



**SUSTAINABLE  
DEVELOPMENT  
GOALS**

Sustainability Report

**2023**

# INDEX

“TMEIC Group” refers to TMEIC and its subsidiaries. However, all data and information stated in this report concerns only TMEIC unless otherwise stated.

As applicable, TMEIC and its subsidiaries have different codes, policies, standards and procedures in light of legal and other requirements in their locations.

Product lineup differs by country. For product inquiries, please contact your nearest sales office.

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## Editorial Policy

This report summarizes TMEIC’s approach to sustainability, including our systems, structures and achievements, and is compiled annually. It provides a comprehensive description of our activities covering four key challenges formulated in fiscal 2019 (Please refer to page 5 for “TMEIC’s Key Challenges”). We utilized GRI Standards and ISO 26000 guidelines in making the report in an effort to meet social requirements. In the revised edition of our Sustainability Report 2022, we added more detailed information (such as the inclusion of a GRI Standards Comparison Table), reflecting in particular the opinion of our business partners and other stakeholders.

### Scope of this Report

This report primarily covers TMEIC with certain information also provided on principal Group companies in Japan and overseas. The range of data compiled is noted individually.

### Period Covered by the Report

April 1, 2022 to March 31, 2023

Also includes some information on initiatives prior to this period as well as on recent activities

### Date Published

October 2023

### References

- Global Reporting Initiative (GRI) Standards  
Please refer to the GRI Standards Comparison Table for detailed information.
- ISO26000

### Inquiries

Please see the following:

<https://www.tmeic.co.jp/contact/>



President & Chief Executive Officer  
**Akira Kawaguchi**

### **TMEIC will accelerate efforts toward achieving a carbon-neutral society with our 20th anniversary marking a new beginning.**

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Global society and the economy are currently being reshaped despite the gradual alleviation of the impact caused by COVID-19, and the world is striving to resolve the challenges that this brings. Amid this drastic transformation, we must also confront the universal challenge of climate change and other environmental issues. TMEIC Corporation has expanded operations beyond Japan to encompass many parts of the world, including the United States, Europe, China, Southeast Asia, India, Australia and the Middle East, with efforts to tackle these environmental issues taking on a global status and underpinning our business activities.

In fiscal 2019, we formulated four key challenges and confirmed the direction of efforts to address each challenge in light of the Sustainable Development Goals (SDGs). Our activities aim to help realize a sustainable society with a view to 2030 and 2050. We are particularly focused on the global goal of creating a carbon neutral society by continuing to develop and market power conditioners and battery energy storage systems aimed at proliferating renewable energy, motor and drive systems that conserve energy and boost efficiency, and system solutions that enhance efficiency in manufacturing processes. Efforts are also intensifying in new fields that are expected to see an increase in demand for carbon-free energy. These include advanced rectifiers suitable for stable operation in hydrogen production plants and electric furnace power systems with relatively low CO<sub>2</sub> emissions. We are committed to taking on these endeavors to lead us into the next era.

In addition, we have put in place a governance system suitable for the Group's business operations in order to achieve sound and sustainable growth and improve corporate value over the medium to long term. We are also striving to ensure fair and highly transparent corporate activities by establishing the TMEIC Group's codes of conduct and through internal controls and risk management.

The TMEIC Group's corporate philosophy is to build relationships of trust with customers and contribute to the sustainable development of a global society as an industrial systems integrator. This philosophy has been in place since our earliest days and embodies the idea of realizing sustainability that we espouse. Our unwavering mission since our founding is to resolve society's challenges through our business and grow and develop with society and customers. To achieve this, we aim to build strong partnerships that will enable us to work hand in hand and advance forward with our customers through close communication.

As we approach our 20th anniversary in October 2023, we remain committed to being a company that supports industrial and social infrastructure and contributes to the realization of a carbon neutral society. We will also work to increase an understanding of our corporate philosophy and these activities among our many stakeholders and society as a whole. I ask for your ongoing guidance and support as we strive to achieve our goals.

## TMEIC Sustainability and the SDGs

The TMEIC Group's corporate philosophy is to build relationships of trust with customers and contribute to the sustainable development of a global society as an industrial systems integrator. This philosophy and the TMEIC Group's codes of conduct outline our approach to sustainability.

The Group recognizes that it has a social responsibility to help realize a society in which the environment and the economy are in harmony, and to develop technologies that support environmental protection. With this in mind, we have been undertaking initiatives that leverage our state-of-the-art technology and exceptional engineering capabilities so that our business activities contribute to the realization of a sustainable society. At the same time, we have endeavored to further gain the trust of customers and build better partnerships.

Following adoption of the Sustainable Development Goals (SDGs) by the United Nations in 2015, TMEIC has begun efforts to integrate the SDGs into management as a means to help achieve these goals. In fiscal 2019, we incorporated the SDGs as Group-wide guidelines and identified key challenges. Based on these critical areas, we will look to further strengthen ties with customers and continue taking on new challenges



## TMEIC's Key Challenges

TMEIC has identified key challenges based on the 17 Goals and 169 targets of the SDGs in order to determine specific areas to focus on in future activities.

All internal business divisions were involved in the process. Interviews were conducted to determine challenges and associated activities, and ensure that each of these are consistent with our management philosophy and medium-term management plan from the perspective of importance to the Company.

As a result, we put forward the following four themes as areas of critical importance.

- 1. Realize a sustainable and resilient society**
- 2. Pursue innovation to expand added value**
- 3. Develop human resources and create an environment supporting corporate activities**
- 4. Establish standards and rules that form the basis of sound corporate activities**

Going forward, we will set key performance indicators (KPIs) for each theme, regularly evaluate and re-identify the key challenges and continuously monitor each item through a Plan-Do-Check-Act (PDCA) cycle.

### Key Challenges in Business Activities

#### Realize a Sustainable and Resilient Society



- Enhance energy efficiency
- Spread the use of renewable energy



- Contribute to increased productivity in industrial markets



- Help improve access to safe water
- Contribute to the spread of sustainable transportation
- Enable energy-saving local production for local consumption
- Help mitigate climate change
- Create a society resilient to disaster



- Develop high-added-value products and services



- Drive innovation through partnerships worldwide

### Key Challenges in Management Foundations

#### Develop Human Resources and Create an Environment Supporting Corporate Activities



- Develop global human resources and engineers



- Promote diversity
- Create a pleasant working environment

#### Establish Standards and Rules That Form the Basis of Sound Corporate Activities



- Ensure high levels of corporate governance and compliance

## TMEIC's Value Creation Story

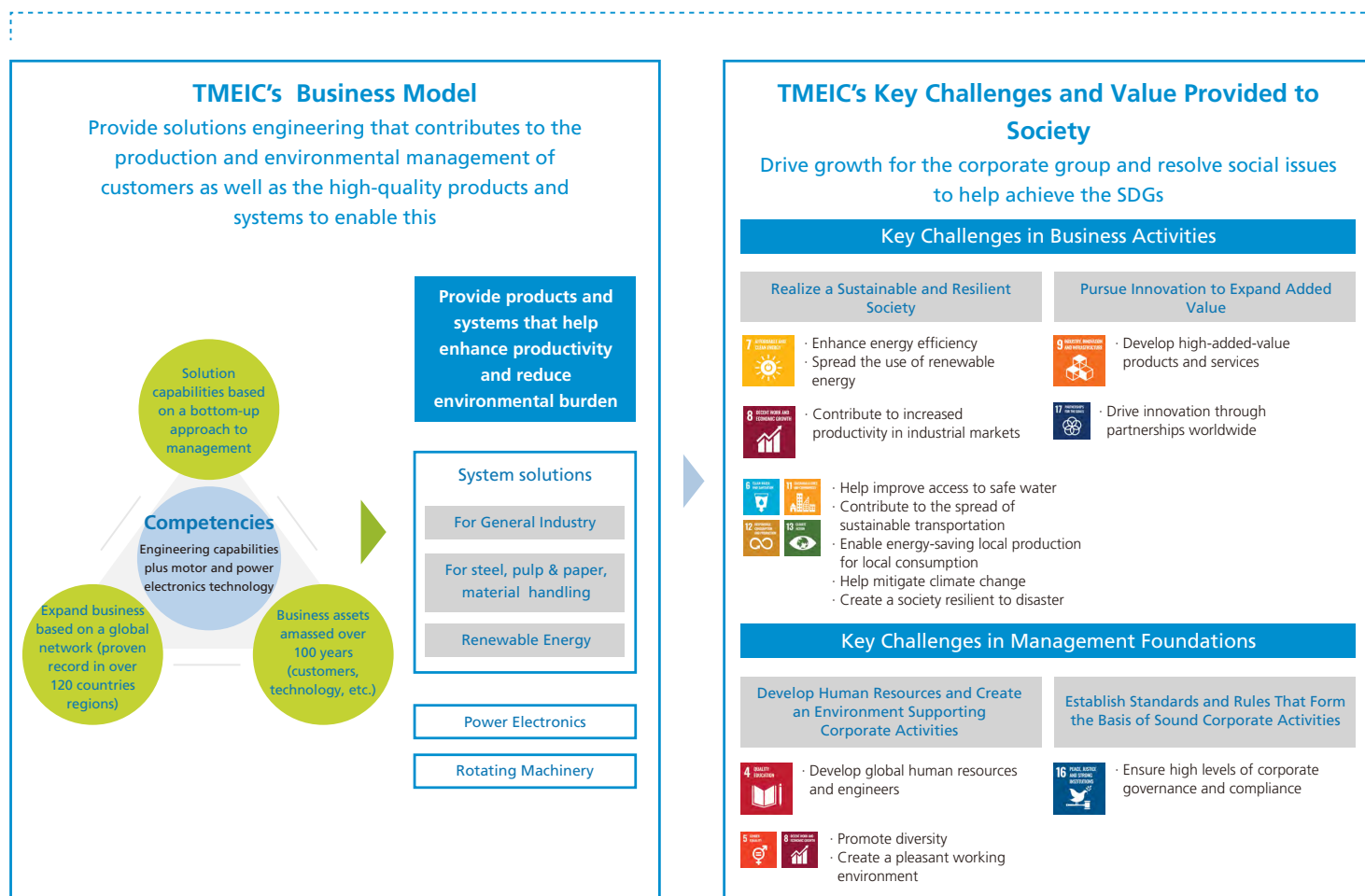
TMEIC is building a business model aimed at creating value for customers and all other stakeholders.

Engineering capabilities plus motor and power electronics technology have become core competencies that are supported by our exceptional solutions business, global network and business assets, which have laid a solid platform for profit and value creation. Through the provision of products and services to customers, we seek to help achieve the SDGs and resolve other social issues as well as enhance value as a corporate group.

We believe that these efforts will enable us to build relationships of trust with customers and contribute to the sustainable development of a global society as an industrial systems integrator, the ideal we advocate in our corporate philosophy.

### Realization of Corporate Philosophy

Build relationships of trust with customers and contribute to the sustainable development of a global society as an industrial systems integrator



### Sustainability Promotion System

Our sustainable activities are developed and undertaken primarily by the Sustainability Promotion Council. This council is comprised of members selected from all TMEIC management and business divisions that make decisions on future action plans and hold discussions from a Group-wide perspective on such matters as activities related to sustainability. It also conducts a formal review of the Sustainability Report before providing approval. Decisions made by the council are reported to management through the Executive Committee and Medium-term Management Plan Committee.

## Increase Awareness of SDGs among Employees

We implement training to increase awareness and understanding of the Group's philosophy on sustainability set out in our corporate philosophy and the TMEIC Group Standards of Conduct to encourage employees to take action.

At our biannual management policy briefing for all employees, we make it clear that we are advancing initiatives and activities that place "SDGs" at the core of efforts to strengthen our business foundation. We also promote understanding through targeted training sessions for different levels of the organization, including executive management and new employees.



