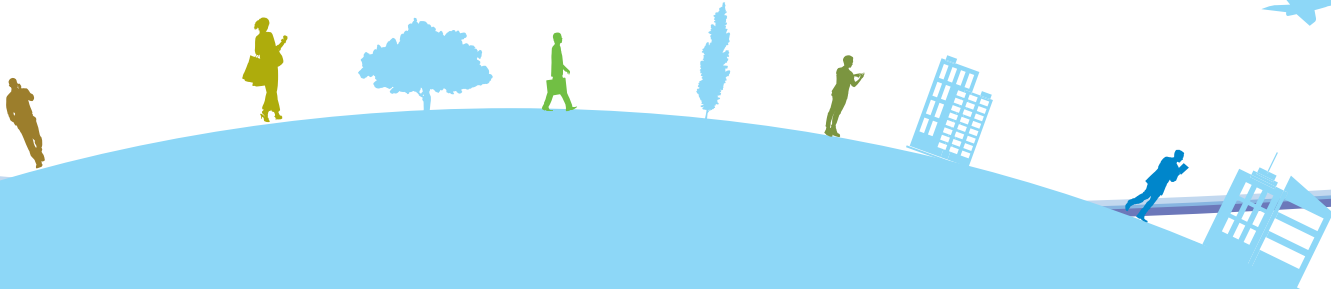




Tokyo Seimitsu  
CSR Report 2017



## Editorial Policy

The Tokyo Seimitsu Group established the CSR Promotion Department under the direct control of the president in April 2015 to explore the responsibilities and roles to fulfill to "achieve a sustainable society," launching actions for CSR (corporate social responsibility). This CSR report is intended to disclose the Tokyo Seimitsu Group's corporate activities to all stakeholders, both existing and potential, in order to ensure that all these activities are "environmentally conscious," "create social values," and continuously contribute to "solving social issues."

We intend to use this report as a tool of communication with our stakeholders to receive feedback and hope to develop our fledgling CSR actions into a more effective initiative.

## Scope of This Report

**Period covered:** In principle, this report covers activities during the period from April 1, 2016 to March 31, 2017. Activities continued from before the period covered, as well as those conducted most recently, are included.

**Organizations covered:** Tokyo Seimitsu Co., Ltd.  
Semiconductor Company, Hachioji Plant (Hachioji City, Tokyo)  
Metrology Company, Tsuchiura Plant (Tsuchiura City, Ibaraki)  
Administration Company (Hachioji City, Tokyo)  
Semiconductor Company, sales offices (3 offices in Japan)  
Metrology Company, sales offices (14 offices in Japan)

**Affiliated companies:** Tosei Engineering Corp. (Tsuchiura City, Ibaraki, and Miyoshi City, Aichi)  
Tosei Systems Co., Ltd.  
Accretech Create Corp.  
Tosei Box Corp.

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

Issued: October 2017 (next issuance scheduled for October 2018; last issuance date: October 2016)



### For additional information, go to:

- ▶ Eco Awareness tab of Tokyo Seimitsu's website: <http://www.accretech.jp/english/csr/index.html>
- ▶ Products tab of Tokyo Seimitsu's website: <http://www.accretech.jp/english/product/index.html>

### The following documents can be downloaded.

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

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# Profile of Tokyo Seimitsu

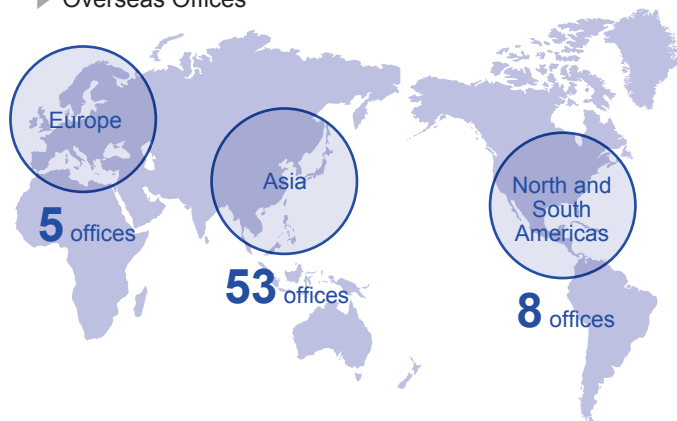


With semiconductor manufacturing equipment and precision measuring instruments as the pillars of its business, Tokyo Seimitsu conducts business activities globally, mainly in Asia but also in other parts of the world including Europe and the Americas. We aim to create the world's No.1 products and continue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

## Profile

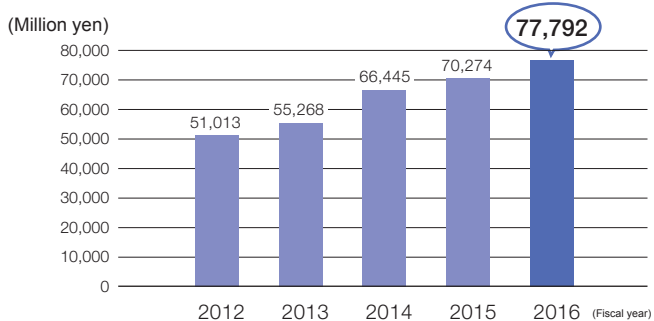
Company name	Tokyo Seimitsu Co., Ltd.
Head office	2968-2, Ishikawa-machi, Hachioji-shi, Tokyo
Established	March 28, 1949
President	Hitoshi Yoshida
Paid-in capital	10,462 million yen (as of March 31, 2017)
Exchange listing	Tokyo Stock Exchange 1st Section
Sales amount (consolidated)	77,792 million yen (as of March 31, 2017)
Ordinary profit (consolidated)	13,864 million yen (as of March 31, 2017)
Number of employees (consolidated)	1,784 (as of March 31, 2017)
Operation sites	Hachioji Plant, Tsuchiura Plant, and 17 sales offices in Japan, 66 overseas offices, 5 domestic group companies, etc.

## Overseas Offices

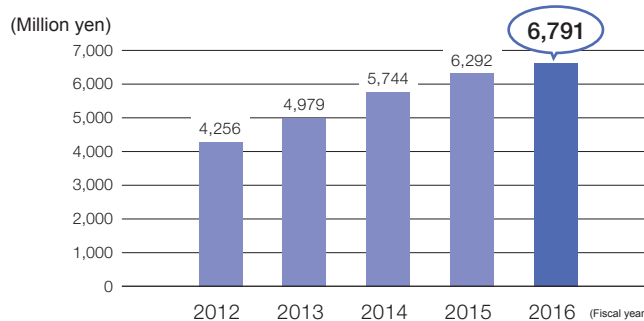


## Financial Data (Consolidated)

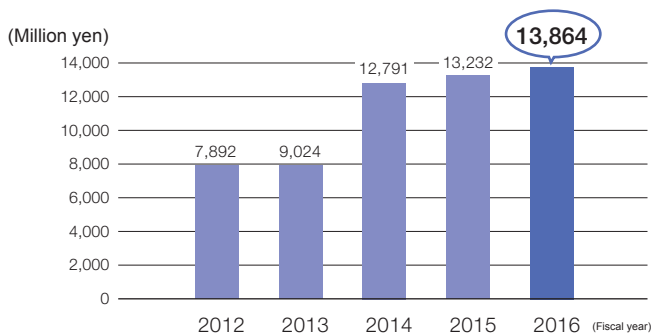
### Sales Amount



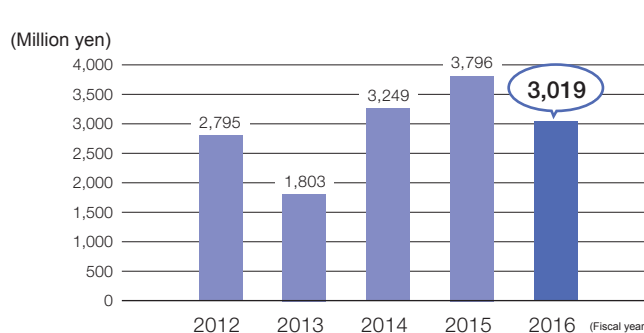
### R&D Expenses



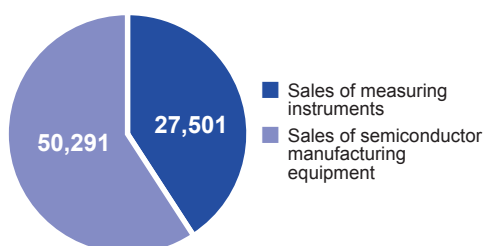
### Ordinary Profit



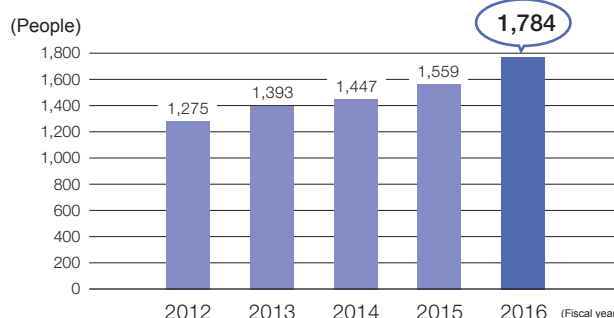
### Capital Expenditures



### FY2016 Sales Amount by Business (Million yen)



### Number of Employees





## Business Summary

Tokyo Seimitsu conducts business activities with semiconductor manufacturing equipment and precision measuring instruments as the pillars of its business. Semiconductors are indispensable for all kinds of equipment that support the convenient, comfortable society, such as smartphones, automobiles, and airplanes. They constitute a business area where we can contribute to addressing social needs for functional enhancements, such as making devices smaller and more efficient, and reduction in environmental impact. We meet these social needs through the business activities we conduct in the

semiconductor market that is expected to keep growing thanks to IoT\* and other innovations.

Precision measuring instruments support manufacturing by providing advanced measuring capabilities that are needed in various stages of the production line. Based on the concept of "What cannot be measured cannot be produced," we intend to continue to leverage our excellent technical prowess and support manufacturing and society with our measuring technology.

\*IoT: Internet of Things define everything is connected to the Internet.

## Products

### Semiconductor Manufacturing Equipment



### Probing machines

A probing machine tests the electric characteristics of each semiconductor chip created on a wafer. The test is carried out with the machine connected to a semiconductor tester via a probe card.



### Dicing machines

A dicing machine cuts a large number of semiconductor chips created on a wafer into individual chips.

### Precision Measuring Instruments



### 3D coordinate measuring machines

A 3D coordinate measuring machine has a scale in an orthogonal coordinate system to read the positional relationship of the measured object and the probe as X, Y and Z coordinates. These measurements are used to evaluate dimensions, positions, shapes, geometric deviations, etc.



### Surface texture and contour measuring instruments

A surface texture and contour measuring instrument quantitatively measures the smoothness or unevenness of the surface of a machined object. Measurements are evaluated using roughness parameters determined by JIS and ISO standards.



### Roundness and cylindrical profile measuring instruments

A roundness measuring instrument generally evaluates round or circular objects, determining the degree of deviation from a geometrically perfect circle.

# Message from the President



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

President and CEO

A handwritten signature in black ink that reads "Hitoshi Yoshida".

Corporate Philosophy:

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We create the world's No.1 products and grow significantly with our partners and customers by integrating the excellent technology, wisdom, and information available in the world.

Motto:

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

Corporate Brand:

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**ACCRETECH**

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



I would like to take this opportunity to express my utmost gratitude to many business partners for the support they have given us to date since the establishment of the Tokyo Seimitsu Group. In our "Environmental and Social Report 2015," we declared the compliance with the EICC (Electronic Industry Code of Conduct). We will continue to strictly enforce this Code and will deepen our WIN-WIN relationship with a wider range of stakeholders to enhance our corporate value and widely recognize our corporate philosophy and values and social responsibility and roles. In order to gain an understanding, we have published "CSR Report" since last year and made it public.

Through partnerships with enterprises and individuals with whom we share the goal of "creating the world's No.1 products," we develop innovative new products based on nanotechnology. We are a technology-oriented company committed to nurturing a global and hybrid corporate cultural environment of Tokyo Seimitsu (ACCRETECH) encompassing different cultures and to building a development system for the world's No.1 products, under the motto of "WIN-WIN RELATIONSHIPS CREATE THE WORLD'S NO.1 PRODUCTS," for the purpose of making this collaboration a success.

The corporate brand, "ACCRETECH," introduced in 2001, is a term coined by combining the word "accrete," meaning "to grow together," and the word "technology." It represents our corporate philosophy to "create the world's No.1 products and grow significantly with our partners and customers by integrating the excellent technology, wisdom, and information available in the world."

Based on this philosophy, we have provided manufacturers around the world with measuring instruments utilizing the state-of-the-art precision measuring technology as well as semiconductor manufacturing equipment that takes advantage of precision positioning technology. Staying true to the concept of "What cannot be measured cannot be produced" as the basic principle of manufacturing, we will continue our sincere effort to offer valuable technologies and services that are friendly to the global society and environment.

In September 2017, the ACCRETECH Group Code of Conduct was revised. This Code of Conduct stipulates ethical standards for action and behavior we should meet to achieve long-term and sustainable development of all stakeholders (customers, shareholders, investors, communities, employees, suppliers, political and administrative bodies) and the Tokyo Seimitsu Group. The Tokyo Seimitsu Group works to raise awareness of compliance with this Code among its directors and employees through education in order to maintain a transparent and sincere attitude and promote compliance through the established compliance management system. We will also strive to ensure that stakeholders will gain understanding and cooperation for compliance with the Group Code of Conduct.

With enterprises around the world exploring new ways of manufacturing to meet the needs of the international community for healthy, safe, and comfortable livelihood with low environmental impact, we consider it Tokyo Seimitsu's social role to fulfill those needs by providing a means of production that makes the impossible possible with high-quality No.1 products. For example, any countries including emerging or poor countries, have a potential to develop industry. We will help these countries increase their competitiveness by giving them added values that enable many people to demonstrate their ability through cooperation in the field of precision. Tokyo Seimitsu is a group of engineers devoted to working in unity with customers and suppliers to overcome the hurdles in the creation of new value and will continue to take part in the effort to create "a future full of dreams" as an indispensable member of "manufacturing communities" across the globe.

We also continue to provide our shareholders and investors with accurate information on our business performance, financial situation, and business strategy in a timely manner to improve transparency of our activities and governance. By increasing our corporate value and realizing "a future full of dreams," we are going to build long-term relationships with our shareholders and investors so that all of them can achieve gains in asset value safely.

# How We See CSR

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

## Motto

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



Wind power generation

# ACCRETECH



Precision Measuring Instruments

## Suppliers

Partners we work with to create new value



Electric components



Small components



Materials

## Corporate Philosophy

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



## Finished Products

Manufacturers  
Supported by  
Tokyo Seimitsu



Smartphones



Airplanes



Next-generation  
robots



Automobiles

## Support Manufacturing and Society with Measuring Technology

## Achieve a Sustainable Society



## Semiconductor Manufacturing Equipment



The Tokyo Seimitsu Group has contributed to enhancing the convenience of society and reducing environmental impact by providing precision measuring instruments that are indispensable for our manufacturing customers' highly efficient production processes and semiconductor manufacturing equipment that helps produce electronic products in an energy- and resource-saving manner. This means that the measuring technologies and products that the Tokyo Seimitsu Group provides support manufacturing activities of customers and that end products produced through those activities support the entire society.

