CSR Report 2016
CORPORATE SOCIAL RESPONSIBILITY
Cautionary Note on Forward-Looking Statements

This Report contains not only the past and present performance of Techno Associe Co., Ltd. and its Group companies but also forward-looking statements that reflect the Company’s projections, expectations and plans. These forward-looking statements are based on the assumptions and judgments made by the management in light of the information available at that time and therefore, involve uncertainties. As a result, actual results or outcomes and future events may differ materially from the results projected in this Report. The Company does not give any assurance that these expectations will be achieved. Users of this Report are requested not to place undue reliance on these forward-looking statements.
Business Outline

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

With Joy, Vigor, and Sincerity
Techno Associe Takes
a Unique Approach to CSR

On Our 70th Anniversary, We Make a New Start
This year marks a milestone for Techno Associe—our 70th anniversary. We laud the efforts of our predecessors in building up this company despite many challenges, such as those faced during Japan’s tumultuous post-war years. Yet we do not rest on our past achievements; rather, we seek to write the next chapter in our history.

We have a responsibility to prepare for the future and continue building a favorable environment for those who will follow. To build an optimal organization and systems, as well as solid workings for our business operations, the entire company is working together toward the realization of Vision 2020, our new medium- and long-term management plan. We will make the most of two key traits we have inherited from our forerunners—a spirit of enterprise and an ability to create bonds—as we pursue innovation and convey to all employees the importance of taking on the challenge of reinventing ourselves. We will also take purposeful and bold action focused on the business at hand, on the customers we so value, and on venturing into new areas of business. And in honor of our history, I vow to restore our screw business to its past glory. By fiscal 2020, we aim to double screw sales from their current level, and take our rightful position—in name and in achievement—as the number one handler of screws in Japan.

Safety and Compliance—the Pillars of CSR
A company can only enjoy a long history if it is a trusted member of society—a good corporate citizen that contributes to the building of that society. We believe that a company can only achieve this if it pursues business based on a solid foundation of CSR.

Ever since I became the company president, I have regularly delivered speeches and messages to employees, and they always begin with the words “Safety first, everybody!” This is something you would normally say to people at a production site. So you may be wondering why I say it to employees who work in the trading business. It’s no exaggeration to say that it is the responsibility of our company and its leaders to ensure the safety of not only employees but also all our other stakeholders, whether they are customers, suppliers, or residents of the regions where we do business.

Another area of focus is legal compliance. We tell our employees that we want them to come up with new ideas without being bound to conventions or specific fields of business. But we also demand abidance to rules, in order to ensure trust in our company, in-house order, and a proper working environment. We therefore have systems in place to ensure that people speak up without hesitation if they see anything questionable occurring.

We also adopt the perspective of stakeholders, especially when considering environmental and quality-related issues that are at the heart of our business. We continually reinforce these core issues by adding new techniques that will help us prosper in each new era, while organizing it all into our ongoing CSR framework.

A Company Where All Employees Pitch In “with Joy, Vigor, and Sincerity”
Besides being valued by society for the things I mentioned earlier, the company can also provide value by being an organization with an energetic workforce. Management’s job is to foster an environment in which employees can make full and active use of their talents. I have thus declared it our aim to become an ideal organization. To this end, we are working to innovate our various systems for human resources and education. I also hope that employees will fully understand these systems and use them to help create lively workplaces.

I also want to see our female, disabled, and senior employees be a force for our company. Childcare and nursing care are not just for women; rather, they should involve the company, society, and everyone else concerned. We have introduced work-at-home and flex-time systems to help employees achieve a work-life balance and do their jobs more effectively. I believe these will help us bring to fruition my motto: “with Joy, Vigor, and Sincerity.”

October 2016

Hisato Shingu
President
Corporate Principles and Business Policy, Medium- and Long-Term Management Plan

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.