## Stakeholder Engagement

The TMEIC Group regards customers, suppliers, local communities, governments, shareholders and employees as major stakeholders that have a significant impact on the continuation of corporate activities. We actively engage in dialogue with stakeholders by contacting them regularly or as necessary.

| Stakeholder     | Key Challenges   | Divisions in Charge   | Methods of Communication  |
|-----------------|--|---|---|
| Customer        | <ul style="list-style-type: none"> <li>• Improve customer satisfaction</li> <li>• Ensure product safety and quality</li> <li>• Enable customer response and support</li> </ul> | <ul style="list-style-type: none"> <li>• Sales</li> <li>• Quality control</li> </ul>                          | Sales activities, websites, exhibitions, inquiry windows, media and commercials   |
| Supplier        | <ul style="list-style-type: none"> <li>• Ensure fair and equitable transactions</li> </ul>   | <ul style="list-style-type: none"> <li>• Materials</li> </ul>   | Procurement activities, supplier briefings, explanations on sustainability in procurement   |
| Local community | <ul style="list-style-type: none"> <li>• Contribute to local communities and promote exchange</li> </ul>   | <ul style="list-style-type: none"> <li>• General affairs</li> </ul>   | Contribution through core business, volunteer activities (contribution to local community, donations, participation in NPO activities), conducting lessons at university, factory tours |
| Government      | <ul style="list-style-type: none"> <li>• Enhance compliance</li> <li>• Comply with regulations</li> </ul>  | <ul style="list-style-type: none"> <li>• Public relations</li> </ul>  | Participation in activities of industry and economic groups, opinion exchange sessions with government agencies   |
| Shareholder     | <ul style="list-style-type: none"> <li>• Disclose information in a timely and appropriate manner</li> <li>• Enhance corporate value</li> </ul>                                 | <ul style="list-style-type: none"> <li>• Legal</li> <li>• Corporate planning</li> <li>• Accounting</li> </ul> | General Meeting of Shareholders, business strategy briefings, individual meetings   |
| Employee        | <ul style="list-style-type: none"> <li>• Promote occupational health and safety</li> <li>• Ensure human rights are respected</li> <li>• Develop human resources</li> </ul>     | <ul style="list-style-type: none"> <li>• Human resources</li> </ul>   | Intranet, company newsletter, training, employee survey, hotline  |

## Realize a Sustainable and Resilient Society

Environmental problems such as climate change, resource depletion, pollution caused by chemical substances and loss of biodiversity are becoming increasingly serious each year. TMEIC recognizes its basic responsibility as a member of society to pass on our irreplaceable earth to the next generation in a healthy state. With this in mind, we aim to contribute to the sustainable development of society by reducing environmental burden in our business activities and providing products and systems that help minimize global environmental load. This philosophy has been codified in our Basic Environmental Policy, which is being implemented Company-wide as we go about our operations.

In addition, we endeavor to anticipate the impact of climate-related risks and opportunities on our business continuity and incorporate them into our management plans. Currently, we are considering risks such as damages to production facilities due to frequent disasters, disruptions in procurement from suppliers and other physical risks. Additionally, we recognize regulatory risks resulting from stringent environmental policies and regulations imposed by the government. We understand that addressing these risks may lead to increased production, procurement and management costs.

In terms of reducing environmental burden in our business activities, for instance, we are working to minimize CO<sub>2</sub> emissions in the production process, control the use of regulated chemical substances and implement green procurement. Moreover, we recognize that the growing societal awareness of climate change is leading to increased demand for TMEIC's energy-efficient and renewable energy technologies, and we view this as an opportunity for business growth. For products and systems that help minimize global environmental load, we are working on the technological development of items that contribute to the improvement of energy efficiency and the proliferation of renewable energy. In particular, we recognize that our key challenges lie in the fields of energy management as it relates to our products, the effective utilization of resources and response to climate change, so these are the areas we are focusing our activities on.

In 2022, we received the Encouragement Prize in the 30th Global Environment Awards by Fujisankei Communications Group in recognition of our corporate activities aimed at reducing environmental burden and realizing a resilient society. Going forward, we will work toward the global goal of a carbon-free society by 2050 together with our stakeholders and society based on our corporate philosophy to build relationships of trust with customers and contribute to the sustainable development of a global society as an industrial systems integrator.

### Basic Environmental Policy

As a professional group supporting industrial systems integration, TMEIC promotes activities to help advance a sustainable society. This includes developing and providing excellent environmentally friendly products and reducing the environmental impact of our services and other business activities in order to contribute to the protection and enhancement of the environment.

### Enhance Energy Efficiency

TMEIC aims to build a society based on sustainable energy by both realizing a stable supply of electrical energy and achieving harmony with the environment as well as creating next-generation energy services required the world over and new value. Motor and drive systems, one of TMEIC's core products, are being applied to industrial and social infrastructure across the board, from manufacturing plants to power plants and water/sewage pumping stations.

It is thought that motors account for 40-50% of total global power consumption\*. In order to reduce power consumption, it is therefore necessary to enable efficient motor control in addition to enhancing the efficiency of the motor itself. TMEIC helps improve energy efficiency in society by developing and providing high-efficiency motors and drive systems as well as system solutions that combine these two.

\* According to "Top Runner Motor" paper issued by Japan Electrical Manufacturers' Association (JEMA)

## High-Efficiency Motors

The premium efficiency series of motors, which are compliant with the IE3 standard under the “top runner system” set forth in the Energy Conservation Act in Japan, realize approximately 34% less power loss than conventional models. In our lineup, we boast the super premium efficiency series of IE4-class models that exceed the IE3 standard as well as ultra efficient reluctance motors in the IE5 class. Moreover, we are leading the field in the development of non-regulated, high-voltage/explosion-proof motors that comply with top runner standards.

In January 2018, TMEIC won the Ministry of Economy, Trade and Industry Minister Award, the highest distinction in the Energy Conservation Grand Prize awards for fiscal 2017.



### > Top runner motor

<https://www.tmeic.com/products/motors>

## Motor Drive System

This system contributes to the energy optimization of the entire factory or plant by improving the energy efficiency of the motor itself on the back of cutting-edge power electronics technology and development capabilities. It can also be customized to fit the needs of the customer. For example, autonomous control functions (voltage and frequency stabilization, power factor and output power control, etc.) make it possible to respond to sudden power load changes, which not only improves the operational efficiency of the facility but also contributes to the reduction of energy consumption.



### > Motor drive system

<https://www.tmeic.com/products/medium-voltage-ac-drives>

<https://www.tmeic.com/products/low-voltage-ac-drives>

<https://www.tmeic.com/products/dc-drives>

## Two-Fluid Humidifier (TMfog)

Unlike conventional air-conditioning methods that consume fossil fuels such as steam humidification and steam heating, TMfog reduces the amount of energy consumed since steam is generated from only water and compressed air. This enables water humidification in environments with equipment such as semiconductor manufacturing systems where it was previously difficult to achieve. In March 2021, TMfog was certified as an “L2-Tech Certified Product” by the Ministry of the Environment as a product with leading low-carbon technologies. It is the first humidifier for industrial use to receive the certification.



## Spread the Use of Clean Energy

The Paris Agreement, which went into effect in 2016, stipulates the aim of net-zero greenhouse gas emissions globally in the latter half of this century, with increasing recognition that renewable energy is becoming more widespread around the world toward the realization of a decarbonized society. The importance of greenhouse gas reduction has grown even more apparent, with the confirmation of efforts to limit the average global temperature rise to 1.5 degrees Celsius at COP26 in 2021.

TMEIC was very early in the commercialization of power conditioning systems for solar and wind power generation facilities, thereby contributing to the proliferation of renewable energy. TMEIC's large-scale photovoltaic power conditioning systems (PV-PCS, or PV inverters) have commanded a dominant market share in Japan since 2012 as well as a top share of the global market in the 99kW+ class in 2014\*. Total shipment volume, including international destinations, exceeded 45GW in fiscal 2022. We also provide products such as monitoring and control systems and energy storage systems that aim to resolve issues associated with connection to the power grid and stable power supply alongside proliferation of renewable energy.

In addition, we offer energy management services to optimize energy operations and increase the efficiency of renewable energy generation. TMEIC also provides tailored solutions aligned with local energy demand and policies, collaborating with local partners to invest in renewable energy projects and contribute to their widespread adoption.

Moreover, TMEIC has strengthened our efforts in the rapidly expanding field of hydrogen, a carbon-free energy source garnering significant attention. We are committed to developing and selling products that facilitate efficient hydrogen production and utilization, thereby contributing to the realization of a hydrogen-based society.

\* According to IHS TECHNOLOGY PV Inverter Market Tracker-Q1 2015, Preliminary Global Three-Phase High Power (>99kW) PV Inverter Supplier Market Ranking

### Photovoltaic Power Conditioning System

TMEIC boasts the dominant share in this sector in Japan, securing an industry-leading 99.0% in conversion efficiency (maximum power conversion efficiency of SOLAR WARE U). Exceptional conversion efficiency even when there is minimal solar radiation helps maximize power generation.

> Photovoltaic power conditioning system:  
<https://www.tmeic.com/industry/renewable-energy>  
<https://www.tmeic.com/industry-solution/solar-power-solutions>



### Wind Power Converter

The combination of a frequency converter for wind power, which stabilizes unstable power generation, and Static Var Compensator (SVC) for wind power, which suppresses the increase in voltage caused by wind power generation, reduces overall power loss. TMEIC boasts a strong share in Japan for small- and medium-capacity SVC systems (from 500kVA to 2,500kVA).



## Large-Capacity Lithium-ion Storage Battery System

This TMEIC battery control system (TMBCS) was developed with various solutions in mind and in consideration of optimal battery capacity, efficiency, safety, battery life and stable operation. Combining it with power generation using renewable energy (solar power/wind power) helps to balance unstable power output. It also enables effective utilization of power generation via solar and wind energy during a disaster or blackout.



## Voltage Sourced Rectifier for Hydrogen Production

TMEIC's self-excited rectifier for hydrogen production is an innovative device that achieves advanced harmonic suppression, low ripple and high power factor, which were challenging with conventional thyristor rectifiers. This rectifier significantly contributes to stable hydrogen production in hydrogen manufacturing plants and exhibits excellent compatibility with renewable energy sources, essential for green hydrogen production. Compared to conventional voltage sourced rectifiers, this model can enhance the stability of the input power supply.



## Explosion-Proof Motor for Hydrogen Stations

In conventional hydrogen stations, explosion-proof motors with a safety-enhancing explosion-proof structure (eG3) are used to prevent explosions by managing the temperature of the compressor motor where continuous hydrogen supply is not a prerequisite. However, as the number of hydrogen stations increases, continuous hydrogen supply will become necessary, leading to more frequent motor startups and requiring measures to address the rise in temperature. TMEIC's pressure-resistant explosion-proof motor can operate regardless of temperature rise due to its internal structure, ensuring that even if the hydrogen ignites inside the motor, it will not affect the external environment. This contribution enables improved hydrogen supply efficiency in hydrogen stations.



## Contribute to Increased Productivity in Industrial Markets

Development and advancement of industrial infrastructure are essential for economic growth. At the same time, environmental deterioration caused by this economic growth is fast becoming a severe global issue.

TMEIC's mainstay motors and power electronics equipment are core products supporting industrial infrastructure. Through system solutions that combine these and other products, TMEIC ensures the quality and safety of customers' production equipment as well as efficient and stable operation, with the aim of enhancing productivity and reducing environmental impact.

We are also taking steps to reduce workload through automation technology and to digitalize special skills and know-how, thereby contributing to better productivity for our customers from both tangible and intangible perspectives.

### Industrial Automation Systems

TMEIC offers various industrial information systems for use at our customers' places of work as well as solutions for optimizing and automating tasks based on our extensive knowledge. Saving labor reduces errors in work, improves work efficiency, enhances safety and ensures stable manufacturing quality.

