At manufacturing sites. In your daily life. Techno Associe products are at work all around us.

**Telecommunication**
We market and sell parts for wearables, car navigation systems, and digital cameras, as well as the smartphones and tablets so essential to modern society. We also provide solutions that give customers’ products greater functionality and performance.

**Automotive Products**
We market and sell a range of parts that enable cars to be safe, comfortable, and environmentally friendly. By linking with our overseas plants and our Japanese affiliates, we provide our customers with products that satisfy all aspects of their demands.

**Electronics & Appliance**
We market and sell parts with a focus on air conditioners, freezers and refrigerators, and other household appliances. We also supply parts for products including smart meters, robots, and storage batteries.

**Housing & Construction Products**
We market and sell products such as production materials, housing equipment, and building renovation goods. A focus in recent years has been providing materials for solar power generation and other energy-creating solutions, and installation materials.

**Industrial Machinery & Solution**
In industries like machine tools, factory automation, medical and health care, and infrastructure and machinery, which require the highest levels of precision, functionality, and quality, we market and sell materials and parts that boost productivity and quality.

**Chemical Products**
We make the most of our proprietary compound technologies to infuse new functions into materials such as resin, fiberglass, aluminum foil, and multifunctional non-woven fabric, thus allowing the development and provision of materials that have the functions needed for each specific application.

**Fastener Products**
We sell functional, environmentally friendly products like screws and rivets in all shapes and sizes. We are the leading manufacturer in terms of volume among screw distributors.

**Broad-Area Sales**
We provide meticulous solutions by staying close to customers, whatever their industry, all over Japan. We also respond to their needs in helping them get started in new business ventures.

### Sales by Business Segment (in million yen)

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunication</td>
<td>11,757</td>
</tr>
<tr>
<td>Automotive Products</td>
<td>24,981</td>
</tr>
<tr>
<td>Electronics &amp; Appliance</td>
<td>20,632</td>
</tr>
<tr>
<td>Housing &amp; Construction Products</td>
<td>15,861</td>
</tr>
<tr>
<td>Industrial Machinery &amp; Solution</td>
<td>7,427</td>
</tr>
<tr>
<td>Other marketing business (Broad-Area Sales)</td>
<td>5,349</td>
</tr>
</tbody>
</table>

**Other marketing business**

- Tel: 13.7%
- Automotive Products: 29.1%
- Electronics & Appliance: 24.0%
- Industrial Machinery & Solution: 18.4%
- Housing & Construction Products: 6.2%
- Sales by Business Segment: 86,010 million yen
Corporate Principles/Business Policy

The TECHNO ASSOCIE Group has established a set of “Corporate Principles” and a “Business Policy,” which we shall employ as our management guidelines. These guidelines express the importance of compliance and the significance of trust and they represent our fundamental attitudes toward our stakeholders.

As an engineering company, we at the TECHNO ASSOCIE Group commit to.

1. Providing services which cater to the needs of customers within the basic concept of “the customer is first.”
   We always stay in close touch with communities and production sites to deliver high-quality products while respecting environmental preservation and safety.

2. Improving the level of satisfaction of customers, suppliers and employees and enhancing our shareholder value.

3. Achieving sustainable growth by maintaining social responsibility and high corporate ethics and promoting globalization.

4. Fostering a lively corporate culture and contributing to the creation of a better society and environment.
   We provide opportunities for self-realization and endeavor with the aim of becoming a dependable company.

“Heart-to-Heart Bonds”

Be creative so that we keep offering original proposals to customers

Be service-minded and willing to help customers

Be grateful to people supporting us
Improving business structure and fostering human resources while at the same time providing products that make a contribution to society

Hisato Shingu, Techno Associe Co., Ltd. President since April 1, 2015

Let me begin by offering you my warmest greetings and thanking you for the support that has been so important to us.

Based on our corporate principles, which stresses high quality, customer orientation, and a CSR focus, and our business policy of “Heart-to-Heart Bonds,” we value the bonds with customers and other stakeholders as we seek to be an integrator of goodwill between customers and our suppliers.

In the Techno Associe Group, we have five business units that specialize in sales in specific markets: the Telecommunication Business Unit, the Automotive Products Business Unit, the Electronics & Appliance Business Unit, the Housing & Construction Products Business Unit, and the Industrial Machinery & Solution Business Unit. We also have the Broad-Area Sales Division, with its locally rooted sales divisions covering the various geographical regions of Japan, our Quality Assurance Department with its state-of-the-art assessment equipment, and our 20 affiliates in Japan and other countries, which include companies that conduct duties such as designing and manufacturing forged parts, machined parts, and chemical products. This structure allows us to meet the needs of our customers in Japan while at the same time promptly and accurately responding to the specialized needs of Japanese customers doing business internationally and our local customers doing business in their respective countries around the world. We call this doing business in a ‘glocal’ way: ‘globally’ and ‘locally’.

In recent years, the Techno Associe Group has been focusing on ensuring future growth in two ways: by further strengthening our business structure; and by developing human resources that form the foundation of growth. To strengthen our business structure, thorough compliance is a top priority that we strive to achieve through company-wide training that ensures we abide by all laws and regulations. Safety-first is another priority that we strive to achieve through efforts to eliminate all workplace accidents. We also constantly work to ensure that our customers get the high quality at a competitive cost they have come to expect from us.

At the same time, the increasing seriousness of issues like diminishing natural resources and global warming dictates that we can no longer continue to avoid dealing with environmental problems. That’s the reason for our ongoing environmental protection activities that include certification for the ISO 14001 environmental management standard, reduced electricity use in our business activities, the use of fuel-efficient company vehicles, the reuse of waste, and a growing lineup of environmentally friendly products.

To strengthen our system of corporate governance, we appoint outside directors to our board, and we ensure that our internal control system is thorough in every way.

