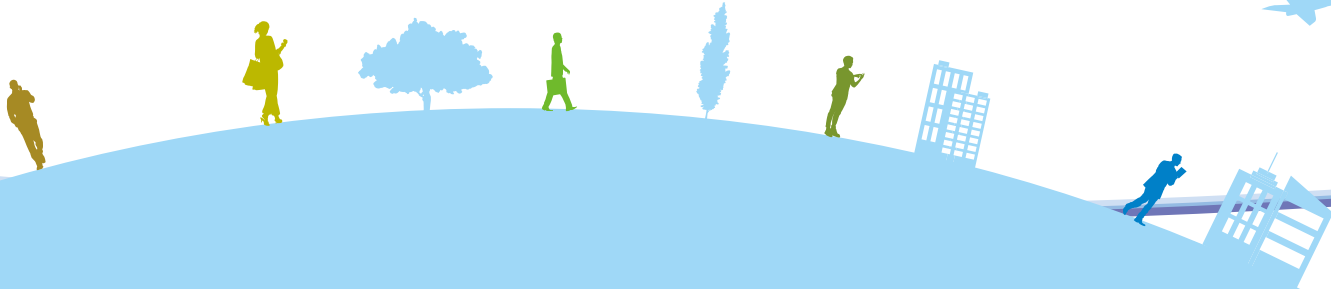




Tokyo Seimitsu  

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CSR Report 2019



## 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). With the aim to realize solution of social challenges through business activities, creation of social values beyond that and improvement of our corporate economic values, effort for sustainability is positioned as a priority in the mid-term management plan announced in May 2018. This CSR report is intended to disclose the Tokyo Seimitsu Group's corporate activities to all stakeholders, both existing and potential.

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, 2018 to March 31, 2019. 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.  
Tosei Box Corp.  
Accretech Powertro System Co., Ltd.

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

Issued: October 2019 (next issuance scheduled for October 2020; last issuance date: October 2018)



### For additional information, go to

- ▶ Environmental and Social activities: <https://www.accretech.jp/csr/index.html>
- ▶ Products tab of Tokyo Seimitsu's website: <https://www.accretech.jp/product/index.html>

The following documents can be downloaded.

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

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# 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 together to higher level by integrating 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**

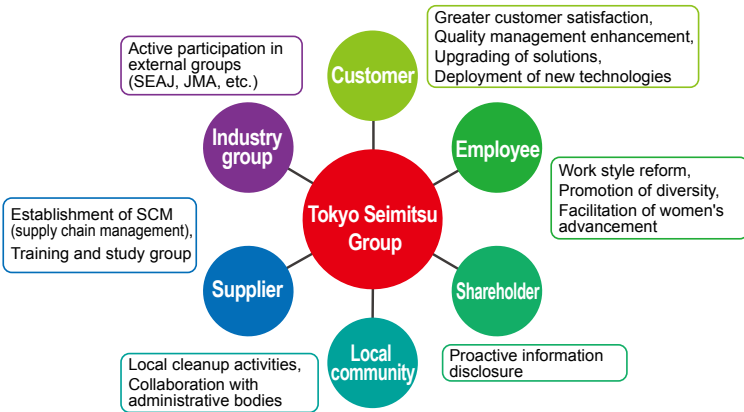
The words "Accrete" and "Technology" are combined to coin this term, meaning to "Grow Together."

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. I would like to express my sincere gratitude once again. In recent years, initiatives to achieve a sustainable society have been implemented on a global basis.

As a member of society, the Company joins these initiatives and will drive proactive CSR activities to achieve a sustainable society. In 2015, we established the organization and structure for driving CSR activities and started the activities based on the RBA Code of Conduct (formerly known as EICC) and ISO26000 (CSR guidelines).

In order to gain an understanding from the stakeholders for our corporate philosophy and values as well as our social responsibilities and roles, we have been issuing CSR report since 2016.

We are determined to strengthen win-win relationships with many stakeholders and continue our activities, aiming to improve the corporate value and make contributions to society.



### Relationship with Stakeholders

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.

### Our Policy for ESG Initiatives

With respect to the company's initiatives for E (Environment), S (Society) and G (Governance), we explain priority activities, in particular, in the financial results briefing and on other occasions. To ensure the awareness and proactive engagement of all employees, such activities are incorporated into the company goals and progress is reported in the CSR report. In fiscal 2018, we revised the business continuity plan (BCP), renewing our awareness of the matters necessary to continue the business by reflecting on major disasters caused by past earthquakes. Also, based on the revised BCP, BCP of each plant was developed to improve the disaster readiness. As an effort for workstyle reform, we promoted diversity, particularly focusing on the promotion of women's advancement. In this fiscal year, we would like to advance the initiatives of health and productivity management, enhancing the health of employees, creating healthy work environment and achieving productivity improvement at the same time.

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 group's social role to fulfill those needs by providing a means of production that makes the impossible possible.

Tokyo Seimitsu group 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 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.

#### Environment

- Eco-conscious products: development of environmentally friendly products taking LCA into consideration
- Global warming prevention: CO2 emissions reduction
- Reduction in resource usage: cut in water consumption, higher recycling rate of wastes

#### Social

- Quality improvement: enhancement of change management process · QMS activity
- Operation safety: accident rate reduction
- Supply chain: intensify and improve ESG activities based on our policy in cooperation with suppliers
- Others: work style reforms (promotion of women's advancement, etc.), compliance, adoption programs in Hachioji / Tsuchiura Cities

#### Governance

- The Group Code of Conduct: education, permeation and review in all offices
- Compliance: establishment, education and review of compliance system
- Information security enhancement: more rigid in-house management system, inspection system, control education

※★ is attached to the title of policy in addressing ESG issues.

### Our Policy in Addressing ESG Issues

# 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.



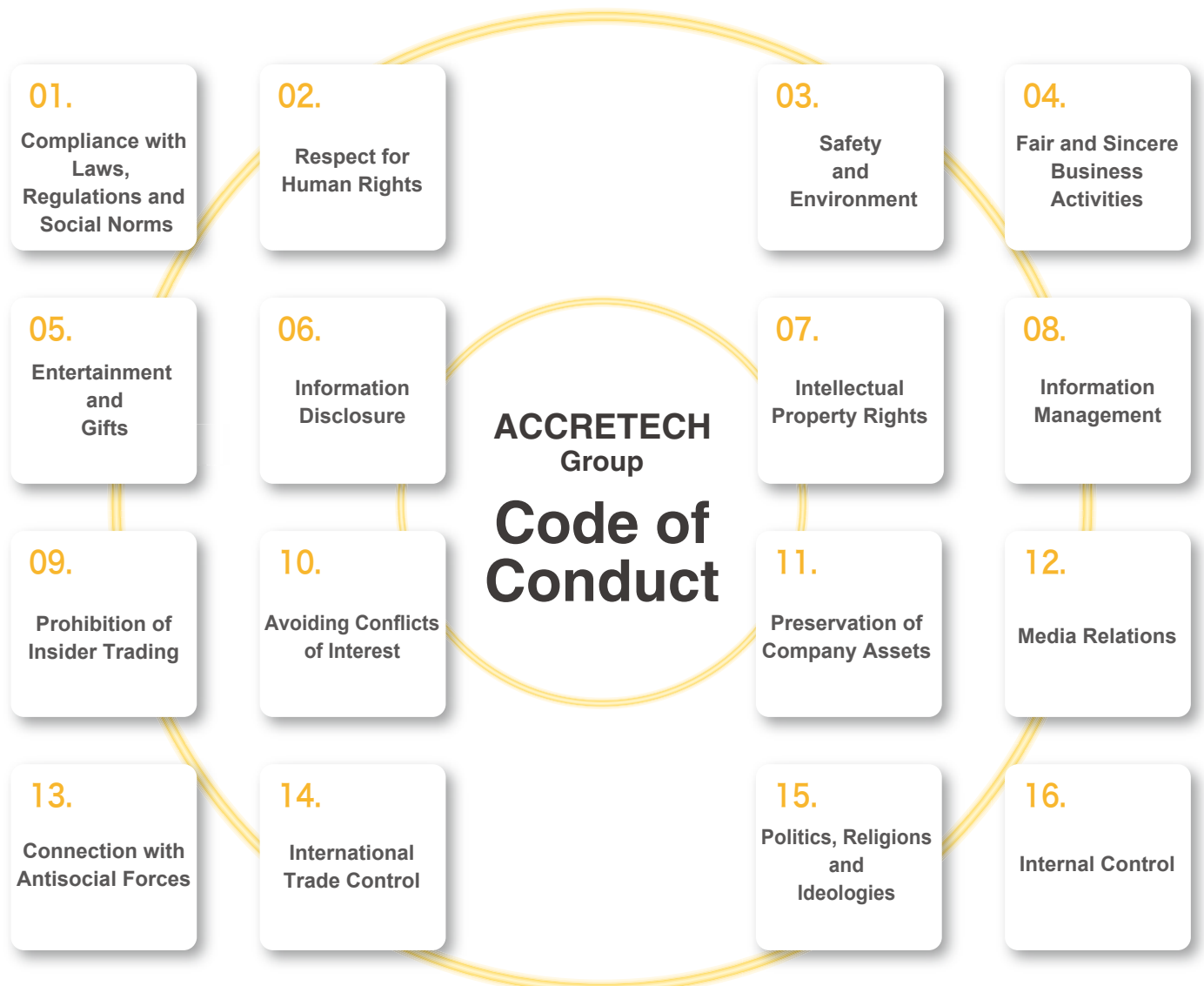
# ACCRETECH Group Code of Conduct★

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:





# 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 technology, wisdom and information available in the world.

## Outline of Company

|                                    |   |
|------------------------------------|---|
| 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                    | 10,591 million yen (as of March 31, 2019)   |
| Exchange listing                   | Tokyo Stock Exchange 1st Section  |
| Sales amount (consolidated)        | 101,520 million yen (Fiscal 2018)   |
| Ordinary profit (consolidated)     | 20,805 million yen (Fiscal 2018)  |
| Number of employees (consolidated) | 2,119 (as of March 31, 2019)  |
| Operation sites                    | Hachioji Plant, Tsuchiura Plant, and 17 sales offices in Japan, 66 overseas offices, 6 domestic group companies, etc. |