Recently, TMEIC offered solutions to a major Chinese steel company that combines the TMPDSTM (TMEIC Plant Data Management Solution), which enables the collection and visualization of data for the entire facility and systems using the latest AI application technology. We are also developing the integrated platform TMSPIRITS to operate these applied solutions, with delivery to a Turkish, Indian and other steel companies globally planned in fiscal 2023. TMEIC is not only focusing on the steel industry but also promoting the development of IoT-compatible solutions for the paper industry, port handling sector, ERS (Energy Resource Solutions) sector, and more. These efforts are aimed at achieving smart factory implementation across various industries.

#### > Steelmaking automation system:

<https://www.tmeic.com/industry/metals>

#### > Automation systems for petroleum, chemical and materials industries

<https://www.tmeic.com/industry-solution/automation>

<https://www.tmeic.com/industry/oil-gas>



### PlantLogMeister (PLM) Electronic Plant Operation Log

This innovative manufacturing solution involves the digitalization and accumulation of people's knowledge and experience in plant operations, and enables integration of diverse information from the work floor. The product has been developed by TMEIC in collaboration with customers already operating manufacturing plants and contributes to enhanced work efficiency and safe, stable operations. In February 2021, we started to offer and will continue to provide new functions that enable hands-free operation of on-site inspection and work.

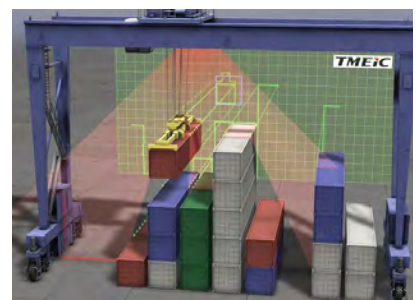
**PlantLogMeister**

### Crane Systems

TMEIC provides various systems to operate cranes for material handling and transportation safely and accurately. We contribute to increased operational efficiency and ensure safety by minimizing noise and shocks when placing items down and controlling the swing angles of suspended loads, braking and trajectory through state-of-the-art technology based on the know-how of skilled operators to assist with driving. Further, we are actively developing solutions to achieve the visualization, understanding/analysis, prediction, and optimization of crane operations to contribute to our customers' safety, operational efficiency, equipment management and energy efficiency/carbon neutrality. We are considering the application of these solutions to port facilities in Japan.

#### > Crane systems:

<https://www.tmeic.com/industry/crane-systems>



## Help Improve Access to Safe Water

With the continued rise in the world's population, there are now more than two billion people who are forced to drink unsafe water\*<sup>1</sup>. Besides this, it is thought that only 40% of the required freshwater resources will be available by 2030 according to the United Nations\*<sup>2</sup>.

In Saudi Arabia, Oman and other places in the Middle East, tap water is a mixture of desalinated seawater and groundwater. Rapid population growth in Saudi Arabia in particular is leading to the serious issue of water shortage.

TMEIC supplies electrical equipment such as motors and electrical transmission and distribution systems to desalination plants in the Middle East, thereby improving access to safe drinking water.

1. <https://www.unwater.org/water-facts/water-sanitation-and-hygiene/t>
2. <https://www.un.org/sustainabledevelopment/water-and-sanitation/>

### > Motor drive system

<https://www.tmeic.com/products/medium-voltage-ac-drives>

<https://www.tmeic.com/products/low-voltage-ac-drives>

<https://www.tmeic.com/products/dc-drives>



TMEIC provides motor drive systems for the enhanced control of high-pressure motors used for pumps in water treatment facilities.

## Contribute to the Spread of Sustainable Transportation

Serious efforts are being made to reduce CO<sub>2</sub> emissions with the escalation of global warming. In addition to a modal shift in the movement of people and goods to modes of transport with minimal environmental impact, initiatives include using more environmentally friendly energy for vehicles and introducing autonomous driving to realize a more energy efficient style of getting around.

TMEIC provides an automobile testing system to check power, fuel efficiency and endurance, thereby supporting the stable production of safe vehicles. We have highly advanced tests for radio-frequency noise in electric vehicles, hybrid electric vehicles and fuel cell vehicles that are based on an extensive track record and world-class wave suppression capability. We are also working on the development of a testing system for autonomous vehicles.



TMEIC provides various automotive testing systems that are indispensable for the development and production of automobiles.

## Enable Energy-Saving Local Production for Local Consumption

Alongside concerns over the depletion of resources caused by global population growth and economic development, ensuring sustainable production and consumption patterns through the efficient utilization of resources has become a pressing social issue. TMEIC's products use a high volume of exhaustible resources such as metal. In addition to striving to save resources and improve the recycling performance of products, we take steps to ensure the effective use of resources in the production process to contribute to the resolution of this problem.

### Synchronous Reluctance Motor

These motors use magnetic attraction (reluctance torque) generated by the difference in magnetic resistance due to rotor shape, and since they do not employ permanent magnets, they are excellent in terms of resource conservation (no rare earth materials). TMEIC adopts a unique structure that realizes IE5-level efficiency, a first for medium- to large-capacity synchronous reluctance motors (from 75kW to 160kW).



### Gearless and Utility-free Motor and Drive Systems

In order to drive large compressors that rotate at high speed, TMEIC adopts an ultra-high-speed, large-capacity motor and variable-speed drive system without the use of step-up gears, normally a prerequisite, to directly drive the compressor. The system is more energy efficient than steam and gas turbines and reduces maintenance and operational costs, helping to optimize the energy balance. We have also developed a utility-free motor that eliminates the need for utilities such as lubricating oil and water by using magnetic repulsion on the motor's bearings and adopting a forced air cooling method to handle heat generated in the motor itself. It can also be applied to harsh environments as well such as deserts and extremely cold regions of other countries.

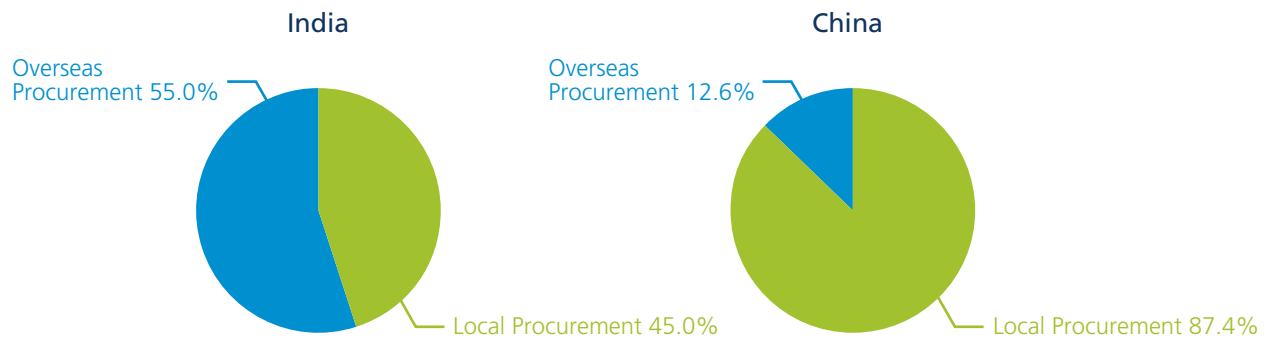


➤ Motor and drive systems for the oil and gas industry:  
<https://www.tmeic.com/industry/oil-gas>

## Promoting Local and Overseas Procurement

AT TMEIC, we work with the procurement groups of each overseas subsidiary to promote optimal global purchasing for local and overseas procurement, and to contribute to local communities based on the concept of local production for local consumption.

### Procurement Ratio in Key Regions (FY2022 Results)



### Initiatives for Local Production for Local Consumption in India

In India, TMEIC established a motor factory in 2016 and a power electronics factory in 2017 to promote local production for local consumption in the Indian market. Both factories have a high local content ratio for parts while also creating around 500 jobs for local people. We have also introduced solar power generation systems that cover most of the power required in the power electronics facilities. In essence, we have realized next-generation energy-recycling factories that produce and consume energy locally in the manufacture of products. These initiatives not only enable the efficient utilization of exhaustible resources but also improve the ability to respond to the standards and regulations of respective countries and regions as well as customer needs, reduce logistics costs and minimize energy consumption in logistics.



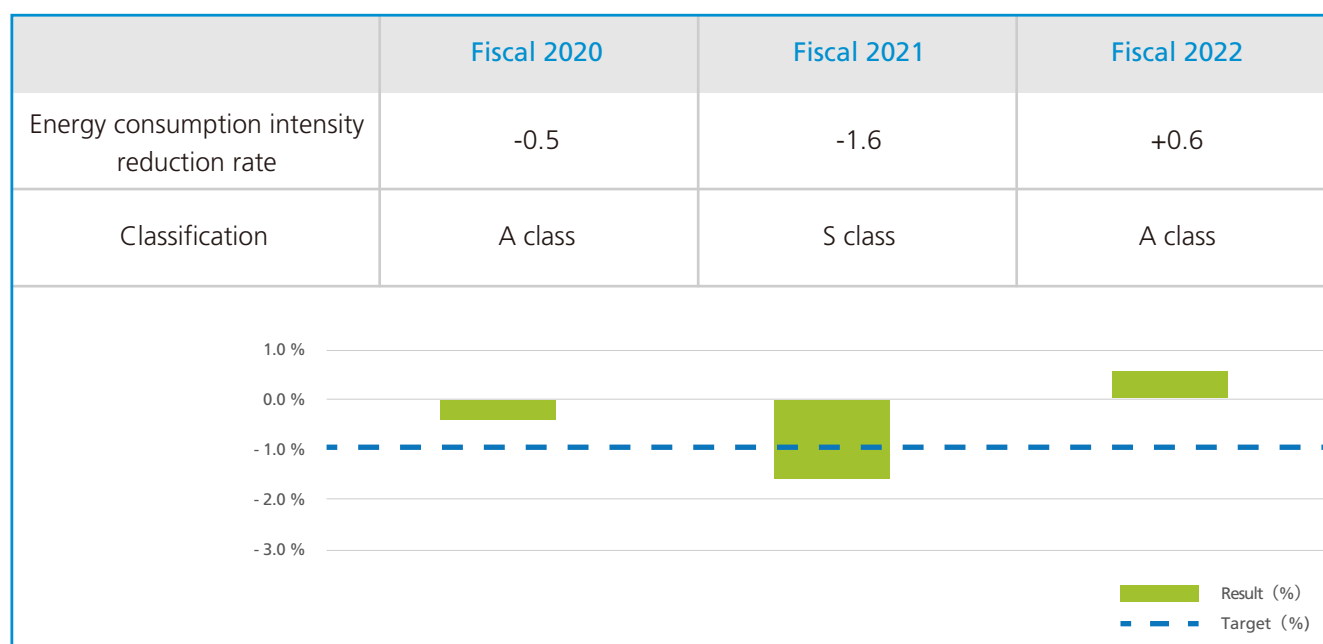
TMEIC factory in India

## Help Mitigate Climate Change

TMEIC is working to conserve energy in our business activities with the aim of reducing energy consumption intensity\* by at least 1% per year over the medium to long term based on the Energy Conservation Act in Japan. Our activity policy concerns the promotion of an energy conservation program involving all employees and energy conservation activities based on improvements in the operation and management of facilities in order to mitigate and adapt to climate change. We have also initiated efforts to reduce greenhouse gas emissions through the procurement of electricity derived from renewable energy sources.