In order for us to continue to provide society with various values through our products, it is essential to grasp the needs of customers and society from a medium- and long-term perspective and collaborate with many suppliers who relate to our corporate philosophy. We are determined to create new technologies based on the win-win relationships with stakeholders and support society through our manufacturing activities that improve the quality of life and preserve and enhance the environment. At the same time, we intend to enter new fields where we can provide security and safety by leveraging our technologies, thus contributing to the development of a sustainable society.

Also, in order to keep growing together with stakeholders, we ensure that human rights are respected in all processes of our business activity and evaluate our impact on the global environment. We strive to fulfill our social role in awareness of the responsibility that we bear. As part of these efforts, the CSR report portrays Tokyo Seimitsu as it is and is intended to promote various forms of communication with stakeholders.



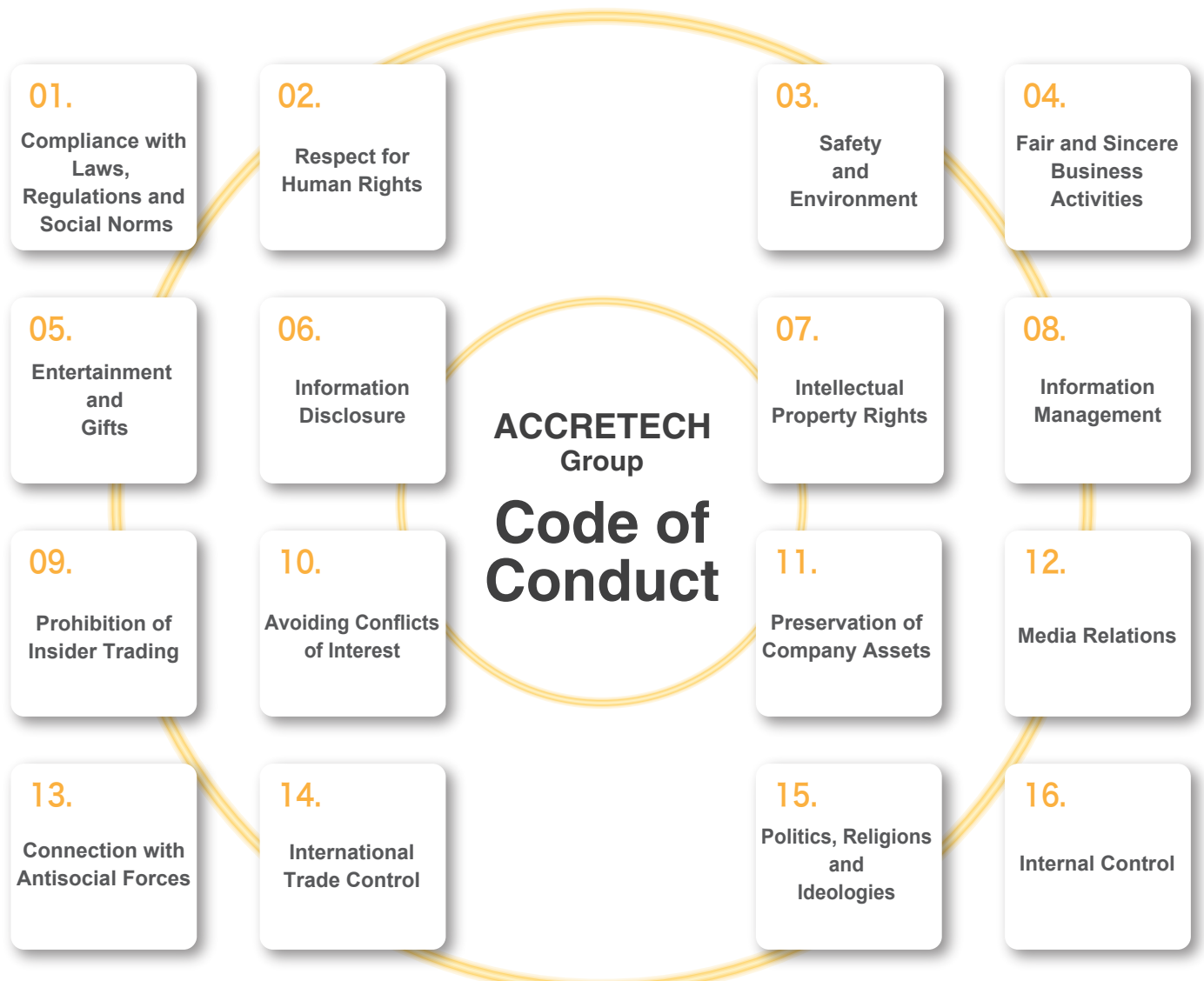
# ACCRETECH Group Code of Conduct

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

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

Tokyo Seimitsu Group provides education for the directors and employees on the Group Code of Conduct to improve and raise awareness. The Group also makes sincere efforts to obtain understanding and cooperation from all stakeholders in its compliance activities.

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



# Stakeholder Engagement



We drive sustainable and powerful growth by establishing channels of communication with all stakeholders and deepening win-win relationships with them.

Interacting with various stakeholders makes our business activity possible. We therefore conduct activities to emphasize interactive communication with stakeholders in all processes of our business activities.

We believe that the true needs of stakeholders can be shared only through sincere communication.

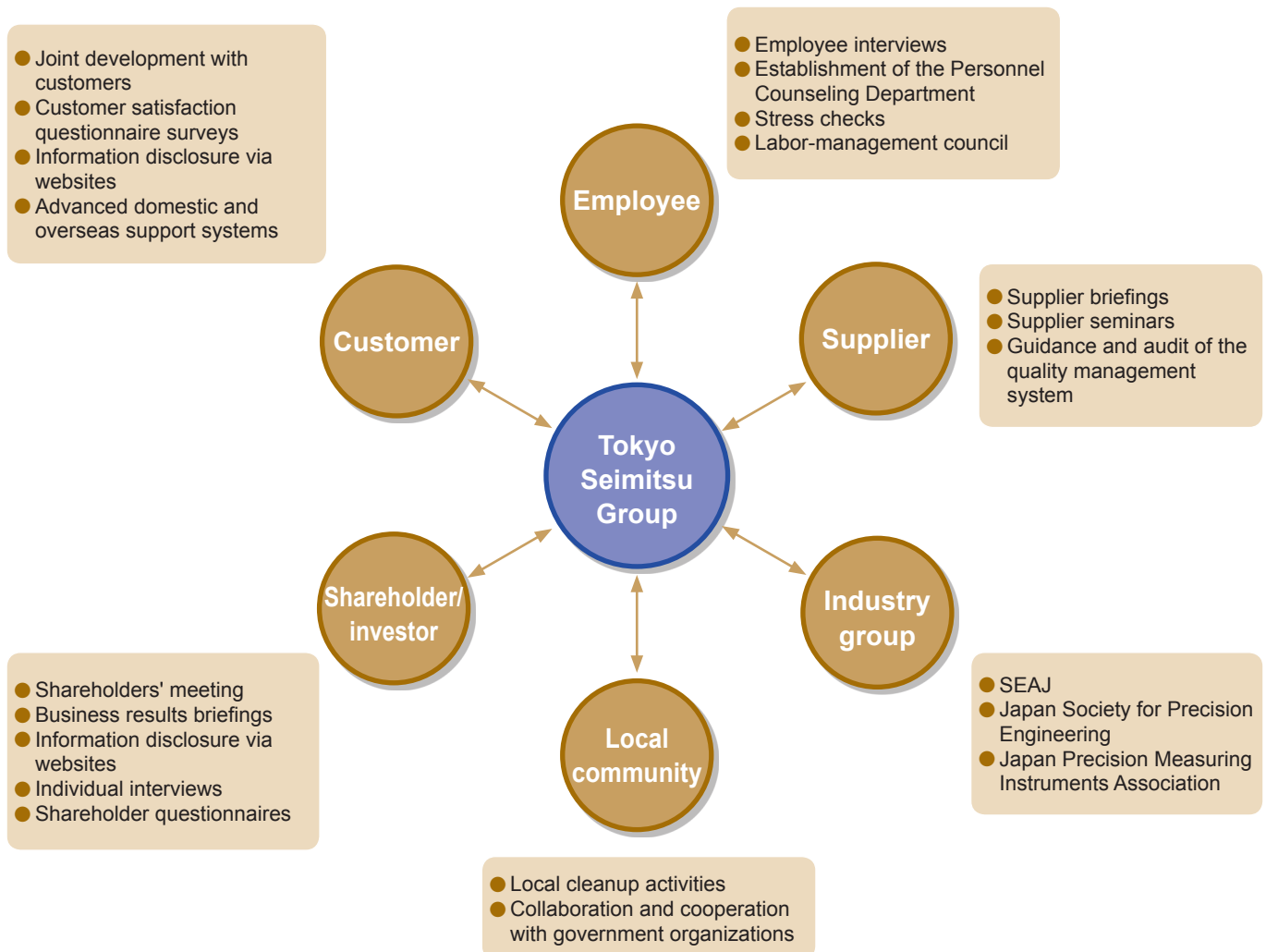
To this end, it is necessary to thoroughly examine our business activity processes and identify their impact on and responsibility for stakeholders.

In order to keep growing with stakeholders, we intend to build deeper relationships of trust by repeating this examination process and broadening the channels of communication.

Our role is to provide customers with means to take on new

challenges in response to social needs. Developing technologies jointly with suppliers and customers, we have grown by building win-win relationships. These innovations have been supported by the abilities and passion of our employees as well. Needless to say, the understanding and support of shareholders, investors, and local communities have made investments in the development of new cutting-edge technologies possible. The Tokyo Seimitsu Group will continue to be a strong partner that will support customers 'new challenges and will continue to grow together with closer cooperation with suppliers to promote the development of employees' skills, and will work with each stakeholder to further deepen our communication.

## ► Communication with Stakeholders





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

## Corporate Governance

### Basic Views on Corporate Governance

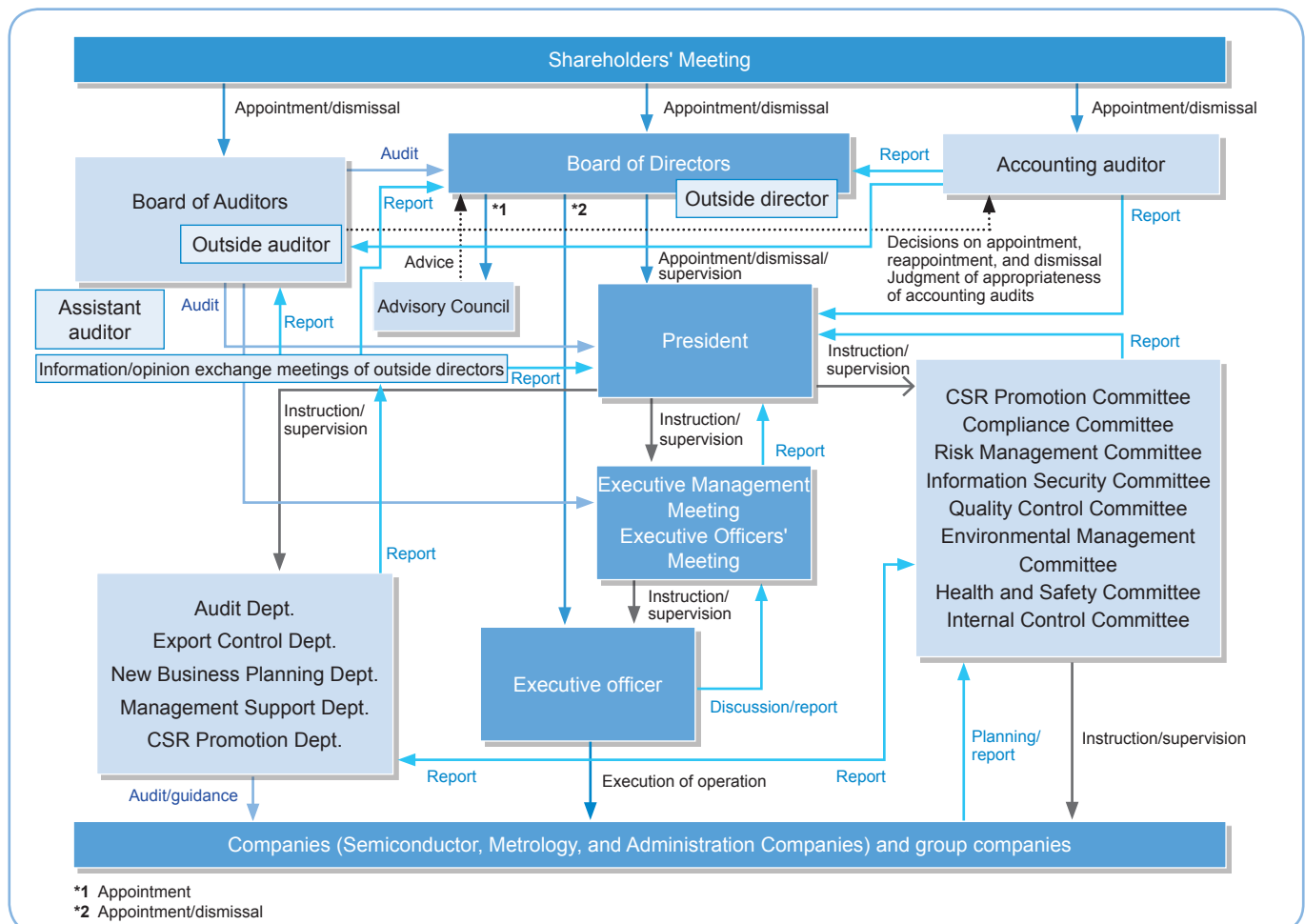
Our corporate philosophy is "to create the world's No.1 products and grow significantly with our partners and customers by integrating the excellent technology, wisdom, and information available in the world." By putting this philosophy into practice under the corporate brand "ACCRETECH," we strive to achieve sustainable growth and increase corporate value.

To meet this goal, based on a recognition of the need to ensure fair and transparent management activities as a reliable corporate citizen in the international community, the Group has established basic policies to enhance corporate governance.

### Basic Policies

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

### Corporate Governance Structure



## ■ Stance on Internal Controls

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

## ■ Establishment of and Structure for the Internal Control System

The Board of Directors has built an effective internal control system and established a structure for complying with laws, regulations and the articles of incorporation to ensure that all business operations are performed appropriately and soundly. The Board of Auditors audits the effectiveness and functions of the internal control system.

The Audit Department under the direct control of the President conducts internal audits to verify that the operation of the Tokyo Seimitsu Group is conducted in compliance with relevant laws, regulations, the articles of incorporation, and internal rules, as well as to assess the validity of control. The Audit Department also carries out IT control audits in cooperation with other relevant departments and teams.

The Audit Department checks the establishment and operation status of internal controls related to financial reporting of the Tokyo Seimitsu Group and evaluates their validity.