## Products



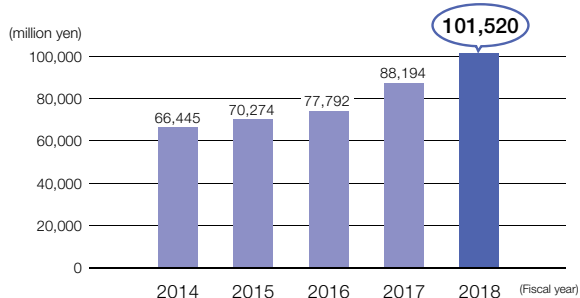
Semiconductor Manufacturing Equipment



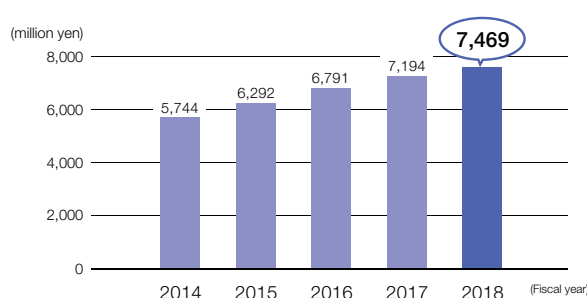
Precision Measuring Instrument

## Financial Data (Consolidated)

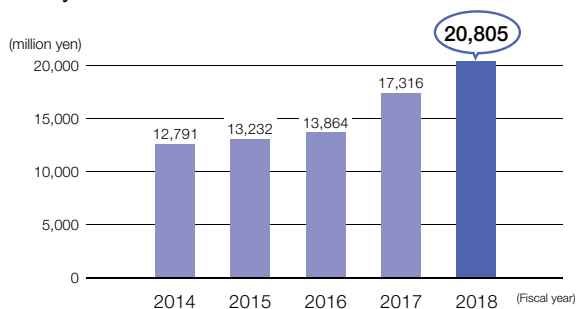
### Sales Amount



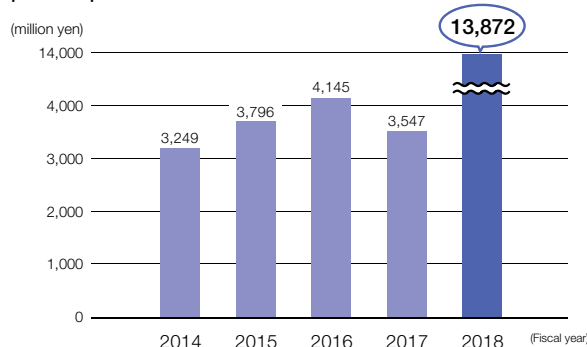
### R&D



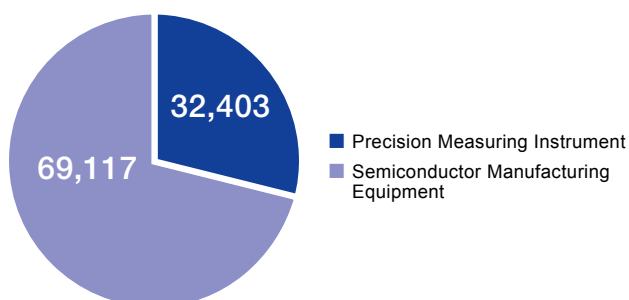
### Ordinary Profit



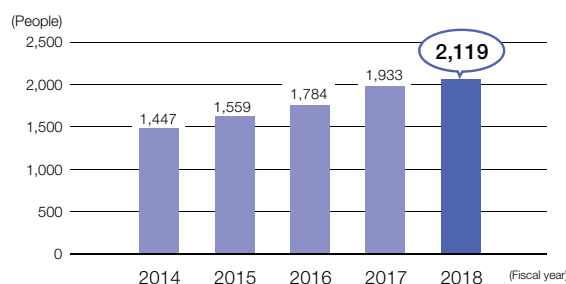
### Capital Expenditures



### FY2018 Sales Amount by Business (Million yen)



### Number of employees





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

## Corporate Governance

### Basic View on Corporate Governance

Our group 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, we recognize the need to ensure fair and transparent management activities as a reliable corporate citizen in the international community and have established the basic policies to enhance corporate governance.

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

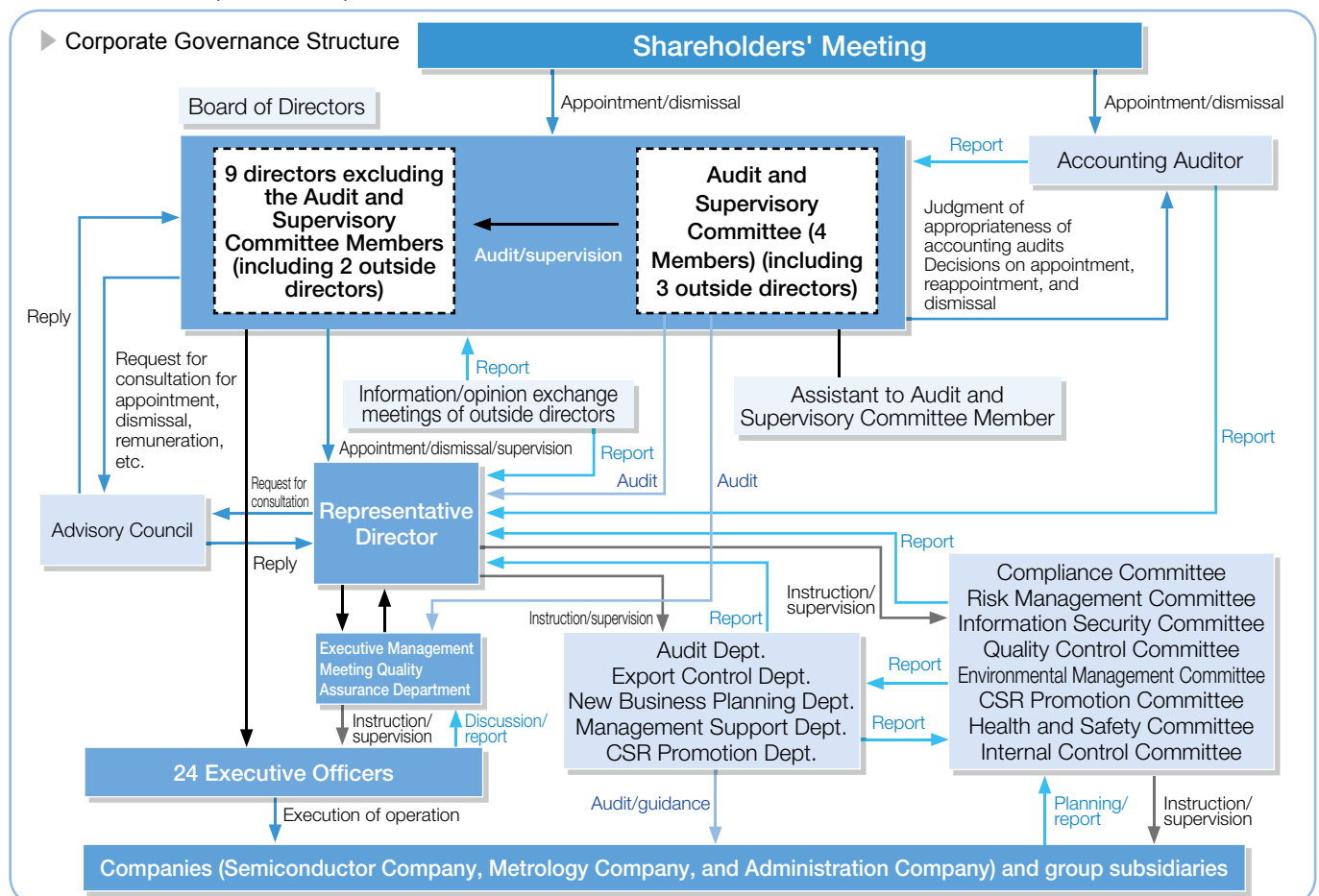
The full text of the Corporate Governance Report can be downloaded from our website.  
<http://www.accrettech.jp/company/basicpolicy.html>

### 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.

### Transition to Company with Audit and Supervisory Committee

In accordance with the approval of resolution at the 96th Term Regular Shareholders' Meeting on June 24, 2019, the Company made a transition from Company with Board of Company Auditors to Company with Audit and Supervisory Committee. By establishing the Audit and Supervisory Committee and granting voting right at the Board of Directors to directors who are members of the Committee (including outside directors), this intends to strengthen the audit and supervisory function and reinforce the corporate governance structure to further improve the corporate value.



## ■ Stance and system on Internal Controls

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

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

The Audit Department, established as an organization under the direct control of the president, conducts internal audits to verify that the business operations of Tokyo Seimitsu group are conducted in compliance with relevant laws, regulations, articles of incorporation, and internal rules, as well as to assess the validity of controls. The Audit Department also carries out IT control audits in cooperation with other relevant departments and teams.

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

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

Details of the basic policy for the internal control system are available at our website.

[http://www.accretech.jp/company/internal\\_control.html](http://www.accretech.jp/company/internal_control.html)

## Compliance★

### ■ Basic Views on Compliance

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

In addition to making efforts to routinely grasp the compliance status, we have established a whistle blower system to enable officers and employees to consult for and report any incidents relating to compliance that they have noticed, aiming to capture issues relating to compliance at an early stage.

### ■ Compliance Management System

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

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

Revision of the ACCRETECH Group Code of Conduct, which is the basic policy concerning compliance, establishment and revision of regulations, planning and implementation status of compliance education and training, etc. are reported and discussed at this committee. Also, in case of any risk of violation of or conflict with laws and regulations, report is given promptly, and response measures and recurrence prevention measures are deliberated at the committee.

In fiscal 2018, the Compliance Committee functioned and operated without any problems as a place for report and deliberation.

### ■ Compliance Education

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

The Tokyo Seimitsu Group provides a variety of education programs for the purposes of enrichment of knowledge concerning compliance and maintenance and improvement of awareness level for compliance. In addition to level-specific education programs such as new employee training and training for managers, we have implemented an e-learning training system in Japan.

Education programs for specific job fields and sections, such education for compliance of relevant laws and regulations as part of industrial safety and health training on production site and legal compliance education concerning quality and environmental management, are also implemented.

It has been a practice to periodically report the plans and results of compliance education programs at the Compliance Committee. In fiscal 2018, the programs were implemented as had been planned, as with the previous years.

### ■ Whistle Blower System

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

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

According to the whistleblower records in fiscal 2018, there was no problem with regard to compliance that may affect the business activities of the Tokyo Seimitsu Group.

### ■ Status of Legal Compliance

Results of evaluations conducted in internal audits and by external audits showed no misconduct, legal violation, compliance 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 2018.



## Risk Management

### Our Approach to Risk Management

#### Risk management policy

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

(Risk management policy)

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

(Risk items and content)

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

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

### Risk Management System

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

### Risk Measures

#### BCP (Business Continuity Plan)

In line with the "Business Continuity Policy", Tokyo Seimitsu reviews and refines its business continuity plan (BCP) and Plant BCPs. In fiscal 2018, for each company and plant, damage estimation in the event of threats and analysis of the fragility of the current measures were conducted again. After that, BCPs and manuals were reviewed from the aspect of business in each department, such as Administration, Production Control, Manufacturing, IT, etc., for refinement and reinforcement. Also, from the viewpoint of fulfilling the basic policy of confirming and ensuring the safety of employees and their families, evacuation drill was implemented to reconfirm the basics of evacuation and disaster prevention and response, and issues were identified to take additional measures. Moreover, with regard to the BCPs of subsidiaries in Japan, organizational structure in line with the parent company policy, priority business and operational

structure based on alignment with the parent company were formulated. Going forward, we will continue the initiatives for periodic review and improvement of the BCPs.

Tokyo Seimitsu Group has a "safety confirmation system" in place that enables us to check whether employees are safe in the event of a disaster or accident by using cellular phones or smartphones. While ensuring that every employee is explained about this system when joining the Company, in order to check its effectiveness and to raise awareness of all employees, we conduct semiannually a "drill to operate the safety confirmation system" and announce its results. We also trace once a month employees whose e-mail address is not registered yet and invalid e-mail addresses.