Corporate Principles

As an engineering company, we at the Techno Associe Group commit to:

1. Providing services that 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.

Business Policy

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

Vision 2020 Basic Growth Strategy Up to 2020

Connect, Communicate, and Create

Excellent Engineering Company

Basic Growth Strategy

In the major market areas of automotive, electronics, housing, industrial infrastructure, and energy, we make the most of our knowledge accumulated over years of business, and our knowledge as an engineering company, to carry out business in a “glocal” (“global” and “local”) way. We provide in-house developed, high-value-added products and services that solve customers’ problems in terms of quality, cost, and delivery time for the core products of fasteners, metal products, chemical products, glass, LCDs, and devices. We strive to expand our business by being customers’ first choice.

With a keen watch on demand trends around the world, we are stepping up the pace of our global growth and earnestly studying possible alliances, tie-ups, and joint ventures that will provide business opportunities and expand our market areas.
Corporate Governance

We are pushing forward with management that wins the trust of stakeholders. We comply with all laws and regulations and have a fair and transparent management system in place.

Corporate Governance System

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.

Once a month, the director of accounting submits a report to the board of directors covering matters such as sales, profit, and finances. The board also hears reports from other directors on their respective divisions to ensure that they are meeting their business targets and carrying out necessary actions.

Audit and Supervisory Board

Techno Associe has adopted an audit and supervisory board system based on Japan’s Companies Act.

The audit and supervisory board, which consists of five board members (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 board members are chosen from other companies or from law firms. Two of the three are independent board members.

In order to make audits effective, board members are given the opportunity to interview directors and employees and to hold meetings attended by both representative directors and board members.

In addition, board members may use external advisors, such as accountants, lawyers, and consultants, if they feel this is necessary to properly conduct an audit.

Executive Officer Meetings

We have incorporated an executive officer system in order to promptly execute business actions and strengthen functions. Prior to the board of directors meeting, or when an important issue arises, an executive officer meeting attended by directors, executive officers, and audit and supervisory board members is held to ensure there is sufficient deliberation on matters.
Corporate Governance/Compliance, Risk Management

Compliance and Risk Management

- **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 Corporate Behavior 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.

  We review and improve these guidelines as needed with the goal of carrying out our business in the most lawful and efficient manner possible.

  And to secure society’s confidence in our financial reports, we have an internal control committee that manages and supervises the internal control system to ensure it is working effectively.

- **Information Disclosure**

  Techno Associe 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. In fiscal 2015, we revamped the corporate website. We will continue updating the content so that it will provide added value to site visitors.

- **Compliance and Risk Management 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 president, the Risk Management and Compliance Committee (“RC Committee”) regularly monitors company-wide risk management and compliance in all group companies, both in Japan and overseas. It promotes measures to minimize risks and non-compliance, and it provides guidance, education, and training as needed. When a critical issue arises, the committee serves to minimize damage through emergency measures and by giving out instructions to prevent recurrences. It also works to enable the early detection of such issues.

  In operational audits as well, the committee regularly checks and monitors 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.

- **Whistleblowing and Counseling Contact**

  At Techno Associe, we have contacts inside and outside the company for reporting problems and seeking counseling.

  The internal contact is placed under the charge of the Human Resources Group Manager. Whistleblowing support has now been further enhanced and improved by also assigning to this task the Manager of the Audit and Supervisory Board Members’ Office (who is independent from company management). The external contact is placed under the charge of the company’s legal advisor as before.

  Our Regulations for the Whistleblower System ensure that people who report suspected illegal action or seek counseling will not be subjected to dismissal or other unfair treatment because of this.

- **Secure Export Control**

  Based on our Secure Export Control Rules, the Foreign Trade Administration Office leads efforts to implement secure export control. As well, all sales personnel take e-learning to boost their awareness of secure trade control.

- **Information Security**

  To ensure meticulous control and handling of information, each sales 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 work to boost employees’ awareness of information security by providing e-learning on information security as well as training that simulates targeted e-mail attacks.
Quality and Environmental Initiatives

At Techno Associe, quality control and environmental conservation are top priorities in our business activities. By achieving both at the same time, we can contribute to the sustainable development of society.

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 Policy

1. As an engineering company that specializes in metal and chemical component 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 reduce the environmental impact of its business activities by conserving resources and energy, recycling, reducing waste, and protecting biodiversity.

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.