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

Internal audits are conducted according to an annual plan approved by the Board of Directors, and their results are immediately reported to the President as well as at the Board of Directors and Executive Management Meetings.

Audit results and suggested improvements are also shared with related sections and divisions.

## Compliance and Risk Management

### ■ Compliance Management System

The Tokyo Seimitsu Group has the Compliance Committee as an organization to manage compliance-related efforts.

This organization is led by the board directors and executive officers, the other members being directors in charge of production, engineering, and personnel management, presidents of the group companies, etc.

The committee formulates the code of corporate ethics and action guidelines, and reports and discusses compliance education, training, and activities. If there is any potential violation or infringement of laws, regulations, rules, or ethics, it

takes corrective actions. The committee also discusses preventive measures as necessary.

### ■ Whistle Blower System

The Compliance Consultation Service is provided as a whistle blower system. This service is offered through the following channels outside and inside the company: ① Compliance Committee members and Secretariat, ② Personnel Counseling Dept. ③ external lawyers, and ④ outside directors and auditors. Every effort is made to protect the anonymity and privacy of whistleblowers and shield them from any negative consequences.

### ■ Compliance Education

To ensure thorough compliance, all directors and employees should understand applicable laws, regulations, and rules and realize their obligation to comply with them. Tokyo Seimitsu provides many education opportunities to raise awareness of compliance and stay highly conscious.

In addition to level-specific education programs such as new employee training and training for managers, we have implemented an e-learning training system in Japan.

In safety and health training at manufacturing site, emphasis is placed on compliance with relevant laws and regulations, including those related to quality and environmental management.

Moreover, with regard to the relationships with suppliers, we hold workshops on subcontracts and other related issues.

### ■ Compliance Activities

#### Security Trade Control Program

The Tokyo Seimitsu Group has the Security Trade Control Program in place to implement proper security trade control aiming at maintaining international peace and security.

In implementing this program, rules to comply with trade laws and regulations have been established to ensure compliance for export of products and components.

Latest information on export-related laws such as the Foreign Exchange and Foreign Trade Act is constantly obtained and communicated to directors and employees engaged the related work. They are required to comply with the security trade control processes set up internally such as trade item classification and transaction examination. Moreover, education on import/export control work and specific trading business skills for those who will be stationed abroad is also provided.

Tokyo Seimitsu was approved by the Tokyo Customs as an exporter with excellent security control and compliance programs and granted the title of "specified exporter" under the AEO\* (Authorized Economic Operator) system in March 2009.

E-learning program on export control process has been

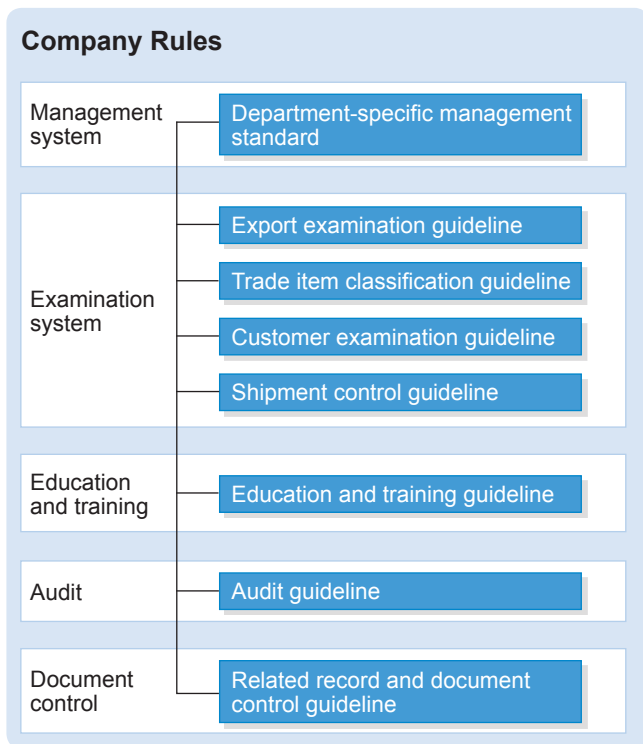


internally produced and participated by all employees including directors. This program is also planned to expand for personnel in charge of export work at group companies.

As Chair of the Trade Sub-committee of SEAJ (Semiconductor Equipment Association of Japan), Tokyo Seimitsu conducted a security export control seminar for member companies in fiscal 2016.

\* AEO (Authorized Economic Operator):

AEO stands for authorized economic operator, which is a private company entitled to preferential treatment in import and export procedures at the customs office, such as simpler inspections. The requirements for an AEO are that the company have no history of legal violation over a specified period of time, that it be capable of performing duties properly and reliably, and that it have compliance rules in place and put those rules in practice.



### Status of Legal Compliance

Results of evaluations and other inspections conducted in internal audits and by external organizations show no misconduct, legal violation, or any other problem that affects business activities with regard to the appropriateness of financial statements, the quality of products, and environmental activities in fiscal 2016.

### Risk Management System

The Risk Management Committee is in place to manage risk for the Tokyo Seimitsu Group. Headed by the President and CEO, the Committee consists of executive officers from Companies

and directors of subsidiaries appointed by the Chair. Measures to prevent potential risk are reported from relevant sections to the Committee, which will then reports to the Board of Directors as necessary. When risk becomes obvious, the Risk Task Force is established immediately.

### Risk Measures

#### Business Continuity Management

At the time of a natural disaster or accident, life is the first priority. On the other hand, we consider that, if key business activities are stopped, it is a corporate responsibility to resume business as quickly as possible to prevent customers' operations from being interrupted.

Tokyo Seimitsu has "business continuity rules" and "business continuity plans (BCP)" in place to clarify the actions to be taken in an emergency.

At ordinary times, we review the BCP of each division based on risk assessments taking the operational status into account and observations of changes in risk predictions. At the same time, we evaluate the seismic capacity of buildings, maintain hub offices, and conduct routine safety checks and education. Results of these activities are reported to the Risk Management Committee every year.

#### Basic Business Continuity Policy

- Our top priority is to confirm and secure the safety of our employees and their family members and to assist in efforts by local communities to protect and save the lives of people and achieve reconstruction.
- Priority is given to maintain the supply of components that our customers need to continue business operations.
  - ① Maintaining the supply of precision dicing blades
  - ② Maintaining the provision of equipment repair service and the supply of necessary components

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

#### Information Security

The globalization of business and progress of information technology have made the management of intellectual property rights and customer information has increased, requiring us to improve corporate structures and strengthen management.

With the Information Security Committee established in 2004, headed by the chair selected by and among the Board of Directors, Tokyo Seimitsu has been committed to strengthen

information security.

The Committee is responsible for basic information security policy, developing rules based on that policy, and instructing and supervising of policy implementation.

The IT System, Office, and Education and Audit Working Groups have been established under the Information Security Committee to ensure handling of information other than electronic information and security.

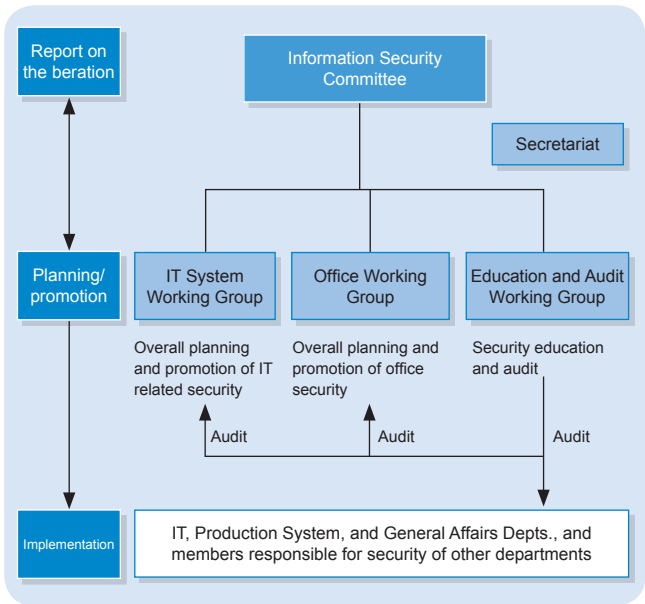
**Information Security Measures**

Under increased threat of cyber attacks such as targeted attacks and ransomware, all employees receive regular education with e-learning on the most recent threats, and related information is posted on the portal site for employees to encourage information sharing and alerting.

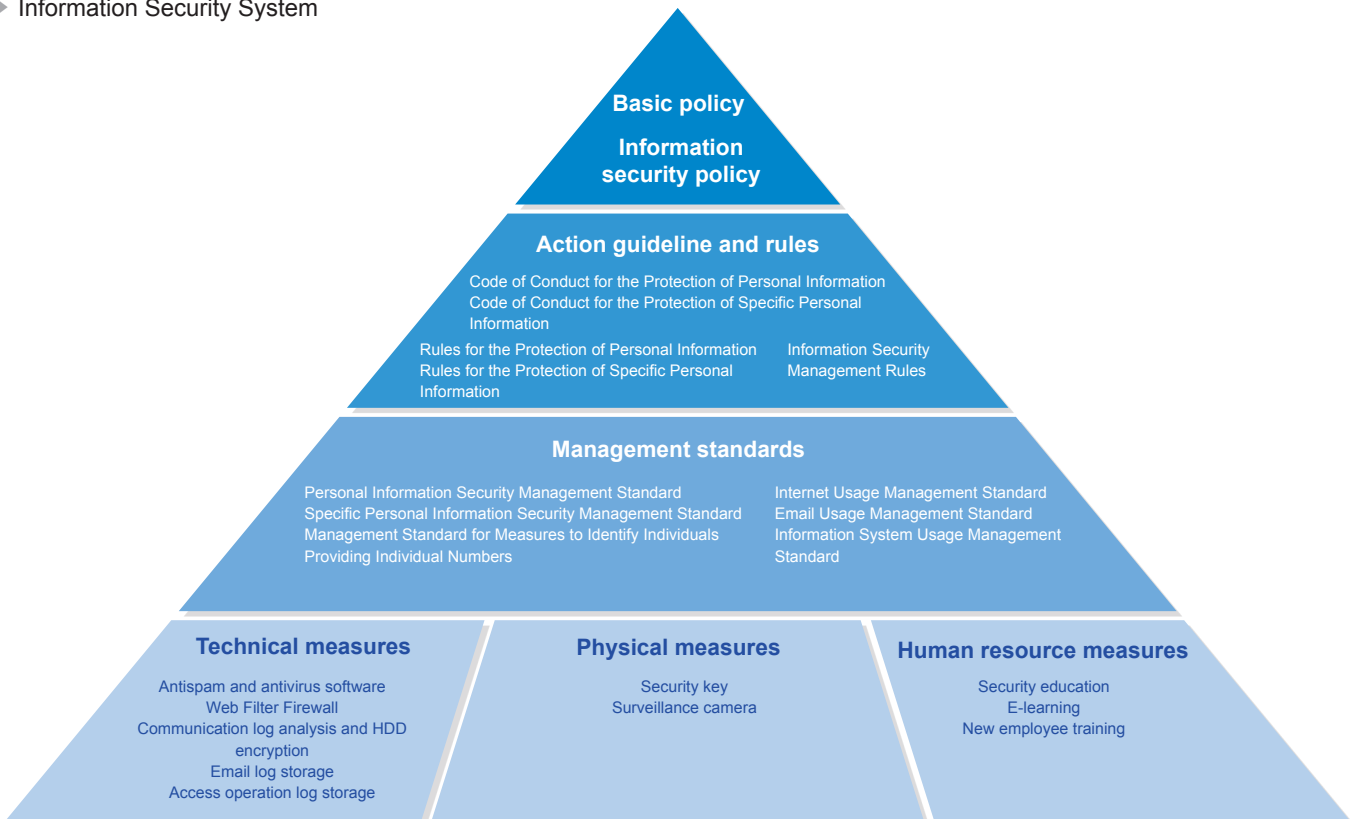
In addition, a targeted attack drill was conducted twice in 2017 and strived to improve security awareness.

As technical measures against recent threats, in addition to measures at inlet and outlet of information, the latest security equipment has been introduced to detect suspicious behaviors of malware in order to reduce security risk.

► Information Security Committee and Functions



► Information Security System



# Relationship with Customers



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

## Commitment to Quality Control

### Basic Views on Quality

Customers of Tokyo Seimitsu are manufacturing companies, and the values we offer are "productivity of customers" and "accuracy and reliability of products manufactured by customers." In other words, we take it seriously that we "provide customers with a means to create value."

Our responsibility is to maintain a stable supply of high-quality products and services in order to protect and enhance customers' social status and profit. Keeping this in mind, we are committed to "maintenance and improvement of product quality," "advanced global support system," and "customers' satisfaction and confidence in products and services."

### Quality Control System That We Keep Improving and Enhancing

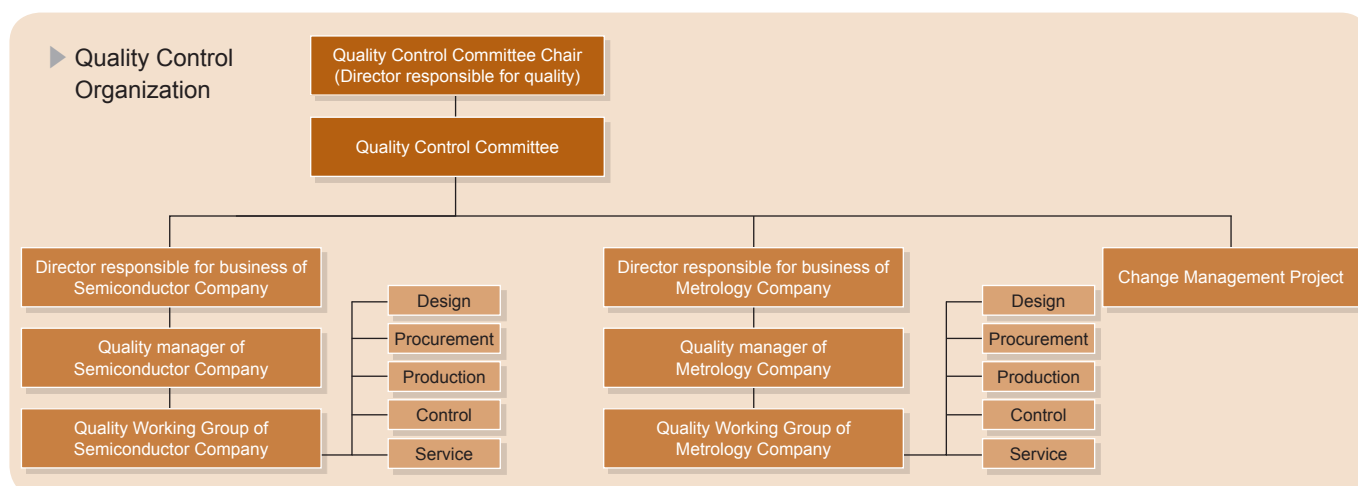
In 1994, we systematized numerous quality assurance activities we had been doing, in order to attain ISO 9001 certification for both Hachioji Plant and Tsuchiura Plant at the same time. After obtaining certification, we have devoted ourselves to eliminate quality risk and have systematized improvement activities under a rigorous quality control system. With the revision of ISO9001 and establishment of ISO9001:2015 in September 2015, we reviewed our quality system. In fiscal 2016, we began to establish a new quality management system to comply with ISO9001:2015 and began to implement it in fiscal 2017. With this new quality management system, quality policy was revised and quality targets were set by each plant to improve quality performance in order to address the needs of stakeholders, internal and external challenges and control risk. In fiscal 2017, both plants implement new quality control activities, aiming at

obtaining ISO9001:2015 in the spring of 2018. As of the end of fiscal 2016, there were 26 qualified internal quality auditors at Hachioji Plant, and 16 at Tsuchiura Plant. To maintain and raise their skills, an education program for auditors and a qualification renewal test are conducted every year. In fiscal 2016, additional education was offered on ISO9001:2015.