#### Information Security

Advancement of information technology and globalization of business management present new challenges in the information management of intellectual property rights (such as patents and trade secrets, etc.), requiring us strengthened structure and management.

Establishing the "Information Security Committee" in 2004, headed by the chairperson selected by the Board of Directors, Tokyo Seimitsu has been committed to enhancing information security by obtaining and managing intellectual property rights, managing trade secrets, preventing leaks of technology, etc.

The Information Security Committee has IT System Working Group, Office Security Working Group and Education and Audit



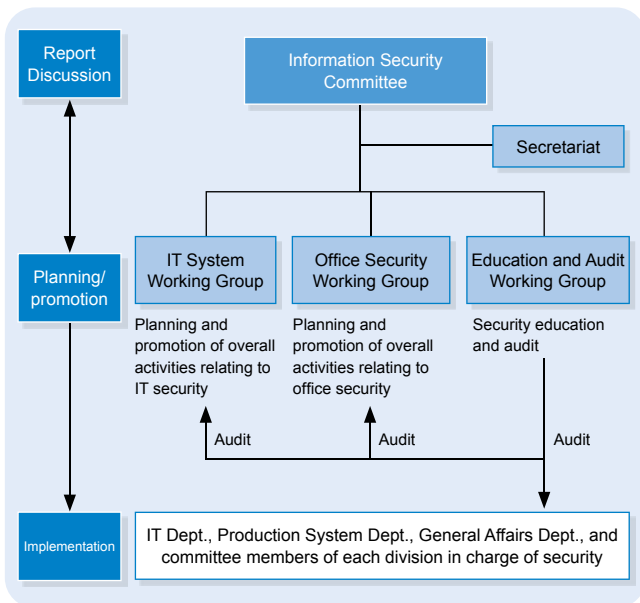
Working Group as subordinate organizations, which implement periodic activities. The IT System Working Group is mainly in charge of security relating to IT equipment, the Office Security Working Group mainly deals with security in the operation of office work and the Education and Audit Working Group is mainly engaged in education and awareness activities and audit of activity status.

### Information Security Measures

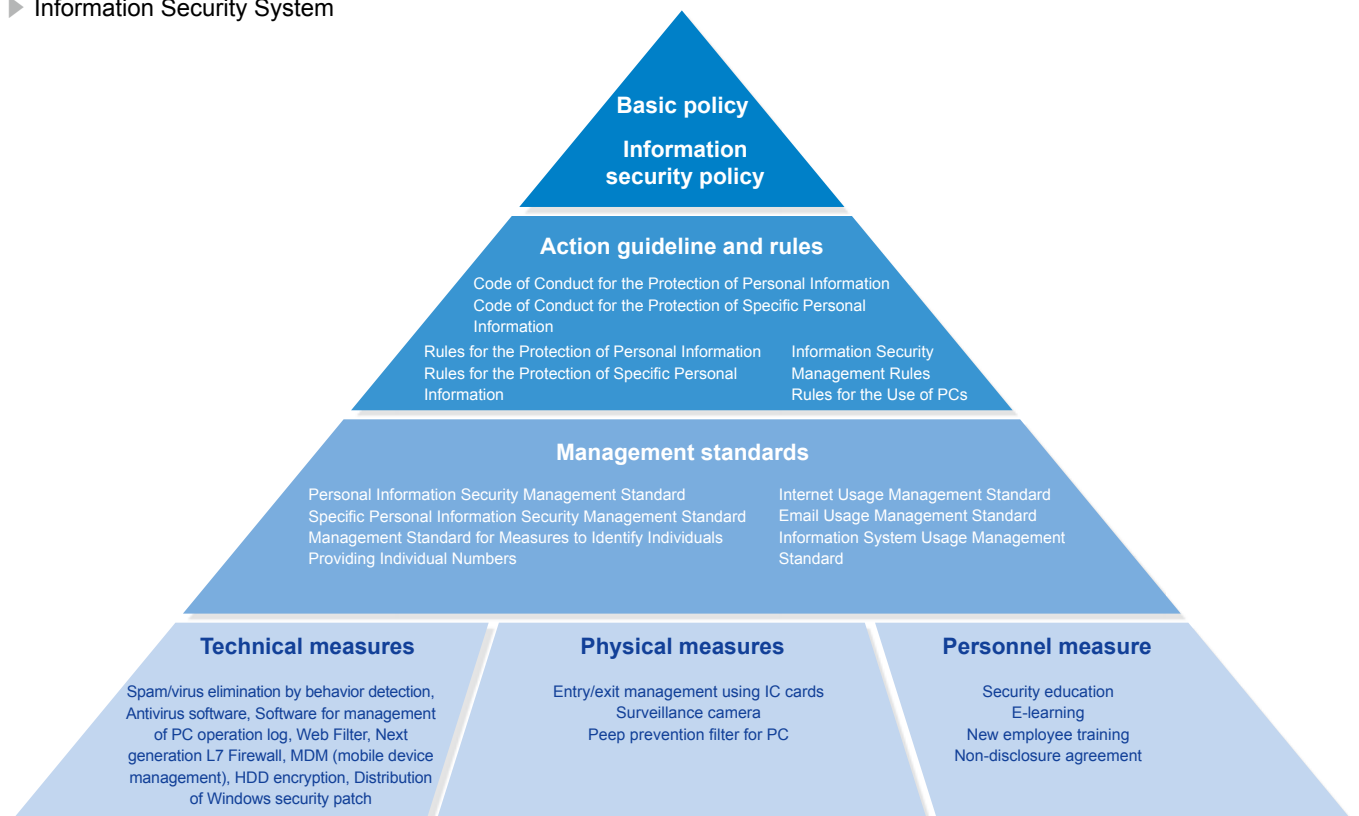
The internet environment in recent years requires us to deal with new risks on a daily basis. Under the initiative of the Information Security Committee, we develop and maintain relevant regulations, and we also implement personnel training, technical measures and physical measures.

For the personnel training, we make it a duty for all employees to annually attend the information security education program in which awareness is raised for the latest points of attention and trends of information security, thereby striving to prevent leakage of information. As the technical measures, we have set up a system for analysis, monitoring and control of suspicious packets by network security equipment. Also, we are committed to prevention of security accidents by introducing various endpoint security software, log acquisition software, encryption software and MDM (mobile device management) for PCs and smartphones.

#### Information Security Committee and Functions



#### Information Security System





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

Since the products provided by Tokyo Seimitsu are production equipment, their "quality" should consist of "stable and reliable quality of product" and "quality of prompt and meticulous support". Based on this belief, we are always striving to improve such "quality".

Keeping in mind that we are responsible for providing stable and high quality and services to protect and enhance customer's social status and profits, we are implementing quality improvement activities.

We contribute to society by being committed to "maintenance and improvement of product quality", "establishment of global and highly functional support structure" and "ensuring customer satisfaction and trust in our products and services".

### Quality Policy

Hachioji and Tsuchiura Plants collectively acquired ISO9001 certification in 1994. Since then, we have been continuously improving quality control practices.

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.

## Maintenance and Improvement of Product Quality

### Various Activities of QMS\*

Continuous efforts have been made to strengthen quality control since the collective acquisition of ISO 9001 certification by Hachioji and Tsuchiura Plants in 1994. In fiscal 2017, we started to operate a new quality system program in accordance with ISO9001:2015 revised in September 2015. With this new quality management system program, quality policy was revised and quality targets were set by each plant to improve quality performance in order to address the needs of stakeholders, internal and external challenges and control risk.

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

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

### Upgrading of Change Management\*

We have strived to eliminate defects by verifying the risks associated with changes in design and production and taking measures beforehand.

In 2017, change management rules were established in high-level standard documents of the Company and the rules were incorporated into lower-level standard documents of relevant sections. Since then, we have been mitigating the risks of defects caused by changes by performing risk assessment of change management in accordance with the management standards.

We are accumulating change management results data to use it as a data base of similar change risks and seek speedier and more efficient change management operation. Also, in 2018, with regard to reduction of complaints by change management, we started setting change management effectiveness as a KPI, with the target as 0.5% or lower.

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

The ratio in 2018 was 0.37%, which cleared the target.



## Global and Attentive Support System

### ■ Semiconductor Manufacturing Equipment Business

#### Worldwide Semiconductor Business and Global Support System

In 2018, we supplied maintenance parts to 410 customer sites in 30 countries around the world.

(China, Taiwan, South Korea, Thailand, Philippines, Malaysia, Singapore, India, Indonesia, Vietnam, US, Canada, Mexico, Brazil, Germany, France, UK, Austria, Italy, Netherlands, Switzerland, Spain, Czech, Denmark, Hungary, Finland, Bulgaria, Belgium, Portugal, Russia)

Our semiconductor manufacturing equipment deployed throughout the world has been supported by the ACCRETECH Group companies consisting of 31 support locations in 10 countries.

#### State-of-the-Art Training System

At the training room of the Customer Engineering Department of the Head Office, a wide variety of equipment, ranging from old models to the latest models, are installed to be exclusively used for training.

We have prepared skill-specific curricula and training systems, including practical skill training using actual equipment and classroom training for enhancement of knowledge, as well as practical training at manufacturing sites and training in collaboration with Technical Application Department, to meet diverse requests.

The training is highly effective as it is basically conducted for a small group so that the trainer can proceed with the training while recognizing all the trainees and a lot of time is allocated for practical skill training.

Also, demonstration equipment is installed at major locations in each area to create a conducive environment for basic education programs at local sites and self-learning.

Japanese engineers are encouraged to work overseas or make periodic business trips abroad so that they can develop themselves as an engineer who can play an active role in the world through the experience of working abroad.

#### Standardization of Support Quality and Implementation of GSM (Global Service Meeting)

All engineers are subjected to an annual skill check to certify and manage their levels. By certifying each engineer by specifying the jobs that they are authorized to perform, we provide high work quality to customers.

Moreover, with the GSE (Global Service Engineer) group of the

CE Department of the Head Office acting as a backup for overseas inquiries and emergency cases, we are capable of providing more reliable on-site support.

At GSM (Global Service Meeting), which is scheduled to be held for the seventh time in October this year, about 60 people, consisting of the representatives of service engineers around the world and their associates, annually meet at Hachioji Plant to exchange and share the latest information face-to-face. Provision of standardized service is enabled by such meeting for skill improvement at a shared opportunity. We are routinely making effort to ensure that every customer around the world is provided with high-level, uniform services.



GSM (Global Service Meeting)

#### Standardization of Service Parts

With regard to the equipment at customer's production site that operates at a full capacity around the clock throughout the year, it is critically important to promptly supply service parts in the event of troubles.

For major parts of each model, consignment parts are stocked at 15 locations in Japan and abroad, which are managed by the Parts Center of the Customer Engineering Department as service parts. Also, with the CE Stock Manager System, which allows easy checking of stocks around the world and sharing of the information on the web from anywhere, we are ready to promptly provide parts to customers.



## ■ Precision Measuring Instrument Business Leading-edge Bases and Support for Accelerating Value Creation for Customers

Under the slogan of "what cannot be measured cannot be produced," Tokyo Seimitsu regards our precision metrology instrument business as "the original point of manufacturing" that provides society with precision and reliability instead of seeing it as mere sale of measuring instruments.

No 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.