To develop human resources that form the foundation of growth, we conduct ongoing efforts for the growth of our employees. Besides hiring people based on who they are, not on factors like their gender or nationality, we have created a unique employee education system that gives them training by job description and that is centered on specific themes. As well, employees go through periodic job rotations throughout the company so that they can find the job that suits them best. To foster human resources capable of leading Techno Associe’s global business, young employees are regularly dispatched overseas and given thorough relevant training, future overseas base managers are given preparatory training, and current overseas base heads are thoroughly versed in our Management Book. We also emphasize open communication by making workplaces bright and energetic places.

We will continue to utilize our worldwide network to offer customers new technologies and high-value-added products that contribute to their business, provide shareholders and investors with detailed information, and keep in close touch with local communities so that we can contribute to society in every way possible.

Thank you for reading this report and I look forward to your continued support and partnership.

December 2015

Hisato Shingu
President
Basic Data

Company Name: TECHNO ASSOCIE CO., LTD.
Head Office: 3-3-17 Tosabori Nishi-ku, Osaka 550-0001
Incorporated: August 1, 1946
Capital: 5,001,000,000 yen
Number of Employees: Consolidated 2,238
Non-consolidated 842
(As of March 31, 2015)
Line of Business: Design, manufacture, and sale of fasteners, processed components, metal materials, electrical components, chemical products, industrial equipment and others, and incidental or related businesses
Number of Offices: 24 domestic offices and 21 overseas offices
(As of October 31, 2015)
Affiliates:
Domestic
Tobutsu Techno Co., Ltd.
FUNAKOSHI Rubber manufacturing Co., Ltd.
Taiyo Sangyo Co., Ltd.
Overseas
(Sales companies)
Techno Associe Singapore Pte. Ltd.
Techno Associe (Thailand) Co., Ltd.
PT.TECHNO ASSOCIE INDONESIA
Techno Associe Hong Kong Co., Ltd.
Techno Associe (Guangzhou) Co., Ltd.
Techno Associe Taiwan Co., Ltd.
T.A. America Corporation
Techno Associe De Mexico, S.A. de C.V.
Techno Associe Czech s.r.o.
(Manufacturing companies)
Malaysian Precision Manufacturing Sdn. Bhd.
T.A. Automotive Parts (Thailand) Co., Ltd.
F&T Kunshan Techno Co., Ltd.
Nettform Technology (Shanghai) Co., Ltd.
Accurate Metal Machining Co., Ltd.
Settlement Period: March 31
Market Listing: Stock listed on Tokyo Stock Exchange
Second Section on July 26, 1999
Securities Code: 8249
Authorized Common Stocks: 80,000,000
Issued Common Stocks: 20,036,400
Primary Shareholders (top five) (as of March 31, 2015)

<table>
<thead>
<tr>
<th>Position</th>
<th>Company Name</th>
<th>Shares</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sumitomo Electric Industries, Ltd.</td>
<td>6,760,000</td>
<td>35.05%</td>
</tr>
<tr>
<td>2</td>
<td>Techno Associe Employee Stockholder’s Association</td>
<td>1,635,000</td>
<td>8.48%</td>
</tr>
<tr>
<td>3</td>
<td>JP Morgan Chase Bank 385093</td>
<td>1,339,000</td>
<td>6.94%</td>
</tr>
<tr>
<td>4</td>
<td>Japan Trustee Services Bank, Ltd.</td>
<td>818,000</td>
<td>4.24%</td>
</tr>
<tr>
<td>5</td>
<td>UACJ Corporation</td>
<td>615,000</td>
<td>3.19%</td>
</tr>
</tbody>
</table>

Note: Techno Associe has 748,000 shares as treasury shares, but these are not shown in the table above.
Basic Concept
We believe that corporate governance should be based on a system of fairness and transparency, and of soundness of management. This will increase corporate value.

To this end, we are constantly monitoring and revising our system so that it will allow us to make proper and lawful decisions and actions.

Board of Auditors
Techno Associe has adopted a board of auditors system based on Japan’s Companies’ Act. The board of auditors, which consists of five auditors (three from outside the Company), supervises actions carried out by the board of directors. It does this by attending important meetings such as board of directors’ meetings and hearings on the status of duties of directors and the internal audit department, by reviewing important documents, and by conducting on-site audits of major offices.

To ensure impartiality, three outside auditors are chosen from other companies or from law firms. Two of the three are independent board members. In order to make audits effective, auditors are given the opportunity to interview directors and employees and to hold meetings attended by both representative directors and auditors. In addition, auditors may use external advisors, such as accountants, lawyers, and consultants, if they feel this is necessary to properly conduct an audit.

Board of Directors
The board of directors convenes once a month and whenever necessary to deliberate and decide on how to carry out important business plans and items of marketing policy.
To strengthen corporate governance from outside the company as well, we appoint one outside director to our board as an independent board member. We have incorporated an executive officer system in order to promptly execute business actions and strengthen functions.

Prior to the board of directors meeting, an executive officer meeting attended by directors, executive officers, and auditors is held to ensure there is sufficient deliberation on matters.

Once a month, the accounts directors submit a report to board of directors covering matters like sales, profit, and finances. The directors use these reports to ensure that their respective departments are meeting their business targets and carrying out necessary actions.

Internal Control
The purpose of Techno Associe’s internal control system is to ensure that the business philosophies stated in our Corporate Principles, Business Policy, and Charter of Management are embodied in the actions of all Group board members and employees, we have formulated our Basic Policy for System Building of Internal Control and Internal Control System Implementation Guidelines for the purpose of creating and maintaining our internal control system.

Corporate Governance System (As of 2015 July)
system. We review and improve these guidelines as needed with the goal of carrying out our business in the most lawful and efficient manner possible.

**Information Disclosure**

The Company directly discloses financial results to its shareholders and investors at the semiannual general meeting of shareholders, and it replies to inquiries by phone and e-mail.