### Quality Policy

Quality Policy of Tokyo Seimitsu Co., Ltd.  
 Basic Philosophy  
 WIN-WIN RELATIONSHIPS CREATE THE WORLD'S NO.1 PRODUCTS!  
 Policy

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







In August 2016, we acquired the certification of JIS Q 9100: Quality Management System-Requirements for Aviation, Space and Defense Organizations (certification scope: shape measurement of outsourced parts). This allows us to measure workpieces in the fields of aviation, space, and defense and make measurements outsourced by customers, making us able to accommodate a wider range of precision measurement needs.

### Quality Status Briefings

Monthly quality briefing is attended by Directors responsible for quality to discuss quality issues, and validity and effects of measures. It also functions as a conference body for quick response subject to decisions by Directors, such as implementing measures to other equipment or cross-sectional measures, and allocating resources in organizational efforts.

### Approach to Identifying Real Causes of Problems and Preventive Measures/Horizontal Deployment

As an approach to identifying the true cause of a problem, we adopt "root cause analysis". We use this method while deepening our understanding of it as a common thinking tool. We analyze causes in three elements: fundamental causes, causes of spill, and systems (mechanism). Eventually, we decide and implement preventive measures for each of these elements. When similar events are anticipated, we conduct measures on a horizontal scale in advance to prevent them.

\* Root cause analysis: Regarding a problem and its countermeasure, one presents the cause of that problem and then the cause of that cause. With this analysis method, the effectiveness of the countermeasure for a problem is evaluated by repeating this process.

### Continuous Improvement Activities

Tokyo Seimitsu has an improvement suggestion system and small group activities, we continuously conducts improvement activities to pursue high-quality and rational means of production and to provide reliable and high-quality services.

Tsuchiura Plant has been conducting small group activities for 21 years since 1997. In the beginning, the purpose of the activities was productivity improvement and quality control, however soon the scope of activities was expanded to involve indirect divisions. In fiscal 2016, 26 teams completed 46 subjects.

For improvement activities, we have a semiannual award system and for each, we achieving with sharing results of our activities.

Employees mutually visit each other to establish cooperation between the two plants by sharing the process and results of improvement.

### Upgrading of Change Management

Efforts are made to eliminate defectives by assessing risk due

to changes in design, manufacturing processes or methods and taking necessary measures.

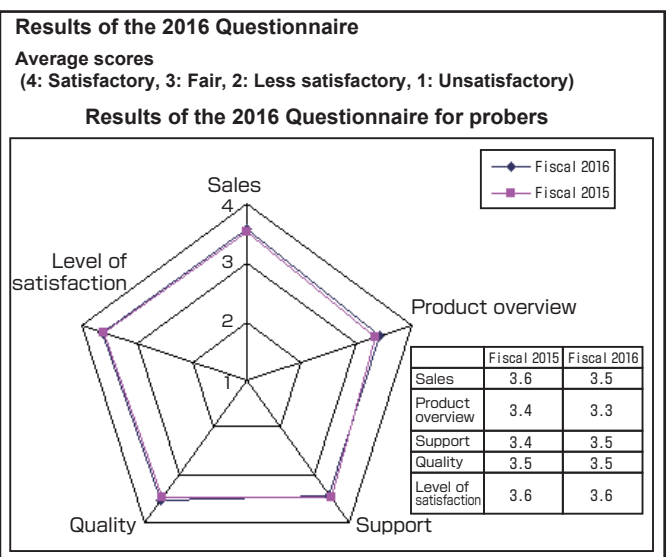
During the transition to ISO9001:2015 in fiscal 2016, in response to documented requirements for change management, we established rules to strengthen the control standards and conducted related work for compliance. More specifically, stricter rules on change management have been established, and risk control charts and workflows have been standardized. In fiscal 2017, we implemented trial activities, increased the completeness of change management regulations, and shifted to actual operation.

By strengthening management standards, we are working to reduce the risk of defects accompanying changes and to prevent problems from occurring.

## Commitment to Customer Satisfaction

### Improvement Activity Based on Questionnaire Surveys

Customer satisfaction questionnaire surveys were conducted again in fiscal 2016. Based on the analyzed results, specific departments in charge of items with lower evaluation points are promoting measures and concrete efforts. The results of the questionnaire for probers, one of our major products, are shown below as an example. Questionnaires are currently being done on an e-mail basis, however we are planning to make Questionnaires WEB in order to gather more voices of customers and reflect them in improvement activities. By implementing Questionnaires WEB, reduction of eliminating problems such as omissions are estimated and allow customers to fill out the questionnaire more easily. The questionnaire for fiscal 2017 will be conducted on a web basis.





## Advanced Global Support System

### ■ Extracted Service Quality Elements

#### (Semiconductor Manufacturing Equipment Business)

The global service department analyzed the results of the questionnaire and identified five quality elements required by customers for service activities: accuracy, speed, reliability, empathy, and good impression. To provide high-level service quality in a stable manager, knowledge and competency required in each element were identified and the contents of the skill improvement training program have been renewed accordingly.

Set-up teams have been organized for delivery service to support customers in trouble shooting, for which skill development is relatively easy. This can also reduce the load on veteran employees who are good at fitting services and enable them to provide courteous customer services and train other employees.

### ■ Overseas Training for Local Engineers

#### (Precision Measuring Instrument Business)

The global service department for measuring instruments invites engineers from overseas plants to the Metrology Center at the Tsuchiura Plant for intensive training. In fiscal 2016, 46 engineers invited from 13 countries participated in training. The scale of the training expands every year to strengthen the global service structure.

### ● Semiconductor Manufacturing Equipment Business:

We have accepted trainees from our overseas subsidiaries since 2013. These trainees stay in Japan for a year in principle and work together with our engineers in charge of development to improve their application ability and share the culture of Tokyo Seimitsu. Working with foreign trainees helps our Japanese employees better understand the cultures of the trainees' countries and improve their communication and language skills.

Trainees attend a Japanese language school, and we ask them to deepen their understanding of Japan's cultural traditions and customs and serve as a liaison bridge between their countries and Tokyo Seimitsu.

### ● Precision Measuring Instrument Business:

In 2011, we began to accept trainees from our group's overseas subsidiaries and subcontractors. During the training period of several weeks to three months, trainees are educated at the Metrology Center on the delivery and maintenance work and applications, depending on their years of experience. Engineers who meet specified criteria are given certificates of completion.

### Multilingual Support for the Trouble Shooting Manual, Procedure Documents, etc.

Most customers for semiconductor manufacturing equipment use English as their official language, although measuring instruments are used by a wide range of customers in various environments and situations.

To enable daily inspections and troubleshooting to be performed by customers themselves, we are preparing a troubleshooting manual and procedure documents in languages of the countries concerned.

In fiscal 2016, 10 new manuals were created and translated into 8 languages were released.

### ▶ Global Support System Chart



**Leading-edge Bases and Support for Accelerating Value Creation among Customers**

Precision measuring instrument business is the origin of Tokyo Seimitsu and one of the two pillars of our business. With a shared concept of "What cannot be measured cannot be produced," we consider this business not merely as providing measuring instruments but also as the origin of manufacturing to deliver precision and reliability to society.

No activity of "manufacturing" is possible without the process of "measurement." Also, measuring accurately is indispensable for our customers to provide reliable products to society. To convey this idea to society on a broader basis, we are committed to the following efforts.

**Metrology Center**

In November 2008, we established the "Metrology Center" in the site of the Tsuchiura precision measuring instrument plant, replacing the former showroom. The aim is to earn the position of the world's top brand in the field of metrology.

Customers who visit this center can have hands-on experiences with various kinds of measuring instruments and techniques that help solve their problems. The center also offers many other functions, such as proposing possible solutions and giving opportunities to operate our products for training purposes. Since visitors are satisfied with their visit to the Center and the Center contributes to value creation by customers, in August 2017, another Metrology center was opened at Hachioji Plant to provide convenience to more customers.

In the Center at the Tsuchiura Plant, a Call Center has been established to provide consultation service on metrology, handling of products, and support trouble-shooting. In fiscal 2016, 8,897 cases were handled by the Call Center.



Hachioji Metrology Center

Opportunities to learn about our products and measurement	For customers who have our measuring instruments, trading companies and dealers that deal with our measuring instruments, universities, high schools, local enterprises, etc., we hold events such as plant tours, product workshops, and metrology seminars in order to deepen their understanding of metrology and help them understand our products through various product exhibits.
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► Functions of the Metrology Center

Solution proposal	Through explanations of measuring instruments and methods, training for measuring instrument operation, etc., we propose various solutions to address customers' needs and problems. Also, in cases where customers are unable to conduct measurements internally because they have no measuring instruments or their measuring instruments do not have the necessary measurement function, we offer "consignment measurement" service whereby we conduct measurements for these customers.
Customer support	We provide support to customers who have purchased measuring instruments from us, by offering guidance at the training school that is held regularly, giving advice on a daily basis via call centers, etc. Also, by training service engineers at overseas offices, we ensure that excellent support service can be provided even after the delivery of the measuring instrument, with the goal of developing lifelong relationships with customers.

**Activities of Application Teams**

The application team of Metrology Company provides seminars, lectures, and metrology guidance upon request from various parts of Japan and organizes business fairs and open-houses upon request from customers.

► Actual Activities of Application Teams (Fiscal 2016)

- Sessions and metrology guidance at public organizations (9)
- Seminars, lectures, etc. (10)
- Private trade shows, open-houses, etc. (11)
- Training sessions (176)

\*The numbers in the parentheses indicate the number of events conducted in fiscal 2016.

# Relationship with Suppliers



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

## Basic Stance on Procurement

Suppliers provide the materials, components, and services that are indispensable for us to deliver high-performance and high-quality products to customers, and we consider all of them our valued partners. In order to build win-win relationships with these suppliers, it is essential to have a supply chain that fulfills all social responsibilities including not only quality but the environment, industrial health and safety, and ethics.

We expect every supplier to act voluntarily as a responsible enterprise committed to meeting the needs of the international community and work together with us so that we can turn our entire supply chain into a robust value chain and promote value-added manufacturing.

## What We Ask from Suppliers

In procurement, we ask suppliers for cooperation to comply with EICC, and environmental and global requirements.

### ■ Conflict Minerals

The Tokyo Seimitsu Group has a policy not to use any materials, parts, or components that contain conflict minerals\*. In line with this policy, we ask suppliers to investigate the actual situation to identify the possible supply chain risks associated with conflict minerals. As for blade products, we have already finished identifying smelting works. Next, we are going to make investigation on machine parts as well.

\*Conflict minerals: Specific minerals mined in conflict or high-risk areas and their derivatives. It is pointed out that the mining of these minerals causes human rights abuses, such as child labor and forced labor, and provides sources of funding for conflict.

### ■ Green Procurement

In procuring components and processed and assembled parts, we preferentially purchase materials with low environmental impact from suppliers involved in environmental activities, in order to ensure that our entire supply chain is environmentally-friendly. We disclose our "Green Procurement Standard" to all our suppliers and ask them to comply it.

### ■ Chemical Substances Management

We have held explanation meetings to ask suppliers to strictly manage and report chemical substances contained in the materials we procure. To date, over 400 suppliers have agreed to participate in our effort.

The system came into full-scale operation in fiscal 2016, we are conducting investigations into the RoHS Directive, REACH Regulations using the cloud-based system.

After July 2017, products of Metrology Company comply with RoHS Directive and only compliant products are exported to the EU region.

Products of Semiconductor Company are exempt from RoHS since they are large-scale stationary industrial tools (LSSIT), however we are progressing on sequentially.

#### What We Ask from Suppliers in Purchasing Materials with Low Environmental Impact

1. Compliance with environmental legislation
2. Management of chemical substances
3. Exclusion of harmful substances from procured products or reduction in their use
4. Resource conservation
5. Energy conservation
6. Efforts to reduce packaging
7. Efforts to reduce waste materials and recycle resources

### ■ Examination and Improvement of Quality Control and Environmental Management Systems

We deal with supplier only who have obtained ISO9001 and 14001 certification, or have equivalent management systems in place.

We audit several suppliers every year and instruct them to make improvements as necessary. If any procured material is found to be defective, we work together with the supplier to identify the cause and corrective actions for the defect arising from the supplier's production process and take preventive measures. By doing so, we seek to enhance the quality and environmental management of the entire supply chain.

## Cooperation with Suppliers

### SCM Promotion Working Group

In fiscal 2016, Tokyo Seimitsu began investigation with the SCM check sheet under the SCM\* Promotion Working Group. At the site of suppliers, after explaining the objectives and necessity of the SCM check sheet, we interviewed them on the questions and problems they had and discussed support for solving the problem. We fulfill our social responsibilities throughout the supply chain by further promoting future cooperative relationships.

\* SCM: Supply Chain Management. The flow of materials from the time when they are processed into parts or semi-finished products to the time when finished products are produced and delivered to customer is called the "supply chain." Managing this flow is referred to as supply chain management.



Meeting at Sashida Seisakusho

### Workshops and Other Events for Suppliers

The "ACCRETECH Cooperation Group," an association of suppliers with which we conduct particularly much business, hold New Year's celebration parties and workshops. Through these events, we provide and exchange information on the industry trends, production plans, market and social needs, etc.

In the workshop in fiscal 2015, we presented our views on CSR. We explained the need to be conscious about human rights and the environment, such as elimination of child labor and forced labor, and asked suppliers to cooperate in our effort to fulfill CSR through the entire supply chain.

At the workshop in fiscal 2016, we conducted a questionnaire survey involving subcontractors and summarized the results. After briefing the results, we asked for further cooperation in our CSR activities.

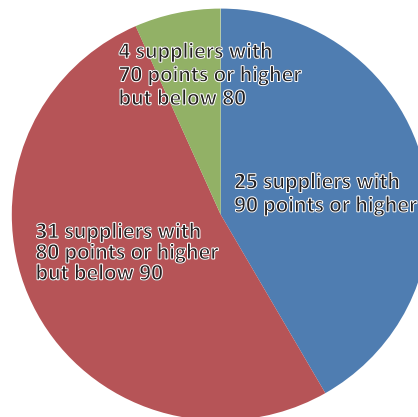
The results of the questionnaire are described below.

The average score was 88.4 out of 100. More than 90% of suppliers scored over 80 points.

Items that received low scores are as follows:

1. Advancement of women
2. Diversity
3. Business continuity plan at emergency
4. Emergency power generators

We will work together to make improvements in these areas.



