effectiveness of improvement measures.

Also, periodic 5S patrol is implemented for workplace housekeeping. Since fiscal 2017, a scoring system has been in place and workplaces with a high score are recognized twice a year, which leads to raising the 5S awareness of employees in each workplace.

\*5S (Sorting, Set in order, Shining, Standardizing, Sustaining the Discipline)

### Handling of chemicals

With regard to purchasing of new chemicals, purchasing permits for both plants are collectively issued by the section in charge in Hachioji Plant so that the section is aware of all the chemicals used and stored in each plant. This has made it possible to centrally manage the risks and methods of use and storage of chemicals as well as relevant laws and regulations to comply with and the requirements thereof, and promptly instruct all applicable sections to prepare for revisions of laws and regulations. According to this standard, sections controlling or using chemicals are obligated to perform periodic inspection and quantity check. In addition to periodic internal audit conducted by personnel qualified as ISO14001 internal auditor, Regulated Substance Control Working Group under the Safety and Health Committee conducts patrols to check the management and storage status of chemicals. In fiscal 2019, the patrol was conducted seven times, including follow-up inspections.

In fiscal 2019, 74 cases (254 cases, cumulatively) of chemical risk assessment were conducted in the two plants combined for adopting new chemicals and reviewing the chemicals that are currently used.

## Ensuring Safety Outside the Plants



Operators in clean room clothing

As the product provided by Tokyo Seimitsu is production equipment, a lot of operations, such as installation, maintenance and modification of equipment, are carried out at customer's production sites. Risks in our plants are managed according to our own standards and methods, and we are aware of safety standards concerning the environment and equipment.

However, risks in customer's plants cannot be captured beforehand. In particular, the area where semiconductor manufacturing equipment operates is a space called "super clean room", and as people working in this area wear special clean room clothing, their field of vision is reduced and movements are restricted.

What is required of operators under such circumstances is the skill to avoid the hazards that may arise by predicting them in the initial stage. The CE (Customer Engineering) Department of Semiconductor Company in charge of customer support and training of customer support engineers periodically implements the "Work Leader Training" developed by Semiconductor Equipment Association of Japan (SEAJ) for development of this skill. Participants of this training attends refresher training repeatedly to refine this skill and enhance the ability to accomplish their work more safely.

## Disaster Prevention and Mitigation, Emergency Aid

### Evacuation drill for all sections

Evacuation drill is annually conducted based on an emergency scenario. In fiscal 2019, Hachioji Plant conducted a drill for all sections based on a fire scenario and Tsuchiura Plant conducted a drill with an earthquake scenario for all sections. With the objective of ensuring prompt assembly, target time is set for the time from the start of evacuation to the report to the head of headquarters to call for quick action and cooperation of employees.

### Self-defense fire brigade

Each plant has its own fire brigade and conducts regular training once or twice a month in accordance with an annual plan. Digital convenience radio are provided to the fire brigades to enable efficient fire fighting through appropriate communication in case of emergency.



Evacuation drill in Hachioji Plant



Evacuation drill in Tsuchiura Plant

### Emergency scenario training

Each section conducts emergency scenario training for splash prevention, recovery and cleaning with the scenario of leakage of hazardous chemicals. Training plan is submitted to the person responsible for environmental management in the beginning of each fiscal year and report is submitted after the training. In fiscal 2019, "Training for Splash Prevention of Chemical Cleaners" was conducted by nine sections respectively in Hachioji Plant. In Tsuchiura Plant, this training was jointly conducted by all sections with the participation of 121 employees.



Tsuchiura Plant emergency scenario training

### Emergency life-saving

Each plant sends a few employees to emergency life-saving training every year so that multiple personnel who have attended the training can be assigned in each workplace. In fiscal 2019, three employees from Hachioji Plant attended the advanced first aid seminar and three employees from Tsuchiura Plant attended the general first aid seminar.

AEDs are installed in Hachioji Plant and Tsuchiura Plant as well as Nagoya Office and Osaka Office, which are larger than the other offices. As for Hachioji Plant, which is a large plant, an AED and a stretcher are installed in each of the eight buildings. In addition, the Plant is equipped with drinking water vending machines that operate even in the event of a disaster and waste bins storing portable toilets and generators. In this way, measures are taken to enhance disaster responsiveness and ensure emergency lifesaving.

### Traffic safety in commuting and business trips

Each plant annually holds a seminar on traffic regulations and traffic safety, by inviting instructors from the local police station. Employees authorized to drive company cars and those who have received a parking permit from the plant must attend the seminar. In fiscal 2019, 177 employees attended the seminar in Hachioji Plant and 306 employees in Tsuchiura Plant. The attendees of the seminar in Hachioji Plant were limited because of the COVID-19 pandemic, and it was decided to hold another seminar for those who were unable to attend in the next year or later.



Hachioji Plant  
Safe Driving Seminar



Tsuchiura Plant  
Safe Driving Seminar

### Initiatives for Health of Employees and their Families

For people to work lively, demonstrating their abilities to the full, it is important for them and their family members to stay physically and mentally healthy. To promote the health of employees and their families, the Company implements initiatives to create comfortable workplaces, such as strict control of working hours to avoid overworking.

### Health Company Declaration

Needless to say, employees' well-being is a cornerstone of the long-term stable management of a company. The Company has been making effort to promote the health of employees by implementing health checkup and other measures. Considering the growing momentum for promoting "health management" and the beginning of the "health company declaration" campaign as a social mechanism, it was decided to step up the effort and tackle "health management" as a company-wide effort. Thus, the Company made the "Health Company Declaration". As an awareness activity was implemented in the Company, focusing on monthly themes related to health (exercise, diet, sleep, disease prevention, etc.), employees became more health-conscious. As a result, in

August this year, the Company received the silver certificate of "Excellent Health Company" from the National Federation of Health Insurance Societies (Kenporen) in Tokyo. We will strive to further improve ourselves as a "health company" toward the next step.



Certification No. as a health and productivity management organization: Silver certificate No. 1233



### Measures to Reduce Total Working Hours

The prescribed working hours at Tokyo Seimitsu in fiscal 2019 are 1794.1 hours (with 128 non work days a year in fiscal 2019), approximately 9.4% lower than the prescribed working hours in fiscal 2019\* reported in the "2019 Comprehensive Survey on Working Hours."

To control working hours, an entry/exit system using IC cards that can also be used as employee identification documents is installed at the gate of Hachioji and Tsuchiura Plants. This system is used to compare the arrival time and leaving time declared by employees and the gate entry time and exit time. For the employees working from home, time to log in and log out the server as well as log-ins on holidays are monitored to capture the actual work status. It is ensured that employees who have worked on holidays take substitute days off. On the other hand, as a concrete step to reduce working hours, every Wednesday and bonus payment days (two days a year) are designated as the day to leave work on time. Also, by encouraging all employees to take 100% of annual vacation days and fully utilize the long leave system and by monitoring their leave-taking status, the legal obligation to ensure that employees take at least five annual vacation days was 100% achieved and the annual leave-taking rate was increased. Time management by managers has been integrated in the operations. As a result of these efforts, overtime work has decreased (2.3% reduction from the previous fiscal year).

We will continuously and actively work to reduce annual working hours and to encourage employees to take vacations.

\* The prescribed working hours in fiscal 2019 reported in the Institute of Labour Administration Report No.3980, "2019 Comprehensive Survey on Working Hours," are 1903 hours 15 minutes with 121.9 holidays a year.

### Health Checkups, Stress Level Checks

Every year, employees can get their health checked through a variety of health checkups including annual medical checkups, complete physical checkups (for employees age 40 or above), specific health checkups, gynecological examinations and special medical examinations. Those who had an abnormal finding are recommended to get re-examined or receive specific health guidance. With regard to stress level checks, more than 99% of the employees take the test. It is well-accepted as an opportunity for them to realize the signs of their mental issues.

The result is shared by the Risk Management Committee and the Safety and Health Committee, which are working on the improvement of workplace environment.

### Combatting the Risk of Infection

So far, employees had got an influenza vaccine on their own, but since the last fiscal year, they have been able to get vaccinated within the working hour in Hachioji Plant and Head Office. This has significantly increased the number of vaccinated employees and helped to prevent the transmission of influenza. In this fiscal year, preparations were made to conduct vaccination also in Tsuchiura Plant. With regard to preventive measures for COVID-19, based on the guidelines of the Ministry of Health, Labour and Welfare and considering the requirements of corporate social responsibility, measures were implemented under the leadership of the top management.