### Initiatives of Metrology Center

Aiming to establish ourselves as a top brand in the world so that measuring is always associated with Tokyo Seimitsu, Metrology Center is implementing the following activities.

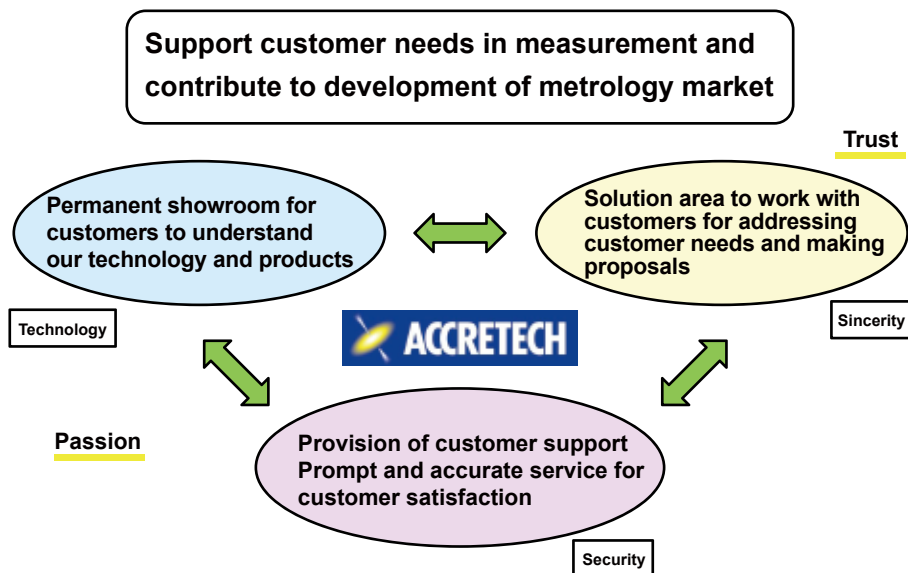


Metrology Center (Tsuchiura)

▶ <Concept of Metrology Center>

## Metrology Company, Metrology Center

Concept of trust and passion



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

For customers who have our measuring instruments, dealers that deal with our measuring instruments, universities, 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.

○Activities in FY2018

- Private trade shows, open-houses, etc. : 11
- Seminars, lectures, etc. : 14
- Lectures and measurement guidance at public organizations : 9

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

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. We have received positive feedback including "Glad to have visited," "Impressed," and "Definitely want to come back." The centers are successfully contributing to customers' value creation.



<Customer support [Passion] [Security]>

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

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

- Activities in FY2018
- Calls responded by call center : 11,199
- Training sessions : 424

<Additional initiatives>

We request customers using our measuring instruments to cooperate in filling out customer satisfaction questionnaires. In fiscal 2019, we started using NPS (Net Promoter Score) questionnaire. We will make an effective use of customer's voices obtained from the questionnaire in the improvement activity to further improve the relationship with customers.

Training for Local Engineers Overseas

The global service department for precision measuring instruments invites service engineers from overseas plants to the Metrology Center at the Tsuchiura Plant for intensive training. Basic training for new engineers and advanced training targeting skilled and experienced engineers are offered and strengthening the global support system.

- Activities in FY2018
- Basic training : 5 participants from 3 countries
- Advanced training : 35 participants from 13 countries

Multilingual Documents

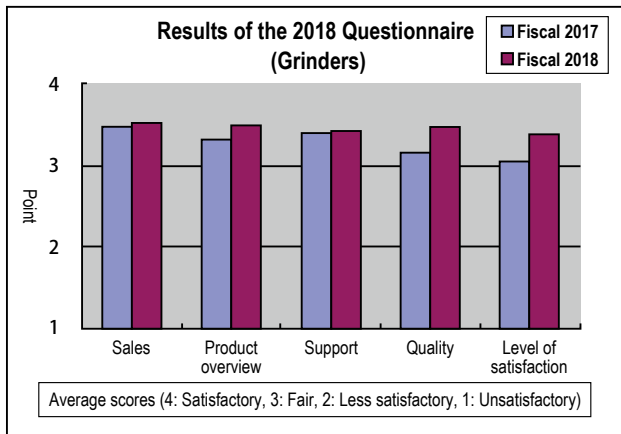
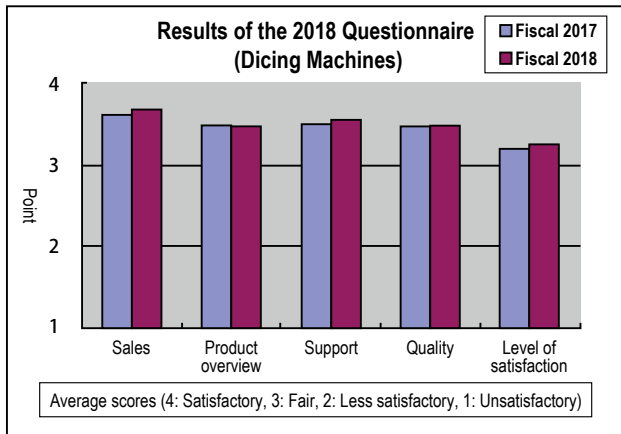
In many countries where we have customers of semiconductor manufacturing equipment, English is spoken as an official language. By contrast, measuring instruments are used by a wide range of customers in various environments and situations. To enable daily inspections and troubleshooting to be performed by customers themselves, we are preparing a troubleshooting manual and procedure documents in languages of the countries concerned.

Commitment to Customer Satisfaction

Improvement Activity Based on Questionnaire Surveys

We annually conduct customer satisfaction questionnaire surveys for our products to compile and analyze the survey results. Based on the customer satisfaction questionnaire results, items requiring improvement are identified and set up as themes in the quality management system program of the QMS activities and specific activities are implemented for improvement of customer satisfaction. As a result, many items were found and have been improved from the questionnaire results of the previous year.

Here are two examples of the results of this year's questionnaire, Dicing Machines and Grinders.



To make it easier to respond and to get more customer responses, we started using web-based questionnaires in the year before last. Questionnaires can now be filled in simply by a click, shortening the time required to complete. The use of web-based questionnaires enabled us to perform compilation and analysis more quickly for speedy reflection of results. We will remain committed to improving customer satisfaction, reflecting on the opinions of customers.

# 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. To establish win-win relationships with these suppliers, it is essential to comply with laws, regulations and social norms and fulfill social responsibilities in terms of "human rights and labor", "occupational safety and health", "environment", "ethics" and "information security" among others by the supply chain as a whole, let alone address "safety and quality".

We expect every supplier to act voluntarily as a responsible enterprise committed to meeting the needs of the international community. By working together with them, we intend to turn our entire supply chain into a robust value chain and promote value-added manufacturing.

## Supply Chain Enhancement★

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

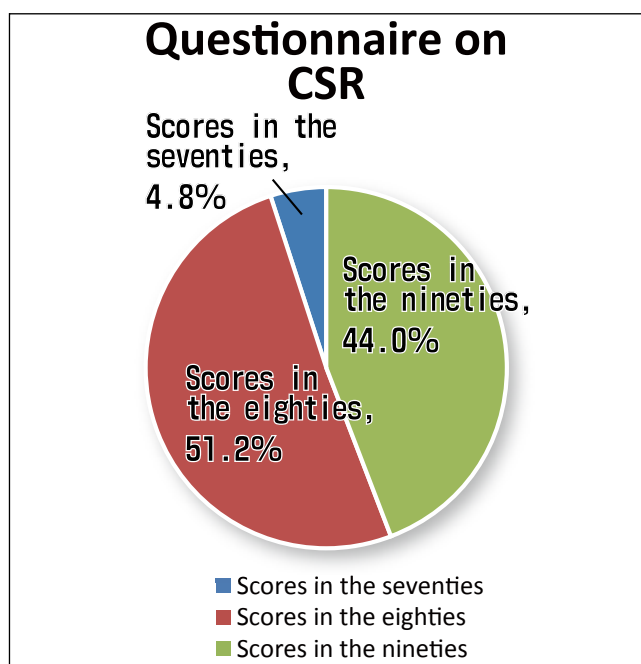
### Formulation of CSR Guidelines for Suppliers and Request for Cooperation

In order to fulfill expectations of RBA and the global community, we have created "Tokyo Seimitsu CSR Guidelines for Suppliers" which state the 'procurement policy' and stipulate guidelines for suppliers in 'human rights and labor,' 'safety and health,' 'the environment,' 'ethics,' 'safety and quality' as well as 'information security.' We ask for suppliers' understanding of the guidelines and cooperation in promoting sustainable procurement.

### Establishment of Supplier Survey System

As a study into suppliers' state with CSR, Tokyo Seimitsu started a survey in fiscal 2016 using an "SCM check sheet." The survey is conducted to score the performance of suppliers with regard to eight high-level classifications: legal compliance, ethics management, environmental management, facility and equipment (safety) management, labor and employment management, biodiversity, conflict minerals and business continuity. The results show the average score is 88.7 (out of the maximum of 100) and that more than 90% of the suppliers

scored 80 or higher. Items with low scores were "promotion of women's advancement in labor and employment management", "biodiversity" and "business continuity". We are undertaking improvements on these items in cooperation with suppliers. With regard to the other five items, we have confirmed that they are managed without problems and shared our awareness with suppliers.



The "SCM check sheet" survey was started in 2016.

A total of 166 suppliers were covered by the survey.

Improvements will be made on "promotion of women's advancement", "biodiversity" and "activities for business continuity in case of emergency" with low scores through supplier workshop.

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

With regard to the activity in fiscal 2019, we are considering the replacement of "SCM check sheet" with RBA (Responsible Business Alliance: former EICC) check sheet. This will enable us to perform more meticulous checking to further strengthen the cooperation with suppliers.

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

## ■ Commendation of Suppliers

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

## ■ Workshops and other events for suppliers

In order to ensure that suppliers understand the importance of fulfilling social responsibilities, we participate in the CSR seminar, which is a workshop organized by suppliers.

In fiscal 2018, we made presentations on "Report of CSR Activities by Tokyo Seimitsu", "Global Trends in CSR" and "Supply Chain Initiatives" for information sharing.

At the seminar, we explained the procurement policy and content of "Supplier CSR Guideline", which was established by us in January 2019, and asked suppliers to submit "confirmation report".

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



Workshop for suppliers

## Outline of Tokyo Seimitsu Supplier CSR Guidelines

### Prefaces

#### 1. Procurement policy

#### 2. Supplier CSR Guidelines

[Human rights and labor]

[Occupational safety and health]

[Environment]

[Ethics]

[Safety and Quality]

[Information Security]

#### 3. Requests for Suppliers

#### 4. Revision history

### Fiscal 2015

Our Views on CSR

### Fiscal 2016

Description of "SCM Check Sheet" and Survey Request

### Fiscal 2017

Trends in CSR

Report of Previous Year's "SCM Check Sheet" Results

Report of CSR Activities by Tokyo Seimitsu

### Fiscal 2018

Report of CSR Activities by Tokyo Seimitsu

Trends in CSR

Supply Chain Initiatives

# Relationships with Employees



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

## Employment and Human resource development

### Basic Views on Employment and Human Resource Development

We seek to have diversity and respect different viewpoints and values in order to create new values through synergy effects. We promote diversity and seek human resources widely, while eliminating discriminations based on age, gender, race, religion, country of origin, disabilities, etc. by expanding employment of women and people with disabilities and increasing global recruitment opportunities. We also promote work-life balance, creating a safe work environment in which employees can maintain their health both physically and mentally and encouraging them to seek fulfillment and achieve personal growth both at work and in private life.