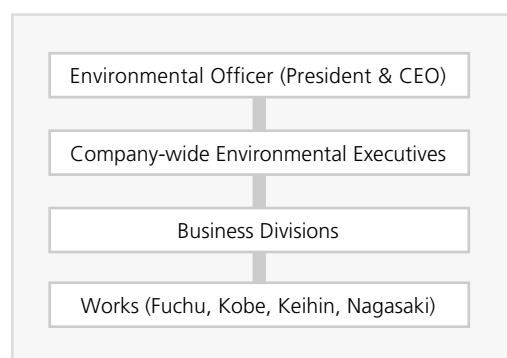
\* Energy consumption intensity is a value obtained by dividing energy consumption by torque, production capacity, production volume and floor area depending on the nature of the business.

### Reduction of Energy Consumption Intensity in Business Activities (%)



\* Outline of evaluation system for classifying businesses ([Japanese], Agency for Natural Resources and Energy website)  
[https://www.enecho.meti.go.jp/category/saving\\_and\\_new/saving/enterprise/overview/institution/](https://www.enecho.meti.go.jp/category/saving_and_new/saving/enterprise/overview/institution/)

## Environmental Management Promotion System



In order to promote environmental activities across the organization, TMEIC implements environmental management that involves total employee participation and has the President serve as the top environmental officer on a Company-wide basis.

## Environmental Data

### Energy Consumption in Business Activities (GJ)

|                             | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 |
|-----------------------------|-------------|-------------|-------------|
| Fuel (city gas, LPG, etc.)  | 40,357      | 38,839      | 38,979      |
| Electricity, hot/cold water | 238,546     | 232,230     | 243,566     |
| Total                       | 278,903     | 271,069     | 282,545     |

### Greenhouse Gas Emissions in Business Activities (tCO<sub>2</sub>)

|                              | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 |
|------------------------------|-------------|-------------|-------------|
| Direct emissions (Scope 1)   | 1,983       | 1,907       | 1,926       |
| Indirect emissions (Scope 2) | 9,534       | 10,463      | 9,795       |
| Total                        | 11,517      | 12,370      | 11,721      |

### Waste in Business Activities (t)

Emissions from manufacturing sites and factories

|                                       | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 |
|---------------------------------------|-------------|-------------|-------------|
| General waste                         | 47          | 39          | 43          |
| Industrial waste*                     | 1,386       | 1,325       | 1,487       |
| Specially controlled industrial waste | 16          | 21          | 10          |
| Total                                 | 1,433       | 1,363       | 1,530       |

\* TMEIC is committed to understanding the volume of specially controlled industrial waste generated from its business activities and ensures proper disposal in compliance with waste disposal regulations

### Water Consumption in Business Activities (km<sup>3</sup>)

Amount used at manufacturing sites, factories and FTC

|                    | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 |
|--------------------|-------------|-------------|-------------|
| Water consumption* | 57          | 50          | 49          |

\*Total value of clean water, well water and industrial water

\*Figures have been altered following a careful review and recalculation of data up to fiscal 2020.

## VOC Emissions from Business Activities (t)

Emissions from manufacturing sites, factories and FTC

|                | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 |
|----------------|-------------|-------------|-------------|
| VOC emissions* | 16          | 16          | 15          |

\* Targeted substances and emissions are based on the PRTR (Pollutant Release and Transfer Register) system.

### Create a Society Resilient to Disaster

There has been a spike in large-scale power outages in recent years due to unprecedented forces of nature characterized by earthquakes, tsunamis and floods caused by torrential downpours. Advancements in modern society are underpinned by electrical power and without a stable supply 24 hours a day and 365 days of the year, there would be major upheaval in all realms of social activity. Based on the idea of preparing in advance for unexpected disasters, TMEIC provides equipment that ensures a continuous supply of power in the event of a momentary voltage sag or a blackout caused by a natural phenomenon such as a typhoon, lightning strike, or snow and ice. This equipment is also effective if the power has been cut off in a disaster. In addition, we believe that combining a power generation system using natural energy such as solar or wind power with a power storage system can help ensure a stable power supply in the event of a prolonged power outage during a disaster.

## Uninterruptible Power Supply (UPS) Systems

These systems provide continuous power for a certain period to connected equipment in the event of external power supply problems such as a blackout or voltage sag and are used to keep important essential equipment running. TMEIC's UPS systems cover from small capacity to large capacity needs.

> Uninterruptible Power Supply (UPS) systems:  
<https://www.tmeic.com/products/ups-systems>



## Multiple Power Compensator (MPC)

The Multiple Power Compensator (MPC) features high efficiency, high switching speed and can handle large capacity. All of TMEIC's MPCs achieve groundbreaking conversion efficiencies of at least 90%. In December 2020, we started to offer a power stabilization system which combines an MPC and emergency power generator. The system stabilizes the factory power supply from momentary power interruptions to prolonged power outages, enabling operations to continue and contributing to business continuity planning (BCP) measures in the event of a disaster.



## Social Contribution Activities

TMEIC engages in volunteer and social contribution activities for the purposes of interacting and maintaining a close relationship with the local community, as well as contributing to the advancement and enhancement of the regions in which we conduct business.

### Local Volunteer Activities

We regularly participate in a variety of volunteer activities including cleanup activities around our facilities and our commuting routes, volunteering time and skills with a local nonprofit organization and giving a training course to university students.



Participating in local cleanup activities in Japan



Giving a training course to university students in Thailand



Donation of computers to a primary school in China



Building out walls with a local nonprofit organization in the United States



Cleanup activity on Earth Day as part of the new employee training curriculum



Food collection for poor families in Italy



Supporting the creation of a barrier-free map of Chuo Ward during new employee training



Assisting with a community clean up in Uxbridge, UK

## Sports Promotion

As part of our commitment to social contribution, TMEIC is actively supporting sports promotion. We have established partnership agreements with Toshiba Brave Lupus Tokyo, a team competing in the JAPAN RUGBY LEAGUE ONE, and in June 2023, we signed a sub-sponsorship agreement with professional women's golfer Kagetsu Tsuruse.



Toshiba Brave Lupus Tokyo rugby team



Kagetsu Tsuruse, professional women's golfer

## Disaster Support

We make donations to areas affected by large-scale natural disasters.

## Joint Research with Universities (Research Labs)

We conduct research and development together with the research labs of universities with the aim of enhancing and developing academic research and education.

## Pursue Innovation to Expand Added Value

The modern age is often referred to as the age of volatility, uncertainty, complexity and ambiguity (VUCA), in which economic and environmental changes occur at breakneck speed and the future is difficult to predict. TMEIC has embarked on initiatives to bring further innovation to all management activities in order to overcome various changes in the environment. To this end, we are making innovative improvements across the board, from sales and R&D to production and fundamental management foundations. In addition to providing high-value-added products and services, we will work to enhance corporate value as a company that plays an integral role for customers and society at large.

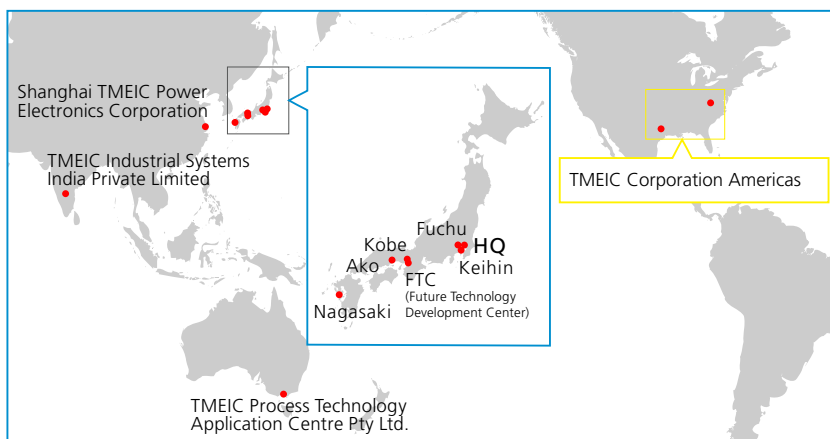
### Develop High-Value-Added Products and Services

TMEIC provides optimal solutions for customers based on systems and products groups that leverage our strengths in basic technology. In recent years, we have also started offering high-value-added products and services that make use of the Internet of Things (IoT) and Artificial Intelligence (AI), and we are engaged in R&D with a view to further reinforcing these domains. We command a high share of the Japanese market in the field of electrical equipment for manufacturing plants. We also aim to continue to develop the market on a global basis. To achieve this, we are engaging in R&D at a level that is difficult for others to emulate. This includes striving to enhance the quality, performance and efficiency of our products; promoting product lineups specific to each region; developing products that meet the standards and the state of electrical power in respective countries; and strengthening services and support. We also are promoting innovation in our production processes, such as the introduction of shipping inspection robots, as a part of our efforts to improve product quality by transforming our factories into smart digital factories.

### R&D System

At TMEIC, R&D is led by each business division in order to create the optimal system for each business domain. In addition to establishing Company-wide rules such as regulations concerning R&D operations, the Technology Management Division formulates and manages annual Company-wide development policies. Each business division produces a policy for technology based on a future vision and direction that also takes into account priority strategies and management objectives stipulated in the Company-wide development strategy. Based on this, an R&D plan is created and implemented. We also hold Company-wide reporting sessions to showcase development achievements and share R&D information once a year.

#### Global R&D Bases



#### R&D Categories

1. Development of elemental technology
2. Creation and development of new markets
3. Development of new business
4. Development of next-generation technology
5. Strengthening competitiveness
6. Development of production innovation technology

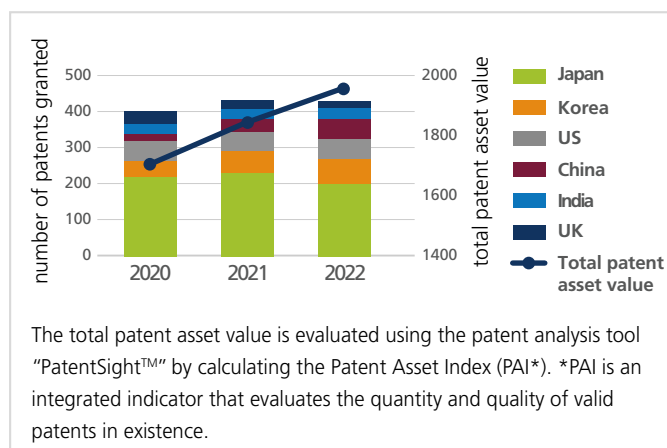
## Intellectual Property

In managing its intellectual property, TMEIC is conscious of: (1) complying with laws and regulations concerning intellectual property rights; (2) actively protecting and utilizing the results of intellectual activities; and (3) respecting the intellectual property rights of other companies. These provisions are also stipulated in the TMEIC Group's codes of conduct.

In addition, TMEIC focuses on strengthening intellectual property capabilities overseas in line with the rapid growth of overseas business in recent times. In order to protect our technology in the areas of the world in which we operate, we are striving to secure intellectual property globally for the TMEIC Group. This includes not only filing overseas for patents acquired in Japan but also increasing the number of patent applications by local subsidiaries.

Management of intellectual property is carried out by the Technology Management Division as well as the person in charge of intellectual property planning in each business division and Group company, including local subsidiaries. The Technology Management Division is responsible for planning and promoting policies and strategies related to intellectual property, dealing with contracts and disputes, as well as managing patent information and other areas related to intellectual property rights. Each business division performs evaluations when seeking to acquire rights and manages intellectual property based on respective business operations and products.

**Patent Registrations by Region and Total Patent Asset Value**



## Quality Control

TMEIC is fully committed to improving quality from the customer's perspective. We have established a Company-wide policy for quality and are building an operating a quality management system in which the President serves as chief executive officer and the Chief Technology Executive is responsible for implementation of the system. Company-wide targets for quality are set twice a year based on the aforementioned policy and each division formulates clear goals and plans in line with these targets that it works towards. The results of activities are evaluated at management review meetings held twice a year as a means to make improvements. We also hold Company-wide technology and quality meetings every month to strengthen information sharing internally.