CSR Briefing for Suppliers

# Relationships with Employees



We are committed to creating a vigorous work environment and developing human resources to ensure individual employees can perform to the best of their potential.

## Employment and Use of Human Resources

### Stance on Employment and Use of Human Resources

We seek to have diversity and respect different viewpoints and values in order to create new values through synergy effects. We promote diversity, expand responsibilities for women and people with disability, expand global job opportunities, and exclude discriminate based on races, religion, nationality, sex, or disability. We promote the work-life-balance, create a healthy and safe work environment, and encourage employees to fulfil their life both at work and home.

Various types of participative training programs are provided to employees to encourage awareness and e-learning that combines mandatory and elective subjects to create an environment for sustainable growth through innovation by diverse people.

### Promotion of Diversity

We are improving the environment of culture and systems that encourage employees to understand different lifestyles and values each other and accept diversity.

Particular focus is placed on the employment of women, and various activities are conducted to advance women such as expansion of their job responsibilities, career plan guidance, and flexible work systems for their life events.

### Efforts to Promote Employment and Careers of Women

To further enrich our work environment where individual employees can perform to the best of their potential, we endeavor to make our workplace friendly to female employees

#### Action plan to promote the advancement of women

##### Goals

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

##### Action Plan

1. Set a policy and goals for increasing the ratios of female job applicants and hired women.
2. Examine the possibility of assigning female employees to divisions where no women have been hired or assigned before, and consider assigning female employees to divisions and jobs to which no or few women have been assigned before.
3. Explore active public relations approaches for new graduate recruitment planning for each fiscal year.
4. Review application requirements and recruitment standards that are difficult for women to meet (to make the selection process just and fair for all applicants regardless of sex).

5. Provide training aimed at encouraging female employees to raise their awareness of career building, and ensure that superiors motivate female subordinates.
6. Ensure that each employee creates her own career plan in consultation with her superior and is developed from a mid- and long-term perspective.
7. Raise the awareness of managers about the development of female subordinates.
8. Raise the awareness of managers about the work-life balance and diversity management.

and actively hire women as part of our diversity promotion efforts. We have systems for parental leave and short-time working hours for parents in place that surpass the statutory standards, and these systems are operated flexibly to meet the actual needs of individual employees.

### ACCRETECH Declaration on Women's Advancement

Tokyo Seimitsu published an action plan for women's advancement in March 2016 and promotes activities to achieve the plan. To create workplace that enables every employee to demonstrate his/her ability, we have positioned the promotion of women's advancement at the center of our diversity management strategy and began taking specific measures. In April 2017, we published the ACCRETECH Declaration on Women's Advancement, and are conducting activities to hire more women, and organize diversity training and discussions for women.



Career design training



Career design training  
Group work



## Promotion of Employment of Global Human Resources

We actively hire foreign employees both in Japan and abroad. We also employ Japanese, both new graduates and mid-career applicants, who are open-minded and willing to adapt themselves to different cultures.

### Support System for Foreign Employees

- In the Metrology Center at the Tsuchiura Plant, we have the Global Service Team supervised by a manager and coordinating activities as a hub for the service staff of every country concerned. The managers are available for consultation by foreign employees, as well as Japanese employees working abroad, seeking advice on private matters.
- We have been active in increasing the number of foreign employees among design and development engineers, sales representatives, and overseas service staff. To increase the number of foreign workers at manufacturing site, we try to make notices and signs easy to understand for employees who are not native speakers of Japanese.

## Promotion of Employment of the Disabled

At Tokyo Seimitsu, physically challenged employees are engaged in various kinds of work. We intend to expand opportunities for employment of disabled persons and continue to strive to create a work environment where physically challenged employees can work comfortably.

### Promotion of a Barrier-free Environment

The No. 6 Plant built on the Hachioji Plant premises is a barrier-free building. It is a disabled-friendly plant equipped with a multi-purpose restroom. The plant has allowed disabled persons to do a wider range of jobs, and we will promote employment of the disabled more actively.



Multi-purpose Restroom of the No. 6 Plant in Hachioji

## Promotion of the Work-life Balance

### Reduction in Working Hours

The regular annual working hours at Tokyo Seimitsu in fiscal 2016 are 1,824.6 hours (with 126 holidays a year in fiscal 2016), approximately 4% lower than the regular annual working hours in fiscal 2016\* reported in the "2016 Comprehensive Survey on Working Hours." To reduce the total working hours, from February 2017, employees are encouraged to leave office within regular working hours on every Wednesday and bonus payment day. An announcement is given to raise awareness of the employees. When an employee are forced to work on holidays unavoidably, employee are to take compensatory day off. Every employee's leaves is monitored by the section in charge to reduce and control the total working hours, and encourage to take leaves when necessary.

\* The regular annual working hours in fiscal 2016 reported in the Institute of Labor Administration Report No.3917, "2016 Comprehensive Survey on Working Hours," are 1,902.65 hours with 120.3 holidays a year.

### Family Leave Systems

We support employees in childcare and nursing care by having systems for parental leave, short-time working hours for parents, and nursing leave in place that surpass the statutory standards. These systems are available not only to regular employees but to non-regular employees as well.

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

### Long Vacation System

We have a system whereby employees can take a "long vacation" for five consecutive business days whenever they want every fiscal year and strive to increase the ratio of employees taking vacations under this system.

### Refreshment Leave System

Employees who have worked with us for the specified number of years or reached the specified age are granted "leave for refreshment" of two weeks along with a "money gift." Taking long leave for refreshment helps employees get more motivated to work, creating a virtuous cycle.

### Welfare Benefits

We have a membership program for general welfare services to ensure that employees can use a wide variety of services according to their diverse needs and lifestyles. We also have a corporate contract with a service company that runs members-only hotels across the country to provide employees with accommodation facilities at reasonable prices and help them enjoy themselves in their free time.



## Human Resources Development

### Education and Ability Development Policy

To reinforce human resource training and improve organizational abilities, we conduct new employee training and in-house educational programs for employees who are promoted. Basically employees are encouraged to learn by themselves through daily work at the workplace and to realize that there are different missions and perspectives depending on positions, which helps develop "human resources who can think and act on their own."

In addition, managers and subordinates hold meetings regularly, in which subordinates can consult their managers about the jobs they hope to do and the skills they want to acquire.

### Training Systems

Tokyo Seimitsu has many different training systems in place for employees to develop their abilities, from new employee training to lifelong learning programs. In addition to group training and on-the-job training on manufacturing in plants, we introduced an e-learning system in fiscal 2015 to provide employees with a convenient means of training.

The use of special tools and machines and the handling of chemical substances require high levels of expertise. We keep education and training records and give work qualifications to employees who have reached a specified level of expertise. Qualification records are managed individually by each operation site and used to verify the appropriateness of qualifications in the internal audit that is conducted twice a year.

#### ▶ Main Training Systems

Main training systems	Description
Group training for new employees (soon after joining the company)	Education on work regulations and other major rules, norms for living, safety, health, and disaster prevention
Basic development and design training (for one-year employees)	Basic training, including practical manufacturing training, on elemental technologies and functional components. Employees assigned to technical jobs must receive this training, regardless of their majors.
Class-specific training	Training tailored to job requirements for each job class
Job skill training	Training on usage standards and guidelines for tools, precision measuring instruments, reference standards, etc.
Training to promote the advancement of women	Training for all managers on the necessary of diversity, and workplace that draws the abilities of diverse members
Career design training	Training for female employees on work-life-balance and career designing



Training to promote the advancement of women

## Industrial Health and Safety

### Basic Views on Industrial Health and Safety

To create a vigorous work environment where employees can work comfortably, we promote safety, health, and disaster prevention activities, giving top priority to the "physical and mental health and safety of employees." In fiscal 2016, we started to conduct stress checks on all employees and group analyses to identify workplace tendencies. We intend to promote our effort to create a work environment where employees can work safely and actively in a healthy condition both physically and mentally.

### Safety and Health Promotion

#### Activities of the Health and Safety Committee

Each plant has a Health and Safety Committee, led by the plant manager. The Committee is responsible for industrial safety related to the environment, machinery, and work, industrial health related to infection, food poisoning, mental health, chemicals, and disaster prevention and mitigation such as fire fighting, traffic safety and emergency aid, based on an annual plan approved by the Board of Directors.

#### Industrial Safety Activities

In addition to work environment risk assessment through safety patrol and risk assessment when new machines are introduced or work procedures are changed, education and training on machine operation, heavy machine and wiring work are provided as necessary to avoid danger.

Activities performed in fiscal 2016

\*Hachioji Plant: Forklift safety operation training attended by 17 employees

\*Tsuchiura Plant: Forklift and crane safety operation training attended by 42 employees



Forklift safety operation training at Hachioji Plant

### Industrial Health Activities

#### Health and 5S Patrols

In addition to weekly patrol, 5S patrol is conducted monthly to keep workplace clean and in order. In fiscal 2017, we started a scoring system to recognize excellent workplace.

Separately from audits conducted by public organizations such as healthcare centers, employees patrol the kitchen for the employee cafeteria to improve the hygiene of the workplace.





### Handling of Chemicals

Sections to control or use chemicals are obliged to conduct regular inspection and quantity check. Internal audit is regularly performed by qualified internal auditors per ISO14001. The Regulated Substance Control Committee under the Safety and Health Committee patrols storages.

In fiscal 2016, risk assessment of chemical became mandatory. In that year, 11 risk assessments were conducted at the two plants, including new adopted chemicals and reviews for chemicals been used.

We have also strictly reviewed handling of regulated substances to create strict handling standards, and in fiscal 2016 we established 48 new handling standards.

### Efforts to Create Healthy Workplace

If an employee has mental or physical disorders, it may affect negative impact of employees and their families, also the workplace and company. We provide health support such as regular consultations with an industrial physician and have prepared system in place to respond to sudden circumstances and support employees. Every year, stress-check is conducted, and its results are reported to the Safety and Health Committee to take measures to mitigate workplace stresses.

We are now creating a Plan to "Maintain Mental Health" and a "Return-to-Work Program" to take health support measures.

### Disaster Prevention and Mitigation with Fire Brigades

Each plant has its own fire brigade and conducts regular training. In addition to yearly fire or earthquake drill, drills on the assumption of a leak accident of combustible or hazardous substances are conducted according to an annual plan to enhance our disaster response capacity.

Activities performed in fiscal 2016

\*Hachioji Plant: Drill on the assumption of oil leakage on the first floor of Plant No.1

Drill on the assumption of leaks of hazardous substances/organic solvent and gas due to an earthquake at Plant No. 2

Tsuchiura Plant: Drill on the assumption of cleaning chemicals splash

Inspection of emergency generators



Internal Fire-fighting Training Contest

### Traffic Safety and Emergency Aid

At both plants, company car users and those who drive to work are required to attend traffic safety programs. Every year, several employees attend emergency aid training to raise our emergency response capacity.

Activities performed in fiscal 2016

\*Hachioji Plant: Traffic safety training by the Hachioji Police Station, attended by 164 employees.

Advanced emergency aid training, attended by three employees

\*Tsuchiura Plant: Traffic safety training by the Tsuchiura Police Station, attended by 200 employees

Standard emergency aid training, attended by five employees



Traffic safety training at Hachioji Plant

### New record for no-accident continues at Tsuchiura Plant

Tsuchiura plant has maintained a high standard of safety and hygiene environment, and created workplace where employees can work safely. As of December 31 of 2016, the Plant made a new record of no accidents for 27 years in row. This record is still counting now. The Plant received an award as a No-Accident Plant from the Kandatsu Industrial Council of Tsuchiura City.

### VOICE Shuichi Tsukada, Tsuchiura Plant Manager

We are honored to express our respect for the achievements of our seniors who have led the Tsuchiura factory so far, while also keenly aware of the weight of our own responsibility, we will continue to commit our health and safety activities.

We conducted simple regular activities of "5S Activity", "Greeting Enforcement", "Internal Training", "Periodic Inspection" as "Priority to Health and Safety" as the priority goal of Tsuchiura Plant. We aim to create a safe and cheerful workplace by letting all employees to maintain their awareness in our basic daily work.



Plant Manager Tsukada receiving an award (left)

# Relationships with Shareholders and Investors



We are committed to implementing transparent, proactive IR activities to ensure that investors gain a deeper understanding of Tokyo Seimitsu.

## Stance on Information Disclosure to Shareholders and Investors

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

Given the growing interest in ESG investment, which is expanding mainly in Europe, and the introduction of the Japanese version of stewardship code, we have decided to issue the "CSR Report" with the focus on the disclosure of non-financial information. Our future goal is to provide an "integrated report" that explains the relationship between financial information and non-financial information in an easy-to-understand manner.

## Proactive IR Activities

### Shareholders' Meeting

In June every year, we hold a regular shareholders' meeting in Hachioji where our headquarters are located. To ensure that it is attended by as many shareholders as possible, we recently hold our meeting on a day outside the period during which many other companies hold their shareholders' meetings.

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

A shareholders' meeting was held on June 26, 2017, which was attended by 122 shareholders.

We received questions about our strengths, current demand situation, policy and measures for the advancement of women. The discussion was very productive.

### Shareholder Newsletter

We send a "shareholder newsletter" to shareholders twice a year to inform them of our business results, latest topics, and new products. 2017 July shareholder newsletter consists of four pages: two conventional pages and two pages reporting the results of the shareholder questionnaire survey (conducted from Dec 2016 to Jan 2017).

The survey results are also available on our website.

<http://www.accretech.jp/ir/enquete.html>

### Business Results Briefing

We hold a business results briefing for institutional investors and security analysts on days around the dates of announcement of interim and full-year financial statements. At this briefing, the president explains the consolidated business results, outlook, the Tokyo Seimitsu Group's business strategy, etc.

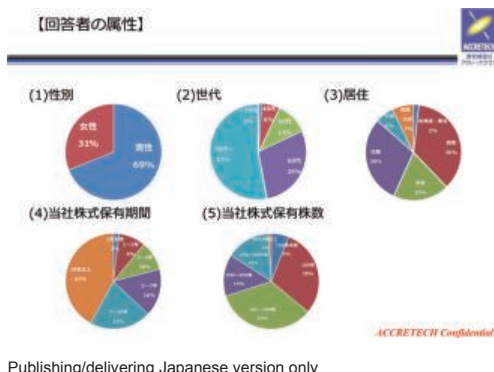
### Briefing for Individual Investors

We also hold a briefing for individual investors. It was held in December 2016 where the market situation and management policy including CSR policy was explained.

### Information Disclosure

Tokyo Seimitsu is listed on the first section of the Tokyo Stock Exchange. According to law and regulations of the Stock Exchange, the following information is disclosed. From fiscal 2017, English translated Financial Result is disclosed on the English website of the Tokyo Stock Exchange.

- Information on consolidated statement (Financial result, summary presentation, etc.)
- Securities report
- Corporate governance report
- Internal control report
- Information on business, management, and performance that may seriously affect the decision on investment, such as notice of independent directors, stock options, and changes in directorship.