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 Work Style Reform★

We are nurturing the culture of considering the living environment and values of each other and creating the environment and systems to accommodate diversity.

In particular, we take a proactive approach for employment of women, focusing on the activities to promote women's advancement by expanding job opportunities and responsibilities, providing career plan guidance and flexibly responding to needs arising from life events.

### Promotion of Women's Advancement

#### Revision of Employment Regulations

Women's working group, which was formed in last fiscal year, reported their activities to the management. As a result, employment regulations were revised to enable employees to "take parental leave until the child becomes three years of age", "work shorter hours for childcare until the child enters middle school" and "shorten working hours for childcare or elderly care by up to 3 hours per day" to make the work environment even more comfortable.

#### Current Status of Employment of Women

The ratio of female applicants in new graduate recruitment

##### Recruitment Status

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

##### Ratio of Female Employees

| Content  | %     |
|--|-------|
| Percentage of women in employees (as of March 2019)                              | 17.0% |
| Difference in average length of service between men and women (as of March 2019) | 50.5% |
| Percentage of women in management (as of March 2019)                             | 1.4%  |
| Percentage of women in Board of Directors (as of September 2019)                 | 7.7%  |

slightly decreased and the ratio of new female employees also decreased due to the increase in the number of new male employees for manufacturing and engineering positions. However, due to the increased hiring of women for engineering positions in mid-career recruitment, the number of female employees has securely increased.

We are proactively working on various forms of PR for hiring of women in new graduate and mid-career recruitment activities.

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

##### Goals

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

##### Action Plan

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

### Employment of the Disabled

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

We also collaborate with the Public Employment Security Office ("Hello Work"), employment support centers for the disabled and special needs schools in identifying workplaces suitable for individual aptitudes at the time of recruitment and providing support after employment. Simultaneously, prospective workplaces for the disabled receive in-house training on support for and communication with workers with disability in an effort to create a working environment friendly to the disabled. The employment rate has increased to 2.0% (June 2019) from 1.9% in the previous fiscal year. We will continue our efforts to achieve the mandatory employment rate (2.2%).

### Measures to Reduce Working Hours

The regular annual working hours at Tokyo Seimitsu in fiscal 2018 are 1847.8 hours (with 128 holidays a year in fiscal 2018), approximately 3% lower than the regular annual working hours in fiscal 2018\* reported in the "2018 Comprehensive Survey on



**Working Hours."**

To manage working hours, a system to capture the time when employees enter and exit the gate has been implemented at Hachioji and Tsuchiura Plants. Differences between the time of arrival and departure reported by employees and the time recorded in this system are checked to understand the reality of their working hours. As a concrete step to reduce working hours, every Wednesday and bonus payment days are marked as the day to leave the office at the end of office hours. We try to ensure that employees take a substitute day off when they must work on a holiday. The section in charge also monitors the utilization of the long vacation system and uses the information to promote higher usage. As a result of these measures overtime work is decreasing. (5% reduction from the previous fiscal year)

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

\*According to "FY2018 Comprehensive Survey on Working Hours" reported in Roseijho No.3959 compiled by the Institute of Labour Administration, the annual prescribed working hours was 1910 hours 57 minutes and the number of holidays was 119.9 days in fiscal 2018.

**Management of Working Hours of Managers**

In accordance with the revision of Industrial Safety and Health Act in April 2019, we have strengthened the management of working hours of managers. Holding a briefing session for all managers, we took measures to reduce working hours as with non-managerial employees. This will pave the way for creating a work environment where all employee can work comfortably.

**Activities to Facilitate Acquisition of Paid Holidays**

In accordance with the revision of Labor Standards Act in April 2019, we started initiatives to mandate the acquisition of at least five paid annual holidays. Notification about the revised act was made at the labor management training for managers in the second half of fiscal 2018 and to all employees. As an initiative to achieve 100% acquisition of paid holidays, all employees were encouraged to take paid holidays on August 15 and 16, 2019.

**Leave Systems**

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

Parental leave can be taken until the child becomes three years of age and the company pays 20% of the pay to employees on childcare leave while the child is younger than two years old. Employees who opt to work shorter hours due to childcare can shorten their working hours up to three hours per day until the child graduates from middle school. This helps them in balancing work with childcare.

As with employees tasked with childcare, employees tasked with nursing care can take leave while being paid 20% of the wage or shorten their working hours up to three hours per day. In this way, the Company supports employees who work while being engaged in nursing care.

For employees on long-term leave for therapeutic care due to illness or injury, we have a wage compensation system, which is applicable for a maximum of two and a half years. This allows them to concentrate on treatment free from financial concerns.

**Long Vacation System**

We have adopted a system to allow a "long vacation" of five consecutive business days at any given time every year in accordance with a life plan of individual employees or their family, contributing to achieving a work-life balance.

**Human Resources Development**

**Human Resources Development Policy**

The new human resources development scheme was introduced in April 2018, enhancing development of human resources from the medium- to long-term point of view.

We regard the education and training system as "an important measure for bringing out the strength and competence of employees" from the viewpoints of "diversity" resulting from the progress of globalization and sustainable "development of professionals".

The system is structured based on the notions that "an environment and an opportunity (platform) are offered where each and every employee can spontaneously participate in training and education" and that "the company provides assistance to gain necessary knowledge synchronizing with employees' growth stage."

It is essential that outcomes of training are utilized in work. The system is based on the premise that a training plan is designed to also include "an opportunity" (assignment) to actually utilize the knowledge to be learned in the training and that the trainee and the superior build consensus on the training.

**Development Scheme and Training Systems**

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

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

**Major contents of training**

| Training                                   | Time |
|--|------|
| Logical thinking training                  | 1903 |
| Labor management training                  | 558  |
| Career training for women                  | 319  |
| New employee training                      | 7084 |
| Training for Managers                      | 800  |
| Level-specific training (managers)         | 105  |
| Level-specific training (chiefs)           | 175  |
| Level-specific training (assistant chiefs) | 217  |
| Total: 11161                               |      |



Training for managers in women's advancement



## Industrial Health and Safety

### Basic Views on Industrial Health and Safety

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 implementing stress checks for all employees and group analysis of workplace tendencies, driving the initiatives for creating a safe work environment where employees can work lively and maintain physical and mental health.

### Promotion of Safe Operations★

#### Reduction in Accident Rate (KYT Activity)

Major causes of disasters and accidents involving general machinery in manufacturing are "getting caught or cut, reaction to action and actions unreasonable or by force."

In Tokyo Seimitsu all the employees devise and implement thorough measures to prevent recurrence in an effort to reduce the accident rate.

We also deploy KYT activities as a preventive measure and strive to lower the accident rate.

### 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. Internal audits are conducted twice a year and the results are submitted to Audit Department and reported to Board of Directors. The committee is subject to auditing by Audit Department.

#### Industrial Safety Activities

In addition to assessment and control of work environment risks through workplace patrol and risk assessment conducted when new machines are installed or operating procedures are changed, we implement education and training in machine operations, heavy machinery operational and wiring operations as appropriate to avoid hazards.

Besides in-house training, employees are encouraged to actively attend industrial safety training sessions relevant to their work in external educational institutions.

#### Activities implemented in fiscal 2018

| Hachioji Plant   | Number of employees covered |
|--|-----------------------------|
| Safety and health education for new employees (at the time of hiring)                                  | 57                          |
| Skill training course for forklift operation   | 2                           |
| Skill training course for slinging work, Special training course for crane operation                   | 19                          |
| Training for foremen and safety and health supervisors   | 2                           |
| Skill training course for operations chief of organic solvent  | 12                          |
| Skill training course for operations chief of specified chemical substances and tetra alkyl lead, etc. | 4                           |
| High-pressure gas safety training  | 36                          |

| Tsuchiura Plant   | Number of employees covered |
|---|-----------------------------|
| Safety training for forklift, slinging and crane operations | 34                          |



High-pressure gas safety training (at Hachioji Plant)



### Industrial Health Activities

#### Workplace and 5S Patrols

Weekly patrol by the health supervisor and periodic 5S patrol are implemented for workplace housekeeping. In fiscal 2017, we introduced a scoring system to recognize high-performing workplaces.

Twelve sections have been recognized and each section is further intensifying the effort for 5S.

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 controlling or using chemicals are obligated to perform periodic inspection and quantity check. In addition to periodic internal audit conducted by personnel qualified as ISO14001 internal auditor, Regulated Substance Control Working Group under the Safety and Health Committee conducts patrols to check the management and storage status of chemicals. In fiscal 2018, the patrol was conducted eight times, including follow-up patrols.



In fiscal 2018, 147 cases (180 cases, cumulatively) of chemical risk assessment were conducted in the two plants combined for adopting new chemicals and reviewing the chemicals that are currently used. Also, efforts to introduce stricter standards for handling of regulated substances are steadily progressing. By establishing three handling standards in fiscal 2018 (62 standards, cumulatively), we have covered all chemicals currently in use. Going forward, we will create the standards for new chemicals to be adopted.

### Self-Defense Fire Fighting and Disaster Prevention and Mitigation Initiatives

Each plant has its own fire brigade and conducts regular training as well as an annual fire or earthquake evacuation drill. In line with the annual plan, the fire fighting team, which is a unit of the fire brigade, is equipped with digital CB radio enabling accurate fire fighting and communication in case of emergency (power outage). Drills are conducted once or twice a month. In addition, we also conduct training by assuming leak accident to improve the disaster responsiveness.

The fire brigade of Hachioji plant won the victory and commended at "FY2019 Hachioji City Fire Brigades Training Competition".



Evacuation drill for all sections of Hachioji Plant



Cup and certificate won by Hachioji Plant Fire Brigade



At Tsuchiura Plant, safety training for forklift and slinging operations and training for prevention of splashing of chemical cleaners are conducted in the National Safety Week in early July every year. At the safety training, qualified personnel acted as instructor and 46 employees learned safe operations using forklift, sling belt and other work equipment. The training for prevention of splashing of chemical cleaners was attended by 87 employees from plant and engineering sections handling chemical cleaners and all employees relevant to the handling of chemical cleaners, including new employees, learned the "method of wiping with mop and disposal" using recovery kit through OJT.



Training for prevention of splashing of chemical cleaners at Tsuchiura Plant



Kit for recovery

Evacuation drill is annually conducted for all sections as a training on the assumption of emergency. In fiscal 2018, based on the assumption of occurrence of an earthquake, a drill focused on the initial response in implementing the business continuity plan (BCP) was conducted.

We made the first attempt of assembling employees according to the direction of their homes after the evacuation drill on the premises that they would walk to their home. This was a learning experience for us.



Evacuation drill for all sections of Tsuchiura Plant





### Traffic Safety and Emergency Aid

Company car users (including authorized drivers) and those who drive to work (including motorcyclists) in each plant are obligated to attend a traffic safety seminar. Also, by increasing the number of employees who have attended emergency lifesaving training every year, we enhance our responsiveness to emergency.