Moreover, TMEIC has acquired accredited ISO9001 certification, an international standard for quality management systems, at several locations. In terms of product safety, we have established CPL\* based regulations. The internal division that receives a report about a CPL-related accident regarding a product or service from a user, for instance, provides the necessary information and takes appropriate measures such as issuing a product recall, raising caution or displaying warnings.

\* CPL is an abbreviation combining CL (contractual liability) and PL (product liability).

### Policy on Quality

1. Promote activities by giving top priority to compliance in quality.
2. Enhance customer satisfaction (customer experience (CX) improvement).
3. Ensure safety and reliability throughout the product and service lifecycle by creating quality through full-employee participation.
4. Continue striving to improve technology and operational processes with the aim of providing the best systems, products and services.
5. Seek the root cause of any quality-related problems that arise and make essential improvements.
6. Develop simple and effective quality assurance activities.

### List of Business Locations with ISO9001 Certification

- Head Office
- Fuchu Works
- Keihin Works
- Kobe Works
- Nagasaki Works
- Ako Works
- Future Technology Development Center (FTC)

## Enhance Customer Satisfaction

TMEIC aims to enhance customer satisfaction by providing safe, useful products, systems and services that meet diversified needs by reflecting feedback in idea generation. For instance, we have established a Global Remote Service Center (GRSC) that can provide remote support for early troubleshooting and after-sales services, as well as preventive maintenance. Additionally, we have set up a membership-based service portal site to promptly address our customers' needs.

Going forward, we will continue striving to further develop and maintain a service menu tailored to customers and product attributes in order to bolster customer services. We opened a call center to handle customer inquiries related to photovoltaic power conditioning systems, motors, motor drive systems and power distribution equipment, ensuring prompt response to our customers' needs. We aim to gradually expand the range of products we handle at these sites so that we can eventually deal with all products in an integrated manner and provide early maintenance services.

## Drive Innovation through Partnerships Worldwide

At TMEIC, we believe that joint development and research with domestic and overseas companies, research institutes and universities can help us strengthen the strategic elements of our technology as well as our applied technology, thereby driving innovation. As such, joint partnerships are a strong area of focus. In particular, in the fields of the Internet of Things (IoT) and Artificial Intelligence (AI), where technology uptake continues abound, we are bolstering collaboration with other companies and universities with the aim of developing new technology. At present, we are working on such themes as further boosting efficiency in motors, power device technology and basic technological research. Moreover, we are actively engaged in joint development of key technologies for carbon neutrality in the steel industry, particularly focusing on power supply systems for electric furnaces, which hold significant potential.

In Japan, TMEIC co-sponsored the Power Electronics Award for 2020 hosted by *Nikkei Electronics* magazine for the fifth time since 2017 in support of next-generation power electronics researchers. This award supports research laboratories at Japanese universities and technical colleges by recognizing researchers who conduct R&D with a focus on innovation and practicality in the field of power electronics. We intend to continue cooperating with universities that have power electronics-related research facilities and support activities driving next-generation innovation in the domain.

We also actively participate in international initiatives and contribute to technological innovation at a world-class level. Pertinent Company employees are dispatched to the International Electrotechnical Commission (IEC) and Institute of Electrical and Electronics Engineers (IEEE) to work together on enhancing research, development and technology that can stimulate progress and innovation to society. One of our employees was the first female in the heavy electrical industry in Japan to receive the title of Fellow at IEEE in 2018. She also went on to win the IEEE McMurray Award for Industry Achievements in Power Electronics in 2022\*. A second employee received the title of Fellow in 2021. In other external initiatives, we participate in a network run by the Ministry of the Environment that promotes decarbonization.

\* The award recognizes the achievements of engineers working in the power electronics field who have had a significant impact on the industry. This was the first time a Japanese individual has received this prestigious award.



Noriko Kawakami, Senior Fellow at TMEIC, was the first female to become an IEEE Fellow in Japan's heavy electrical industry.



Shinzo Tamai the second person at TMEIC to be a Senior Fellow.



## Develop Human Resources and Create an Environment Supporting Corporate Activities

TMEIC stipulates the importance of respecting basic human rights, creating a safe and comfortable work environment and providing ongoing education in the TMEIC Group Standards of Conduct so that each employee can maximize his or her potential and play an active role.

### Respect for Human Rights

Since April 2015, the TMEIC Group has adopted the TMEIC Group Standards of Conduct at TMEIC and its subsidiaries, which emphasizes the respect for basic human rights, the establishment of safe and comfortable workplace environments, and the implementation of continuous education to ensure that each employee can fully exert their abilities and thrive\*.

In line with our commitment to respecting human rights, the TMEIC Group Human Rights Policy has been adopted by March 2023 across TMEIC and its subsidiaries. This policy reflects our corporate social responsibility and promotes efforts to respect human rights for employees and all other stakeholders.

In August 2022, we formulated the TMEIC CSR Procurement Guidelines to formalize our requests to procurement partners, urging them to respect human rights.

Further, TMEIC conducts regular human rights risk assessments using evaluation sheets for employees, local communities, business partners and customers. This assessment aims to identify potential and actual risks and their impact. The identified human rights risks are integrated and managed within TMEIC's overall risk table and by the Company-wide Risk Management Committee.

Additionally, in our annual voluntary compliance audit, conducted across all departments and facilities, we set compliance with labor-related laws and regulations related to human rights risks as audit items and regularly evaluate our performance.

\*Certain subsidiaries may have similar policies and codes tailored to local laws.

#### > TMEIC Group Human Rights Policy

[https://www.tmeic.com/sites/default/files/assets/files/csr/TMEIC\\_Group\\_Human\\_Rights\\_Policy.pdf](https://www.tmeic.com/sites/default/files/assets/files/csr/TMEIC_Group_Human_Rights_Policy.pdf)

### Human Rights Training

TMEIC undertakes initiatives concerning respect for human rights as part of e-learning and SOC education for all employees in line with TMEIC's codes of conduct. In addition to this, we continuously provide human rights training for new employees and newly appointed managers.

In fiscal 2022, we conducted training on human rights, acceptance of diversity and the prevention of harassment for 73 new employees and 25 new managers.

#### > TMEIC Group's codes of conduct

<https://www.tmeic.co.jp/corporate/philosophy/soc/index.html>

### Freedom of Association

TMEIC respects the rights of employees, including freedom of association and the right to collective bargaining, pursuant to the laws in each country. TMEIC enjoys good labor-management relations with the TMEIC labor union. In the spirit of cooperation and consultation, we hold labor-management meetings twice a year and spring negotiations to drive the sound development of the Company, as well as maintain and enhance the economic conditions for employees and our own social standing.

In the labor agreement concluded with the labor union, it is stipulated that the labor union must be notified immediately when a change has occurred. The agreement states that basic matters must be discussed with the labor union, particularly in terms of large-scale job transfers, job changes, out of town assignments and secondments.

Since TMEIC implements such measures, there is no risk of infringing on the freedom of association or the right to collective bargaining at TMEIC's business sites. Moreover, we request our various parts, raw materials and service suppliers to adhere to the "TMEIC CSR Procurement Guidelines," ensuring that there is no risk to the freedom of association or the right to collective bargaining.

#### Union Membership (As of April 1, 2023)

| Male  | Female | Total |
|-------|--------|-------|
| 54.3% | 62.7%  | 64.1% |

## Develop Global Human Resources and Engineers

TMEiC also conducts business from bases in other countries aside from Japan. Overseas business now accounts for nearly 50% of all business following rapid growth in recent years, and the development of global human resources has therefore become a pressing issue. We are currently making improvements to our education and training in order to increase the number of personnel who can take on leadership roles in expanding business overseas. Specifically, we have an international on-the-job training (OJT) system in which employees are dispatched to a local subsidiary overseas for a period of six months as well as a language development program in which employees are sent to a language-learning facility in the United Kingdom or the United States.

Education is also provided at the divisional level with the purpose of transferring the necessary skills and knowledge to enhance capabilities. Additionally, we are developing an operational support system that leverages the skills of experienced workers.

### Global Education System

| Training system                              | Details  |
|--|--|
| International OJT training system            | <p>With this system, employees are dispatched to overseas subsidiaries as trainees for six months.</p> <p>Trainees are given individual training themes and are then responsible for actual operations at the local subsidiary that are based on each respective theme (practical training). This serves to boost their language skills, acquire the ability to do business in English or Chinese, and increase capacity for adapting and responding globally.</p> |
| Overseas language development program        | <p>This training system aims to improve language skills in a focused manner through a four-week or 10-week program at a local language center in the United Kingdom or the United States. Lessons are given at individual and small group (4-6 people) levels and cover a wide range of abilities. The curriculum can be semi-customized according to language level.</p>  |
| Subsidy system for language self-development | <p>With this system, a portion of the costs of a self-development English language course is subsidized if it is one that has been approved by management. Some employee groups also use this system to hold small-group English conversation lessons using a foreign instructor at a conference room after work.</p>  |



Overseas language development program  
(A homestay with a local family gives the chance to experience natural English as well as local life.)



Mentor system (A specialized mentor provides guidance for the first three years of work.)



New employee training (basic training for three months to develop engineers)

## Promote Diversity

TMEIC promotes diversity by encouraging employees with different backgrounds to respect one another and providing the opportunity for each individual to shine, which serves to create innovation and drive corporate growth. We aim to be an organization where people with diverse values can coexist in harmony.

### Employing Persons with Disabilities

In Japan, TMEIC actively employs persons with disabilities. By accepting and respecting diversity, we are working to create a work environment in which all employees can feel motivated and happy. At TMEIC, persons with disabilities do not solely engage in specifically limited operations but also in regular work according to individual ability. Our employment rate of persons with disabilities exceeds the legally mandated level.



Winning entry: "Ongoing Growth: The Next 20 Years"

As part of our celebrations for our 20th anniversary in October 2023, TMEIC entered into a Gold Partner Agreement with Paralym Art and organized a special anniversary contest. The winning entry from this contest will be used as the logo for TMEIC's 20th anniversary commemorative events, including in videos, posters, and commemorative items.

\* Paralym Art is a general incorporated association that aims to create a world where people with disabilities can fulfill their dreams through art. It conducts social contribution activities that promote the independence of people with disabilities, relying on continuous cooperation from private companies and individuals rather than social security payments.

### Hiring Foreign Employees

TMEIC is expanding business globally, hiring exceptional human resources in different countries and regions to stimulate development. In addition to recruitment by local subsidiaries, TMEIC also takes on board people from other countries in Japan.

## Create a Pleasant Working Environment

### Work-Life Balance and Enhancement of Productivity

TMEIC is implementing work style reform in Japan with the aim of creating a positive virtuous cycle whereby each employee can exercise his or her full potential and work with efficiency and clarity, which helps ensure a good work-life balance and a refreshed outlook, thereby enabling high-value-added work, enhancing productivity and driving ongoing corporate growth.