Quality and Environmental Management

Audit Situation

In November 2015, we underwent a review for renewal of ISO 9001 and ISO 14001 certifications conducted by JIC Quality Assurance Ltd. We renewed our certifications in February 2016. In fiscal 2015, internal audits were held at five bases in Japan. 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.

Group companies that manufacture and process components also have an ISO 9001-compliant quality assurance system in place so that they can supply customers with high-quality products.
Quality and Environmental Initiatives

Delivering Higher Quality to Customers

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. In March 2016, we revised the guidelines by adding basic items on factory management.

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

Quality and Environmental Quality Assurance System

Customers → Top Management → Quality Assurance & Environmental Management Department, Quality Assurance Department

Sales Division, Logistics Department (Offices, Sales Offices) → Suppliers

Registration as a certified supplier

Manufacturing → Inspection

Quality and environmental policy

Specify and review quality, delivery time, and cost

Evaluation and quality check of suppliers

Purchase details

Receiving inspection → Pre-delivery inspection

Internal auditing

Management review

Delivery

Ordering

Requirements on products

Tensile tester

Image size measuring instrument

Automatic microhardness tester

Three-dimensional measuring device
Quality and Environmental Initiatives

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 fiscal 2015, there were requests to survey chemicals contained in products from 278 customer companies, and 650 suppliers participated in responding to 8,425 survey cases.

Stepping Up Education and Boosting Quality Improvement Measures

In fiscal 2015, a cumulative total of 492 employees attended nine lectures on quality topics. Our aim is to raise employees’ quality awareness and help them build defect-free processes that prevent the occurrence of defective products.

Besides continuing these lectures, in fiscal 2016 we are putting some of the lecture materials on the company e-learning site, encouraging as many employees as possible to continue taking lectures to strengthen their understanding. We are also starting new ongoing activities in which employees build defect-free processes in order to boost Techno Associe’s quality improvement measures.

Quality lectures for employees

Because Techno Associe outsources most of its manufacturing, our employees must understand even better than the manufacturers how to plan permanent measures, know how to oversee factory work processes, and have the skills needed to provide guidance to manufacturers. To this end, I have attendees carry out long-term group discussions in which they analyze problems to find the root causes, and develop greater understanding through the use of quality control tools such as statistical analysis and defect-free process building. Besides continuing these methods, in fiscal 2016 lectures we will boost attendees’ level of understanding by making quality control tools part of in-house e-learning and we will help them build defect-free processes that prevent the occurrence of defective products. These efforts will give us improved indices for gauging our quality.

Course Lecturer
Shinji Yoshida
Assistant General Manager, Quality Assurance & Environmental Management Department

Course Attendee
Misei Matsukawa
Automotive Quality Assurance Group, Quality Assurance & Environmental Management Department

Reducing Environmental Impact of Business Activities

Results in Fiscal 2015

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 2015, our focus was on reducing the amount of CO2 emitted and waste disposed of.

Our fiscal 2015 CO2 emissions were 1,486.9 tons, a dramatic reduction of 215.1 tons (12.6%) over the previous fiscal year, thanks to replacing 353 mercury lamps with LED lighting in warehouses at five bases. The figure of 1,486.9 tons is the lowest since we began efforts to reduce CO2 emissions in 2002.

Our fiscal 2015 waste target was a final disposal rate of 8.9% or less, and recycling efforts allowed us to achieve an 8.4% final disposal rate.

Targets in Fiscal 2016

In fiscal 2016, 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 2.0% over the previous fiscal year through efforts including lower electricity usage by replacing mercury lamps with LED lighting in warehouses, using fuel-efficient cars as company vehicles, 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 7.0% or less.

We are looking to expand sales of environmentally friendly products and are revising our definition of what constitutes such products. We have classified products into four categories according to the types of environmental benefits they offer compared to previous products: (A) resource-efficient products that are manufactured differently in order to prevent wasted materials; (B) reusable/recyclable products that employ recycled plastic; (C) energy-efficient products that are lighter; and (D) products that use no toxic chemicals such as chrome plating.

Environmentally friendly products

A: Resource-efficient products (make effective use of resources)
B: Reusable/recyclable products (reduce waste)
C: Energy-efficient products (reduce CO2 emissions)
D: Products using no toxic chemicals (prevent environmental pollution)


Based on the Paris Agreement adopted at COP21 in 2015, Techno Associe has set a target of reducing 2030 greenhouse gas emissions in Japan by 30% compared to 2013.