The Company also makes fair and timely disclosure of information by posting briefings of closing and financial reports on its website and through press releases.

**Compliance Promotion System**

At Techno Associe, it is our top priority to be in compliance—not only with laws and regulations and the articles of incorporation of our company, but also with social norms and accepted social practices.

Chaired by the Techno Associe President, the CSR Committee leads our efforts to build a compliance promotion and assurance system for all group companies in Japan. This committee meets once every three months to check and monitor the compliance situation.

It also builds and operates mechanisms under which report meetings are held to ensure that no compliance problems occur in the field.

The CSR Committee receives reports on risk matters related to quality, environment, and information security from the Techno Associe Management System (TMS) Committee; reports on sexual harassment matters from the Human Support Committee; and reports on internal control matters from the Internal Control Committee.

**Compliance Awareness and Education**

All board members and employees receive a compliance manual with information such as compliance with the Anti-Monopoly Act, prohibition of bribes, and respect for human rights. We also have e-learning and group training as part of our ongoing compliance education.

In fiscal 2014, Techno Associe bases in Japan held compliance training and accompanying workplace meetings on the topic of compliance. Besides driving home the importance of compliance, these efforts are opportunities for opinion exchange between management and employees that fosters a sense of company-wide unity and helps build a better workplace environment.

**Compliance Report and Counseling Contact**

At Techno Associe, reports to the report and counseling contact can be made either internally (to the Human Resources Group Manager) or externally (to a law firm placed in charge of such report and counseling).

Our Regulations for Protection of Persons Reporting for Public Interest state that people who report suspected illegal action to the report and counseling contact will not be subjected to dismissal or other unfair treatment because of this.

**Secure Export Management**

We have formulated our Secure Export Control Rules. Our Foreign Trade Administration Office, under the direct control of the company President, leads efforts to put the Secure Export Control Rules into action.

As well, all sales personnel take e-learning to boost their awareness of secure trade management.

**Information Security**

To ensure meticulous control and handling of information, each business unit has a set of rules on the handling of confidential information and other sales-related information according to the unique nature of its business.

As a measure against information leakage, all hard disks on company laptops are encrypted so that sensitive information is inaccessible if a laptop is lost or stolen. As well, company data can only be copied onto encrypted USB memory devices provided by the company. We also hold annual information security education (e-learning) with updated content as part of employee education efforts.
Relationship with Our Customers and Suppliers

Basic Philosophy
At Techno Associe, our top priorities are to improve the level of customer satisfaction and fulfill our corporate social responsibility while at the same time protecting the environment.

Techno Associe is dedicated to using its technology and know-how to provide the best products and services possible and thus bridge the needs of customers and suppliers. At the same time, we continuously strive to reduce our environmental impact and comply with laws and regulations so that we can contribute to the safe and sustainable development of society.

Quality and Environmental Management

Management System
Our Techno Associe Management System (TMS) encompasses systems for managing quality and environmental matters and information security.

As of the end of fiscal 2014, all of our business units and our Logistics Department were certified for the ISO 9001 standard for quality management systems, and all bases in Japan were certified for the ISO 14001 standard for environmental management systems.

Audit Situation
In April 2015, we underwent conformity reviews for ISO 9001 and ISO 14001 conducted by JIC Quality Assurance Ltd. There were no non-conformance issues revealed by these reviews.

In fiscal 2014, internal audits were held in the Logistics Department and all Techno Associe business units. Although several shortcomings were revealed, corrective measures were taken to fix these.

Quality Assurance System
To prevent delivery of defective products, sales personnel hold in-depth discussions with customers, clarify the key aspects of quality management, and relay these to suppliers. Quality assurance managers conduct quality inspections at supplier companies to determine whether these suppliers can do the best possible job of manufacturing the products in question.

TMS Framework (As of July 2015)

- Establishment of quality, environmental, and information security policies
- Allocate necessary resources.
- Quality, Environmental, and Information Security Officer, duties of each member
- Approve manuals and standards.
- Conduct management reviews.
- Oversee quality, environmental, and information security management system.
- Plan internal auditing and appoint internal auditors.
- Provide information necessary for management reviews.
- Conduct internal auditing and follow-up audits.
- Develop/revise quality, environmental, and information security management system for the entire company.
- Support educational activities on quality, environment, and information security.
- Promote the AQR Campaign.

Quality and Environmental Policy

1. As an engineering company that specializes in metal and chemical compound components, Techno Associe strives to promote products and improve distribution activities to meet the quality and environmental requirements of its customers, while ensuring strong quality assurance and reducing environmental impact.

2. Techno Associe sets its goals and targets in conformity with its Quality and Environmental Policy, and conducts its activities in an organized manner. At the same time, it strives to make ongoing improvements to its Quality and Environmental Management System through reassessment and expansion.

3. In the course of its activities, Techno Associe complies with laws, regulations, ordinances, and the Compliance Manual established by the Company in an effort to fulfill its corporate social responsibility and improve customer satisfaction. In addition, it strives to protect the environment through company-wide efforts to conserve resources and energy, and by recycling and reducing waste in its daily business activities.

4. Techno Associe ensures that all its employees are thoroughly familiar with its Quality and Environmental Policy, and it educates employees in order to raise their awareness of quality control and environmental preservation.

5. Techno Associe shall disclose its Quality and Environmental Policy to the general public upon request.

Our Techno Associe Management System (TMS) encompasses systems for managing quality and environmental matters and information security.
Relationship with Our Customers and Suppliers

Quality Control Guidelines
The key matters and philosophy of Techno Associe’s quality control have been compiled in the Quality Control Guidelines. Intended as a quality improvement manual for the Company and its suppliers, this booklet describes the concrete mechanisms, implementation methods, and guidelines of quality assurance.

Product Quality Assurance
We are constantly striving to help customers realize greater product functionality and superior design.

To achieve this, the products that we supply to them, which constitute the material of customers’ products, must exhibit ever-higher precision.