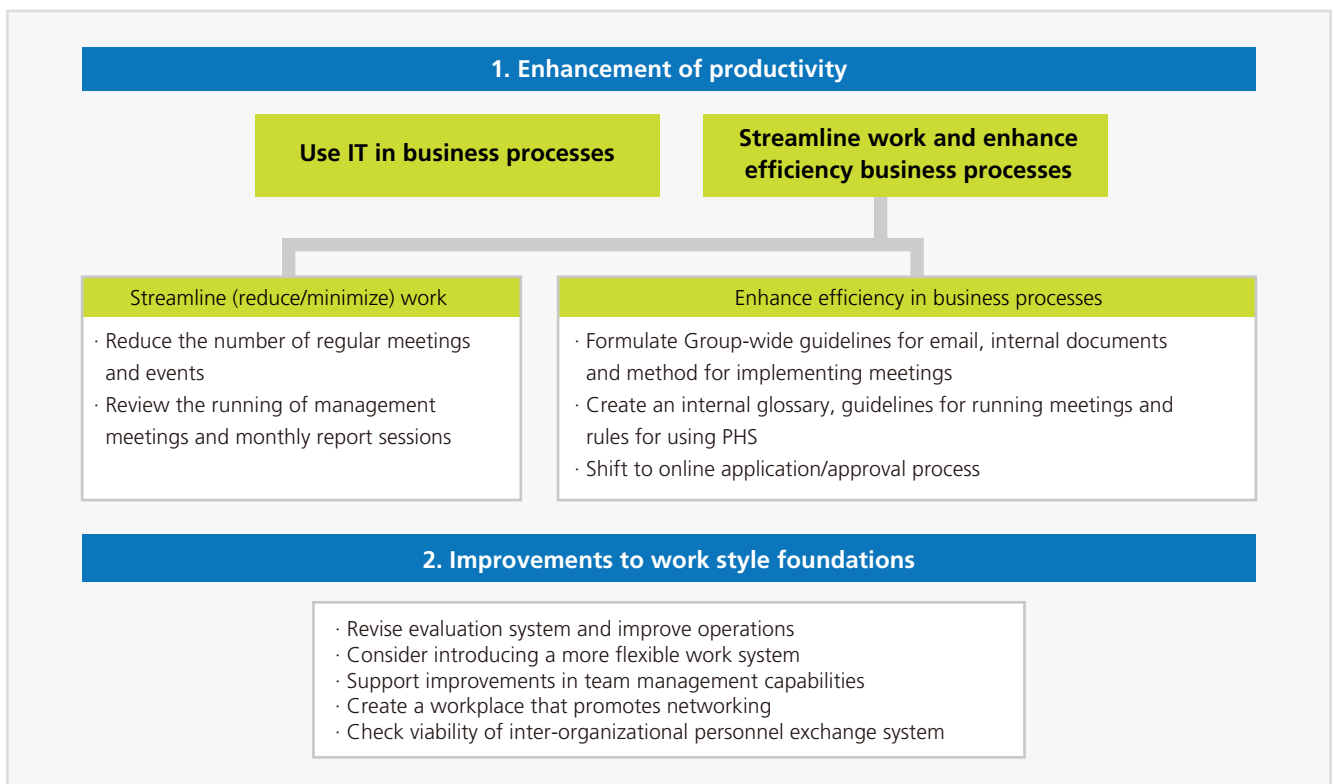
We aim to create a rewarding work style by taking steps that focus on improving efficiency in business processes, introducing IT to boost productivity and shifting to more high-value-added operations. Specific measures are formulated in light of the findings from an employee satisfaction survey (engagement survey) in Japan.

In addition, we have established a work-from-home system and re-employment system in Japan allowing the return of retirees within a three-year window of retirement with the objective of realizing a good work-life balance.



Work-from-home system

### Activities Promoting Work Style Reform



### Enhance Employee Satisfaction

TMEIC has been conducting an employee satisfaction survey, or engagement survey, every other year since fiscal 2017 to monitor employee understanding of corporate measures being taken and raise awareness of these measures throughout the organization with the aim of making improvements to problem areas. In the fiscal 2022 survey, we identified challenges based on a comparison with the previous survey, including “strengthening management capabilities,” “enhancing communication” and “proactively investing in education and training.” We consider these as initiatives to be addressed Company-wide to facilitate specific improvements in each department.

## Occupational Health and Safety

The TMEIC Group has established a basic occupational Health and Safety Policy in an effort to maintain employee health and safety.

### Occupational Health and Safety Management System

In Japan in fiscal 2011, TMEIC acquired OHSAS 18001 certification, an international standard for occupational health and safety management systems, with the aim of creating a workplace environment free of occupational accidents and health issues. In fiscal 2019, TMEIC completed the shift to ISO 45001 (2018 version). Our occupational health and safety management system is headed by the president, with day-to-day efforts undertaken at each business location under a general health and safety officer. At the end of each year, we hold a Company-wide health and safety committee meeting to discuss basic health and safety policies, objectives and targets so as to prevent accidents and enhance employee health. In concrete terms, all employees undertake risk assessments of work processes and environment, and we hold lectures and events concerning risk response and health. In 2020, the injury frequency rate was 0.43<sup>\*1</sup> and the injury severity rate was 0.00<sup>\*2</sup> in Japan.

1. Number of deaths and injuries per one million actual cumulative working hours resulting from occupational accidents
2. Work days lost per 1,000 actual cumulative working hours; indicates accident severity

### FY2023 Company-wide Health and Safety Policy

#### Basic Ideal

We place highest priority on human life, safety, and compliance in all of our business activities based on the philosophy of "Respect People." With this in mind, we create and promote a more safe and pleasant workplace environment to employees' health.

#### Policies

As an industrial system integrator, our main business line is to develop, design, produce, and install electric machinery systems and control systems for factories. Serious hazardous factors in handling heavy materials and high-voltage devices are dropping, being caught/ rolled up, electric shock, and involving a highly dangerous work environment.

It is required to fully observe the Industrial Safety and Health Law and other related laws and regulations, and also necessary requirements related to our company so that all our employees make efforts to promote positive safety and health activities regarding inherent hazardous sources by fully grasping all these facts. At the same time, we will establish the safety and health management system by setting necessary targets and making sustainable efforts through all members' participation towards eliminating labor accidents and occupational diseases.

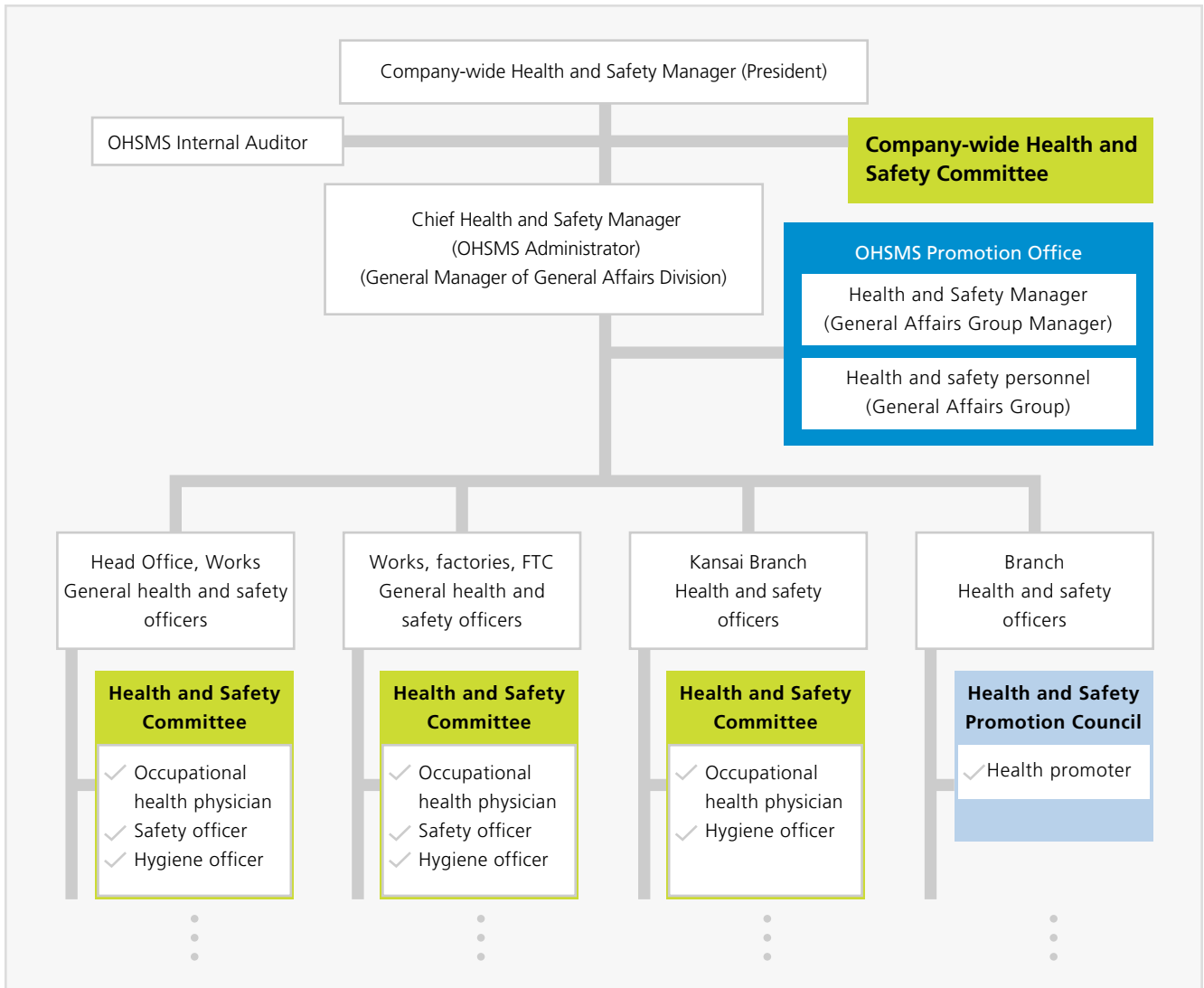
#### Guidelines

1. In order to secure safety and health in our workplaces, we will identify risks and hazardous factors through risk assessments by taking into account all possible situations by thoroughly grasping the characteristics of handling extremely heavy materials, high voltage, and chemical substances on the production frontline.  
With the aim of establishing an intrinsically safe workplace, we will endeavor to reduce risks by making active investments in resources to identify the sources of risks.
2. We will work to create an environment that allows the smooth sharing of information among workers including all relevant people of all generations and all workplaces including our affiliates through active two-way communications, and we will create the workplace climate to protect fellow workers by mutually calling attention without tolerating unsafe situations and unstable activities.  
We will endeavor to hand down the basic technologies for securing intrinsically safe production facilities, while at the same time, raising awareness of latent risks in all our routine operations by taking into account the examples of labor accidents attributable to production facilities that are occasionally observed at other companies.
3. We will actively implement health management support measures, including prevention of exposure to secondhand smoke and health education, as well as measures to prevent the spread of infectious diseases in order to maintain and promote health in both mental and physical aspects in our workplaces.
4. We will realize suitable education and training programs in order to further enhance the awareness of all our employees and other related people regarding the roles required for each and every person to play.

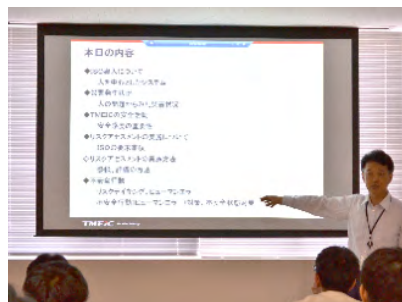
April 1, 2023

Akira Kawaguchi  
President and CEO  
TMEIC Corporation

## Occupational Health and Safety Management System



Company-wide Health and Safety Committee meeting



Risk assessment training



## Mental Health Initiatives

TMEIC considers the mental health of employees to be vital to a happy and dynamic workplace and has formulated a plan to promote mental health as part of our commitment to employees' mental health. Based on the national policy in Japan, we carry out education from two key perspectives: (1) Education to improve the ability to recognize mental health issues and (2) Education on how supervisors and managers can appropriately care for employees under their guidance. We are also striving to improve the work environment based on the findings of stress check group analyses conducted once a year.