Activities implemented in fiscal 2019

\*Hachioji Plant: Traffic safety seminar by Hachioji Police Station (attended by 177 employees)

Advanced emergency aid training, attended by one employee

\*Tsuchiura Plant: Traffic safety seminar by Tsuchiura Police Station (attended by 310 employees)

Attended general lifesaving seminar, attended by one employee



Traffic safety seminar at Tsuchiura Plant

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

Under the slogan that "health" and "safety" are top priorities for all, Tsuchiura Plant has long been committed to creating a workplace where employees can feel secured at work through concerted efforts. As of December 31, 2018, the plant made a record of no lost time injury for 29 years in a row and the record is still continuing.

In the report by the Safety and Health Working Group at the FY2019 Regular General Assembly of Kandatsu Area Industry Council in Tsuchiura City, the plant was publicly recognized as a no-accident (no lost time injury) plant in fiscal 2018. We will step up the efforts in ensuring safety in operations.



Okada Deputy Plant Manager received the award

### Cooperation in Blood Donation

Tsuchiura Plant has long been cooperating in blood donation for Ibaraki Prefecture Red Cross Blood Center. In fiscal 2018, blood donation was conducted in May and February and about 40 employees extended cooperation in "400 ml blood donation".

### Ensuring Safety in External Operations

Semiconductor manufacturing equipment is operated in a dust-free space called super clean room by operators wearing special clean work clothes. A lot of special gases and chemical liquids are used in the pre-process equipment, and the equipment works in a state-of-the-art automated plant that operates around the clock throughout the year and is equipped with the latest automated transport robot.

As various hazard elements are involved in the installation, startup and repair works performed in such a special environment, ensuring the safety of operators is the topmost

priority for the Company.

As an initiative to ensure the safety of site operators, the CE Department, which provides site support, has been involved in the Technical Committee for Equipment Service Training of SEAJ (Semiconductor Equipment Association of Japan) and proactively implementing SEAJ-Recommended Service Safety Training Program, which started in 2002.

As of 2018, about 370 employees who provide service at customer sites, such as service engineers, technical personnel and personnel involved in distribution, have cumulatively attended this program. The SEAJ-Recommended Service Safety Training Program is a program pursuant to SEMI S19-1102 designed for semiconductor plants in Japan and abroad. The teaching materials are available in Japanese, English, Chinese and Korean. With dedicated trainers based in Japan and China, the program has also been actively implemented in overseas service locations.

Also, besides implementing daily KYT (hazard detection training) and KYM (hazard detection meeting) before work, all operators are given basic training based on "Procedures for Safe Operations", "Code of Behavior at Customer Sites" and "Safety Manual for Equipment Unloading Operations", which have been created as standard documents of the CE Department. For site managers, "Site Manager Training" is conducted to ensure that they prioritize operator safety and thoroughly implement safety management.

### 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. We regard results of annual stress checks as important information from the systematized health management's point of view. By creating circumstances to encourage employees to undergo the check, the rate of employees who take the check is higher (96% in fiscal 2019) in our company than the rate publicized by Ministry of Health, labour and Welfare.\* Systematic analysis is performed based on check results to take measures for mitigation of workplace stresses.

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

\*78% according to the survey (July 2017) by Industrial Health Division, Ministry of Health, Labour and Welfare

### Healthy Company Declaration

On October 1, 2019, Tokyo Seimitsu issued the "Healthy Company Declaration" inside and outside the Company.





# Relationships with Shareholders and Investors



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

## 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.

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

## Proactive IR Activities

### Shareholders' Meeting

In June every year, we hold a regular shareholders' meeting in Hachioji where our headquarters are located. To ensure that it is attended by as many shareholders as possible, we 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. The meeting also includes a session for us to receive valuable opinions and questions from the shareholders, serving as an opportunity for the shareholders to directly communicate with the management to deepen their understanding of Tokyo Seimitsu Group.

The regular shareholders' meeting in fiscal 2019 was held on June 24, attended by 133 shareholders. We received questions about the governance structure, impacts of trade frictions and business outlook and had highly productive discussions.

### Shareholder Newsletter

We send "Shareholder Newsletter" to shareholders twice a year. It includes business results, news on topics and new product information. The latest issue describes the business results of fiscal 2018 and news on the start-up of Accretech Powertronic System, a new member of Tokyo Seimitsu Group, among others. [https://ir.accretech.jp/ja/library/business\\_report/main/0/teaserItems2/01/linkList/00/link/kabunushi\\_96.pdf](https://ir.accretech.jp/ja/library/business_report/main/0/teaserItems2/01/linkList/00/link/kabunushi_96.pdf)

### Business Results Briefing

We hold a business results briefing for institutional investors and security analysts on days around the disclosure days of end-of-year and second quarterly financial statements. At this briefing, the president explains the consolidated business results, future outlook and business strategy of Tokyo Seimitsu Group and responds to questions from the attendants about market trends.

### Briefing for Individual Investors

We also hold a briefing for individual investors. In the fiscal 2018 briefing, which was held in February 2019, business outline, market environment and business policies including CSR policies were explained. It was attended by many individual investors and had an active Q&A session.

### 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. The English translation of the financial results summary is disclosed on the English website of the Tokyo Stock Exchange.

- Information of consolidated financial statement (financial results summary, summary presentation, etc.)
- Securities report
- Corporate governance report
- Internal control report
- Information on business, management or performance of the Company that may seriously affect decisions on investment, such as notice of independent officers, stock option and changes in officers

The IR website has functions for automatic linkage with timely disclosure information and displaying business highlight as well as a smartphone compatible layout, supporting information provision to shareholders and investors.

# Relationship with the Global Environment



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

## Basic Stance on the Environment

### 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 Policy" defines the actions that all employees are required to take in their business activities.

We conduct all business activities based on this philosophy and policy.

### Core Environmental Philosophy

Recognizing environmental protection as a critical issue, Tokyo Seimitsu makes environmental preservation an integral element of all product development, design, manufacturing and service activities.

### Company Environmental Policy

In all activities, extending from manufacturing through the provision of services, everyone at Tokyo Seimitsu must work in an environmentally responsible manner. The goal is to reduce our impact on the earth's environment to the absolute minimum.

### Environmental policy

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

### Internal Environmental Audits

Periodical internal environmental audits are conducted twice a year to check the implementation of action as prescribed in the environmental management manual. An audit team of two or three members led by the lead auditor conducts the audit based on a checklist accumulating the findings in each year.

The auditors annually renew their internal qualifications by taking an examination. The lead auditor, who is selected among the auditors with sufficient experience and capabilities and appointed by the chairperson of the Environmental Management Committee, leads the audit team, supervising the other members.

## Eco-products★

### Development of Environmentally Friendly Products

Tokyo Seimitsu Group continues to provide products of high accuracy and high quality to achieve sustainable development of society. The Group is also working to maintain sustainable global environment by reducing the environmental impact of the products. For product development, by establishing the standard for reduction of environmental impact in the "Tokyo Seimitsu Engineering Standard"\*1, we make it an obligation to consider environmental impact with regard to the entire process from manufacture to disposal of products by attempting to decrease raw materials, reduce the consumption of power, water and hazardous chemicals during operation and implementing meticulous management of hazardous substances contained in product materials. As our products are production equipment, they operate for a long time and have a long service life. Accordingly, we are particularly focused on reducing the environmental impact, which is mostly dependent on the hours of use by the customer. Also, considering the 24/7 use of the products in clean rooms and constant temperature measurement rooms, we are striving to reduce the product footprint and consumption of compressed air and vacuum. To realize environmentally friendly products, not only direct

\*1 Tokyo Seimitsu Engineering Standard: Abbreviated as TES, it is a company regulation that determines the rules applicable to development, design, production, production control, quality management and service as well as environmental management. It encompasses regulations, specifications, standards, criteria and guidelines with binding force and coercive power.

#### Environmentally Friendly Products

departments, such as development, design, purchasing, production, manufacturing, and shipping, but also indirect departments, such as planning, sales, administration, and services, work together. Collaboration with suppliers and other external partners is also vital. We will continue the effort to spread awareness of the importance of environmental consideration by implementing internal training and strengthen the collaboration with external partners.

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

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

\*2 LCA (Life Cycle Assessment): Life cycle assessment is a method to quantitatively assess the environmental impact in each stage of the entire life cycle (procurement, manufacture, transportation, sale, use, disposal, reuse) of a product or a service.

## Semiconductor Manufacturing Equipment

### High-Rigidity Grinder HRG3000X



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

### Stack Prober AltaProv



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



## Eco-factory

Tokyo Seimitsu is a machinery manufacturer which also processes precision parts in-house. More than 99% of the energy consumed is the electrical energy of the production plants and a significant amount of water is also used in cutting and processing operations. Since the production of products processing semiconductors by using water is on the increase, we are making efforts to reduce the consumption of electric power and water.

Many paper drawings for parts processing and assembly are used due to a high number of mechanical parts in equipment and we are committed to reduction in paper purchase as a priority measure to cut resource consumption. We also strive to recycle as much as possible scrap metal and waste fluid from processing.

### Efforts for Prevention of Global Warming★

Most of CO<sub>2</sub> emissions by Tokyo Seimitsu is conversion from electricity purchased for operating plants in Hachioji and Tsuchiura and our priority in implementing global warming prevention measures is to save power. By taking measures to improve power consumption efficiency, such as replacement of air-conditioners and compressors with energy-saving type equipment, balanced operation of such equipment, use of LED lights as lighting fixtures and installation of motion sensors, we have succeeded in reducing the power consumption per unit of production\*1 over a medium term, despite the increase in production and expansion of plants.

Also, solar power generation was started in Hachioji Plant No.5 in fiscal 2015 and in Hachioji Plant No.6 in fiscal 2016. The total power generation amount in fiscal 2018 exceeded 450,000kWh. This is equivalent to annual reduction of more than 220t-CO<sub>2</sub> in emissions. We are determined to continue our efforts to curb global warming through power-saving production and expansion of renewable energy usage. Hachioji Plant consumes approximately three times more electricity than Tsuchiura Plant and thus conducts every year third-party verification to verify these initiatives.

\*1 Consumption per unit of production: Power consumption (water consumption, paper usage)/ production by plant (in million yen) (electricity and resources used for production valued at 1 million yen)

#### CO<sub>2</sub> emissions reduction target: 5% reduction from the emissions per unit of production by fiscal 2019 compared to fiscal 2014

|   | Achievement for FY2014 | Achievement for FY2015 | Achievement for FY2016 | Achievement for FY2017 | Achievement for FY2018 | FY2019 Target |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|---------------|
| Power consumption (kWh/million yen)                                     | 384.8                  | 367.7                  | 416.3                  | 370.2                  | 335.1                  | 365.6 or less |
| (CO <sub>2</sub> emissions) conversion (t-CO <sub>2</sub> /million yen) | 0.205                  | 0.187                  | 0.204                  | 0.181                  | 0.163                  | 0.195 or less |

### Efforts for Resource Saving★

Water consumption is increasing year by year due to rapid rise in production of semiconductor manufacturing equipment that uses water. Improving the recovery rate of pure water into filtration equipment and reusing temporary cooling water are being examined as reduction measures.

We have gradually been taking measures reduce paper usage, such as creating a database of in-house work manuals to switch to the use of tablets. As a result, the volume of purchased paper is steadily decreasing. We will continue our efforts for reduction.