We instituted it a rule to check the temperature of employees and visitors before the entry, required them to comply with coughing etiquette, and placed sanitizers and thermometers

at multiple locations. During the period when masks were in short supply, the Company distributed masks. Also, efforts were made to avoid closed spaces, crowded places and close-contact settings, implement web meetings instead of in-person meetings, refrain from business trips and implement working from home to prevent transmission.

## Human Resource Development

Drawing on the strength and capabilities of employees through education and training allows each employee to realize the growth of themselves and enhance motivation. As they feel the sense of fulfillment from work and demonstrate their capabilities to the full, they can achieve self-realization at work, which will improve the company performance. Human resource development of Tokyo Seimitsu is aimed at building win-win relationships with employees so that the Company can achieve sustainable growth with them.

### Training Record

Tokyo Seimitsu has a variety of training systems for employees to develop their capabilities and these systems are incorporated into the human resources development scheme. "Level-specific training" for employees at different career levels, "common training" for learning basic business skills and "section-specific training" for acquiring specialized knowledge according to the work of each section are implemented.

We have introduced an e-learning system and also encourage employees to actively attend seminars outside the company. A full program is in place to enable self-development for each employee.

Total hours of training attendance in fiscal 2019 was 12,538.4 hours, which slightly increased from the previous fiscal year partly due to the increase in the number of employees to be trained.

Due to the growing impact of the global spread of COVID-19, some training programs had to be postponed or redesigned. The "labour management training" and "career training for women", which were scheduled in February and March as with the previous years, were postponed.

Training	time
Logical thinking training	1,936
New employee training	9,177
Training for Managers	872
Level-specific training (managers)	168
Level-specific training (chiefs)	154
Level-specific training (assistant chiefs)	231
Total	12,538

### Initiatives for Self-development

As a means of self-development, employees are encouraged to take correspondence education courses. The Company reimburses 80% of the training fee for the employees who have completed the course within the prescribed period. The number of attendees is rising every year. With the addition of new courses on work style reform, which is a recent topic, and improvement of work efficiency, the number of available courses has increased 1.3 times this year from the previous year.

### Award System

Tokyo Seimitsu has a variety of award systems to improve the motivation of employees. In the improvement suggestion award system, excellent suggestions with ingenuity and innovative ideas for operational improvement, quality and performance improvement, material cost reduction, safety and environment improvement, office work improvement, etc. are awarded at the morning meeting for all employees in the beginning of the fiscal year in April. In the technology award system, employees who have achieved technological results contributing to the improvement of corporate performance are awarded to encourage the success of technology development projects.

Also, employees are encouraged to contribute ideas of new products in any category that are likely to emerge in future society by thinking how society will change in the future and freely generating ideas, and excellent ideas are awarded.

### Initiatives for Diversity in Work Styles and Human Resources

We consider that developing an environment and schemes accommodating the lifestyles and values of different people by anticipating the changes in the times and social environment will allow those people to inspire each other with diverse viewpoints and ideas and create new values, enabling us to achieve synergy effects beyond the sum of individual abilities. As a first step to this end, our effort is focused on diversity, such as promoting the employment of women and the disability and improvement of work-life balance, to create rewarding workplaces where employees can be themselves at work.

### Promotion of Active Social Participation by Women

To breakthrough the current situation where the target of the percentage of female applicants for new graduate recruitment remains unachieved, in fiscal 2019, we made an effort to improve the media for public relations, including creation of a pamphlet for recruitment of new graduates in the future. With regard to mid-career recruitment, as it was necessary to increase the production of semiconductor manufacturing equipment, we urgently recruited technicians with a mechanical background, but since most of the applicants were men, percentage of women in new recruits sharply decreased. We will continue the effort to increase the recruitment of women by expanding the scope of their work. Also, we will continue to focus on the efforts for promoting women's advancement, such as career plan guidance and flexible response to life events for female employees.

#### Recruitment Status

Unit: %

Target	Ratio of women in applicants [30%]	Ratio of women in new employees [20%]
As of March 2017	22.4	15.5
As of March 2018	22.9	11.6
As of March 2019	22.4	11.4
As of March 2020	22.3	6.2

## ● Ratio of Female Employees

Unit: %

Contents	Fiscal 2017	Fiscal 2018	Fiscal 2019
Percentage of women in management	1.5	1.4	1.4
Percentage of women in Board of Directors	0.0	0.0	7.7
Percentage of women in employees	15.8	17.0	16.8
Difference in average length of service between men and women	51.8	50.5	52.6

### Action Plan for Promoting Employment and Careers of Women

## ● Goals

1. Ensure that women account for 30% or more of new graduate job applicants.
2. Ensure that female regular employees account for 20% or more of the total number of employees (numbers of hired college and high school graduates and mid-career workers combined).

## ● Action Plan

1. Set a policy and goals for increasing the ratios of female job applicants and hired women.
2. Examine the possibility of assigning female employees to divisions where no women have been hired or assigned before, and consider assigning female employees to divisions and jobs to which no or few women have been assigned before.
3. Explore active public relations approaches for new graduate recruitment planning for each fiscal year.
4. Review application requirements and recruitment standards that are difficult for women to meet (to make the selection process just and fair for all applicants regardless of sex).
5. Provide training aimed at encouraging female employees to raise their awareness of career building, and ensure that superiors motivate female subordinates.
6. Ensure that each employee creates her own career plan in consultation with her superior and is developed from a mid- and long-term perspective.
7. Raise the awareness of managers about the development of female subordinates.
8. Raise the awareness of managers about the work-life balance and diversity management.

## ■ Employment of the Disability

Tokyo Seimitsu is committed to creating a work environment where people with disability can be socially independent and actively play their roles. As part of such efforts, we are upgrading facilities to make them barrier-free and exploring workplaces and jobs that people with disabilities can be assigned to.

After studying the work and workplaces considering the individual aptitudes of the disabilities in collaboration with the Public Employment Security Office ("Hello Work"), pre-employment internship training is provided to them in cooperation with employment support centers and schools for special needs education to help them integrate with the company after employment. As a new activity, when a

person with disabilities is assigned to a section, one of the employees of the section is appointed as a supporter and registered as Workplace Supporter for the Disability under the scheme of Tokyo Foundation for Employment Services and other employees of the section also attend the Course for Development of Job Supporters for People with Mental Disorder or Developmental Disability by Ministry of Health, Labour and Welfare so that they can improve the knowledge about supporting and communicating with the disabled at work, thereby creating a favorable working environment for the disability.

The employment rate of the disability as of June 1, 2020 is 1.92%, which is lower than the statutory employment rate of 2.2%. However, one outcome of our efforts was that a special needs school graduate joined a section with no previous experience of accepting a disabled employee. With the administration and manufacturing departments conducting the internship training, the efforts for recruitment of the disability are also underway in this fiscal year.

## ■ Initiatives for Work Life Balance

In order to fully support employees tasked with childcare and nursing care of family members as well as those who are ill or injured, Tokyo Seimitsu has unique family leave systems that are well beyond statutory requirements.

Childcare leave can be taken until the child becomes three years of age and the company pays 20% of the pay to employees on childcare leave while the child is younger than two years old.

Employees who opt to work shorter hours due to childcare can shorten their working hours up to three hours per day until the child graduates from middle school. This helps them in balancing work with childcare.

Employees who handle work as well as nursing care are also supported. They are paid 20% of the pay while on nursing care leave, in the same manner as in childcare leave, and they can reduce working hours by up to three hours a day. Male employees have also started to use the childcare and nursing care leave systems.

We also have a compensation system that allows employees a maximum of two and a half years for long-term sick or injury leave to ensure that they can concentrate on treatment without anxiety.

Also, the Company has a system of refreshment leave for employees with 10 or more years of service who are 50 years old or older, entitling them to take 10 annual vacation days consecutively as a special leave. This system allows them to take the special leave aside from the annual long paid leave so that they can refresh themselves mentally and physically.

## ■ Welfare Benefits

Tokyo Seimitsu offers welfare benefits that can be used on a variety of occasions in life to improve the work life balance for the benefit of employees and their families.

The benefits, which include provision of subsidy for use of accommodation facilities on vacation and discounts for use of leisure, dining and health-related facilities, can be used for a wide range of activities.

# Relationship with Shareholders and Investors

We are committed to implementing highly transparent and proactive IR activities to promote the understanding of shareholders and investors toward Tokyo Seimitsu.



## View on Information Disclosure to Shareholders and Investors

We make efforts to enhance transparency and build long-term relationships with our shareholders and investors by providing accurate information on our business results, financial situation, and business strategy in a timely, fair, and easy-to-understand manner.