That’s why our Quality Control Department conducts tests, measurements, and other assessments of products to ensure that they meet our customers’ requirements.

Green Procurement
To contribute to the protection of the environment, many of Techno Associe’s customers carry out green procurement, in which they do not procure materials that contain environmentally harmful chemicals and thus comply with directives like the RoHS Directive, the End of Life Vehicles (ELV) Directive, and the REACH regulations in Europe.

To achieve green procurement, we have formulated the Techno Associe Environmental Standard, which unifies the green procurement standards of our customers. This standard is on our website so that suppliers can fully understand and comply with it.

We are also continuously expanding our arsenal of equipment for measuring chemicals contained in materials. For example, we have a fluorescent X-ray analysis machine in order to determine the presence of restricted substances without destroying the item being tested, and UV-visible spectrophotometers for determining the amount of hexavalent chromium that is eluted. These and other equipment help ensure that no harmful substances are contained.

Main Inspection and Testing Equipment

| Fluorescent X-ray analysis machine (2) | Roundness measuring instrument |
| UV-visible spectrophotometers (2) | Contour measuring instrument/ |
| X-ray fluorescent analysis thickness meter | Surface roughness measuring instrument |
| Salt spray testing instrument (2) | Hardness testing machine/ |
| Combined cycle salt spray testing instrument | Automatic microhardness tester |
| Three-dimensional measuring device | Screw tightness measuring instrument (torque, friction coefficient) |
| | Image size measuring instruments |
| | Tensile tester (20t, newly installed) |

Quality and Environmental Quality Assurance System (As of July 2015)

<table>
<thead>
<tr>
<th>Customers</th>
<th>Top Management</th>
<th>Quality Control Department</th>
<th>Business Unit, Quality Assurance Department</th>
<th>Logistics Department (Offices, Sales Offices)</th>
<th>Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirements on products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Registration as a certified supplier</td>
</tr>
<tr>
<td>Ordering</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Manufacturing</td>
</tr>
<tr>
<td>Delivery</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Inspection</td>
</tr>
</tbody>
</table>

Quality and environmental policy
Specify and review quality, delivery time, and cost
Evaluation, quality check, and capability confirmation of suppliers
Purchase details
Receiving inspection
Pre-delivery inspection
Internal auditing
Management review
Managing Toxic Chemicals Throughout the Entire Supply Chain

To achieve green procurement, besides analyzing products, it is essential to obtain and proliferate correct information on the chemicals contained in products throughout the entire supply chain. To comply with a range of regulations in Japan and other countries, and to respond to customer demands, we have our suppliers conduct surveys on chemicals contained in products.

In July 2014, 80 suppliers attended briefings on the topic of how to respond to surveys on chemicals contained in products.

In fiscal 2014, there were requests to survey chemicals contained in products from 221 customer companies, and 455 suppliers participated in responding to 4,873 survey cases.

Education and Awareness

Techno Associe has courses, in the form of group lessons and e-learning on the company intranet, for employees of all job descriptions on quality and environmental management. The group lessons for new employees, specific job descriptions, and other categories, allow participants to acquire the necessary quality and environmental management knowledge. The e-learning allows employees to take the specific courses they want when they want. There are currently 11 different courses, which provide an effective means of deepening understanding of quality control and environmental matters. In fiscal 2015, we started group lessons on quality assurance activities for quality assurance staff.

Reducing Environmental Impact of Business Activities

Results in 2014

Techno Associe puts in place a yearly environmental conservation plan in order to reduce as much as possible the environmental impact of the Company’s business activities. In fiscal 2014, our focus was on reducing the amount of CO2 emitted and waste disposed of.

Our fiscal 2014 target was to reduce CO2 emissions by 1% below the previous year, and we went well beyond this with a total reduction of 12.3% (238.0 tons) and total emissions of 1,702.0 tons. The figure of 1,702.0 tons is the lowest since we began efforts to reduce CO2 emissions in 2002.

Our fiscal 2014 target for waste was a final disposal rate of 10% or less, and recycling efforts allowed us to achieve a 9.7% final disposal rate.

Targets in 2015

In fiscal 2015, our main focuses will be reducing CO2 emissions, recycling waste, and increasing the sale of parts for environmentally friendly products.

We are targeting a CO2 emission reduction of 1.0% over the previous fiscal year through efforts including lower electricity usage by replacing mercury lamps with LED lighting in warehouses, and promoting environmentally friendly driving such as having vehicle engines turned off while stopped to prevent unnecessary exhaust gas emissions.

We are continuing with waste recycling efforts in order to achieve a final disposal rate of 8.9% or less.

To increase the sale of parts for environmentally friendly products, we have provided higher-quality and more cost-efficient parts and materials to customers who are developing and manufacturing new-energy products and energy-efficient products.

This is part of a new target of contributing indirectly to reducing CO2 emissions.

For example, we make terminals for smart meters and electric vehicles and mounting equipment for solar power generation systems.

Numbers to below are some examples of our energy-efficient products and products for new energy fields that we have slated for expanded sales with the target of having these account for 7.0% of company-wide net sales.