## Human Resources-related Data

### Number of Employees

|        | Fiscal 2020 | Fiscal 2021 | Fiscal 2022 |
|--------|-------------|-------------|-------------|
| Japan  | 2,759       | 2,771       | 2,820       |
| Global | 4,255       | 4,286       | 4,505       |

### Occupational Injuries in Japan

|                                     | 2020 | 2021 | 2022 |
|-------------------------------------|------|------|------|
| Injury frequency rate* <sup>1</sup> | 0.43 | 0.43 | 0.64 |
| Injury severity rate* <sup>2</sup>  | 0.00 | 0.00 | 0.04 |

1. Number of deaths and injuries per one million actual cumulative working hours resulting from occupational accidents

2. Work days lost per 1,000 actual cumulative working hours; indicates accident severity

# Establish Standards and Rules That Form the Basis of Sound Corporate Activities

The TMEIC Group strives to ensure highly fair and transparent corporate activities, with exceptional corporate ethics and compliance as the basis for management. We aim to build a more effective corporate governance system by strengthening efforts in such areas as internal control, risk management and information management. At the same time, we attach great importance to protecting the interests of our business partners and all other stakeholders.

## Corporate Governance

### Board of Directors and Audit & Supervisory Board

TMEIC introduced an executive officer system in fiscal 2017 with the aim of strengthening corporate governance. This means that the roles and responsibilities of the Board of Directors and the Board of Executive Officers have been separated. The Board of Directors focuses on management supervision such as making decisions on important matters and other areas as well as business execution while the Board of Executive Officers is engaged in the execution of business in line with the decisions of the Board of Directors.

The Company has an Audit & Supervisory Board, and the authority and responsibility for business execution has been assigned to the Board of Directors (chaired by the Representative Director and President), which is comprised of six directors, including two part-time directors (as of April 2022). The Board of Directors discusses and makes decisions on management issues affecting the entire TMEIC Group and supervises the business execution of the representative director, executive officers and Group companies. Further, each Audit & Supervisory Board member also attends these meetings, providing opinions and fulfilling the function of auditing and checking the Board of Directors. In principle, the Board of Directors meets on a quarterly basis (extraordinary meetings are held as required) at which business execution reports are submitted by each executive officer on such matters as risk evaluation pertaining to the economy, environment and social issues. The President provides an overview of this content at the Board of Directors meeting. Although risk evaluations in the business execution reports by executive officers are based on self-assessments, the reports as well as materials on other agenda items are obtained in advance by directors, part-time directors, full-time corporate auditors and outside corporate auditors, allowing them to evaluate and review the content and inquire about necessary steps. The Board of Directors convened seven times in fiscal 2022. The business report prepared each fiscal year includes the operational status of the internal control system and notes the number of meetings the Board held in the previous fiscal year. The Board deliberates on all relevant matters and resolves issues brought up in the business reports, and the outcomes are reported at the General Meeting of Shareholders in June.

Regarding the appointment of directors, part-time directors, corporate auditors and outside corporate auditors, the Company engages in dialogue with shareholders while considering candidates' expertise in corporate management, technology, finance and other specialized knowledge. Additionally, TMEIC takes into account their experience within its business and administrative departments, as well as their external experiences. In the selection process, diversity and independence are prioritized by ensuring the inclusion of at least two or more part-time directors and two or more outside corporate auditors. The proposed appointments are subject to deliberation by the Board of Directors before being submitted to the General Meeting of Shareholders.

Transactions that may constitute competition or a conflict of interest between the Company and its directors or executive officers are subject to the approval of the Board of Directors in accordance with laws and regulations as well as rules set forth by the Board of Directors and executive officers. In addition, the Audit & Supervisory Board, which comprises four members, including three outside corporate auditors (as of July 2023), audits the execution of duties by directors and the effectiveness of the Board of Directors, among other matters, as an independent body.

For directors and corporate auditors to share management information, the president, vice presidents, full-time corporate auditors and outside corporate auditors convene every six months. Executive meetings are held every month, in principle, and are attended by the president, vice presidents, staff managers, business managers (executive officers, etc.) and full-time corporate auditors. When a director or executive officer is appointed, training is provided on the legal responsibilities of the new role as well as other essential matters.

### Internal Control and Risk Management

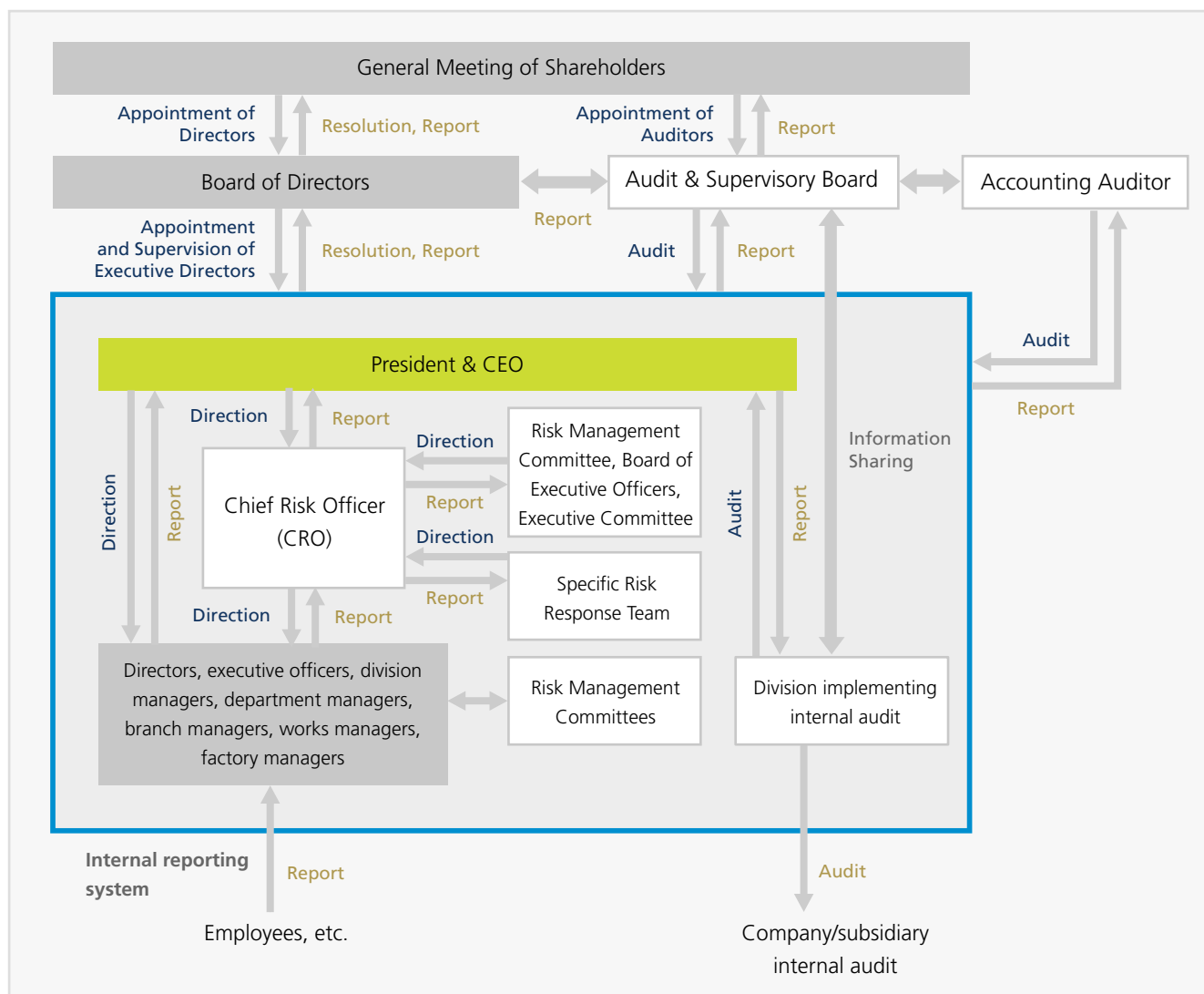
The Board of Directors, which decides on important matters and policy for the Company, along with the Board of Executive Officers, which executes business in line with these policies and the decisions made regarding these important matters, and the Audit & Supervisory Board, which audits the execution of duties by the directors, each implement a reciprocal checking function as they carry out their business activities. The Internal Audit Group inspects the business activities of the Company and its subsidiaries to make sure they are being undertaken appropriately in accordance with laws, regulations and internal rules.

TMEIC classifies management risk in business, including economic, environmental and social issues, into five categories: (1) Risk in business operations; (2) Risk of damages due to product/service; (3) Risk in information management; (4) Safety and work injury related risk; and (5) Other risk. Each division is tasked with identifying the risks that have already materialized as well as potential risks, including risks associated with legal compliance such as bribery and export control. A self-assessment is conducted to determine the degree of impact and likelihood of occurrence for each risk factor, while the status of new risks and appropriate countermeasures are also confirmed. It is the responsibility of each division manager to respond to and control risks in the course of routine operations, and to carry out risk prediction and prevention activities as well as self-assessments.

Information related to risks is shared and management activities checked on a regular basis by respective Risk Management Committees, which convene on a Group-wide basis and within each division, under the guidance of the Chief Risk Officer (CRO), who is responsible for risk management for the entire Company. Meetings by a Company-wide Risk Management Committee are attended by the president, vice presidents, CRO, full-time corporate auditors, administrative division managers and business division managers, who make inquiries and conduct checks such as performance evaluations on risk management activities based on the knowledge of each attendee so that further measures can be implemented as required.

In addition, when a CSR-related issue or other important matter that may cause significant damage to management arises, each division manager reports to the President, CRO and Audit & Supervisory Board members within a system created to ensure swift response. These matters are defined as operational rules together with the risk management system and are codified within the Rules for Building an Internal Control System and the Risk Management Regulations.

### Internal Control and Risk Management System



### Group Governance

TMEIC seeks to ensure uniform management policies and decisions as well as generate synergies through Group governance covering affiliates in Japan and overseas, and is committed to enabling appropriate communication with these affiliates through the Board of Directors meetings of each affiliate and other regular meetings. In addition, Communication Rules have been formulated for TMEIC and its affiliates as a guideline for Group governance, while audits are carried out regularly by the Internal Audit Group to confirm the status of compliance with these rules. Further to this, top management from overseas affiliates come together for meetings to discuss medium-term management plans and progress, and there are also frequent global meetings within each division, which serves to further strengthen Group ties in terms of management policy and strategy.

## Compliance

In order to be recognized as a responsible member of society and to continue growing into the future, each executive officer and employee of TMEIC must comply with all laws and regulations and carry out fair and sincere business activities based on exceptional ethical standards and in a dignified manner that gains trust. At TMEIC, we have formulated and are implementing the TMEIC Group's codes of conduct and various company rules related to compliance so that all executive officers and employees are fully aware of the role TMEIC has and have guidelines for behavior as they go about their daily operations.

Additionally, in order to ensure a thorough awareness of compliance Company-wide, we provide training to executive officers and employees that utilizes e-learning in such areas as the TMEIC Group Standards of Conduct, export control, subcontracting laws and accounting. Education on the TMEIC Group Standards of Conduct is provided every two years for employees at all our bases, covering case studies in such areas as compliance with antitrust laws and the prevention of bribery as well as risk issues. Almost all employees undergo training, except those on extended business travel or other such instances. Besides carrying out independent audits on legal compliance, which include risks if bribery regulations are violated and items related to human rights and compliance with labor laws, the Internal Audit Group also conducts third-party audits in addition to its own annual checks of all TMEIC divisions and business locations, as part of regular efforts to confirm the status of legal compliance. If any errors or inaccuracies occur during the actual processing or reporting, we will promptly make corrections and adjustments.



## Initiatives for Free Competition and Fair Trade

TMEIC has included within the TMEIC Group's codes of conduct provisions concerning compliance with antitrust laws, transactions with government officials as well as the prohibition of bribery. In terms of compliance with antitrust laws and the prevention of bribery, we have established and are implementing company rules, including an antitrust law compliance program and anti-bribery compliance program, that stipulate in detail the items and internal procedures that TMEIC executive officers and employees must adhere to. In addition to complying with the laws and regulations of each country and region we operate in, we strive to ensure free and fair competition based on sound business practices and social norms.