In response to the penetration of ESG investment, which is growing in Europe as well as in other parts of the world, and the introduction of the Japanese version of stewardship code, we have decided to issue the "CSR Report" primarily for the purpose of enhancing non-financial information disclosure and ESG goals were specified in the mid-term management plan starting in fiscal 2018. Our future goal is to provide an "integrated report" that explains the relationship between financial information and non-financial information in an easy-to-understand manner.

## Proactive IR Activities

### Shareholders' Meeting

In June every year, we hold a regular shareholders' meeting in Hachioji where our headquarters are located.

The notice of convocation is posted on the website at the earliest possible time.

Also, recently, we held our shareholders' meeting on a day "outside the period during which many other

companies hold their shareholders' meetings". According to the articles of incorporation, the CEO chairs the shareholders' meeting and explains the market status, the Tokyo Seimitsu Group's business strategy, earnings forecast, etc. We also have a session where we receive opinions and questions from shareholders, which enables direct communication between shareholders and management and allows shareholders to gain a deeper understanding of the Tokyo Seimitsu Group.

The shareholders' meeting of fiscal 2020 was held on June 22 with measures taken to prevent the spread of COVID-19.

### Shareholder Newsletter

We send a "shareholder newsletter" to shareholders twice a year. The latest newsletter covers the report of fiscal 2019 consolidated business results and information about Osaka Office, which was renovated in January 2020.



[https://ir.accretech.jp/en/library/business\\_report.html](https://ir.accretech.jp/en/library/business_report.html)

## ■ Business Results Briefing, Media Response

We hold a business results briefing for institutional investors and security analysts combined with the disclosure of second quarterly and full-year financial results. At this briefing, the representative director explains the consolidated business results, future outlook and business strategy of the Tokyo Seimitsu Group and responds to questions from the attendees. Also, we respond to a cumulative number of about 200 media interview requests in a year.

## ■ Briefing for Individual Investors

We also hold a briefing for individual investors. In fiscal 2019, a web briefing was held in March 2020. The CEO explained the profile, history, content and strength of each business, mid-term target, CSR policy and shareholder return of the Group. Many individual investors attended the briefing and an active Q&A session was conducted.

## ■ Information Disclosure

Tokyo Seimitsu is listed on the first section of the Tokyo Stock Exchange. According to the law and the regulations of the Stock Exchange, the following information is disclosed on TDnet (Japan Exchange Group Timely Disclosure network), EDINET (Electronic Disclosure for Investor's NETwork based on Financial Instruments and Exchange Act) and the IR website. (Those with \* are available in English.)

- Information of consolidated financial statement (financial results summary, summary presentation, etc.)\*
- Securities Report\*, Quarterly Report, Extraordinary Report, Confirmation
- Notice of Convocation for Shareholders' Meeting\*, Internet Disclosure Information for Notice of Convocation, Resolution Notice\*
- Corporate governance report
- Internal control report
- Notice of independent officers
- Electronic public notice
- Articles of Incorporation\*
- Other information concerning the business, operation and performance of the Company that may critically influence the investment decision\*

## ■ IR Website for Investors

An IR website for investors is included in the Company website to support provision of information to shareholders and investors. The website enhances the timeliness of information by using the automatic linkage feature with timely disclosure information. It has also adopted a bulk download feature for the latest IR materials, highlighting of business performance and smartphone-friendly layout to facilitate provision of information to shareholders and investors.



<https://ir.accretech.jp/en/index.html>

# Relationship with the Global Environment

We make concerted efforts to reduce the environmental impact of the entire value chain, including the life cycle of our products, and maintain a sustainable society and the global environment.

## Basic View on the Environment

### Basic Environmental Philosophy

Based on the concept of "Manufacturing is possible only when the global environment is conserved", we formulated the "Basic Environmental Philosophy" in 1997. The "Company Environmental Policy" reflects this basic philosophy, and the "Environmental Policy" defines the actions that all employees are required to take in their business activities. We conduct all business activities based on this philosophy and policy.

#### Basic Environmental Philosophy

Recognizing environmental conservation as a important theme, Tokyo Seimitsu makes environmental conservation an integral element of all product development, design, manufacturing and service activities.

#### Company Environmental Policy

In all business activities, extending from manufacturing products such as semiconductor manufacturing equipment and precision measuring instruments through the provision of services, everyone at Tokyo Seimitsu must always work with the consideration for "Is this action friendly for the earth?". The goal is to reduce our impact on the earth's environment to the absolute minimum.



### Internal Environmental Audits

Periodical internal environmental audits are conducted twice a year to check the implementation of action as prescribed in the environmental management manual. An audit team of two or three members led by the lead auditor conducts the audit based on a checklist accumulating the findings in each year. The auditors annually renew their internal qualifications by taking an examination. The lead auditor, who is selected among the auditors with sufficient experience and capabilities and appointed by the chairperson of the Environmental Management Committee, leads the audit team, supervising the other members.

#### Environmental Policy

1. We will resolutely drive environmental conservation activities by organizing an environmental management structure having "the Environmental Management Committee" as the top, in which all managers play the key role.
2. We will comply with environmental laws, ordinances and agreements as well as "the Environmental Policy" and establish voluntary goals to grapple with pollution prevention and environmental conservation.
3. We will strive to develop and improve environmentally responsible products (products contributing to energy and resource conservation, products that do not use harmful substances).
4. We will establish environmental objectives for the following items concerning the environmental impacts caused by business activities and improve environmental performance by implementing continuous improvement and reviewing the activities by internal audit.
  - 1) Effective use of natural resources by energy conservation, resource conservation and reduction and recycling of wastes.
  - 2) Proper management of harmful substances, reduction in their use and the adoption of replacements.
  - 3) Prevention of the global warming through the emission control of the greenhouse gas.
5. We will conduct training programs for all employees to raise awareness of environmental protection. Also, we will ask for the understanding and cooperation of suppliers in environmental conservation.
6. We will make efforts for environmental conservation activities, including use of sustainable resources, mitigation of climate changes and conservation of biodiversity, through individual business operations, strive to achieve a better global environment and contribute to the development of society.
7. The environmental management system applies to the activities, products, services and environmental conservation activities of the plants relating to the business activities of Semiconductor Company and Metrology Company.
8. This environmental policy is disclosed internally and externally.





## Eco Products

### Development of Eco Products

#### General purpose measuring software for manual coordinate measuring machine: XYANA Smart

As a successor to XYANA, the software for the coordinate measuring machines of Tokyo Seimitsu, this software was developed based on the following concepts. " It enables "intuitive", "effortless", "unhesitating" and "easy" 3D coordinate measurement.

- 1 Elimination of paper instruction manuals by introduction of on-line documentation and on-line help  
90% reduction from XYANA (former software)
- 2 Reduction of travels between measuring machine and data processing system and frequency of key pressing during operation for measurement  
Operation by hand terminal, AI-based decision making, improved operability by automated judgements
- 3 Reduction of frequency of line of sight movement to the object to be measured and data processing system during operation for measurement  
Measurement navigation by voice guidance
- 4 Reduction of measurement location errors and highly repeatable measurement  
Measurement alarm by voice guidance

- 1 contributes to reduction of resource consumption.
- 2 3 4 eliminate the measurer's stress and frustration and reduce the manhours in operation and manufacturing, thereby contributing to reduction of energy consumption in operation and manufacturing.



### Life Cycle Assessment (LCA) in Product Development

Being aware of our responsibilities for the environmental impact in the entire life cycle of the products, in 2016, Technical Working Group (Technical WG) of the CSR Promotion Committee unified the calculation standards for converting the environmental impact in each stage from production to disposal of products to CO<sub>2</sub> emissions (Life Cycle Assessment: LCA\*1). It is essential to assess the CO<sub>2</sub> emissions determined by this method in product development. By performing the LCA of existing products under production at the same time, we improve existing products and evaluate products under development and new products in comparison with existing products.

\*1 LCA (Life Cycle Assessment): Life cycle assessment is a method to quantitatively assess the environmental impact in each stage of the entire life cycle (procurement, manufacture, transportation, sale, use, disposal, reuse) of a product or a service.

### Eco Products

## Semiconductor Manufacturing Equipment



#### High-Rigidity Grinder HRG3000X

With regard to thinning of silicon wafers, in the past, we were providing polish grinders with a finishing step where slurry containing chemicals is used for grinding. However, we have developed HRG3000X enabling slurry-free thinning by a new method. It eliminates environmental stress concerning the purchase, storage and discharge of chemicals, as it not only makes treatment of waste slurry unnecessary but also eliminates the use of slurry itself.