Product Areas

1. Smart grid products
2. Natural energy (solar power generation equipment, wind turbines)
3. Fuel cell equipment (industrial, residential)
4. High-efficiency water heaters
5. Hybrid vehicles (HVs), electric vehicles (EVs), fuel-cell vehicles (FCVs)
6. LED lighting products
Plan and Results of Environmental Conservation Activities

<table>
<thead>
<tr>
<th>Environmental aspect</th>
<th>Results in 2013</th>
<th>Targets in 2014</th>
<th>Results in 2014</th>
<th>Increase or decrease rate</th>
<th>Self-evaluation</th>
<th>Targets in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 CO2 emissions</strong></td>
<td>1,940.0 t</td>
<td></td>
<td>1,702.0 t</td>
<td>Decrease of 12.3%</td>
<td>O</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>1,382.41</td>
<td></td>
<td>1,262.81</td>
<td>Decrease of 8.7%</td>
<td>O</td>
<td></td>
</tr>
<tr>
<td>Gasoline, light oil</td>
<td>513.51</td>
<td></td>
<td>411.71</td>
<td>Decrease of 19.9%</td>
<td>O</td>
<td></td>
</tr>
<tr>
<td>Consumption of kerosene</td>
<td>43.71</td>
<td></td>
<td>27.01</td>
<td>Decrease of 38.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumption of gas</td>
<td>0.51</td>
<td></td>
<td>0.51</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final disposal rate (through waste recycling)</td>
<td>29.2%</td>
<td>Final disposal rate of 10.0% or less</td>
<td>9.7%</td>
<td>Decrease 19.5 points</td>
<td>O</td>
<td>Final disposal rate of 8.9% or less</td>
</tr>
<tr>
<td>Increase the sale of parts for environmentally friendly products</td>
<td>–</td>
<td>–</td>
<td>4.2%</td>
<td>–</td>
<td>–</td>
<td>Have parts for environmentally friendly products account for 7.0% of overall sales</td>
</tr>
</tbody>
</table>

*1 Coefficient of CO2 emissions is in accordance with the “Ministry of the Environment: Draft Ver. 1.6 of Guidelines for Calculation Method of Greenhouse Gas Emission by Entities.”
*2 Electricity means the electricity purchased from the electric company.
*3 Gasoline and light oil are used for company vehicles and do not include consumption by consignment to transportation companies.
*4 Self-evaluation standards: O = achieved the targets; △ = although the targets were not achieved, significantly greater reduction from the previous year; X = targets were not achieved and emissions increased from the previous year

Overview of Environmental Impact (INPUT/OUTPUT)

**INPUT**

- **Electricity**: 3,340.6 thousand kWh (3,657.1 thousand kWh) - Electricity purchased from electric company
- **Gas**: 0.2 thousand m³ (0.2 thousand m³) - City gas and propane gas
- **Fuel**: 186.8 kl (236.7 kl) - Gasoline, light oil and kerosene
- **Water (Clean Water)**: 14.0 thousand m³ (15.5 thousand m³)
- **Chemical Substance**: 4.49 t (4.61 t) - Chemical substances under the PRTR Law (Toluene used by Tobutsu Techno)
- **Paper**: 56.0 t (66.0 t) - Copy paper used at offices, Computer paper

( ) shows the results in 2013

**OUTPUT**

- **CO2**: 1,702.0 t (1,940.0 t) - Electricity, gasoline, light oil, kerosene and gas
- **NOx**: 0.19 t (0.23 t) - Gasoline, light oil, kerosene and gas
- **Discharged Water**: 14.0 thousand m³ (15.5 thousand m³) - As we do not use industrial water, only daily life water is discharged.
- **Chemical Substance (Air)**: 0.90 t (0.92 t) - Toluene used by Tobutsu Techno
- **Waste**: Total emissions: 392.8 t (550.5 t) - Final disposal amount: 38.2 t (160.5 t)

* The Company has no SOx emission source.
Reduction of CO₂ Emissions

The use of electricity and gasoline by Techno Associe accounts for about 98% of the company’s total CO₂ emissions. We are therefore focusing on reducing the use of these.

Our target for fiscal 2014 was to reduce CO₂ emissions by 1% over the previous fiscal year, and to this end we switched to LED lighting and made work processes more efficient in order to save electricity, and we reduced the number of company cars and switched them to more fuel-efficient vehicles. As a result of these aggressive efforts, emissions were 1,702 tons (down 12.3% over the previous fiscal year), easily meeting our target. We are aiming for a 1% emissions reduction in fiscal 2015 as well.

Reduction of Electricity Consumption

Techno Associe strives to save energy by turning off lights during employee break times, keeping air conditioners set at reasonable temperatures, and holding ‘no overtime’ days to encourage work efficiency.

Our target for fiscal 2014 was to reduce electricity consumption by 1% over the previous fiscal year, and to this end we installed LED lighting in our Komaki Sales Office. As a result, overall electricity consumption was down by 316,500 kWh (8.7%) over the previous fiscal year. We are continuing to install LED lighting in fiscal 2015 with the goal of reducing electricity consumption by 1% (33,000 kWh).

Complying with Freon Emissions Control Law

In Japan, while there have been decreasing emissions of ozone-layer-depleting CFCs, there has conversely been an increase in emissions of CFCs with a strong greenhouse effect. In response, Japan enacted the Freon Emissions Control Law on April 1, 2015. This law obligates companies that use freezing, refrigerating, and air conditioning equipment to undergo periodic inspections to prevent leakage of CFCs.

To comply with the law, in June 2015 Techno Associe made a comprehensive list of all equipment requiring inspection, carried out initial voluntary periodic inspections, and created a database for recording and storing inspection and maintenance information. Techno Associe does not have any freezing and refrigeration equipment. The number of pieces of equipment subject to inspections is 241, with 27 of these to be inspected by outside inspection contractors. The total amount of equipment we possess is small and the possible amount of CFC leakage is minimal; therefore, we are not under obligation to report the amount of CFC leakage to the authorities.

Reduction of Gasoline and Light Oil Consumption

As of March 2015 Techno Associe had 124 company cars, down from 237 in April 2009. We set a target of having environmentally friendly cars account for 80% of our company car fleet, up from 71.7% in fiscal 2011. By switching to hybrids and fuel-efficient models, as of March 2015 we had reached 87.9%, thus achieving our target.

As a result, we dramatically reduced our fiscal 2014 use of gasoline and light oil, by 19.7%, over the previous fiscal year.

Relationship with Our Customers and Suppliers
Relationship with Our Customers and Suppliers

Increasing Recycling and Reducing Waste
Techno Associe strives to reduce the waste it generates by separating paper garbage as much as possible in offices, and by reusing cardboard boxes for packaging and using returnable boxes in warehouses.