## Appropriate Accounting

TMEIC has set forth provisions for appropriate accounting in the TMEIC Group's codes of conduct with the aim of improving transparency in tax-related matters. We comply with the laws and regulations of the countries our Group companies operate in, pay appropriate taxes and maintain good relationships with the tax authorities of each jurisdiction.

|                                   |   |
|-----------------------------------|---|
| Appropriate tax payments          | <p>TMEIC has established a framework for Group tax governance headed by the executive officer in charge of the Finance &amp; Accounting Division to ensure that taxes are managed appropriately. Specifically, we conduct “Accounting Compliance e-Learning” for all employees led by the Finance &amp; Accounting Division every six months to address any identified tax risks or concerns at the Group level. This helps disseminate the necessary information and fosters a culture of tax compliance awareness within the Company. Any identified risks or concerns are reported to the Finance &amp; Accounting Division, and appropriate actions are communicated through the e-Learning sessions.</p> <p>To assess the effectiveness of tax governance, TMEIC collects information on tax system revisions and stays updated on the latest tax knowledge, considering factors such as overseas taxation and internal Group transactions. Expert advice from external tax professionals and tax consulting firms helps TMEIC evaluate its tax compliance practices.</p> <p>TMEIC complies with the relevant laws and standards of the countries and regions in which we operate, as well as OECD guidelines and the laws and regulations of the countries in which our Group companies are located regarding transfer pricing management. Although we may apply available tax incentives and exemptions, we will not engage in unreasonable tax planning that is not commensurate with the actual state of our business. We also refrain from engaging in transactions aimed at tax avoidance, including the use of tax havens, and pay appropriate taxes that reflect the actual state of our business.</p> |
| Tax risk management               | <p>TMEIC thoroughly manages tax risks when promoting business at each Group company based on the belief that tax compliance forms an integral part of business promotion. We strive to appropriately understand tax risks at the Group level, and if we identify significant tax risks, we seek advice from outside experts such as tax accountants and tax advisors as necessary.</p>  |
| Relationship with tax authorities | <p>TMEIC strives to continuously foster and maintain relationships of trust with government and tax authorities by providing timely and appropriate tax information whenever requested based on a spirit of sincerity.</p>  |
| Reporting in each country         | <p>TMEIC complies with the tax system of each country, refraining from tax avoidance through tax havens and tax planning that is inconsistent with the BEPS* action plan.</p>   |

\* BEPS: Base Erosion and Profit Shifting

## Response to Antisocial Forces

TMEIC stipulates that it will sever all ties with antisocial forces in the TMEIC Group Standards of Conduct. We have created a manual on basic rules and response methods that is provided Company-wide so that all executive officers and employees can respond appropriately in an emergency situation. In addition, when certifying a new supplier, we conclude a basic transaction contract with clauses that include social standards such as the elimination of antisocial forces.

## Internal Reporting System

TMEIC has established an internal reporting system in Japan that includes a hotline for counseling on risk-related matters in which executive officers and employees can make reports or seek advice on matters they suspect may have breached compliance. Efforts are made to ensure everyone is aware of the system Company-wide. All communication is anonymous thanks to the use of an external contact (a law office) to complement the internal contact (the Corporate Legal & Compliance Division). In addition, we make sure that no one is treated disadvantageously for providing information in good faith and for a legitimate purpose.

## Responsible Procurement

### CSR Procurement

As globalization continues to advance, TMEIC recognizes the importance of addressing social responsibilities such as respecting human rights, ensuring safety and health, compliance with laws, and environmental protection. This commitment extends not only within our organization but also throughout our supply chain. To achieve this, we believe it is essential to promote appropriate measures, referred to as “CSR Procurement.”

TMEIC has traditionally promoted “Procurement Activities with Due Consideration for the Environment” as one of our procurement policies, and while we confirm the status of our suppliers’ environmental conservation efforts through the “Green Procurement Survey,” we developed the “TMEIC CSR Procurement Guidelines” in August 2022 based on our basic procurement policy in response to increasing social demands. These guidelines aim to further promote CSR activities in collaboration with our suppliers. We have explained the purpose and overview of these guidelines to our suppliers and other business partners to seek their understanding and endorsement.

In terms of operationalizing these guidelines, the Sourcing Division has distributed them to approximately 1,200 suppliers in Japan and requested the submission of a confirmation letter. As of April 2023, we have received approximately 80% agreement. Going forward, we plan to further seek understanding and endorsement from suppliers in Japan while also conducting explanations for approximately 200 overseas suppliers.

Regarding the selection and evaluation of material suppliers, we have established a basic policy of prioritizing those who receive comprehensive high evaluations, with CSR procurement being one of the indicators for such assessments. Further, based on the results of the surveys conducted according to these guidelines, if any compliance violations or quality non-conformances are identified, we take corrective actions such as improvement requests or on-site audits. In cases where improvements are not observed, we may implement measures such as restrictions or suspension of transactions.

➤ **Procurement Policy**

<https://www.tmeic.com/procurement-policy>

## **Response to Conflict Minerals**

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Section 1502 of the U.S. financial regulatory reform bill (Dodd-Frank Wall Street Reform and Consumer Protection Act) concerning conflict minerals was enacted in July 2010 and the U.S. Securities and Exchange Commission (SEC) adopted the final rule requiring compliance from and after January 2013, thereby making it mandatory for certain companies to report and disclose information regarding conflict minerals. The TMEIC Group asks vendors to confirm that their products (including their upstream supply chain) do not contain any minerals such as tin, tantalum, tungsten and gold that originate from or have any association to conflict in affected and high-risk areas. We also consider as serious issues the human rights violations committed by armed groups in the Democratic Republic of the Congo (DRC) and its surrounding countries as well as child labor/forced labor and the environmental destruction caused. As such, we strive to ensure transparency in the supply chain so as not to exacerbate or be part of these problems that involve inhumane acts. We also promote responsible procurement of minerals through such efforts as investigating individual projects as required.

## **Supplier Reporting System**

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TMEIC has established a Supplier Reporting System so that its suppliers can make a report if there has been a violation or suspected violation of laws/regulations, standards of conduct, procurement policy, transaction agreement or corporate ethics, etc., by a related party. The personal information of the reporter will not be disclosed to anyone outside the executive office for the system without the consent of the person involved. The content of the report will be taken extremely seriously and care is taken to ensure that the reporter or his/her department is not treated disadvantageously.

## **Respecting Human Rights in the Supply Chain**

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TMEIC places a strong emphasis on respecting human rights and labor practices within our supply chain, as reflected in the “TMEIC CSR Procurement Guidelines.” These guidelines highlight key areas related to human rights and labor, including the prohibition of forced labor and child labor, adherence to international standards and respect for the right of employees to form and participate in labor unions. We request our suppliers to understand and endorse these guidelines.

Moreover, as a company subject to significant obligations under the UK Modern Slavery Act, our UK subsidiary, TMEIC Europe Ltd., takes specific measures to combat slavery and human trafficking. This includes disclosing a statement on efforts to eliminate such practices as required by the Act.

➤ **Response to UK Modern Slavery Act**

<https://www.tmeic.com/procurement-policy>

## Export Control

The TMEIC Group has formulated a compliance program on export control for the purpose of maintaining international peace and security, and thoroughly adheres to laws and regulations concerning export control in the countries and regions it operates in. In our export control system, the president serves as the general manager and a director or executive officer serves as export control and audit officer. A dedicated person in each business division and factory takes care of cargo and technology classification while staff departments promote export control and business divisions are responsible for providing export control personnel. All exports are rigorously checked by multiple people with extensive knowledge in product standards and performance as part of a strict screening and approval system.

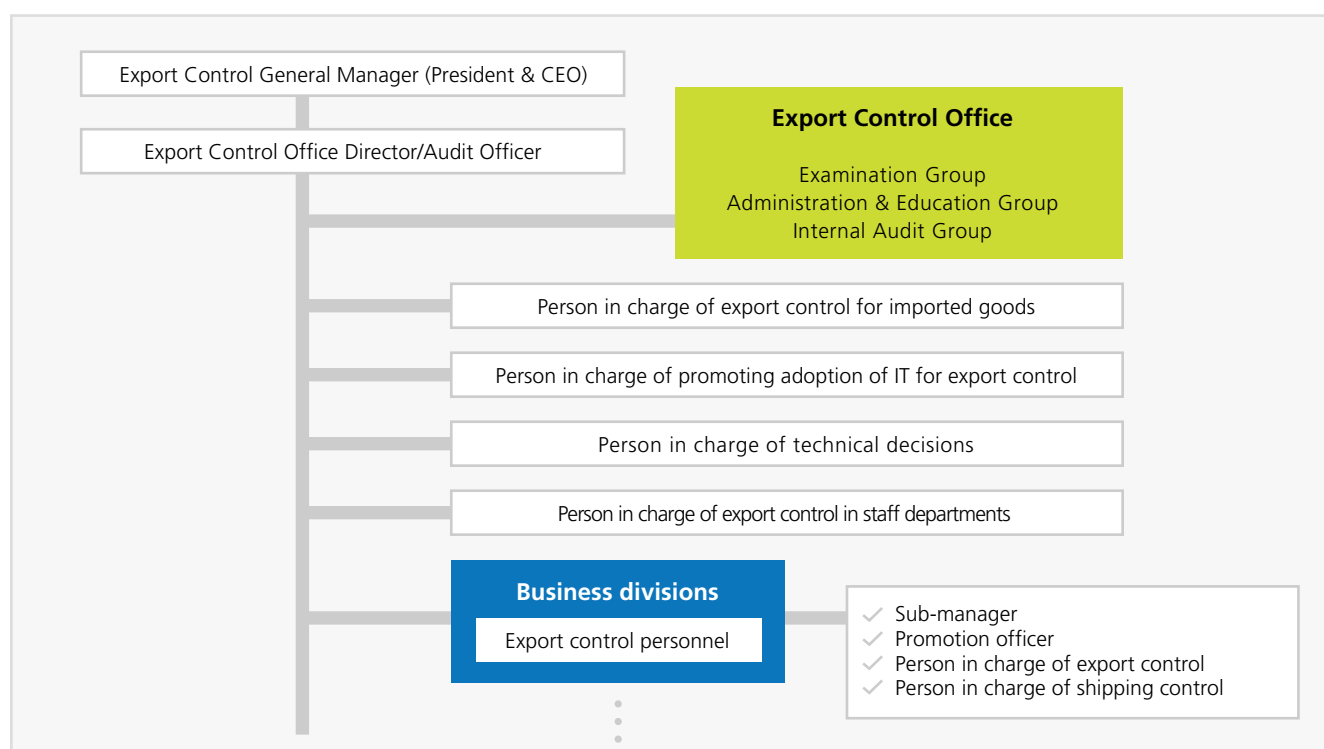
TMEIC has acquired a Special General Bulk Export License from the Ministry of Economy in Japan, Trade and Industry regarding approval for list-controlled goods and technologies. The license serves as proof that internal export control regulations have been established and that strict compliance has been shown relative to foreign exchange laws and other pertinent areas.

### Education on Export Control

In recognition of the importance of export control and in order to increase awareness of the TMEIC Group Standards of Conduct and export control regulations, the Export Control Office provides practical training for TMEIC export control personnel every year as well as e-learning and other export control-related education to all TMEIC employees.



### Export Control System



## Information Security

TMEIC recognizes the asset value of all information handled in the process of executing business, including personal information, third-party information from customers and suppliers and Company information. Our basic policy is to appropriately manage and protect such information by treating it as confidential, a philosophy that is stipulated in the TMEIC Group Standards of Conduct. The policy is disseminated throughout TMEIC via new employee training, training for mid-career workers and e-learning for TMEIC executive officers and employees on personal information protection and information security.

# **TMEIC CORPORATION**

[www.tmeic.com](http://www.tmeic.com)