#### Stack Prober AltaProv

An ordinary single prober consists of an electrical test measurement part comprising one unit and a wafer conveyance part comprising one unit. In contrast, AltaProv, which also has a wafer conveyance part comprising one unit, has an electrical test measurement part comprising 12 laterally and longitudinally connected units. It is a small footprint machine, which has achieved reduction of the maximum footprint of single prober by about 89% (including maintenance area).

## Eco-factory

Tokyo Seimitsu is a machinery manufacturer which also processes precision parts in-house. More than 99% of our energy consumption is the electric power used in production plants. We also use a fair amount of water for cutting and processing. Production of products that use water to process semiconductors is increasing and the amount of water used for inspection and adjustment of finished products and test processing is also increasing. As such, we continue to make efforts to reduce power and water consumption.

Since many paper drawings are used for parts processing and assembly due to a high number of mechanical parts in equipment, as an effort for reduction of resource consumption, we are working to reduce paper consumption by using electronic data for processing and assembly.

In addition, we try to recycle metal scraps and waste liquid

### CO<sub>2</sub> Emissions Reduction Target :

5% reduction per unit of production by fiscal 2019 as compared to power consumption of 384.8kWh/million yen and CO<sub>2</sub> emissions of 0.205t-CO<sub>2</sub>/million yen in fiscal 2014

	Achievement for FY2015	Achievement for FY2016	Achievement for FY2017	Achievement for FY2018	Achievement for FY2019
Power consumption (kWh/million yen)	367.7	416.3	370.2	335.1	406.6
CO <sub>2</sub> emissions conversion (t-CO <sub>2</sub> /million yen)	0.187	0.204	0.181	0.163	0.191

The target for power consumption was not achieved by fiscal 2019. The target for CO<sub>2</sub> emissions was achieved.

### CO<sub>2</sub> Emissions in Tokyo Seimitsu:

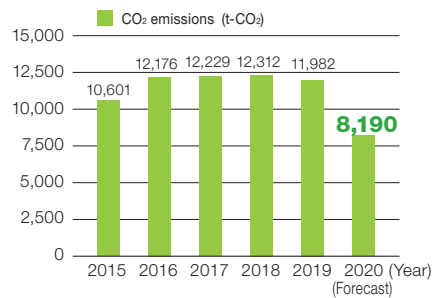
	Achievement for FY2015	Achievement for FY2016	Achievement for FY2017	Achievement for FY2018	Achievement for FY2019	Forecast for FY2020
Emissions (t-CO <sub>2</sub> )	10,601	12,176	12,229	12,312	11,982	8,190

from processing wherever possible. We will implement activities to achieve the mid-term target of 5% reduction of electric power consumption and paper purchase per unit of production in the next five years.

## Activities to prevent Global Warming (towards a carbon-free society)

### Electricity and CO<sub>2</sub>

A major greenhouse effect gas emitted by Tokyo Seimitsu is CO<sub>2</sub> equivalent of electricity purchased to operate the Hachioji and Tsuchiura Plants. A focus is placed on energy saving activities as a measure to prevent global warming, such as using LEDs for lighting, installing human detecting sensors, installing solar panels, and replacing air-conditioners and compressors with energy-saving types according to a plan. In order to reduce CO<sub>2</sub> emissions more effectively, we have switched to electricity generated from renewable energy sources (low-carbon electricity). We will do everything we can do to promote low carbon efforts toward a carbon-free society.



## Efforts for Resource Saving

### Water

Production of semiconductor manufacturing equipment that uses water is increasing. Water (pure water) is used in large quantities and the amount of wastewater is also increasing. It has long been a practice in Tokyo Seimitsu to recover part of the wastewater and use it as raw water for producing pure water after filtering. According to Aqueduct of World Resources Institute (WRI),

the water stress of the Hachioji Plant area for manufacturing of semiconductor manufacturing equipment and the Tsuchiura Plant area for manufacturing of measuring instruments, is classified as Low-Medium.

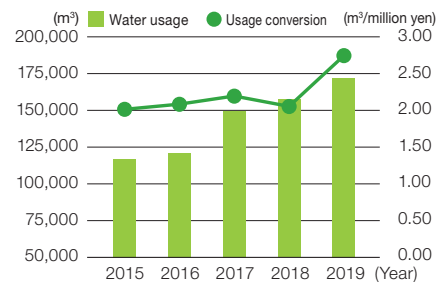
As a way to reduce water usage, we are conducting studies to reuse the wastewater from the production process of pure water.

### Target for Water Usage Reduction :

5% reduction per unit of production by fiscal 2019 compared to 2.00m<sup>3</sup>/million yen in fiscal 2014

	Achievement for FY2015	Achievement for FY2016	Achievement for FY2017	Achievement for FY2018	Achievement for FY2019
Water usage (m <sup>3</sup> )	117,097	121,115	149,544	157,375	171,706
Water usage conversion (m <sup>3</sup> /million yen)	2.01	2.08	2.19	2.05	2.74

The goal by fiscal 2019 not achieved



### Paper

As production of paper consumes a lot of resources, such as wood and water, reduction of paper usage is considered to contribute to conservation of the global environment. In each process within the Company, efforts are underway to gradually

expand the use of electronic data in operations.

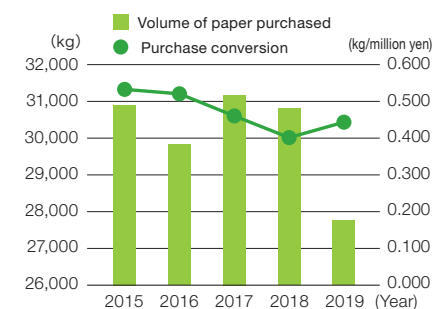
We will continue the efforts for reduction of paper usage.

### Target for Volume of Paper Purchased :

5% reduction per unit of production by fiscal 2019 compared to 0.562kg/million yen in fiscal 2014

	Achievement for FY2015	Achievement for FY2016	Achievement for FY2017	Achievement for FY2018	Achievement for FY2019
Paper purchase (kg)	30,903	29,827	31,169	30,802	27,766
Paper purchase conversion (kg/million yen)	0.532	0.520	0.460	0.401	0.443

A goal of 0.534 kg/million yen or below by fiscal 2019 achieved



### Other gases

The Company also manufactures HFC-based freezers used for semiconductor manufacturing equipment.

The refrigerant gas is properly managed and the amount of gas emitted to the atmosphere is almost zero.

Chemical substances are also used in the plants. Since they may pollute the environment, we control them properly in accordance with relevant laws and regulations. To prepare for emergencies such as leak accidents, "emergency scenario training" is implemented to prevent environmental pollution.

### Recycling of Wastes

We try to reduce the amount of wastes, for example, by using reusable plastic boxes instead of cardboard boxes. All of the wastes from Hachioji Plant are recycled including thermal recycling.

### Chemical Substances Control

In regard to chemical substances we use and those contained in parts, we are committed to minimizing impact on the environment and people by not only observing laws and regulations in Japan and in export destinations but also controlling non-regulated chemical substances based on voluntary standards.

#### Chemical Substances Control Based on Voluntary Standards

We apply internal company regulations which specify substances with the potential to pollute the environment. When these substances are used, the responsible person for environmental control must be notified. The amount of each substance used, the storage location, and the maximum storage amount are identified. SDS\* and emergency tools are made available and regular contingency drills are conducted. Also, we are examining the replacement of harmful chemical substances (organic solvent, etc.) with harmless or less harmful substances.

\*SDS: SDS stands for "Safety Data Sheet". Information on the name of the chemical substance, the manufacturer, handling methods, the nature of the hazard and type of toxicity, physical properties, impact on the environment, safety measures, emergency measures, and actions in the event of an emergency are recorded on this sheet for each chemical substance. According to the PRTR Law, manufacturers are supposed to compile the amount of emissions of chemical substances and the amount of transferred wastes and submit a report to the national government via local government. It is mandatory to attach SDS to the report.

#### Specified Chemical Substances Control

We have submitted notification for two substances whose amount of use exceeds the standard for the substances specified by the PRTR Law. With regard to the chemical substances requiring appropriate control stipulated in the Environmental Ordinance for Ensuring Health and Safety of Residents in Tokyo Metropolis, five of them are used in Hachioji Plant and we have submitted notification for them.