Our fiscal 2014 target for final disposal rate was 10% or less. By switching to industrial waste disposal contractors capable of higher recycling rates, we were able to keep final disposal to 38.2 tons (recycling rate of 9.7%), thus achieving our target.

The overall industrial waste disposal amount was 392.8 tons down by 28.6% over the previous fiscal year. In fiscal 2015, we will continue to review our industrial waste disposal contractors and strive to thoroughly separate waste in order to make further progress in recycling and achieve a recycling rate of 8.9% or less.

Management and Reduction of Chemical Substances
The Tsunekichi Office of Group company Tobutsu Techno Co., Ltd. uses toluene, a substance restricted under PRTR*, for manufacturing locking of bolts (fastener adhesive). We have installed activated charcoal filter devices to reduce toluene emissions into the atmosphere.

Toluene emissions in fiscal 2014 were 0.90 tons, down 2.2% over the previous fiscal year.

* Under Japan’s PRTR (pollutant release and transfer register) system, businesses handling a certain amount of any of the 354 substances designated by the authorities are obligated to report on the amounts of these substances that are released and/or transferred.

Reduction of OA Paper
Techno Associe strives to reduce office paper consumption by using both sides of paper when making copies and printouts, and by using projectors at meetings instead of making copies for meeting attendees.

We used 56 tons of paper in fiscal 2014 (down 10.0 tons over the previous year), and paper consumption per unit of sales remained at the previous year’s level.

We plan to digitize more of our administrative documentation in order to eliminate unnecessary printing.

Soil Contamination Countermeasures
The Company has now no land on which there is a danger of contamination. If contamination is discovered on or around our land and we are deemed responsible, we will conduct a soil survey (an overview survey or detailed survey).

Protecting Biodiversity
To spread awareness of the importance of biodiversity among Techno Associe employees, in fiscal 2014 we included information on biodiversity protection in our new employee training manual, and included biodiversity in employee training.

Our goal is to have employees understand the importance of biodiversity and ecosystems to the creation of a sustainable society, and to give them as many opportunities as possible to think about how to incorporate biodiversity protection into their jobs and their daily lives in general.
Relationship with Employees

Personnel Policy
A Company Providing Rewarding Work, a Company Employees Can be Proud of
The Company believes human resources are its most important asset. We aim to provide our employees with rewarding work and be a company they are proud to work at.
Our goal is to have employees improve their level of knowledge and ability; achieve personal growth and company growth so as to contribute to society; and to understand their role in revolutionizing the business of our company.

Human Resource Development
State of Employee Training and Vision for Future
Techno Associe’s human resources training is divided into four classifications (by key topics for the fiscal year, job class, knowledge training on specific themes, and global human resources training), and employees in each job description receive systematic training.
We make the most of our ability to introduce new products and offer solutions through our manufacturing. That is why we place the utmost importance on boosting employees’ knowledge and skills in manufacturing. Our suppliers also cooperate by having their employees become knowledgeable about the major production methods through training that includes regular visits to our manufacturing sites.
In fiscal 2014 we created more opportunities for employees to hear directly from Techno Associe executives through job-class-based training and other courses, and we used training whenever possible as a way to raise employee awareness of company direction.
With globalization proceeding at breakneck pace and competition intensifying accordingly, it is imperative that Techno Associe develop and nurture its employees into precious human resources who will raise our corporate value. We will continue to carry out strategic and meticulous training so that our employees will be alert to changes in the market and capable of using their knowledge and skills to make flexible, prompt decisions.

Training Human Resources Capable of Working Anywhere in the World
We select employees, whether they are recent young recruits or mid-career workers, and hold training for them as overseas dispatch candidates. This training was held once in fiscal 2014 for six participants.
Since fiscal 2010, we have had an overseas training system in which participants spend up to one year in a country outside Japan to learn local work styles and culture so that they can build the awareness and international way of thinking needed to advance their careers.

Self-Development Support System
The company provides a certain amount of financial assistance so that employees can, for example, attend second-language classes and lectures, and buy books for the purpose of self-development.
This helps motivate them to do everything they can to acquire the knowledge and qualifications needed for their jobs.

## Training System (Overview) (As of July 2015)

<table>
<thead>
<tr>
<th>Participants</th>
<th>Job-class-based training (Running organization according to one’s position)</th>
<th>Company-wide key issues training (Disseminating importance of management issues)</th>
<th>Training on specific themes (Improve practical skills)</th>
<th>Meeting global needs (Improving global management)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Officers</td>
<td>Management issues review meeting</td>
<td>General manager, deputy general manager training</td>
<td>(1) Practical business tasks</td>
<td>Overseas appointees training</td>
</tr>
<tr>
<td></td>
<td>Group manager training</td>
<td>Newly appointed executive training</td>
<td>• Financial accounting</td>
<td>Local site management training</td>
</tr>
<tr>
<td>Executives</td>
<td>Newly appointed assistant manager training</td>
<td>3rd-year employee training</td>
<td>• Corporate laws</td>
<td>Overseas appointee preparatory training</td>
</tr>
<tr>
<td>General employees</td>
<td>New installation training</td>
<td>(2) Sales skills</td>
<td>• Labor management</td>
<td>Overseas training system</td>
</tr>
<tr>
<td>New employees</td>
<td></td>
<td></td>
<td>• Practical import/export</td>
<td>Support for foreign language training</td>
</tr>
</tbody>
</table>
Promoting Diversity

Respect and Utilize Each Employee’s Uniqueness

Techno Associe strives to build a workplace in which each employee can make the most of his or her unique abilities.

Techno Associe makes the most of its ability to introduce new products and offer solutions through manufacturing. By thinking outside the box and creating an organizational culture conducive to new ideas and points of view, we can boost our corporate value and competitive strength.