# Relationship with the Global Environment



We make all-out efforts to reduce the environmental impact of our entire value chain, including the life cycle of our products, achieve a sustainable society, and protect the global environment.

## Basic Stance on the Environment and Management System

### ■ Core Environmental Philosophy

Based on the concept of "Manufacturing is possible only when the global environment is preserved," we formulated the "Core Environmental Philosophy" in 1997. The "Company Environmental Policy" reflects this core philosophy, and the

"Environmental Action Guideline" defines the actions that all employees are required to take in their business activities. We conduct all business activities based on this philosophy and policy.

#### Core Environmental Philosophy

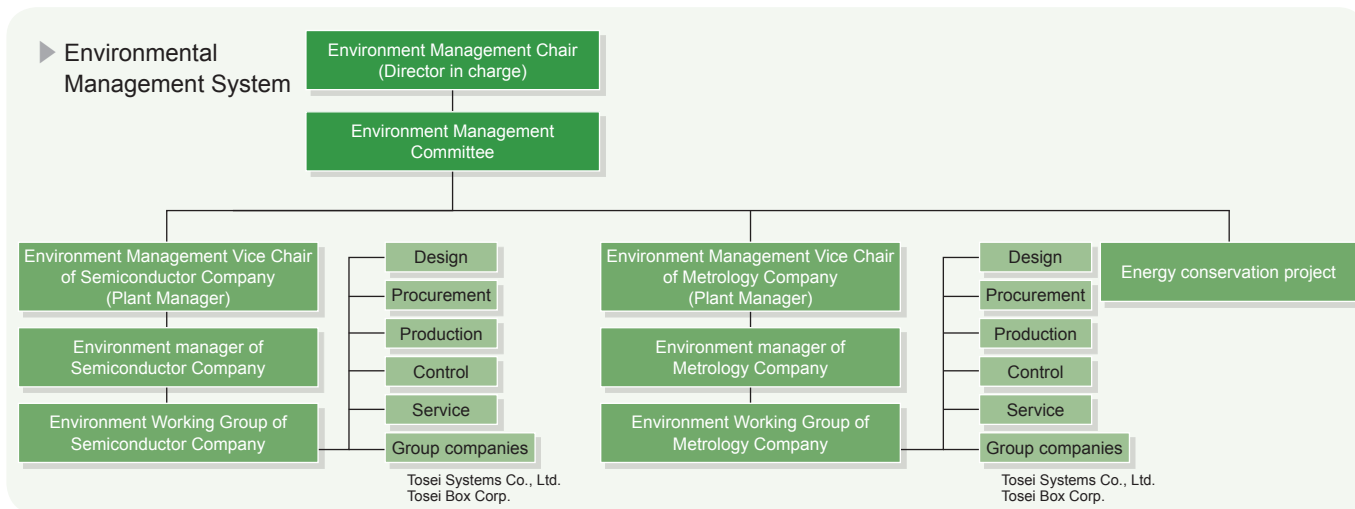
Recognizing global environmental protection as a critical issue shared by the entire human race, Tokyo Seimitsu makes environmental protection an integral element of all the areas of product development, design, manufacturing, and service activities.

#### Company Environmental Policy

In all business activities, from manufacturing of semiconductor manufacturing equipment and precision measuring instruments to the provision of services, all employees of Tokyo Seimitsu must work in an environmentally responsible manner to minimize our environmental impact.

#### Environmental Action Guideline

1. We will resolutely conduct environmental protection activities based on a company-wide environmental management system that is overseen by the Environmental Management Committee.
2. We will prevent pollution and protect the environment by complying with environmental laws, regulations, agreements, and the Tokyo Seimitsu environmental policy, as well as by establishing voluntary goals.
3. We will develop and improve environmentally responsible products (reductions in energy and resource consumption and non-use of harmful substances).
4. We will establish environmental objectives and targets for the following measures concerning the environmental impact of our business activities, make improvements continuously to achieve greater environmental performance, and perform internal audits and take other measures to make necessary changes.
  - 1) Effective use of natural resources by lowering energy and resource consumption, reducing waste materials, and increasing recycling
  - 2) Proper management of harmful substances, reduction in their use, and adoption of alternative substances
  - 3) Prevention of global warming through greenhouse gas emissions control
5. We will conduct training programs for all employees to raise awareness of environmental protection. We will also ask for the understanding and cooperation of suppliers in the execution of environmental protection activities.
6. We will promote the environmental protection activities, such as use of sustainable resources, climate change measures, and biodiversity conservation, through each business operation to realize a better global environment and contribute to social development.
7. The environmental management system is applicable to the activities of the Semiconductor Company and Metrology Company, as well as to the environmental protection activities of the plants related to products, services, and business activities.
8. We will disclose this environmental policy to the public and make all employees aware of this policy.



### Environmental Management System

The Tokyo Seimitsu Group has established the internal "Environmental Management Committee" to promote environmental protection activities continuously based on the "Tokyo Seimitsu Environmental Philosophy. Philosophy." The activities are conducted in accordance with the ISO 14001 management system. In response to the enforcement of the "Act on the Rational Use of Energy" in April 2009, we have appointed an energy manager.

### Internal Environmental Audits

We conduct a regular internal environmental audit twice a year to confirm the proper function of the environmental management system.

The audit is conducted strictly by qualified auditors, using a checklist, who are obliged to attend annual training, qualification renewal test, and the briefing when the environmental law is amended.

## Eco-factory

### Environmental Targets at Eco-factories for Fiscal 2016

The following targets were set for fiscal 2016 based on the results of 2015.

		Item	Achievement for FY2015	Target	Remarks
Hachioji Plant	Eco-factory	Electricity use	16.03 million kWh	A maximum of 18 million kWh at the Hachioji site with Plant No. 6 in operation	
		Paper purchased	18,147 kg	Reduction of purchased amount by 300 kg	
		CO <sub>2</sub> emissions	about 7,861 t-CO <sub>2</sub>	Mandatory reduction in total CO <sub>2</sub> emissions imposed by the Tokyo Metropolitan Government 15% reduction in total CO <sub>2</sub> emission of 10,535 t (with Plant No. 6 in operation)	Upper limit: 8,954 t-CO <sub>2</sub> <sup>*1</sup>
Tsuchiura Plant	Eco-factory	Electricity use	324 kWh / million yen (5,345,000 kWh)	1% reduction in basic production unit from fiscal 2015	Reduction of about 53,000 kWh <sup>*2</sup>
		Paper purchased	0.773 kg / million yen (12,756 kg)	The same amount as fiscal 2015	
		Use of water	0.359 m <sup>3</sup> / million yen (5,929 m <sup>3</sup> )	The same amount as fiscal 2015	
		CO <sub>2</sub> emissions	0.151 t / million yen (about 2,497 t-CO <sub>2</sub> )	1% reduction from fiscal 2015	Reduction of about 25 t <sup>*2</sup>

\*1 The upper limit of total CO<sub>2</sub> emissions imposed by the Tokyo Metropolitan Government from fiscal 2015 to 2019 (based on the CO<sub>2</sub> emission equivalent during the second plan period).

\*2 1% reduction assuming that the production volume in fiscal 2016 is the same as that in fiscal 2015.



### Promotion of Prevent Global Warming

According to the Energy Saving Act, the both plants are designated as specified business operators that use more energy than the specified level. Also, Hachioji Plant is designated as a business operator subject to the Environmental Preservation Ordinance of the Tokyo Metropolitan Government. As an enterprise that uses an amount of energy exceeding the specified level in business activities, we see global warming prevention as an important issue that corporations need to address and are committed to promoting energy conservation and use of renewable energy.

### Promotion of Energy Conservation

Electricity accounts for a considerable part of the energy consumed. We have sought to reduce the consumption of electricity by 1% in basic production units from the fiscal 2015 level. We have installed photovoltaic facilities, and replaced existing lamps with LED lamps, and existing air-conditioners, compressors, and other equipment with energy-saving types. We intend to continue our energy conservation efforts to reduce electricity consumption in the next fiscal year and beyond.



Compressor before replacement



Compressor after replacement (the new type consumes 30% less energy)

### Promotion of the Use of Renewable Energy

We promote the use of renewable energy to reduce CO<sub>2</sub> emissions resulting from the use of electricity. Total output of the photovoltaic facilities at Hachioji Plant No. 5, which began operation in fiscal 2015, was 262,260 kWh for fiscal 2016, reducing 128 t of CO<sub>2</sub> over one year. Hachioji Plant No. 6, which was newly constructed in fiscal

2016, also has photovoltaic facilities. The newly installed facilities have an annual output capacity of more than 150,000 kWh, which makes the combined output of over 400,000 kWh with Plant No. 5, reducing more than 200 t of CO<sub>2</sub> per year.

### Reduction in purified Water Consumption

Plants that produce semiconductor manufacturing equipment try to reduce the amount of purified water consumption. With the introduction of filtering systems, around 30% of used water is reused. We will continue to raise this ratio.

### Recycling of Wastes

We try to reduce the amount of wastes, for example, by using reusable plastic boxes instead of cardboard boxes. We have been maintaining a waste recycling ratio of more than 95%, which is our target.

### Chemical Substances Management

We strive to minimize the adverse effects of the chemical substances we use on the environment and people by complying with laws and regulations as well as managing these substances based on our voluntary standards.

### Chemical Substances Management

Internal rules require employees to submit a list of all chemicals used to the manager in charge of the environment. Chemical substances are strictly controlled with such rules that consider the safety and health of users, impact on the environment, accident risk such as leakage, and risk avoiding actions in details. When these substances are used, the environmental management secretary must be notified. The amount of each substance used, the storage location, and the maximum storage amount are identified. SDS\* and emergency tools are made available and regular contingency drills are conducted.

\* SDS stands for Safety Data Sheet. Information on the name of the chemical substance, the manufacturer, handling methods, the nature of the hazard and type of toxicity, physical properties, impact on the environment, safety measures, emergency measures, and actions in the event of an emergency are recorded on this sheet for each chemical substance. The PRTR Law requires that manufacturers and other companies compile data on the amount of chemical substances discharged and the amount of waste materials transferred, which must be reported to the national government via local governments. The SDS must also be attached to this report.

### Specified Chemical Substances Management

The report has been submitted for two substances specified in the PRTR Law that exceed the reference amount among the chemical substances we handle. Hachioji Plant also handles five substances designated as requiring special management in the Nature Protection Ordinance of the Tokyo Metropolitan Government. The report has been submitted on these substances.



## Eco-products

### Environmental Targets for Eco-products for Fiscal 2016

The following targets were set for fiscal 2016 based on the results of 2015.

		Item	Results from fiscal 2015	Target
Hachioji Plant	Eco-products	Design for environment	—————	5% reduction in environmental burden by new products compared to existing products through design for environment by fiscal 2019
		Reduction in the use of environmental pollutants	Reduction in the amount of environmental pollutants used in products or production processes, promotion of the use of alternatives	20% reduction in organic solvent consumption
Tsuchiura Plant	Eco-products	Eco-friendly design	—————	1. Develop energy saving products 2. Promote environmental design(Space saving, Paperless)
		Use of RoHS-compliant products	In principle, the use of RoHS substances shall be prohibited from new products in 2006 Promotion of the use of Europe RoHS standards compliant parts	The shipment of products containing RoHS regulated substances is prohibited from July 2017
		Waste management	Achievement for FY2015 389 t Recycling rate: 97.4%	Maintaining a recycling ratio of 95% or higher
			Amount of wastes in fiscal 2015 389 t	1% reduction in the amount of waste from fiscal 2015
Reduction in the use of environmental pollutants	Reduction in the amount of environmental pollutants used in products or production processes, promotion of the use of alternatives	Achieve 1% reduction in the amount of chemicals used from the FY2015 level		

### Efforts for Environmentally Friendly Products

We are committed to efforts to reduce the environmental impact of our products and contribute to the development of a sustainable society by developing environmentally friendly products in compliance with the Tokyo Seimitsu Engineering Standard\*1 (TES\*2). In developing products, we give top priority to high precision and high quality. Our measures to curb environmental impact include reduction in the environmental impact resulting from the use of products (energy conservation and reduction in water consumption), measures for chemical substances contained in products, and reduction in the amount of materials used.

To realize environmentally friendly products, not only direct departments, such as development, design, purchasing,

manufacturing, and shipping, but also indirect departments, such as planning, sales, administration, and service, work together.

We continue to raise the awareness of the environment by providing internal environmental training and other education programs and bolster the collaboration with external partners.

The Tokyo Seimitsu Group is aware of the significance of environmental impact over product's lifecycle. In 2016, the Technical Working Group investigated and analyzed data related to environmental impact in each stage of production process from manufacturing to disposal. Based on our renewed understanding that both semiconductor manufacturing equipment and measurement instruments impose the highest environmental impact when used, we make efforts to develop and design more environmentally sound products.

\*1 Tokyo Seimitsu Engineering Standard (TES):

A set of basic rules that apply to development, design, manufacturing, production management, quality control, services, and environmental management pertaining to production activities. It refers to binding and mandatory rules, standards, criteria, and guidelines.

\*2 TES configuration: 1. General Standards, 2. Product Standards, 3. Management Standards, 4. Design Standards, 5. Equipment Standards, 6. Work Standards

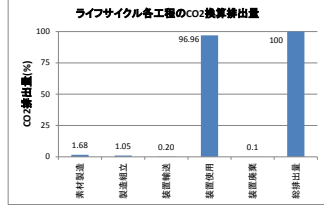
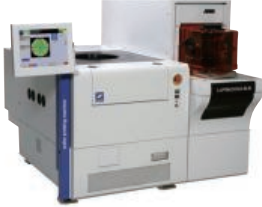
Life cycle assessment (LCA) is a technique to quantitatively assess environmental impacts associated with all the stages of the life of a product or service (procurement, manufacture, distribution, sale, use, disposal, and re-use).



Environmentally Friendly Products

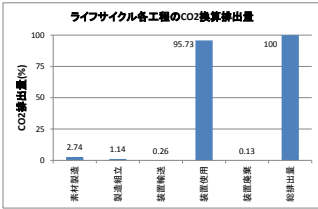
Semiconductor Manufacturing Equipment

Productivity increase Probing Machine UF3000EX



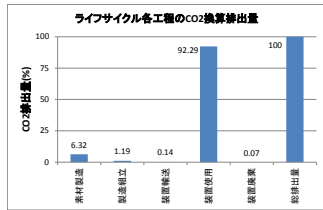
Productivity has increased as a result of a 25% increase in throughput compared to the previous model. The total weight of the machine has been reduced by 9% from the previous model.

Resource use reduction Dicing Machine AD3000T



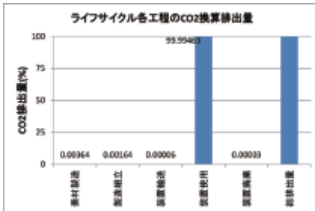
A 30% reduction in material use and 20% reduction in space required for installation contribute to saving resources.

Water use reduction Laser Dicing Machine ML DICER SERIES



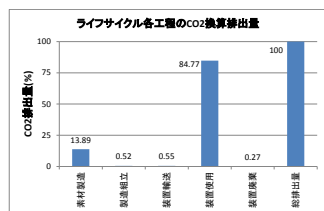
Compared with conventional dicing machines using a blade (blade), waste is not discharged as it is a completely dry process, so cleaning is unnecessary and purified water is not used.