### Gases emitted to the Atmosphere

Unit: t-CO<sub>2</sub>

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
CH4	0.0	0.0	0.0	0.0	0.0
N2O	0.0	0.0	0.0	0.0	0.0
HFC	0.0	2.6	0.0	9.4	2.0
PFC	0.0	0.0	0.0	0.0	0.0
SF6	0.0	0.0	0.0	0.0	0.0

### Target for recycling of wastes:

Maintain recycling rate at 95% or higher by fiscal 2019

	Achievement for FY2015	Achievement for FY2016	Achievement for FY2017	Achievement for FY2018	Achievement for FY2019
Amount of recycled waste (t)	939	1,117	818	1,001	893
Recycling rate (%)	96.3	96.2	98.3	99.1	98.6

The target by 2019 (95% or higher) has been achieved.

### Control of Chemical Substances Contained in Products

We hold explanatory meetings to request suppliers to strictly control and report chemical substances contained in procured parts. More than 400 suppliers have so far attended the meetings.

Since fiscal 2016, we have been conducting an investigation regarding the RoHS directive, the REACH regulation, etc. using a cloud-based system with the cooperation of suppliers.

With regard to the products of Metrology Company, since July 2017, six substances have been controlled in accordance with the RoHS directive. All products exported to the EU are compliant with the Directive.

An investigation has been implemented about phthalate esters that will be added to the restricted substances in the RoHS Directive in July 2021 to make preparations for compliance. Semiconductor manufacturing equipment, which is the product of Semiconductor Company, is exempt from RoHS directive since it is categorized in Large-scale stationary industrial tools, but we are taking steps to be compliant.

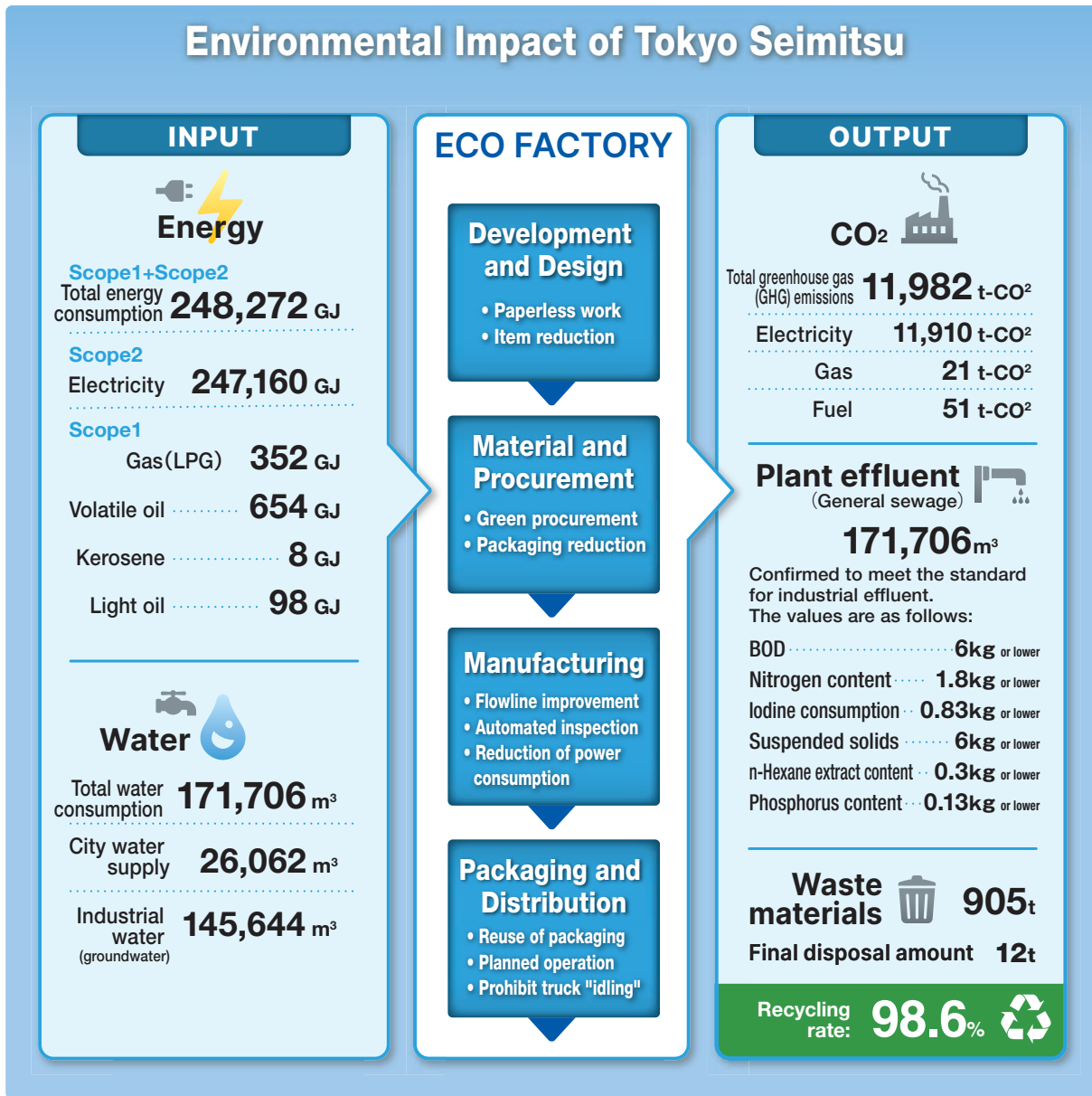
We set up RoHS Analysis Room in fiscal 2018 to analyze chemical substances contained in procured parts.

With respect to PFOA which was added to the Stockholm Convention on Persistent Organic Pollutants in July 2020, products of all Companies are compliant and all products exported to the regions where this regulation is enforced are compliant products.

## Overview of Environmental Impact

● Overview of Environmental Impact in Fiscal 2019

### Environmental Impact of Tokyo Seimitsu



### ECO PRODUCTS

#### Transport and Delivery

- Transport and Delivery equipment
- Transport energy

#### Operation of products

- Electric power
- Water
- Air
- Clean room

#### After-sales services

- Operating rate
- Equipment service life

#### Disposal

- Environmental pollutants

### Environmental Impact of Customers



## History of Environmental Conservation Activities



Solar panels at Hachioji Plant No. 6

- 1996 Jul Started education and training on environmental conservation activities.
- Sep Established the Environmental Committee.

---

- 1997 Feb Started environmental impact investigations in Hachioji and Tsuchiura Plants as well as in the divisions.
- May Created the Environmental Management Manual.

---

- 1998 Mar Acquired ISO14001 certification collectively by Hachioji and Tsuchiura Plants.
- Sep Formulated the "Motto (Action Guideline)".

---

- 1999 Nov Stopped the waste material incinerator and later removed it (Semiconductor Company).

---

- 2000 Mar Started the operation of waste water treatment facilities such as CMP systems and back grinders (Semiconductor Company).
- May Removed the heating facilities using heavy oil boilers and underground heavy oil tanks (Semiconductor Company).

---

- 2001 Apr Renewed ISO14001 certification.
- May Opened the new main building at Hachioji Plant.

---

- 2002 Mar Scrapped privately owned incinerators (Metrology Company).

---

- 2003 Mar Established "ACCRETECH Green Procurement Guideline".

---

- 2004 Feb Updated air conditioners from heavy oil boilers to electrically powered devices (Metrology Company).
- Aug Established "the ACCRETECH Group Code of Conduct".
- Sep Issued the Environmental Report.

---

- 2005 Feb Closed specified facilities of Tsuchiura Plant.
- Apr Received an award from the Ibaraki Labour Bureau for our commitment to office safety.
- Apr Started operation at the new plants in Hachioji and Tsuchiura.
- Jun Obtained ISO 14001 certification (2004 version).
- Jul Held supplier briefings on hexavalent chrome-free materials.

- 2006 Jan Started the Hexavalent Chrome-free Project.
- Apr Completed the removal of all halon fire extinguishers.
- Jun Started the "Cool Biz" project.
- Oct Started production using lead-free solder for new products (Semiconductor Company).

---

- 2007 Feb Received the Japan Machinery Federation President's Award for our laser dicing machines, under the award system for superior energy-saving products.

---

- 2008 Mar Received a letter of commendation from the Fire Chief.

---

- 2009 Nov Renewed the "approval of the excellent fire prevention property" for Hachioji Plant.

---

- 2010 Aug Received an award from the Tokyo Metropolitan Government for the "Road Adopting System".

---

- 2011 Jun Constructed Hachioji Plant No. 5.
- Nov Revised the environmental policy.

---

- 2012 Jul Launched the cutting and grinding tool business.

---

- 2013 Mar Acquired ISO14001 certification adding cutting and grinding tools to the scope of application.

---

- 2015 Jun Installed and started operation of solar panels at Hachioji Plant No. 5.