To this end, we believe we must hire a diverse range of people—regardless of gender, nationality, age, educational background, and work style—and recognize and maximize their unique talents.

A Workforce of Various Nationalities

We have been hiring non-Japanese nationals for all possible positions since fiscal 2004, and many of these are core members of our international business expansion efforts.

In-house information is created to reach our employees around the world, which is why our intranet includes a Global Message section in Japanese, English, and Chinese.

Maximizing the Talents of Women

As a result of efforts to create a structure and systems conducive to working women, Techno Associe has enjoyed a gradual increase in the number of women in career-track positions, and in the percentage of female employees in these positions. As of the end of fiscal 2014, there were 13 women in career-track positions, with nine of these working as line managers with a team of employees they are leading.

We will continue to build a workplace structure and systems that allow women to enjoy rewarding work and to use their talents to the fullest.

Number of women in career-track positions, women as percentage of all employees

Hiring the Physically Challenged

We strive to create a workplace conducive to our physically challenged employees by providing them with the necessary equipment and amenities for them to work efficiently and safely.

For example, in offices, hallways, and restrooms, there are handrails, enlargement mirrors, and earphones for the visually impaired, as well as sufficient lighting in hard-to-see locations.

For hearing-impaired employees working on delivery and janitorial duties, many of them are moving around the company premises alone, so in case evacuation is necessary in the case of a fire or earthquake, they are given company smartphones to relay important emergency information so that they can evacuate safely with all other employees.

We will continue to use every possible means to ensure that our physically challenged employees enjoy rewarding work that they can continue for as long as they wish.

Number of Physically Challenged Employees, Percentage of All Employees
Relationship with Employees

Achieving a Work-Life Balance

Techno Associe strives to improve work processes. We are revamping the way we work from the bottom up, streamlining work, adjusting work hours to appropriate levels, and improving productivity.

We prevent long hours of work and encourage employees to take all of their paid holidays through various measures; for example, every Wednesday is ‘no overtime day’, when employees must leave the company by a certain time, and employees are given their birthday off as a paid holiday. As well, under our childcare reduced hours system, employees can shorten working hours until their child enters elementary school, and this has contributed to a high percentage of employees returning to work after taking childcare leave, 90% on average between 2008 and 2014.

Each Techno Associe office holds workplace meetings that promote communication between management and employees for the purpose of better mutual understanding. At these meetings, employees voice opinions, hopes, and perceived problems related to their jobs or the company.

Prevalence of employees taking childcare leave, percentage returning to work

Managers in attendance answer these and use employee opinions to solve problems within the confines of the changing face of the work environment.

By continuing to implement a range of work-life-balance initiatives, we hope that employees can work the schedule and hours they want and thus realize satisfaction in both their jobs and their home life.

Respect for Human Rights

Human Rights Education

Techno Associe carries out human rights education with the goal of creating a corporate culture in which diversity is valued and employees have respect for each other’s human rights.

Main Human Rights Education in Fiscal 2014

- Techno Associe joined the Osaka Corporate Human Rights Promotion Council and participated in external human rights education activities.
- A human rights education curriculum was created for new employee training.
- Studying compliance issues during training for specific job descriptions.

Preventing Harassment

Techno Associe considers sexual harassment and power harassment serious infringements on human rights. We do everything possible to prevent these and deal with them in a prompt and appropriate manner.

So that employees are familiar with and willing to use our Report and Counseling Contact (see page 6), we regularly publicize it in our in-house newsletter and during compliance training sessions.

In fiscal 2014, we strove to build a harassment-free workplace by holding seminars for officers and executives at which outside instructors led training on the topics of how the company can respond to harassment problems and how to deal with mental health issues.

Work-Life Balance Promotion Systems

Managers in attendance answer these and use employee opinions to solve problems within the confines of the changing face of the work environment.

By continuing to implement a range of work-life-balance initiatives, we hope that employees can work the schedule and hours they want and thus realize satisfaction in both their jobs and their home life.

» Main Human Rights Education in Fiscal 2014

» Preventing Harassment

Techno Associe carries out human rights education with the goal of creating a corporate culture in which diversity is valued and employees have respect for each other’s human rights.

Main Human Rights Education in Fiscal 2014

- Techno Associe joined the Osaka Corporate Human Rights Promotion Council and participated in external human rights education activities.
- A human rights education curriculum was created for new employee training.
- Studying compliance issues during training for specific job descriptions.

Preventing Harassment

Techno Associe considers sexual harassment and power harassment serious infringements on human rights. We do everything possible to prevent these and deal with them in a prompt and appropriate manner.

So that employees are familiar with and willing to use our Report and Counseling Contact (see page 6), we regularly publicize it in our in-house newsletter and during compliance training sessions.

In fiscal 2014, we strove to build a harassment-free workplace by holding seminars for officers and executives at which outside instructors led training on the topics of how the company can respond to harassment problems and how to deal with mental health issues.

Work-Life Balance Promotion Systems

Managers in attendance answer these and use employee opinions to solve problems within the confines of the changing face of the work environment.

By continuing to implement a range of work-life-balance initiatives, we hope that employees can work the schedule and hours they want and thus realize satisfaction in both their jobs and their home life.
Relationship with Employees

Occupational Safety and Health

Basic Philosophy and Structure of Safety

Like compliance, Techno Associe considers safety one of the core issues of operations. All those in a management position in the company follow the creed of ‘safety above all else’, and with the understanding that safety is critical to all work processes they strive to implement occupational safety and health activities.

We have occupational safety and health regulations that stipulate the structure for managing and promoting occupational safety and health throughout the Techno Associe Group. Through this structure, we strive to ensure the occupational safety and health of employees in compliance with related laws and regulations so that we can continue to build a safe, healthy work environment.

Officers and Executives Join Safety Patrols

In July 2015, during the Ministry of Health, Labour and Welfare’s 88th National Occupational Safety Week, Techno Associe officers and executives toured the company’s major bases in Japan, group company distribution centers, manufacturing and processing plants, and offices to implement safety patrols and give presentations on safety.