As of 2015, CO2 emissions had increased by 24.9% over 2013, but our goal is to achieve annual reductions of 2% starting in 2016 as we complete the switch to LED lighting and the use of fuel-efficient company cars, and as we adjust the number of our bases.
Quality and Environmental Initiatives

Plan and Results of Environmental Conservation Activities

<table>
<thead>
<tr>
<th>Environmental aspect</th>
<th>Results in fiscal 2014</th>
<th>Targets in fiscal 2015</th>
<th>Results in fiscal 2015</th>
<th>Increase/decrease rate</th>
<th>Self-evaluation*</th>
<th>Targets in fiscal 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions</td>
<td>1,702.0 t</td>
<td>Reduce emissions by 1.0% over fiscal 2014 to 1,686 t-CO2</td>
<td>1,486.9 t</td>
<td>Down 12.6%</td>
<td></td>
<td>Reduce emissions by 2.0% over fiscal 2015</td>
</tr>
<tr>
<td>Electricity</td>
<td>1,262.8 t</td>
<td></td>
<td>1,121.0 t</td>
<td>Down 11.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gasoline, light oil</td>
<td>411.7 t</td>
<td></td>
<td>325.9 t</td>
<td>Down 20.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumption of kerosene and gas</td>
<td>27.5 t</td>
<td></td>
<td>40.0 t</td>
<td>Up 45.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final disposal rate (through waste recycling)</td>
<td>9.7%</td>
<td>Final disposal rate of 8.9% or less</td>
<td>8.4%</td>
<td>Down 1.3%</td>
<td></td>
<td>Final disposal rate of 7.0% or less</td>
</tr>
<tr>
<td>Increase the sale of parts for environmentally friendly products (as percentage of overall sales)</td>
<td>4.2%</td>
<td></td>
<td>7.0%</td>
<td>Up 2.6%</td>
<td></td>
<td>2.95 billion yen (value of sales) of environmentally friendly products</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:

- CO2 emissions and final disposal rate 对象: Achieved targets
- Although targets were not achieved, emissions reduced from previous year 对象: Failed targets
- = Targets were not achieved and emissions increased from previous year
- = Targets were not achieved and share decreased from previous year

Overview of Environmental Impact (INPUT/OUTPUT)

INPUT

- 2,965.7 thousand kWh (3,340.6 thousand kWh)
  - Electricity purchased from electric company
- 0.9 thousand m³ (0.2 thousand m³)
  - City gas, propane gas
- 155.0 kt (186.6 kt)
  - Gasoline, light oil, kerosene
- 13.4 thousand m³ (14.0 thousand m³)
  - Chemical substances under the PRTR Law
  - (Volume used by Tobutsu Techno Tsukuyomi Office)
- 4.71 t (4.49 t)
  - Chemical substances used under the PRTR Law
  - (Volume used by Tobutsu Techno Tsukuyomi Office)
- 52.2 t (56.0 t)
  - Copy paper used at offices, computer paper

OUTPUT

- 1,486.9 t
  - CO2 (1,702.0 t)
  - Gasoline, light oil, kerosene, gas
- 0.15 t (0.18 t)
  - NOx
  - Gasoline, light oil, kerosene
- 13.4 thousand m³ (14.0 thousand m³)
  - We do not discharge any industrial wastewater, only domestic wastewater.
- 0.94 t (0.90 t)
  - Chemical substances (into atmosphere)
  - Volume used by Tobutsu Techno Tsukuyomi Office
- 369.5 t (392.8 t)
  - Waste
  - Final disposal amount: 31.1 t (38.2 t)

Note: Techno Associe has no SOx emission source.