---

- 2016 May Constructed Hachioji Plant No. 6.
- Dec Installed and started operation of solar panels at Hachioji Plant No. 6.

---

- 2017 Jun Acquired ISO14001:2015 certification.

---

- 2020 Mar Switched part of the electric power used in Hachioji Plant to low-carbon power.
- Apr Constructed Tsuchiura Plant MI Building.
- Jun Installed solar panels at Tsuchiura Plant MI Building.



Tsuchiura Plant MI Building



Solar panels of Tsuchiura Plant MI Building

# Relationship with Society

In addition to contributing to society through business activities, in order to create sound and sustainable society as a corporate citizen, we identify issues and needs of each region through communication with society and drive social contribution activities to address such issues and needs.

## Relationship with Local Society

### Activities in the Hachioji Area

#### ● Cooperation with the Local Government

Hachioji Plant is a member of the Hachioji Branch of the Tokyo Federation of Labour Standards Associations.

In collaboration with the member companies operating within the jurisdiction of Hachioji Labour Standards Office, the Branch conducts training on compliance with labour-related laws and regulations, prevention of industrial accidents and implementation of activities for workers' health maintenance and promotion as well as seminars on occupational safety and health with the objective of creating "safe, healthy and comfortable workplaces".

Many employees of Hachioji Plant attend the seminars every year.

Also, the Company belongs to the General Affairs and Public Relations Department of the Branch and plays a role of strengthening the alliance among the member companies by issuing newsletters periodically.

Hachioji Branch of Tokyo Federation of Labour Standards Associations  
🌐 <https://www.toukiren.or.jp/shibu/hachioji/>

Also, as a vice chairperson of the Hachioji branch of Japan Association Safety of Hazardous Materials and Fire Prevention Study Council, which collaborate with Hachioji City in fire prevention activities, they are involved in the fire prevention administration of the local community.

#### ● Special class for students

Hachioji City has a concentration of companies handling fundamental technologies with advanced technical skills, companies with excellent product development capability as well as research laboratories and colleges, and one of the characteristics of the city is that many of them are related to fields of high technology, such as "electronics and devices" and "electrical machinery".

Since fiscal 2016, Nihon Kogakuin College Hachioji Campus has been annually holding a lecture series entitled "Learning the Way of Manufacturing in Hachioji" in partnership with the local community. For this lecture series, industry leaders mostly from manufacturers in Hachioji are invited to give a lecture on topics including the attractiveness of manufacturing, mindset required for a full-fledged adult in society and attractiveness of Hachioji City based on their experience.

Students attending the lecture are expected to make use of the lecture for subsequent classes, internship training, job hunting and career design, aiming to achieve their dream and target.

Tokyo Seimitsu headquartered in Hachioji City has agreed with the purpose of educating the students in the local

community and has been sending a lecturer from the first series in 2016.

In January 2020, Plant Manager Mitsuhashi of Hachioji Plant gave a lecture entitled "Current Status of State-of-the-Art Semiconductor Manufacturing Equipment: Supplied from Hachioji to the World". He talked about the fact that Tokyo Seimitsu supplies equipment of state-of-the-art technology from Hachioji to the world, the technology of semiconductor manufacturing equipment derived from the world's top-level precision measurement technology and the equipment of Tokyo Seimitsu is used for manufacturing smartphones, cars, rockets and other familiar products as well as hi-tech products.

The students commented that they were surprised to hear that Tokyo Seimitsu is deeply involved in the development of Japanese industry.



Hachioji Plant Manager Mitsuhashi giving a lecture

#### ● Participation in the Adopt-a-Road Program

Since 2004, Hachioji Plant has been involved in the Adopt-a-Road Program launched by Hachioji City. We have adopted a rotary road on the east side of JR Kita-Hachioji Station and are making efforts to keep the road clean by trimming the plants and weeding at regular intervals in addition to picking trash on a daily basis. In fiscal 2019, cumulative number of 151 employees were participated this activity.

This activity is part of the curriculum of one-month orientation training for new employees, helping them raise the awareness of the importance of contributing to the local community.



Hachioji City Government Website (on the Road Adopting System)  
🌐 <https://www.city.hachioji.tokyo.jp/kurashi/life/001/001/016/p006890.html>



VOICE

**Comment from an Employee Who Participated in the Activities**



Administration Company  
Human Resources Dept.

**Akiko Sube**

By participating in the Road Adopting System, I didn't just clean the road, but I realized that I am "a member of the community" and felt "a sense of accomplishment and refreshment by making the road clean". Kita-Hachioji Station is used by a lot of people, as it is located in the neighborhood of companies and schools. The road may have a lot of trash because of the crowd, but it also means that cleaning the road makes a lot of people feel refreshed. Through the activity, I found small cigarette butts, which I normally do not notice because the area is so familiar to me, and some bicycles parked in way that would obstruct pedestrians. I also realized that the environment is kept clean because when somebody has left trash, somebody else picks it up. The activity has made me feel more attached to the station when I use the station. Due to the COVID-19 pandemics since the end of fiscal year, systematic activities have been suspended, but we can still act individually to keep the road clean. Moving forward, I would like to continue using Kita-Hachioji Station pleasantly with the community people.

● **Local cleanup activities**

Tsuchiura Plant performs cleaning of the area around Nakanuki Park once a week together with the neighboring companies of the Park.

From 2006, every Monday, different sections of Tsuchiura Plant take turns to clean the park on their own. In fiscal 2019, the cleaning was carried out 50 times with the participation of a cumulative number of 100 employees.

This cleaning activity, which has been implemented over many years, has raised the awareness of local people. In the past, the roads near the Park were filled with trash, but significant improvement has been observed in recent years. However, littering from trucks illegally parked at night has not been totally eliminated yet. We will continue this activity, hoping that it will help in keeping the environment around the park clean and improving social manners.



Local Cleanup Activities

■ **Activities in the Tsuchiura Area**

● **Eco-partner Agreement**

Tsuchiura City is implementing the Tsuchiura Eco-Partner Program in which the City and business operators form a close partnership to address the issues of global warming, energy and wastes, thereby creating a low-carbon and recycling-oriented society through concerted efforts with the objective of passing down a better environment to children of future generations. Agreeing to this idea, we concluded a partnership agreement with Tsuchiura City at the end of March 2016. In April every year, we submit a report of the activities in the previous fiscal year and an activity plan for the year, which are uploaded to the website of Tsuchiura City for information disclosure.



Reference: Tsuchiura City Government's Website  
Eco-partner Agreement  
<https://www.city.tsuchiura.lg.jp/page/page004517.html>

● **Protection of Kasumigaura**

In the neighborhood of Tsuchiura Plant, there is a famous sightseeing spot of Ibaraki Prefecture called "Kasumigaura". In order to keep this lake clean and beautiful, Tsuchiura City requires neighboring companies to submit a "environmental pollution control plan". As a company operating in Tsuchiura City, we submit our plan to the city government and promote activities of conservation of lake water quality based on the plan.

VOICE

**Comment from an Employee Who Participated in the Activities**



Metrology Company Tsuchiura  
General Affairs Section

**Katsutoshi Shingai**

Nakanuki Park is located right in front of Tsuchiura Plant. Beautifully colored with cherry blossoms in spring and yellow ginkgo leaves in autumn, the park is very familiar to me as I can enjoy the scenery through the window of my workplace. However, because it faces a corner of the industrial estate with a heavy traffic of trucks, a lot of waste illegally dumped on the side of the road around the park ruined the scenery. I think you call it a broken window theory. As someone throws waste, other people also throw waste in the same place. The park looked terrible because of the accumulation of waste. But, since we started taking turns to clean the park every week, the amount of waste has considerably decreased. However, illegal dumping cannot be eliminated. If we pretend not to see it, the park will soon return to the same terrible situation as in the past. So, I think all employees are aware that this weekly cleaning is a very important activity.

I would like to continue being part of this activity to protect the beautiful park so I can feel relaxed whenever I look at the park from my workplace.

## Relationship with Industry Groups

We not only mind our business alone but share our know-how and information with other industry groups to help the industry prosper further.

### ■ SEAJ (Semiconductor Equipment Association of Japan)

SEAJ is engaged in a wide range of activities, from statistical surveys and researches on the industry's issues and new technologies to seminars, workshops, and promotion of standardization, to promote the sound development of the semiconductor manufacturing equipment industry and other related industries. Several employees from our company participate in the organization and cooperate in the development of the semiconductor manufacturing equipment industry.