Number of Occupational Accidents

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of accidents not resulting in lost work days</th>
<th>Number of accidents resulting in lost work days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2011</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2014</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Heinrich’s law

![Safety and Health banners](image)

Our creed of ‘safety above all else’ must become a call to action in every aspect of all Techno Associe Group companies around the world. Executives and employees at our worldwide local subsidiaries take an active role in promoting occupational safety and health. Heinrich’s Law says that for every workplace accident that causes a major injury, there are 29 accidents that cause minor injuries and 300 accidents that cause no injuries. In the Techno Associe Group, whenever there is an accident that causes no injuries, whether it occurs at a distribution center or a manufacturing and processing plant, rather than merely considering ourselves lucky that it did not cause bodily injury, we thoroughly determine the cause of the danger and take action to eliminate this cause. To do so, our employees must be able to anticipate dangers, have the resolve to ensure that the same type of accident will not occur in their own workplace, and be able to take direct action towards a solution. To ensure that employees possess these capabilities, we conduct ongoing safety education and training.

Occupational Safety and Health Policy

Employees’ occupational safety and health constitutes the basis for a company’s existence and a company has a social obligation to guarantee such safety and health. At Techno Associe and its partner companies, we respect each individual employee and put their safety and health at the core of our occupational safety and health philosophy. To put this philosophy into action, we implement the following policies.

1. Continuously improve occupational safety and health in company work processes and in the workplace environment, and build a healthy, productive workplace free of work-related accidents.

2. Comply with legal stipulations of laws related to environmental safety and health, as well as with in-house regulations, standards, and rules.

3. Provide education and drills to all employees (including those of partner companies) in order to boost their sensitivity to and knowledge of occupational safety and health. This occupational safety and health policy will be periodically revised to ensure its effectiveness and its compliance with laws.

Voice

’Safety Above All Else’ in All Techno Associe Workplaces

Jun Ito
Senior Managing Director in charge of HR & Administration Department

Our creed of ‘safety above all else’ must become a call to action in every aspect of all Techno Associe Group companies around the world. Executives and employees at our worldwide local subsidiaries take an active role in promoting occupational safety and health. Heinrich’s Law says that for every workplace accident that causes a major injury, there are 29 accidents that cause minor injuries and 300 accidents that cause no injuries. In the Techno Associe Group, whenever there is an accident that causes no injuries, whether it occurs at a distribution center or a manufacturing and processing plant, rather than merely considering ourselves lucky that it did not cause bodily injury, we thoroughly determine the cause of the danger and take action to eliminate this cause. To do so, our employees must be able to anticipate dangers, have the resolve to ensure that the same type of accident will not occur in their own workplace, and be able to take direct action towards a solution. To ensure that employees possess these capabilities, we conduct ongoing safety education and training.
CSR Performance Report

Relationship with Shareholders and Investors

Profit Distribution

A key focus of Techno Associe is to steadily grow and progress as a company by making the sharing of profits with shareholders and the raising of corporate value important management policies. Our basic stance is to continue paying all shareholders stable dividends while considering our business environment and performance prospects.

The board of directors is the decision making body for decisions on the interim dividend, and the general meeting of shareholders is where the year-end dividend is decided on.

![Dividends Chart](image)

### Dividends

<table>
<thead>
<tr>
<th>Year</th>
<th>Interim Dividend</th>
<th>Year-End Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>2011</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>2012</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>2013</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>2014</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

### Dividend movement (consolidated)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>24.0</td>
</tr>
<tr>
<td>2011</td>
<td>27.3</td>
</tr>
<tr>
<td>2012</td>
<td>27.8</td>
</tr>
<tr>
<td>2013</td>
<td>17.6</td>
</tr>
<tr>
<td>2014</td>
<td>22.8</td>
</tr>
</tbody>
</table>

Open General Meeting of Shareholders

The company held its annual general meeting of shareholders on June 18, 2015. So that as many shareholders as possible could attend, the meeting was held on a day that did not conflict with the shareholder meetings of other companies.

Meeting materials were made as visually appealing as possible, and the PowerPoint presentation included a narrated talk on the business performance so that shareholders could easily understand and respond to the speakers.

### Clean-up Activities

After Techno Associe (Dalian F.T.Z) Co., Ltd. moved its offices to a new location in 2013, the cleaning and picking up of litter that the company had previously outsourced was taken over by employees as part of their daily duties. This morning cleanup continues to this day and the habits of leaving no garbage or dirt behind and cleaning up have become thoroughly ingrained into employees.

At the Hiroshima Sales Office, employees clean up inside the company premises and in the surrounding area every Monday, Wednesday, and Friday. The outside cleanup covers an area extending about 50 meters from the outer boundary of the company. There used to be a significant amount of litter left on the streets around the office and near vending machines, but now there are far fewer cigarette butts and other pieces of litter to be found thanks to the ongoing cleanup efforts. The cleanup activities have gradually been expanded to include not just litter on roads but also the cleaning of roadside ditches and the weeding of public ground. During their cleanups, employees are encouraged by the words of thanks they receive from local citizens they meet.

![Employees clean the streets](image)

### Other Community Service Activities

Techno Associe sponsors the Chubu Philharmonic Orchestra. We also make donations and provide company premises as break facilities when town festivals are held near one of our sites. Our sites in the head office district and Kyushu district have AEDs that we make available to the general public.

As part of efforts to educate the young generation, we donate children-oriented newspapers to local elementary schools, and through the Osaka Board of Education we provide students with traditional summer greeting cards. By reading newspapers, children, the leaders of tomorrow, become interested in the world around them. And by writing and sending traditional greeting cards, they learn about a traditional Japanese way of keeping in touch with and sharing joy with people. We plan to continue these valuable children’s activities.

[17]