Water use reduction Polish Grinder PG3000RMX



The Green mode of the grinder for cooling water automatically turns off the pump when a certain amount of time passes while idling.

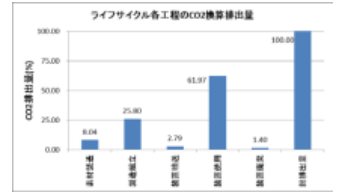
Resource use reduction CMP Machine ChaMP211



This model is smaller and lighter than the previous model while maintaining the same level of grinding and washing performance. This resulted in a 40% saving in materials used.

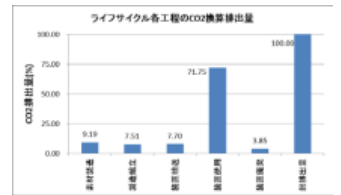
Precision Measuring Instruments

Energy saving 3D Coordinate Measuring Machine XYZAX AXCEL



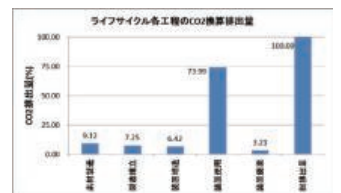
With an expanded temperature compensation range of 15 to -30°C, it reduces energy consumption of air conditioners used to maintain a constant temperature in the measurement room.

Productivity increase Surface Texture and Contour Measuring Instrument SURFCOM NEX



Equipped with a measurement force control detector, it saves the time for the operator to change measurement methods and recalibrate the machine, reducing the operating hours of the plant.

Resource use reduction Roundness and Cylindrical Profile Measuring Instrument RONDCOM NEX Rs



A roundness measuring machine and a cylindrical profile measuring machines have been integrated into one instrument, reducing capital investment and enhancing work efficiency. RONDCOM NEX Rs thus saves resources and energy and raises efficiency.



## Overview of Environmental Impact

### ► Environmental Targets and Actual Results

Endeavors (through FY2019)		Achievement for FY2015	Achievement for FY2016	Evaluation	target values
Eco-factory	Electricity use 1% reduction from FY2014 in basic production units	367.68 (kWh/million yen)	416.29 (kWh/million yen)	×	365.57 (kWh/million yen)
	CO <sub>2</sub> emissions 1% reduction from FY2014 in basic production units	Hachioji: 7,861 t-CO <sub>2</sub>	Hachioji: 8,926 t-CO <sub>2</sub>	○	Hachioji: Average of FY2015 to FY2019 8,954 t-CO <sub>2</sub> /year or less*
		Tsuchiura: 0.161 (t-CO <sub>2</sub> /million yen)	Tsuchiura: 0.206 (t-CO <sub>2</sub> /million yen)	×	Tsuchiura: 0.143 (t-CO <sub>2</sub> /million yen)
	Paper purchased 1% reduction from FY2014 in basic production units	0.53 (kg/million yen)	0.52 (kg/million yen)	◎	0.532 (kg/million yen)
	Use of water 1% reduction from FY2014 in basic production units	2.01 (m <sup>3</sup> /million yen)	2.08 (m <sup>3</sup> /million yen)	△	FY2016: Review basic unit criteria. Achieve 5% reduction from FY2014 level by FY2019.
	Measures for waste materials Recycling rate of 95% or higher	Waste materials: 975,625 kg Utilization: 939,990 kg Recycling rate: 96.3%	Waste materials: 935,020kg Utilization: 899,300kg Recycling rate: 96.2%	◎	Recycling rate of 95% or higher every fiscal year
Eco-products	Eco-friendly design	Air consumption reduction: (2 models) Material use reduction: (1 model)	Energy consumption reduction: (1 model) Air consumption reduction: (1 model)	-	Hachioji: Achieve 5% reduction from previous years when developing new products. Tsuchiura: Develop energy saving products and promote environmental design.
	Reduction in the use of environmental pollutants	Reduction in the amount of environmental pollutants used in products or production processes, promotion of the use of alternatives	Hachioji Plant: 20% reduction in organic solvent consumption Tsuchiura Plant: 5% reduction in the amount of use from the previous year	◎	1% reduction from the previous year
	Use of RoHS-compliant products	Now preparing for RoHS compliance in May 2017.	From July 2017, Metrology Company ships RoHS compliant products only	○	Compliance with RoHS
Eco-mind	Participation in Social Contribution Activities	1. Cleanup activity at the neighboring park 2. Participation in the Hachioji Adopt-a-Road Program 3. Participation in "Fun to Share"	1. Cleanup activity at the neighboring park 2. Participation in the Hachioji Adopt-a-Road Program 3. Participation in "Fun to Share"	○	Cooperation with local communities
	CSR Report	Issued in October	Issued in October	○	Documentation

\* Second planning period (fiscal 2015 to 2019) of total emission reduction requirement by the Tokyo Metropolitan Government  
The emission amount of greenhouse gases is calculated using the power emission factor of 0.489 (factor for fiscal 2015).

#### Evaluation

- ◎ : Exceeded objective
- : Satisfactory
- △ : Unsatisfactory, requires efforts
- × : Not achieved





### Environmental Targets and Actual Results

#### Power Consumption, and CO<sub>2</sub> Emission from Tsuchiura Plant

Power consumption target and CO<sub>2</sub> emissions target from Tsuchiura Plant were not achieved as power consumption increased at Hachioji Plant due to the start of operation of Plant No.6, and significantly at Tsuchiura Plant due to the expansion of the air-conditioned areas.

In fiscal 2016, photovoltaic facilities were installed at Hachioji Plant No.6, and compressor facilities were replaced with energy-saving type facilities at Hachioji Plant No.1. At both Hachioji and

Tsuchiura Plants, lamps were replaced with LED lamps and air-conditioners were replaced with energy-saving type. For fiscal 2017, both Hachioji and Tsuchiura Plants are expected to achieve 1% reduction in basic production unit from the previous year.

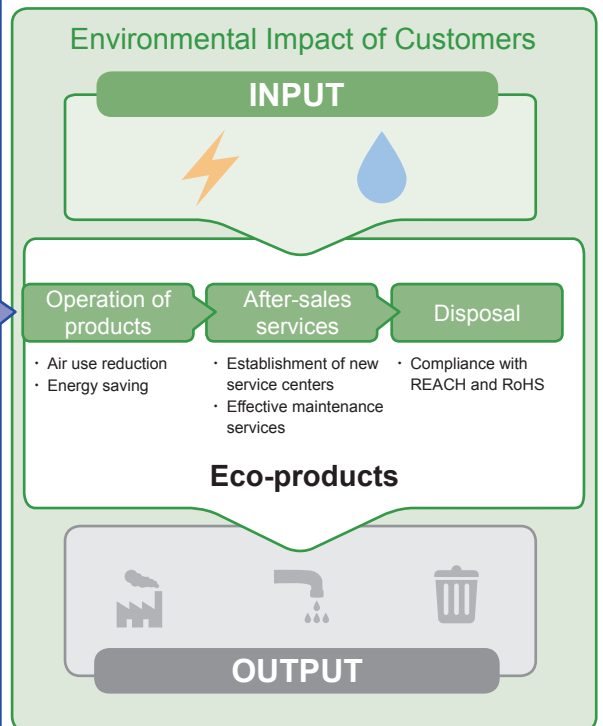
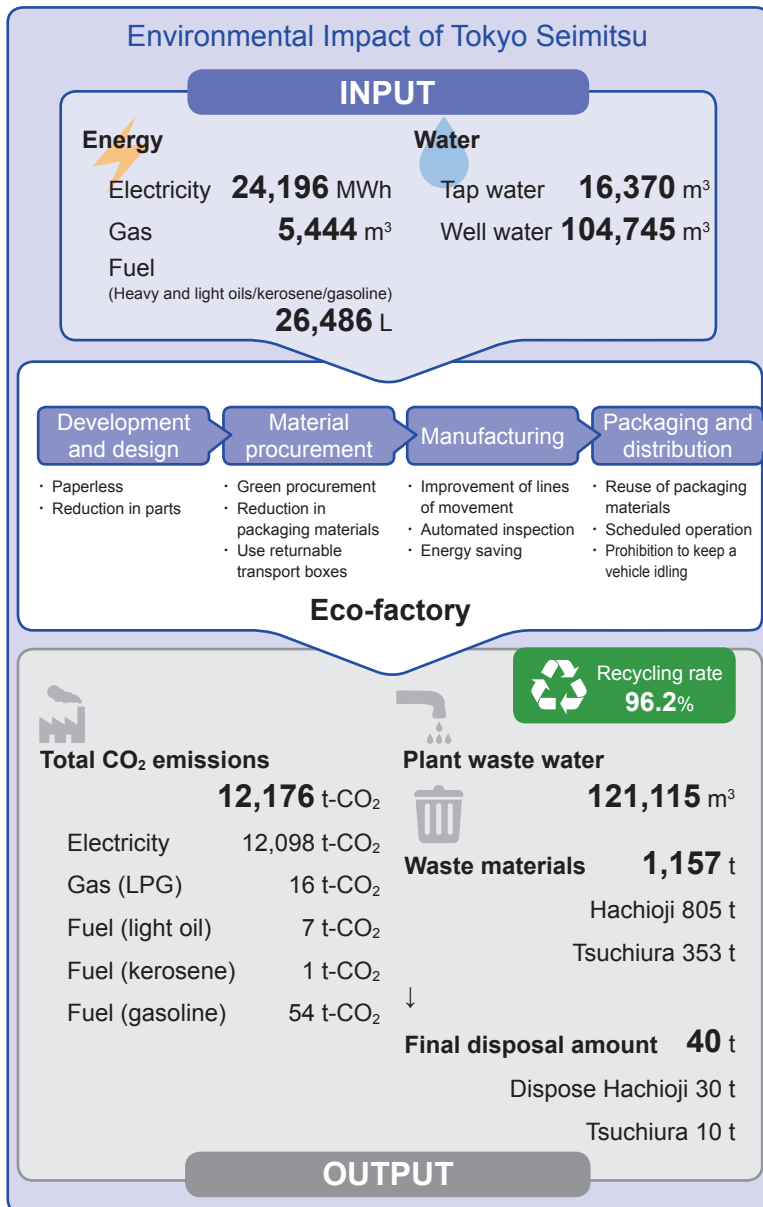
#### Water Resource Consumption

Water consumption for fiscal 2016 was 121,115 m<sup>3</sup>, which is an increase of 4,051 m<sup>3</sup> from fiscal 2015.

This is due to increased production of products that use water.

### Overview of Environmental Impact

► Overview of Environmental Impact



Target: Tokyo Seimitsu Hachioji Plant and Tsuchiura Plant  
Calculated using 0.489 as the power CO<sub>2</sub> emission factor (factor for fiscal 2015).

## History of Environmental Protection Activities

1996	Jul.	Started education and training on environmental protection activities.	2006	Jan.	Started the Hexavalent Chrome-free Project.
	Sep.	Established the Environmental Committee.		Apr.	Completed the removal of all halon fire extinguishers.
1997	Feb.	Established the "Environmental Philosophy." Started environmental impact investigations in Hachioji and Tsuchiura Plants as well as in the divisions.		Jun.	Started the "Cool Biz" project.
	May	Created the Environmental Management Manual.		Oct.	Started production using lead-free solder for new products (Semiconductor Company).
1998	Mar.	Obtained ISO 14001 certification for the two plants simultaneously.	2007	Feb.	Received the Japan Machinery Federation President's Award for our laser dicing machines, under the award system for superior energy-saving products.
	Sep.	Formulated the "Motto (Action Guideline)."	2008	Mar.	Received a letter of commendation from the Fire Chief.
1999	Nov.	Stopped the waste material incinerator and later removed it (Semiconductor Company).	2009	Nov.	Renewed the "approval of the excellent fire prevention property" for Hachioji Plant.
2000	Mar.	Started the operation of waste water treatment facilities such as CMP systems and back grinders (Semiconductor Company).	2010	Aug.	Received an award from the Tokyo Metropolitan Government for the "Adopt-a-Road Program."
	May	Removed the heating facilities using heavy oil boilers and underground heavy oil tanks (Semiconductor Company).	2011	Jun.	Completed the No. 5 Plant in Hachioji.
2001	Apr.	Renewed ISO 14001 certification.		Nov.	Revised the environmental policy.
	May	Opened the new main building at Hachioji Plant.	2012	Jul.	Launched the cutting and grinding tool business.
2002	Mar.	Scrapped privately owned incinerators (Metrology Company).	2013	Mar.	Obtained ISO14001 certification, including cutting and grinding tools.
2003	Mar.	Established the "ACCRETECH Green Procurement Guidelines."	2015	Jun.	Installed and started the operation of photovoltaic facilities at Hachioji Plant.
2004	Feb.	Updated air conditioners from heavy oil boilers to electrically powered devices (Metrology Company).	2016	May.	Began operation of Plant No. 6.
	Aug.	Formulated the "ACCRETECH Group Code of Conduct."		Dec.	Installed and began operation of photovoltaic generation facilities at Plant No. 6. Estimated output of 150,000 kWh per year. Supplies 2.5% of total consumption at Hachioji Plant, with Plant No. 5 combined.
	Sep.	Issued the Environmental Report.	2017	Jun.	Obtained ISO14001:2015 certification.
2005	Feb.	Closed specified facilities of Tsuchiura Plant.			
	Apr.	Received an award from the Ibaraki Labor Bureau for our commitment to office safety.			
	Apr.	Started operation at the new plants in Hachioji and Tsuchiura.			
	Jun.	Obtained ISO 14001 certification (2004 version).			
	Jul.	Held supplier briefings on hexavalent chrome-free materials.			



Solar panels at Hachioji Plant No. 6

# Relationship with Society



We are committed not only to contributing to society through business activities but also to identifying the issues and needs of the individual areas through the dialogue with communities and driving social contribution activities for addressing those issues and needs in order to help create a sound, sustainable society as a corporate citizen.

## Activities in the Tsuchiura Area

### ● Eco-partner Agreement

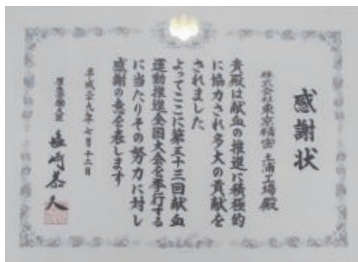
Tsuchiura City has the Tsuchiura Eco-partner program in place whereby the city government forms a close partnership with business operators to address the issues of global warming, energy, and waste and work together to create a low-carbon, recycling-based society with the goal of passing down a better environment to children of future generations. In agreement on this idea, we signed an agreement with Tsuchiura City at the end of March 2016 and submitted an implementation report for a year in April 2017.



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

### ● Blood Donation

In July 2017, Tsuchiura Plant received a letter of appreciation from the Minister of Health, Labour, and Welfare. This is to recognize organizations and individuals who have cooperated in blood donation activities and serves as role models. In Ibaraki Prefecture, three organizations were awarded a certificate and eight organizations were given a letter of appreciation. This recognition renewed our commitment to cooperation in blood donation which we had been doing over many years.