#### Target for Water Usage Reduction: 5% reduction in basic production unit by fiscal 2019 compared to fiscal 2014

|                              | Achievement for FY2014 | Achievement for FY2015 | Achievement for FY2016 | Achievement for FY2017 | Achievement for FY2018 | FY2019 Target |
|------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------------|
| Water usage (m3/million yen) | 2.00                   | 2.01                   | 2.08                   | 2.19                   | 2.05                   | 1.90 or less  |

#### Target for Volume of Paper Purchased: 5% reduction in basic production unit by fiscal 2019 compared to fiscal 2014

|  | Achievement for FY2014 | Achievement for FY2015 | Achievement for FY2016 | Achievement for FY2017 | Achievement for FY2018 | FY2019 Target |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|---------------|
| Volume of paper purchased (kg/million yen) | 0.562                  | 0.532                  | 0.520                  | 0.460                  | 0.401                  | 0.534 or less |

### Recycling of Wastes★

We try to reduce the amount of wastes, for example, by using reusable plastic boxes instead of cardboard boxes.

All of the wastes from Hachioji Plant are recycled including thermal recycling.

#### Target for recycling of wastes: Maintain recycling rate at 95% or higher by fiscal 2019

|                | Achievement for FY2014 | Achievement for FY2015 | Achievement for FY2016 | Achievement for FY2017 | Achievement for FY2018 | FY2019 Target |
|----------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------------|
| Recycling rate | 91.3%                  | 96.3%                  | 96.2%                  | 98.3%                  | 99.1%                  | 95% or higher |



## Chemical Substances Management

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

### Chemical Substances Management Based on Voluntary Standards

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

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

### Specified Chemical Substances Management

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

### Control of Chemical Substances Contained in Products

We hold briefing sessions to request suppliers to strictly control and report chemical substances contained in procured materials. So far, more than 400 suppliers have attended the session.

Since fiscal 2016, we have been conducting an investigation on the RoHS Directive, the REACH Regulations, etc. using a cloud system.

Products of Metrology Company comply with the RoHS Directive from July 2017, and all the products exported to the EU are compliant.

Although products of Semiconductor Company are outside the scope of RoHS application, because they are large-scale installation-type industrial equipment, we are gradually taking measures to make them compliant.

In fiscal 2018, RoHS analysis laboratory, which is equipped with instruments for analysis of chemical substances contained in products, was installed to create an environment conducive for analysis.

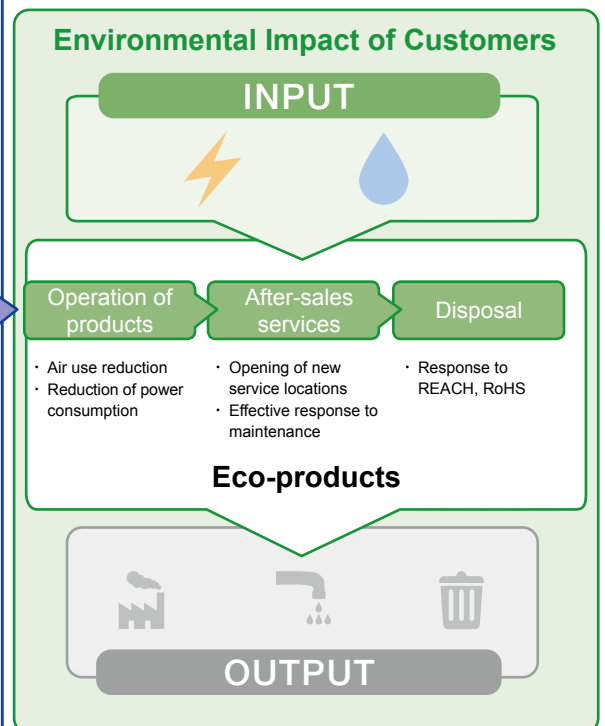
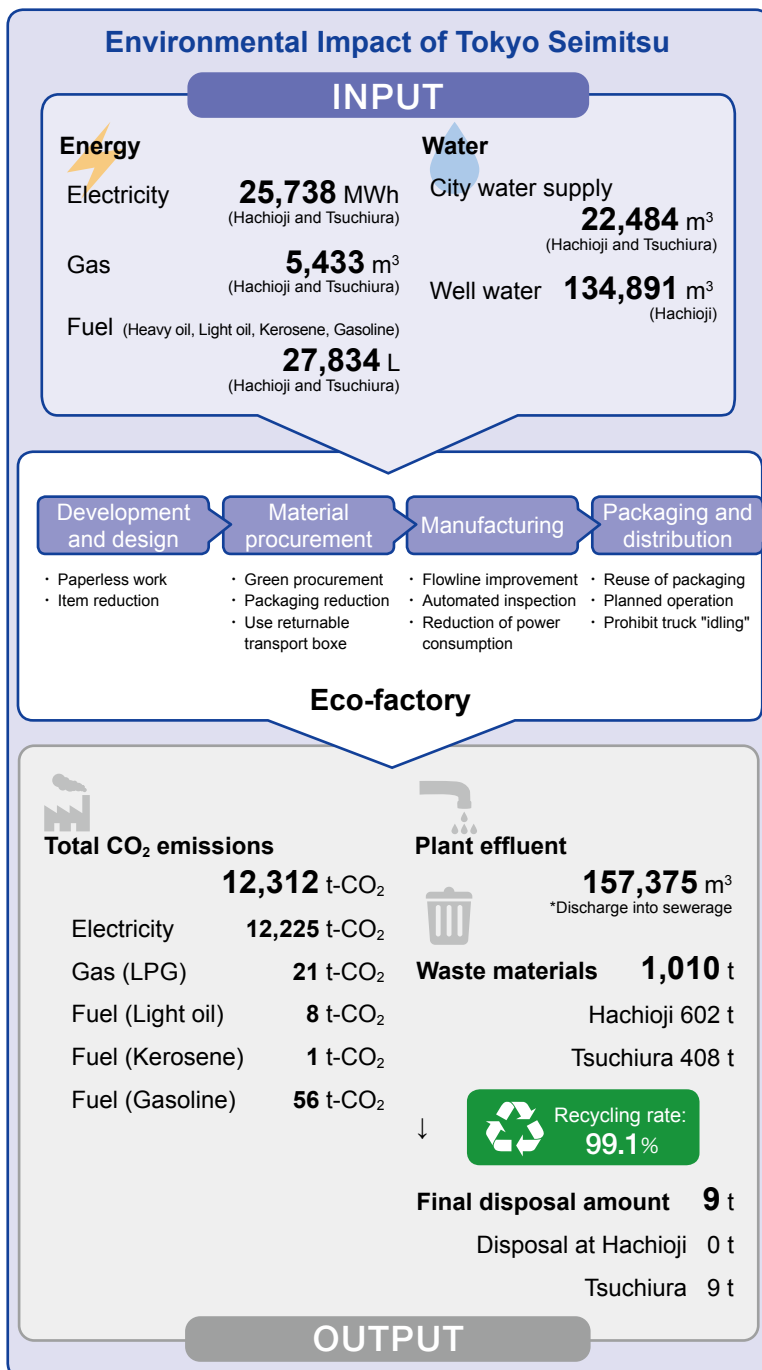


RoHS analysis laboratory



## Overview of Environmental Impact

► Overview of Environmental Impact in Fiscal 2018



Target: Tokyo Seimitsu Hachioji Plant and Tsuchiura Plant  
 Calculated by using 0.489 as CO<sub>2</sub> emission factor of electricity (factor in fiscal 2018)



## 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 | 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 | Acquired ISO14001 certification collectively by Hachioji and Tsuchiura Plants.   | 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 | Constructed Hachioji Plant No. 5.  |
| 2001 | Apr | Renewed ISO14001 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 | Acquired ISO14001 certification adding cutting and grinding tools to the scope of application.   |
| 2003 | Mar | Established "ACCRETECH Green Procurement Guideline".   | 2015 | Jun | Installed and started operation of solar panels at Hachioji Plant No. 5.   |
| 2004 | Feb | Updated air conditioners from heavy oil boilers to electrically powered devices (Metrology Company).                     | 2016 | May | Constructed Hachioji Plant No. 6.  |
|      | Aug | Established "ACCRETECH Group Code of Conduct".   |      | Dec | Installed and started operation of solar panels at Hachioji Plant No. 6.   |
|      | Sep | Issued the Environmental Report.   | 2017 | Jun | Acquired 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



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

## Environmental Volunteer Activities in Local Community

### Activities in the Tsuchiura Area

#### ● Eco-partner Agreement

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



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

#### ● Protection of Kasumigaura

In the neighborhood of Tsuchiura Plant, there is a famous sightseeing spot of Ibaraki Prefecture called Kasumigaura. In order to keep this lake clean and beautiful, Tsuchiura City requires neighboring companies to submit a pollution prevention plan. 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 performs cleaning of the area around Nakanuki



Local Cleanup Activities

Park once a week together with the neighboring companies of the Park.

From 2006, sections within the Plant take turns every Monday to clean the area independently. More than 100 employees cumulatively participated in this activity in fiscal 2018, as with the previous year.

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

#### VOICE

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



Metrology Company  
Tsuchiura  
General Affairs  
Section

Michiharu  
Shino

Nakanuki Park is beautifully colored with cherry blossoms in spring and yellow leaves of ginkgo trees in autumn. Many people, including the residents of Tsuchiura City, gather at and use this park not only as a place of relaxation but also as place for strolling and physical exercises. However, unfortunately, this park is not free from wastes. Different kinds of wastes are found there. Of course, it is not that everyone who uses the park litters. It is very regrettable that the park gets dirty because of some inconsiderate people who litter.

A lot of wastes are also found on the roads around the park. It seems like the roads have more wastes than the park. The wastes probably include those thrown away by people who do not use the park or from vehicles.

Why do people illegally litter?

I feel annoyed, but thing do not improve so easily. I think it is also necessary to do some activities to prevent littering by making everyone informed of the penalties and patrolling.

Personally, since I am hesitant to voluntarily clean the inside and outside of the park by myself, I am very happy that Tokyo Seimitsu provides me an opportunity to participate in the cleaning work as a company activity. If we could collaborate with the environmental sections of the City and other companies operating around the park, it would be even more helpful in maintaining the cleanliness and beauty of the park. Going forward, I would like to take an active part in the local cleanup activities besides cleaning the park.





## Activities in the Hachioji Area

### Cooperation with the Local Government

Belonging to the Hachioji Labour Standards Association Branch of Tokyo Federation of Labour Standards Associations, I cooperate in facilitating the implementation of labor administration in the local community and issue a periodic bulletin as a member of the Administration and PR Department.

Hachioji Labour Standards Association Branch  
<http://hachirou-kyoukai.jp/index.html>

Also, as a vice chairperson of the Society for Safety of Hazardous Materials and Fire Prevention Study Council, which collaborate with Hachioji City in fire prevention activities, I am involved in the fire prevention administration of the local community.

### Participation in the Adopt-a-Road Program\*

Since 2004, Hachioji Plant has been involved in the Adopt-a-Road Program launched by Hachioji City. This program is aimed at maintaining the cleanliness and beauty of the rotary on the east side of JR Kitahachioji station by trimming the plants and weeding as well as picking trash on a daily basis. The cumulative number of participants in fiscal 2018 was 134.