Contributing to environmental protection through sales of eco-friendly products and systems

The Housing & Construction Products Sales Unit sells products such as solar panel installation mounts and related equipment (junction boxes, cables). We have also begun selling solar power systems, acting as an agent for solar cell manufacturers. Residential solar power systems have achieved a certain level of market penetration through a business model focused on selling electricity. Going forward, residential solar power systems will become even more widespread as they become the basis for a smart house and zero-energy home (ZEH) business. This business involves selling solar power systems that help homeowners achieve annual primary energy usage of zero. Such systems supplement solar cells with HEMS and fixed residential storage batteries. Techno Associe offers customers flexible solutions in order to be of service to them while contributing to environmental protection. I hope we can help to create the society of the future through our renewable energy business.
Quality and Environmental Initiatives

Reducing CO₂ Emissions

The use of electricity and gasoline by Techno Associe accounts for about 97% of the company’s total CO₂ emissions. We are therefore focusing on reducing the use of these.

Our target for fiscal 2015 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. We also reduced the number of company cars and switched them to more fuel-efficient vehicles. As a result of these aggressive efforts, emissions were 1,486.9 tons (down 12.6% over the previous fiscal year), easily meeting our target. We are aiming for a 2% emissions reduction in fiscal 2016.

Reducing 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 2015 was to reduce electricity consumption by 1% over the previous fiscal year, and thanks to replacing mercury lamps with 353 LED lights in warehouses at five bases, we were able to reduce electricity consumption by 258,600 kWh. Overall electricity consumption was down by 374,900 kWh (down 11.2% over the previous fiscal year, of which 7.7% comes from switching to LED lighting). We are continuing to install LED lighting in fiscal 2016 with the goal of reducing electricity consumption by 2% (59,000 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 and created a database for recording and storing inspection and maintenance information. We conducted voluntary periodic inspections of 241 air conditioning units and found no cases of CFC leakage.

In fiscal 2016 and 2017, we plan to have professional subcontractors carry out periodic inspections on 27 units of equipment. 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.

Reducing Gasoline and Light Oil Consumption

As of April 2009, Techno Associe had 237 company cars. By sharing these throughout the company, eliminating unnecessary cars, renting cars, using car sharing, and encouraging greater use of public transportation, by March 2016 we had just 131 company cars. 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 2016 we had reached 90.1%.

As a result, we dramatically reduced our fiscal 2015 use of gasoline and light oil—by 20.6%—over the previous fiscal year. In fiscal 2016, we are revising our standard for environmentally friendly cars to match the 2015 Japanese gas mileage standard so that we can switch to even more fuel-efficient vehicles to further save on gasoline and light oil.

Gasoline and Light Oil Consumption
Quality and Environmental Initiatives

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 2015 target for final disposal rate was 8.9% or less. By switching to industrial waste disposal contractors capable of higher recycling rates, we were able to keep final disposal to 31.1 tons (final disposal rate of 8.4%), thus achieving our target.

The overall industrial waste disposal amount was 369.5 tons down by 5.9% over the previous fiscal year. In fiscal 2016, 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 final disposal rate of 7.0% or less.

Reducing Paper Consumption

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 52.2 tons of paper in fiscal 2015 (down 6.8% over the previous fiscal year). We plan to digitize more of our administrative documentation in order to eliminate unnecessary printing.

Managing and Reducing Chemical Substances

The Tsuneyoshi 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 2015 were 0.94 tons, a 4.4% increase over the previous fiscal year. This was partly due to increased production volume.

*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.

Soil Contamination Countermeasures

Techno Associe has 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, since fiscal 2014 we have included information on biodiversity protection in our new employee training manual, and have 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.
Together with Employees

At Techno Associe, we strive to become a rewarding place to work by creating a diverse environment where employees can reach their full potential and express their individuality.

Personnel Policy

A Company Providing Rewarding Work, a Company Employees Can Be Proud of

Techno Associe 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

Medium- and Long-Term Human Resource Development

In fiscal 2015, we launched our Core Human Resource Training Program and Action Learning to provide managers with training in problem-solving. In addition to fostering a belief and a sense of responsibility as future leaders of the company, this program aims to give participants the ability to analyze, consider, and make policy decisions regarding problems and tasks, and it encourages them to look at things with the proper perspective. In 2015, 22 employees considered for their potential to be the company’s next generation of leaders were selected as participants. For the fiscal 2016 Core Human Resource Training Program and Action Learning, we aim to delve deeper into themes directly related to management tasks and give participants better skills in attacking issues as they relate to company management.