### ● Protection of Kasumigaura

In the neighborhood of Tsuchiura Plant, there is a famous sightseeing spot of Ibaraki Prefecture called Kasumigaura. To keep Kasumigaura Lake clean and beautiful, Tsuchiura City asks neighboring companies to submit their pollution prevention plans. As a company operating in Tsuchiura City, we submit our plan to the city government and promote water quality conservation activities based on the plan.

### ● Local Cleanup Activities

Tsuchiura Plant conducts monthly joint cleaning with neighboring companies around the Nakanuki Park. From 2006, on every Monday, assigned sections from Tsuchiura Plant clean the park in turn, and in fiscal 2016, an accumulated number of employees participating in cleaning exceeded 100. Our cleaning activity over many years has raised the awareness of local people. In the past, the roads around the park were filled with trash, but recently it has been improved significantly. Nevertheless, still some truck drivers who park their truck illegally at night throw trash on the roads. We will continue to keep the environment around the park clean and continue to help improve social manners.



Local Cleanup Activities

### VOICE

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



Metrology Company  
Application Team at  
Tsuchiura  
Susumu Ono

This park is visited by many families, kids playing football, and senior citizens on holidays. However, trash such as empty cans, plastic bottles, cigarette butts, or even bulky garbage were found around the park. Seeing these trash problems may impact negative damage to their holiday joyment. We decide the group responsible for cleaning every week and carry out cleanup activities, having participated in cleaning, I realized how important for every citizen to follow the rule. We hope our cleaning activity will contribute to local community.

## Activities in the Hachioji Area

### ● Cooperation with the Local Government

Serving as a care-taker and a committee of the Administration and PR Section at the Hachioji branch of the Tokyo Labor Standard Association, We issue regular newsletters and cooperate in local labor administration enforcement.

Hachioji Labor Standards Association Website  
<http://hachirou-kyoukai.jp/index.html>

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

Since 2004, Hachioji Plant has been involved in the Adopt-a-Road Program launched by Hachioji City. We have adopted a rotary road on the east side of JR Kita-Hachioji Station and are making efforts to keep the road clean by picking trash on a daily basis and taking care of plants on a regular basis.

Every year in April, one-month new employee training is conducted at Hachioji Plant, and the curriculum contains cleaning, planting, pruning and weeding around the area in front of the station.

Hachioji City Government Website (on the Adopt-a-Road Program)  
<http://www.city.hachioji.tokyo.jp/33852/shiminkatudo/shiminkatsudo/adoputo/index.html>



Activity of the Adopt-a-Road Program

### VOICE

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



Administration  
Company  
Human Resources  
Dept.

Yoko Haneda

Kita Hachioji Station is used not only by our employees, but also by those working at nearby offices, citizens and students. I also use the station every day, but before I started cleaning, I didn't know that much trash was thrown such as cigarette butts and empty cans. Through the cleaning activity, I enjoy talking with colleagues from different sections whom I had not contacted with before. I feel a sense of achievement when I finish cleaning, and the cleaning time passes very quickly. I feel satisfied and can also convey my gratitude to local people. I will continue to participate in cleaning.

## Activities in the Industry

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

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

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

### ■ Participation in the ISO Technical Committee

The International Organization for Standardization was established to conduct international trade with the same standards and rules. Over 20,000 international standards have been established. Its Secretariat is located in Geneva, Switzerland and there are more than 300 Technical Committees to deal with different categories of products. Our products are related to TC213, dimensional and geometrical product specifications and verification, under which several working groups have been established to discuss various subjects such as standards for length, expression of drawing dimensions, specifications for measuring instruments, and inspection methods. Three of our employees as committee members representing Japan participate in working groups for standards for 3D coordinate measuring machines, roundness measuring machines, surface texture/filters, and measurement uncertainty. TC213 holds regular sessions twice a year in different venues in different countries to discuss new standards and revision of existing standards.

### ■ Japan Society for Precision Engineering

This organization has significantly contributed to the development of the industrial society and improvement of production technologies, and holds academic lectures, workshops, symposiums, and plant tours as well as issue journals. Tokyo Seimitsu participates in the Intellectual Nano Measurement Committee, and serves its accounting auditor for fiscal 2017. For the 2017 Spring Convention, we participated as a councilor.

### ■ Japan Precision Measuring Instruments Association

The Japan Precision Measuring Instruments Association holds comprehensive trade shows related to measurement and metrology in general, promotes standardization to help improvement in technology and quality, and organizes joint workshops with other groups. Through these and other activities, it has significantly contributed to the promotion of Japan's precision measuring instrument industry. We actively participate in many of its working groups and committees as well as the management of trade shows, thus making enormous contribution to the development of the precision measuring instrument industry. In fiscal 2016, we planned and organized a seminar under CMM Working Group at JIMTOF 2016. We are also engaged in editing of the JIS guidebook under CMM Working Group.

## ISO 26000 Correspondence Table

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

ISO 26000 Core Themes	Issues	Our Efforts
Governance	1. Governance	<ul style="list-style-type: none"> <li>● Message from the President</li> <li>● How We See CSR</li> <li>● ACCRETECH Group Code of Conduct</li> <li>● Stakeholder Engagement</li> <li>● Corporate Governance                             <ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Compliance and Risk Management</li> </ul> </li> </ul>
Human rights	2. Due diligence	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Relationship with Suppliers                             <ul style="list-style-type: none"> <li>• Conflict Minerals</li> </ul> </li> <li>● Relationships with Employees                             <ul style="list-style-type: none"> <li>• Employment and Use of Human Resources</li> </ul> </li> </ul>
	3. Human rights risk situations	
	4. Avoidance of complicity	
	5. Resolving grievances	
	6. Discrimination and vulnerable	
	7. Civil and political rights	
	8. Economic, social, and cultural rights	
9. Fundamental principles and rights at work		
Labor practices	10. Employment and employment relationships	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Relationships with Employees                             <ul style="list-style-type: none"> <li>• Employment and Use of Human Resources</li> <li>• Industrial Health and Safety</li> </ul> </li> </ul>
	11. Conditions of work and social protection	
	12. Social dialogue	
	13. Health and safety at work	
	14. Human resource development and training at work	
Environment	15. Prevention of pollution	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Relationship with the Global Environment                             <ul style="list-style-type: none"> <li>• Basic Stance on the Environment and Management System</li> <li>• Eco-factory</li> <li>• Eco-products</li> </ul> </li> <li>● Relationship with Society                             <ul style="list-style-type: none"> <li>• Activities in the Tsuchiura Area</li> <li>• Activities in the Hachioji Area</li> </ul> </li> </ul>
	16. Sustainable resource use	
	17. Mitigation of and adaptation to climate change	
	18. Environmental preservation, biodiversity, and recovery of natural habitats	
Fair business practices	19. Prevention of corruption	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Corporate Governance                             <ul style="list-style-type: none"> <li>• Compliance and Risk Management</li> </ul> </li> <li>● Relationship with Suppliers                             <ul style="list-style-type: none"> <li>• Basic Stance on Procurement</li> <li>• What We Ask from Suppliers</li> </ul> </li> </ul>
	20. Responsible political involvement	
	21. Fair competition	
	22. Promotion of social responsibility in the value chain	
	23. Respect for property rights	
Consumer issues	24. Fair marketing, information, and contractual practices	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Corporate Governance                             <ul style="list-style-type: none"> <li>• Compliance and Risk Management</li> </ul> </li> <li>● Relationship with Customers                             <ul style="list-style-type: none"> <li>• Commitment to Customer Satisfaction</li> </ul> </li> <li>● Relationship with Suppliers                             <ul style="list-style-type: none"> <li>• What We Ask from Suppliers</li> </ul> </li> <li>● Relationship with the Global Environment                             <ul style="list-style-type: none"> <li>• Eco-products</li> </ul> </li> </ul>
	25. Protection of health and safety of consumers	
	26. Sustainable consumption	
	27. Consumer services, support, resolution of complaints and grievances	
	28. Consumer data protection and privacy	
	29. Access to essential services	
	30. Education and raising awareness	
Community development	31. Participation in the community	<ul style="list-style-type: none"> <li>● ACCRETECH Group Code of Conduct</li> <li>● Relationships with Employees                             <ul style="list-style-type: none"> <li>• Employment and Use of Human Resources</li> </ul> </li> <li>● Relationship with Society                             <ul style="list-style-type: none"> <li>• Activities in the Tsuchiura Area</li> <li>• Activities in the Hachioji Area</li> <li>• Activities in the Industry</li> </ul> </li> </ul>
	32. Education and culture	
	33. Job creation and skill development	
	34. Technology development and access	
	35. Creation of wealth and income	
	36. Health	
	37. Social investment	

# Group Companies

Companies of the Tokyo Seimitsu Group are shown below.

## Tosei Engineering Corp.

### Company Overview

- Establishment: April 15, 1969
- Headquarters: 4-6 Nakanuki-cho, Tsuchiura-shi, Ibaraki
- President: Katsuhiro Tago
- Sales: 11.689 billion (for the period ending in March 2017)
- Employees: 464 (as of March 31, 2017)  
(Note) The number of employees excludes those seconded to other companies and includes those seconded from other companies.
- URL: <http://www.toseieng.co.jp/company/>
- Hubs: 4 plants and 13 service bases in Japan and 13 bases overseas



### CSR Activity Example 1

#### • Compliance and internal regulations

To become a company that can gain trust from all stakeholders, Tosei Engineering seeks to enhance corporate governance and compliance, and ensure healthy and transparent management. Right decision making will achieve sustainable growth and increase corporate value in a medium to long term. To communicate the ACCRETECH Group Code of Conduct, and other internal rules and regulations to employees, there is a system where they can view these rules over the company's Intranet at any time and efforts are made to raise their understanding.

### CSR Activity Example 3

#### • Safety and health activities

The Safety and Health Committee at each plant conducts regular patrol inside the plant to ensure safety. A weekly subject is determined and employees are encouraged to raise awareness and come up with improvement ideas. A wide range of subjects are selected including internal safety and health, work improvement, and the environment. The company believes that its safety and health standards will become higher as all employees participate in the activity to raise their awareness and conduct improvement.



Employees in a CSR activity

### Business Overview

The company was established in 1969 as a subsidiary of Tokyo Seimitsu to provide services for Tokyo Seimitsu's products and develop and manufacture automation and energy-saving equipment for measurement. Since establishment, based on the concept of "What cannot be measured cannot be produced," it has accumulated technology and expanded its business by providing various precision measuring instruments and services for these instruments. The company has been exclusively developing and manufacturing automatic measuring instruments for production lines of automobiles, bearings, electric appliances and electronic products. With its precision technology as the foundation, it advanced into the field of semiconductor manufacturing, which is now one of its major business areas. It will make efforts to continuously provide world's No. 1 products and sophisticated service support based on the Tokyo Seimitsu Group's motto of "win-win relationships create the world's No. 1 products" in the fields of automatic measuring instruments and semiconductor manufacturing equipment.

### CSR Activities

As a group company, Tosei Engineering shares the corporate philosophy of Tokyo Seimitsu that we create the world's No.1 products and grow significantly with our partners and customers by integrating the excellent technology, wisdom, and information available in the world. By implementing this philosophy, the company seeks to achieve sustainable growth and increase its value. Under the Board of Directors, the CSR Promotion Committee and other committees conduct a wide range of CSR activities.

### CSR Activity Example 2

#### • Promotion of work-and-life balance

Various flexible work systems have been introduced such as parental and nursing leaves to help employees take a good balance between work and private life. With enforcement of the Act on Advancement of Measures to Support Raising Next-Generation Children, its work systems are reviewed and work-life-balance is sought for all employees, both men and women (including non-regular employees). In addition, as part of long-term labor reduction, we plan to set up a fixed-time leave day once a week and prepare a workable environment for employees so that we can improve both work and private life.

### CSR Activity Example 4

#### • Implementing safety activity for children on the way back from school in neighborhood

Traffic safety activity is conducted near the elementary school in the neighborhood as part of the local activity. It is aimed for children in the area to go to school safely by employees visiting school roads and checking dangerous places and ensuring the safety of school roads. Its Kandatsu Plant is registered as an emergency safe place in the Kandatsu area for protection of children. The company will continue to take measures to contribute to the safety of the community.

# Tosei Systems Co., Ltd.

## Company Overview

- Establishment: October 1, 1985
- Headquarters: In the Plant of Tokyo Seimitsu at 2968-2 Ishikawa-machi, Hachioji-shi, Tokyo
- President: Koichi Kawamura
- Sales: 1.697 billion (for the period ending in March 2017)
- Employees: 117 (as of March 31, 2017)
- URL: <http://www.toseisys.co.jp/>
- Hubs: Two locations in Japan



## Business Overview

Tosei Systems is a 100%-owned subsidiary that supports product development of Tokyo Seimitsu in the field of software. It is engaged in development of software to be embedded into semiconductor manufacturing equipment or precision measuring instruments for control and measurement in the unit of micron, software for the operational screen (user interface) to operate the machine, application software that comes with the machine, and software to compile and visualize data in micron collected by measuring instruments. Recently, it develops software for key work for Tokyo Seimitsu, group companies, and external organizations (government agencies), using web technology. Beyond the technical groups of Tokyo Seimitsu, it also develops software that can be used by these groups, and introduces recent technology through internal presentation (workshops) meetings.

## ISO27001 Certification

Since an increasing number of corporate or personal data leakages occur these days, it is urgent to implement security measures for key work for group companies and external business. It was the first group company that obtained ISO27001 (information security) certification in the fall of 2017. Sections responsible for key and external work first obtained the certification, but other sections are also seeking to obtaining it.

# Tosei Box Corp.

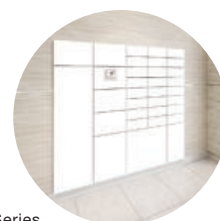
## Company Overview

- Establishment: September 1, 2001
- Headquarters: 2968-2 Ishikawa-machi, Hachioji-shi, Tokyo
- President: Hideaki Takano
- Sales: 625 million (for the period ending in March 2017)
- Employees: 37 (as of March 31, 2017)
- URL: <http://www.toseibox.com>
- Hubs: Three locations in Japan

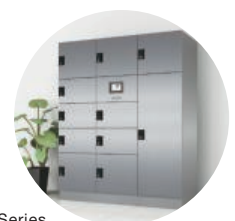


## Business Overview

With "Safety, Comfort and Relief" as the motto, Tosei Box contributes to society by providing delivery lockers. Delivery lockers allow customers to receive packages during absence. The opportunity to use the delivery lockers has increased, as internet shopping becoming more popular leading the distribution of delivery to increase and also due to changes in customer's lifestyle. The company provides various types of lockers with different colors with improved security, usability and of different materials such as steel to match the interior of the building. In addition to non-contact IC card and fingerprint authentication systems, an automatic open type system has been introduced. The company is committed to supplying better products and services and promoting CSR activities in order to contribute to society.



TA Series



TR Series



\*Tosei Systems and Tosei Box conduct together CSR activities of Tokyo Seimitsu.



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

Tokyo Seimitsu Co., Ltd.

CSR Promotion Committee

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