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

Hachioji City Government Website (on the Adopt-a-Road Program)  
<http://www.city.hachioji.tokyo.jp/kurashi/life/001/001/016/p006890.html>

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



Kitahachioji station is used by business people, students and many other people. I felt it was very meaningful to be given an opportunity to clean such a busy area. As I engaged in the cleaning activity, I realized that even in areas that look clean at a glance, cigarette butts and other wastes as well as overgrown weeds are often found. I felt a sense of accomplishment that cannot be expressed by words when I cleaned them up, working with my contemporaries. I will keep the feeling of gratitude and willingness to give back to the local community. I would like to periodically participate in this activity.

Administration  
 Company  
 Human Resources  
 Dept.  
 Akane  
 Hatakeyama

## Relationship with Industry Groups

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

## SEAJ (Semiconductor Equipment Association of Japan)

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

### Participation in the ISO Technical Committee

The ISO (International Organization for Standardization) has been organized to ensure that products are handled based on the same standards and rules to facilitate international trades. At present, over 20,000 international standards have been established. Its Secretariat is located in Geneva, Switzerland and there are more than 300 Technical Committees to deal with different categories of products." TC213, which is one of the Technical Committees to deliberate and establish standards for geometrical product specifications, is relevant to the Company. In this committee, rules pertaining to length standards, description method of drawing dimensions, specification standards of measuring instruments, inspection methods, etc. are deliberated by several working groups (WGs). Two of our employees are appointed as committee members representing Japan. They currently participate in the working groups for standards of coordinate measuring machines, roundness measuring machines, surface texture measuring machines/filters and measurement uncertainty. TC213 holds regular sessions twice a year in different venues in different countries to discuss new standards and revision of existing standards.

### Japan Society for Precision Engineering

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

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

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

### Japan Precision Measuring Instruments Manufacturers Association

The Japan Precision Measuring Instruments Manufacturers Association holds comprehensive trade shows related to measurement and metrology in general, promotes standardization to help improvement in technology and quality, and organizes joint workshops with other groups. Through these and other activities, it has significantly contributed to the promotion of Japan's precision measuring instrument industry. We actively participate in many of its working groups and committees as well as the management of trade shows, thus making enormous contribution to the development of the precision measuring instrument industry. In fiscal 2018, we were engaged in planning and organization of a seminar sponsored by the CMM Working Group\*3 of the Association at JIMTOF2018 (Japan International Machine Tool Fair). We will continue to organize the seminar at JIMTOF, which is a biannual event. We are also engaged in editing of the JIS guidebook under CMM Working Group.

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

# Group Companies 1

Companies of the Tokyo Seimitsu Group are shown below.

## Tosei Engineering Corp.

### Company Overview

- Date of establishment: April 15, 1969
- Headquarters: 4-6 Higashinakanuki-machi, Tsuchiura-shi, Ibaraki
- President: Katsuhiko Tago
- Sales: 16,026 million yen (FY2018)
- Employees: 503 (as of March 31, 2019)  
(Note) Personnel seconded from the Company to other companies are excluded, and personnel seconded from other companies to the Company are included.
- URL: <http://www.toseieng.co.jp/company/>
- Operations: 4 plants and 13 service locations in Japan, 11 operations overseas



### CSR Activity Example 1

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

"To become a company that can gain trust from all stakeholders, Tosei Engineering seeks to enhance corporate governance and compliance, and ensure healthy and transparent management." "Right decision making will achieve sustainable growth and increase corporate value in a medium to long term." For the purpose of thoroughly implementing and communicating the "ACCRETECH Code of Conduct" and other internal regulations and rules, we have set up a system enabling employees to always view and check them on the internal network and are making efforts to improve the understanding of employees.

### CSR Activity Example 2

#### • Industrial Health and Safety

The Safety and Health Committee at each office holds a meeting every month. We strive to ensure employees' safety at workplace and to provide comfortable work environment in addition to being compliant with Industrial Safety and Health Act and other laws and regulations. As part of the activities of the committee, the plant is periodically patrolled by committee members to ensure zero industrial accident and implement the "5S3T" activities. In addition, inviting instructors from Ibaraki Prefectural Police, traffic safety seminar is periodically held for all employees of Kandatsu Plant. It is a good opportunity for each and every employee to raise awareness of the importance of safe driving.



### Business Overview

The company was established in 1969 as a group company of Tokyo Seimitsu responsible for servicing of the products of Tokyo Seimitsu and development and manufacture of automated and labor-saving measuring equipment. Since the establishment, based on the concept that "Things that cannot be measured cannot be manufactured.", we have been committed to accumulating technological expertise through provision of precision measuring instruments to the field of precision processing and servicing of such measuring instruments, thereby developing the business. The company has been exclusively developing and manufacturing automatic measuring instruments for production lines of automobiles, bearings, electric appliances and electronic products. With its precision technology as the foundation, it advanced into the field of semiconductor manufacturing, which is now one of its major business areas.

Going forward, under the motto of "WIN-WIN RELATIONSHIPS CREATE THE WORLD'S NO.1 PRODUCTS!", we will sustain our business in the fields of automated measuring instruments and semiconductor manufacturing equipment, continually providing the world's No. 1 products and substantial service support to make the next leap.

### Initiatives for CSR

As a member of Tokyo Seimitsu Group, Tosei Engineering has the corporate philosophy of "Create the world's No. 1 products by integrating excellent technologies, wisdoms and information around the world to achieve significant growth with partners and customers." By implementing this philosophy, the company seeks to achieve sustainable growth and increase its value. The company has initiated CSR Promotion Group headed by the Board of Directors to implement CSR activities in different fields.

### CSR Activity Example 3

#### • Promote Workstyle Reform for promoting decent work

As well as complying with the Act on the Arrangement of Related Acts to Promote Workstyle Reform for promoting decent work and the Act on Advancement of Measures to Support Raising Next-Generation Children, the company promotes decent work for all employees with no discrimination based on gender, race, nationality, disability, age and employment status.

To enrich work environment, the company has developed various leave systems, such as childcare leave and nursing care leave. As a measure to reduce overtime, employees are encouraged to leave the work on time on a certain day of the week. Thus, efforts are made to improve work-life balance and create a comfortable work environment.

### CSR Activity Example 4

#### • Activities for Community Contribution

(Sports Promotion/Home for Protecting Children in Danger).

The company makes its car park available to users of Kandatsu Baseball Ground near Kandatsu Plant every Saturday and Sunday and on holidays. We will continue to collaborate with Tsuchiura City Government and try to cooperate in promoting relaxation and sport for people in the community.

Also, Kandatsu Plant is registered as Home for Protection of Children in Danger (shelter and protection place). The company will continue to take measures to contribute to the safety of the community.

# Tosei Systems Co.,Ltd.

## Company Overview

- Date of establishment: October 1, 1985
- Headquarters: Within Tokyo Seimitsu Plant, 2968-2, Ishikawa-machi, Hachioji-shi, Tokyo
- President: Koichi Kawamura
- Sales: 2,269 million yen (FY2018)
- Employees: 119 (as of March 31, 2019)
- URL: <https://toseisystems.co.jp/>
- Operations: 2 in Japan, 0 overseas



## Internship

Our internship for students offers a basic program of embedded software, using an educational drone, to operate something and to do other things and is well-received by students.

## Business Overview

Tosei Systems is a wholly-owned subsidiary that supports product development of Tokyo Seimitsu in the field of software. The company is responsible for development of embedded software for control and measurement functions of Tokyo Seimitsu's semiconductor manufacturing equipment and measuring instruments and Windows applications attached to the equipment. In the replacement of the core system (ERP) of Tokyo Seimitsu, which took place in the last several years, a series of operations for requirement analysis, development and operation support were undertaken by the company. The company is focused on the operations relating to the core system, as it is expected by Tokyo Seimitsu to expand the scope of work to undertake. As the company is engaged in the development of a wide range of software, such as embedded software, Windows applications and core systems, new graduate and mid-career recruitment is carried out considering the candidates' aptitude for software development regardless of gender or university faculty. The company has so far held 18 semiannual improvement suggestion presentation meetings, attended by all employees. By attending this meeting to report the outcome of daily work and present examples of new technology introduction, employees proactively exchange information.

## ISO27001

With regard to the ISO27001 (Information Security) certification, the section in charge of government-related work was certified in the first year, the administration department was certified in the second year, and in the third year, which is this year, the section in charge of core operations is aiming to acquire the certification. As the acquisition of ISO27001 certification is important in executing core operations, members of this section are working hard every day for the certification.

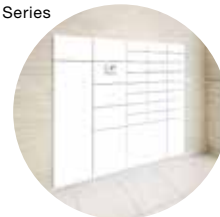
# Tosei Box Corp.

## Company Overview

- Date of establishment: September 1, 2001
- Headquarters: 2968-2 Ishikawa-machi, Hachioji-shi, Tokyo
- President: Hideaki Takano
- Sales: 957 million yen (FY2018)
- Employees: 41 (as of March 31, 2019)
- URL: <http://www.toseibox.com/>
- Operations: 4 in Japan, 0 overseas



TA Series



TR Series



## Business Overview

Under the motto of "Safety, Comfort and Relief", Tosei Box contributes to society by providing affluent living environment through delivery lockers that can be used securely. Delivery lockers allow customers to receive packages during absence. Due to the popularization of internet shopping in recent years, distribution volume has increased, which further increases the opportunities that customers use delivery lockers according to their lifestyle.

The company has a variety of stainless steel and color-coated products for improved customer security and operability that harmonize with the interior of buildings. Products with individual authentication systems that use non-contact IC card, finger print or vein to automatically open are preferred by customers.

Going forward, we will strive to supply better products and services so that we can contribute to the future society, while proactively tackling CSR activities. As a specific CSR activity, we provided training on code of conduct and information security using e-learning to all employees to raise their awareness. We also reviewed management of maintenance contract documents and enhanced the management system.



\*Tosei Systems and Tosei Box work with Tokyo Seimitsu for CSR activities.

# Group Companies 2

Companies of the Tokyo Seimitsu Group are shown below.

## Accretech Powertro System Co., Ltd.

### Company Overview

- Date of establishment: October 1, 1999
- Headquarters: 50 Osaku, Matsukawa, Furudono-machi, Ishikawa-gun, Fukushima
- President: Seiichi Suzuki
- Sales: 2,696 million yen (fiscal 2018)
- Employees: 120 (as of March 31, 2019)
- URL: <https://www.acct-powertro.jp/>
- Operations: 5 in Japan, 0 overseas



### Business Overview

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

### Contribution to Development of Smart Energy Society

In the ever-evolving utilization of electrical energy, progress of power supply technology has helped humans to make their dreams come true. A major challenge in utilizing electrical energy is to store the energy to make it possible to use it in the quantity needed whenever and wherever necessary. To overcome this challenge, efforts have been made to evolve secondary batteries in many ways. We will contribute to the development of smart energy society resulting from the evolution of secondary batteries by providing our charge/discharge testing systems and commissioned battery evaluation service.

### Charge/Discharge Test System (Energy Testing System)



## ISO 26000 Correspondence Table

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

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

MEMO

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MEMO

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

**Tokyo Seimitsu Co., Ltd.**

CSR Promotion Committee

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