Global human resource training is an important aspect of human resources, and in fiscal 2016 we launched our Overseas Personnel Development Program, which takes the medium- and long-term view to training. This program provides strategic and detailed training to employees in their 20s to mid 30s. Participants are given first-hand talks from staff formerly stationed at Techno Associe overseas bases, thus giving them the knowledge and way of thinking needed to do business globally. The program aims to foster human capital who are alert to changes and trends and who use their specialized skills to make flexible and speedy decisions and responses.

Training System

- **Participants**
  - Executives
  - Managers
  - General employees
  - New employees

- **Job-class-specific training** (Running organization according to one’s position)
  - Management issues review meeting
  - General manager/deputy general manager training
  - Group manager training
  - Newly appointed manager training
  - Newly appointed assistant manager training
  - Newly appointed supervisor training
  - 3rd-year employee training
  - Introductory training

- **Company-wide key issues training** (Addressing key issues management issues)

- **Training on specific themes** (Improve practical skills)
  - (1) Practical business skills
    - Financial accounting
    - Corporate laws
    - Labor management
    - Business process knowledge
  - (2) Sales skills
    - Practical import/export
    - Marketing
    - Communications
  - (3) Career development
    - Fostering core human resources (AL)
    - Leadership
    - Coaching

- **Meeting global needs** (Improve global management)
  - Overseas personnel development program
  - Local site management and staff training
  - Overseas appointee preparatory training
  - Overseas trainee system
  - Support for foreign language training
Together with Employees

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, 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 2015, 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, Percentage of These Women among All Female Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Women in Career-Track Positions</th>
<th>Percentage of Women in Career-Track among All Female Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3.40</td>
<td>6.50</td>
</tr>
<tr>
<td>2012</td>
<td>5.00</td>
<td>10</td>
</tr>
<tr>
<td>2013</td>
<td>6.50</td>
<td>13</td>
</tr>
<tr>
<td>2014</td>
<td>6.90</td>
<td>13</td>
</tr>
<tr>
<td>2015</td>
<td>6.30</td>
<td>13</td>
</tr>
</tbody>
</table>

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.

Number of Physically Challenged Employees, Percentage among All Employees

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Physically Challenged Employees</th>
<th>Employment Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1.68</td>
<td>21</td>
</tr>
<tr>
<td>2012</td>
<td>2.27</td>
<td>23</td>
</tr>
<tr>
<td>2013</td>
<td>2.00</td>
<td>17</td>
</tr>
<tr>
<td>2014</td>
<td>2.09</td>
<td>17</td>
</tr>
<tr>
<td>2015</td>
<td>1.43</td>
<td>12</td>
</tr>
</tbody>
</table>

VOICE

Special equipment and my colleagues’ support has expanded the range of work I can do

Fumiyo Matsumoto
HR & Administration Department, General Affairs Group

A document placed on a reader (left forefront) is enlarged on the black monitor next to it. On the right side of the desk is a PC monitor.

I am congenitally vision impaired. My job mainly involves working on a computer and handling incoming phone calls. When I entered the company, I was already vision impaired, but today Techno Associe provides me with a workplace environment to meet my needs, such as a document enlarger, software for making text on my PC bigger, and text-to-speech software. The company also gives me flexible hours. My work philosophy is not simply to “do what I can,” but rather to “come up with creative solutions by myself for myself.” To continue doing this, my next target is to improve my skills. Although some computer tasks cannot be done with text-to-speech software, my understanding colleagues have been helpful in this respect, and thanks to this and other considerations, I think the office has become conducive to my working style. Interacting with staff of other departments has raised understanding of my disability, and I hope that in future I can work with other vision-impaired people.

Words from a Fellow General Affairs Group Member

In her job of using Excel to compile and manage expenses such as insurance, and outputting vouchers and other documents, Ms. Matsumoto rarely makes errors in the text or document format, and her accounting and figures are always 100% accurate. She has years of experience and is someone we can always count on. If she needs help with things like the copier or getting around the office, her colleagues always lend a hand. We plan to give her the support she needs to continue working with ease and comfort.
Together 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. To prevent long working hours, every Wednesday is ‘no overtime day’, when all employees must leave the company by a certain time. In fiscal 2016, we introduced an annual holiday planning system to encourage employees to take their paid holidays. Under this system, the goal is to have all employees take a minimum of five days paid leave a year.