### ■ Participation in the ISO Technical Committee

The ISO (International Organization for Standardization) has been organized to ensure that products are handled based on the same standards and rules to facilitate international trades. At present, over 20,000 international standards have been established. Its Secretariat is located in Geneva, Switzerland and there are more than 300 Technical Committees to deal with different categories of products. TC213, which is one of the Technical Committees to deliberate and establish standards for "geometrical product specifications", is relevant to the Company. In this committee, rules pertaining to length standards, description method of drawing dimensions, specification standards of measuring instruments, inspection methods, etc. are deliberated by several working groups (WGs).

Two of our employees are appointed as committee members representing Japan. They currently participate in the working groups for standards of coordinate measuring machines, roundness measuring machines, surface texture measuring machines/filters and measurement uncertainty. TC213 holds regular sessions twice a year in different venues in different countries to discuss new standards and revision of existing standards. In particular, with respect to the discussion of the standards of roundness measuring machines, they act as project leaders to lead the discussion, driving the effort to achieve the adoption of the standard proposed by Japan as an international standard.

### ■ Japan Society for Precision Engineering

The Japan Society for Precision Engineering is an academic society that is significantly contributing to the development of industry and improvement of production technology. It holds academic lectures, seminars and symposiums, organizes plant tours and issues journals. Tokyo Seimitsu participates in the Expert Committee for Intelligent Nano-Measurement\*1 and the Expert Committee for Convergence Engineering\*2 and serves as an accounting auditor in the Expert Committee for Intelligent Nano-Measurement. For the 2019 Spring Convention, we participated as a councilor.

The Convention in fiscal 2020 was postponed because of the COVID-19 pandemic, but an employee of the Company, who was appointed as the chair of the "Corporate Member Association", participates in the examination of papers for commendation.

\*1 Expert Committee for Intelligent Nano-Measurement: Expert committee concerning technological development including intelligent data processing, traceability and standardization.

\*2 Expert Committee for Convergence Engineering: Expert committee concerning new design and production methods that digitize object information obtained by 3D shape scanning technology (industrial X-ray CT and 3D surface scanner) and utilize the information on digital engineering systems (CAD, CAM, CAE).

### ■ Japan Precision Measuring Instruments Manufacturers Association

The Japan Precision Measuring Instruments Manufacturers Association holds comprehensive trade shows related to measurement and metrology in general, promotes standardization to help improvement in technology and quality, and organizes joint workshops with other groups. Through these and other activities, it has significantly contributed to the promotion of Japan's precision measuring instrument industry. We actively participate in many of its working groups and committees as well as the management of trade shows, thus making enormous contribution to the development of the precision measuring instrument industry.

In fiscal 2018, we planned and organized a seminar under CMM Working Group at JIMTOF 2018. From fiscal 2020, CEO Yoshida of the Company is engaged in this duty as the president of the Society. The next JIMTOF, which is JIMTOF2020, will be held on line because of the impact of COVID-19 pandemic. We will participate in it to contribute to the industrial development in this field. We are also engaged in editing of the JIS guidebook under CMM Working Group \*3.

\*3 CMM (Coordinate Measuring Machine) is a measuring machine capable of 3D measurement of solid objects.



## Tosei Engineering Corp.

### Company Overview

- **Date of establishment** : April 15, 1969
- **Headquarters** : 4-6 Higashinakanuki-machi, Tsuchiura-shi, Ibaraki
- **President** : Katsuhiko Tago
- **Sales** : 15,413 million yen (fiscal 2019)
- **Employees** : 580 (as of March 31, 2020)  
(Note) Personnel seconded from the Company to other companies are excluded, and personnel seconded from other companies to the Company are included.
- **URL** : <https://www.toseieng.co.jp/component/en/>
- **Hubs** : 4 plants and 13 service bases in Japan and 10 bases overseas



### Business Overview

The company was established in 1969 as a group company of Tokyo Seimitsu responsible for servicing of the products of Tokyo Seimitsu and development and manufacture of automated and labour-saving measuring equipment. Since the establishment, based on the concept that "Nothing can be created without means of measurement", we have been committed to accumulating technological expertise through provision of precision measuring instruments to the field of precision processing and servicing of such measuring instruments, thereby developing the business. The company has been exclusively developing and manufacturing automatic measuring instruments for production lines of automobiles, bearings, electric appliances and electronic products. With its precision technology as the foundation, it advanced into the field of semiconductor manufacturing, which is now one of its major business areas.

Since its establishment, with "Customer First" as our motto, we have been making an all-out effort to provide original technology and services. Going forward, under the slogan of "All For One, All For Customer", we will continue our attempts to be the "only one" company able to promptly respond to all kinds of customer needs.

### CSR Activity Example 1

#### •Compliance and Ensuring Communication of Internal Regulations

"To become a company that can gain trust from all stakeholders, Tosei Engineering seeks to enhance corporate governance and compliance, and ensure healthy and transparent management." "Right decision making will achieve sustainable growth and increase corporate value in a medium to long term."

For the purpose of thoroughly implementing and communicating the "ACCRETECH Code of Conduct" and other internal regulations and rules, we have set up a system enabling employees to always view and check them on the internal network and are making efforts to improve the understanding of employees.

### CSR Activity Example 2

#### •Promotion of diversity and inclusion

The global meeting, which is usually held in Japan, was held in Thailand and China this year with the objective of "Improvement of Global Engagement". The meeting was conducted with English as the common language. With regard to issues raised by each country, all participants gave advice and held discussions from their own viewpoints and experience. There was also an active exchange of information about market trends in relation to the issues. It turned out that some issues of a country have already been solved by another country. The participants confirmed the intent to build a structure to resolve the issues that cannot be resolved by a single office or plant through mutual cooperation.

A structure for global cooperation is now in place with monthly web-based discussions conducted in each area for speedy resolution of issues and continuous improvement.

### CSR Activity Example 3

#### •Creation of safe and secure workplace environment

The Safety and Health Committee at each office holds a meeting every month.

In Kandatsu Plant, Safe Operation Subcommittee, Fire Prevention Subcommittee, Safe Driving Subcommittee and Environmental Subcommittee have been organized. They are striving to ensure employee safety and security at work and maintain comfortable workplace environment, going beyond the compliance of Industrial Safety and Health Act and other relevant laws and regulations. As part of the committee activities, committee members periodically inspect inside the plant, aiming to achieve zero industrial accident. This is also linked to the "5S3T" activities. Risk assessment is performed at the same time to raise the "safety" consciousness of employees and share the recognition of risks in the workplace with all the employees within the workplace.

Nagoya Plant is focused on education and training and license acquisition in addition to safety patrol and in-house safety convention, thereby improving the competence of the whole plant and ensuring compliance for operations within the premises. To enable employees to immediately utilize the BCP (business continuity plan) in case of emergency, communication structure for disaster information has been strengthened. The steady efforts in the industrial safety and health activities are highly appreciated by customer, resulting in an effort award for safety from them.

# Group Companies 2

Companies of the Tokyo Seimitsu Group are shown below.

## Tosei Systems Co.,Ltd.

### Company Overview

- **Date of establishment** : October 1, 1985
- **Headquarters** : Within Tokyo Seimitsu Plant, 2968-2, Ishikawa-machi, Hachioji-shi, Tokyo
- **President** : Koichi Kawamura
- **Sales** : 2,088 million yen (fiscal 2019)
- **Employees** : 128 (as of March 31, 2020)
- **URL** : <https://toseisystems.co.jp/>
- **Operations** : 2 in Japan, 0 overseas



### Business Overview

Tosei Systems is a 100%-owned subsidiary that supports product development of Tokyo Seimitsu in the field of software.

The Company is responsible for a variety of software businesses for Tokyo Seimitsu, such as development of "Windows applications" attached to equipment including "embedded software" for control of semiconductor manufacturing equipment and measuring instruments and for measurement by measuring instruments, development and operation support of the ERP, and creation and maintenance of websites of group companies.

As the Company handles a wide range of software businesses, both new graduate and mid-career people are recruited regardless of gender or major in college, taking their aptitude to software businesses into consideration.

New graduates are provided with three month training, which includes external training, before assignment.

In 2020, due to the impact of COVID-19 pandemic, external training was replaced by remote training, but where possible, all the six new employees attended the remote training in a conference room of the Company together so that they could promote exchanges among them.

Since the assignment, they have been trained on the job to learn how to use the equipment and development environment. The OJT is still on-going.

### ISO27001 (Information Security)

With regard to the ISO27001 certification, after a part of the sections was certified in 2017, the certification has been expanded to other sections every year.

In 2020, we passed the surveillance audit, which is conducted once in four years, without any problems.

Aiming to achieve company-wide certification by acquisition of the certification by the Development Group which works in the Technology Group of Tokyo Seimitsu in 2021, working group activities are being carried out.

## Tosei Box Corp.

### Company Overview

- **Date of establishment** : September 1, 2001
- **Headquarters** : 2968-2 Ishikawa-machi, Hachioji-shi, Tokyo
- **President** : Hideaki Takano
- **Sales** : 945 million yen (fiscal 2019)
- **Employees** : 39 (as of March 31, 2020)
- **URL** : <http://www.toseibox.com/>
- **Operations** : 4 in Japan, 0 overseas



### Business Overview

Under the motto of "Safety, Comfort and Relief", Tosei Box contributes to society by providing affluent living environment through delivery lockers that can be used securely. Delivery lockers allow customers to receive packages during absence.

The use of deliver lockers can eliminate re-deliveries during absence and reduce the driving distance of delivery vehicles, thereby reducing CO<sub>2</sub> emissions and unreasonable workload of delivery workers. As such, promotion of the widespread use of delivery lockers is a business of social significance, leading to environmental conservation and reduction of the workload of delivery workers.

Also, it is considered that the delivery locker is gaining importance as a social tool under the post-COVID new normal lifestyle to avoid face-to-face contact as a preventive measure of COVID-19.

"The company provides various types of lockers to fulfill the customer's needs with improved security and usability, which made of stainless steel or finished with different colors to match the interior of the building.

Our customers prefer the non-contact IC card, the fingerprint or vein authentication system, and the automatic open type system.

The company is committed to supplying better products and services and promoting CSR activities in order to contribute to future society."

Training for employees includes sharing of the social significance of the Company business, e-learning program on the Code of Conduct and information security, and for the purpose of awareness, harassment training is conducted for all employees.

# Accretech Powertro System Co., Ltd.

## Company Overview

- **Date of establishment** : October 1, 1999
- **Headquarters** : 50 Osaku, Matsukawa, Furudono-machi, Ishikawa-gun, Fukushima
- **President** : Seiichi Suzuki
- **Sales** : 1,974 million yen (fiscal 2019)
- **Employees** : 128 (as of March 31, 2020)
- **URL** : <https://www.acct-powertro.jp/>
- **Operations** : 5 in Japan, 0 overseas



## Business Overview

Utilizing its technology in power supply, the company provides charge/discharge testing systems and commissioned service for evaluation of batteries that are essential in the research, development and manufacture of secondary batteries, capacitors and fuel cells.

## CSR (Corporate Social Responsibility) Activities

### •Contribution to social development as a solution partner in smart energy society

In the ever-evolving utilization of electrical energy, progress of power supply technology has helped humans to make their dreams come true.

A major challenge in utilizing electrical energy is "to store the energy to make it possible to use it in the quantity needed whenever and wherever necessary". To overcome this challenge, efforts have been made to evolve secondary batteries in many ways.

The Company contributes to creating an affluent society with dreams by supporting the supply of electrical energy, which is a critical infrastructure in today's society, with the equipment featuring high efficiency, high output and low noise in an eco-friendly and smart way.

Utilizing the technology in power supply, we provide charge/discharge testing systems and commissioned service for evaluation of batteries relevant to the research, development and manufacture of secondary batteries, capacitors and fuel cells.

As an energy solution partner of customers aspiring to create a smart energy society, we contribute to total solution of issues with our structure handling all stages from development to after-sales service.














Energy Testing System

Commissioned service for battery evaluation



# ISO 26000 Correspondence Table

In publishing the CSR Report, we summarize our CSR efforts in line with the core themes of ISO 26000 and strive to improve these efforts and the report.

ISO 26000 Core Themes	Challenges	Our Initiatives	Related SDGs
Governance	1. Governance	<ul style="list-style-type: none"> <li>● CEO's Message</li> <li>● Tokyo Seimitsu's View on CSR</li> <li>● ACCRETECH Group Code of Conduct</li> <li>● Corporate Governance                             <ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Compliance</li> <li>• Risk Management</li> </ul> </li> <li>● Relationship with Customers                             <ul style="list-style-type: none"> <li>• Quality Compliance and Employee Training</li> </ul> </li> <li>● Relationship with Suppliers                             <ul style="list-style-type: none"> <li>• Training for Tokyo Seimitsu Employees</li> </ul> </li> <li>● Relationships with Employees                             <ul style="list-style-type: none"> <li>• Promotion of Compliance</li> </ul> </li> </ul>	
	2. Due diligence 3. Human rights risk situations 4. Avoidance of complicity 5. Resolving grievances 6. Discrimination and vulnerable 7. Civil and political rights 8. Economic, social, and cultural rights 9. Fundamental principles and rights at work	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Relationship with Suppliers                             <ul style="list-style-type: none"> <li>• Supply Chain Enhancement</li> </ul> </li> <li>● Relationships with Employees                             <ul style="list-style-type: none"> <li>• Promotion of Compliance</li> <li>• Initiatives for Diversity in Work Styles and Human Resources</li> </ul> </li> </ul>	 
Labour practices	10. Employment and employment relationships	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Relationship with Customers                             <ul style="list-style-type: none"> <li>• Global and Attentive Support System</li> </ul> </li> <li>● Relationship with Suppliers                             <ul style="list-style-type: none"> <li>• Supply Chain Enhancement</li> </ul> </li> <li>● Relationships with Employees</li> <li>● Relationship with Society                             <ul style="list-style-type: none"> <li>• Relationship with Local Society</li> </ul> </li> </ul>	 
	11. Conditions of work and social protection		
	12. Social dialogue		
	13. Health and safety at work		
	14. Human resource development and training at work		
Environment	15. Prevention of pollution	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Relationship with the Global Environment                             <ul style="list-style-type: none"> <li>• Basic View on the Environment</li> <li>• Eco Products</li> <li>• Eco Factory</li> <li>• Chemical Substances Control</li> </ul> </li> </ul>	   
	16. Sustainable resource use		
	17. Mitigation of and adaptation to climate change		
	18. Environmental preservation, biodiversity, and recovery of natural habitats		
Fair business practices	19. Prevention of corruption	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Corporate Governance                             <ul style="list-style-type: none"> <li>• Compliance</li> <li>• Risk Management</li> </ul> </li> <li>● Relationship with Suppliers                             <ul style="list-style-type: none"> <li>• Supply Chain Enhancement</li> </ul> </li> <li>● Relationships with Shareholders and Investors</li> </ul>	
	20. Responsible political involvement		
	21. Fair competition		
	22. Promotion of social responsibility in the value chain		
	23. Respect for property rights		
Consumer issues	24. Fair marketing, information, and contractual practices	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Corporate Governance</li> <li>● Relationship with Customers                             <ul style="list-style-type: none"> <li>• Initiatives for Customer Satisfaction</li> </ul> </li> <li>● Relationship with Suppliers                             <ul style="list-style-type: none"> <li>• Supply Chain Enhancement</li> </ul> </li> <li>● Relationship with the Global Environment                             <ul style="list-style-type: none"> <li>• Eco Products</li> </ul> </li> </ul>	
	25. Protection of health and safety of consumers		
	26. Sustainable consumption		
	27. Consumer services, support, resolution of complaints and grievances		
	28. Consumer data protection and privacy		
	29. Access to essential services		
	30. Education and raising awareness		
Community development	31. Participation in the community	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Relationships with Employees                             <ul style="list-style-type: none"> <li>• Initiatives for Health of Employees and their Families</li> <li>• Human Resource Development</li> </ul> </li> <li>● Relationship with Society                             <ul style="list-style-type: none"> <li>• Relationship with Local Society</li> <li>• Relationship with Industry Groups</li> </ul> </li> </ul>	
	32. Education and culture		
	33. Job creation and skill development		
	34. Technology development and access		
	35. Creation of wealth and income		
	36. Health		
	37. Social investment		

## MEMO

A large grid of graph paper for taking notes, consisting of 20 columns and 40 rows of small squares.

**MEMO**

A large grid area for writing a memo, consisting of a 20x30 grid of small squares. The grid is bounded by a thin black line on the top, bottom, and right sides, and is positioned directly below the 'MEMO' header.





Hachioji and Tsuchiura Plants obtained ISO 9001 and ISO 14001 certifications simultaneously.

**Tokyo Seimitsu Co., Ltd.**

CSR Promotion Committee

2968-2, Ishikawa-machi, Hachioji-shi, Tokyo 192-8515, Japan

Phone: +81 (0)42-642-1701 Fax: +81(0)42-642-1798

URL: <http://www.accretech.jp>

Issued: October 2020

A - 016 - E - 2010