Our childcare support systems include childcare leave and a childcare reduced hours system, in which employees can shorten working hours until their child enters elementary school. We have a high percentage of employees returning to work after taking childcare leave; 90% on average between fiscal 2008 and fiscal 2015. As of fiscal 2016, we have a flex-time system that allows employees to take advantage of a flexible work schedule.

Each Techno Associe office holds workplace meetings that promote communication between management and employees. At these meetings, employees voice opinions, hopes, and perceived problems related to their jobs or the company. Besides responding to these concerns, managers in attendance use this valuable information from employees to understand the changing work environment and to solve a range of workplace problems.

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternity leave, childcare leave</td>
<td>Leave can be taken from 8 weeks before the expected date until the child is 1 and 1/2 years old.</td>
</tr>
<tr>
<td>Childcare reduced hours system</td>
<td>Employees can shorten working hours until their child enters elementary school.</td>
</tr>
<tr>
<td>Nursing care leave, nursing care reduced hours system</td>
<td>Employees can have up to 93 days off, or take shorter working hours.</td>
</tr>
<tr>
<td>Time off for long-term service</td>
<td>Employees get time off and a monetary reward as gratitude for their long-term service to the company.</td>
</tr>
<tr>
<td>Time off for senior re-employment persons</td>
<td>Retirees receive a commemorative gift, and those being re-employed get time off.</td>
</tr>
<tr>
<td>Special marriage leave</td>
<td>Employees receive time off and a monetary gift if they, or one of their children, get married.</td>
</tr>
<tr>
<td>Annual holiday planning system</td>
<td>Before the end of April each year, all employees must schedule at least five paid holidays for the coming fiscal year.</td>
</tr>
<tr>
<td>Flex-time system</td>
<td>Employees can start and finish work earlier or later in the day on days of their choice, as long as it does not interfere with duties that they must perform.</td>
</tr>
</tbody>
</table>

Number of Employees Taking Childcare Leave, Percentage Returning to Work
(Percentage of childcare leave employees who returned to work)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of employees taking childcare leave (%)</th>
<th>Percentage returning to work (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>2012</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>2013</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>2014</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>2015</td>
<td>9</td>
<td>100</td>
</tr>
</tbody>
</table>

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.

Preventing Harassment

Techno Associe considers sexual harassment and abuse of authority 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 Whistleblowing and Counseling Contact (see page 6), we regularly publicize it in our in-house newsletter, during compliance training, and in e-learning.

Main Human Rights Education in Fiscal 2015

- Participated in external human rights education activities as a member of the Osaka Corporate Human Rights Promotion Council
- Created human rights education curriculum for new employee training
- Studied compliance issues during job class- and theme-specific training

Human rights training session for new employees
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.

In addition to ongoing occupational safety efforts, this fiscal year we are focusing on workplace environment improvements in health. One key effort involves preventing employees doing warehouse work in summer from getting heatstroke by having them wear neck coolers and by installing water coolers. We also support employees’ mental health by providing stress checkups as required under revised labor laws, thus warding off potential psychological problems before they arise.

Officers and Executives Join Safety Patrols

In July 2016, during the Ministry of Health, Labour and Welfare’s 89th 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. The officers and executives gave safety talks and observed workplaces as part of efforts to raise safety awareness.

Techno Associe takes safety awareness among all employees seriously on the concept that employees must always notice and sense potential danger, think about it, and then do something about it.

Goods enter and leave Techno Associe sales offices and distribution centers at 22 locations around Japan, and all of these are working in unison to improve occupational safety and health.

Example of Occupational Safety and Health Activities

Our overall action plan is based on Techno Associe’s company-wide Occupational Safety and Health Implementation Plan and Report. At the Kyushu Office, we follow the “SS” principle (Sort, Set in order, Shine, Standardize, and Sustain). For example, employees keep their desks clean and leave no documents out when they leave the office. In the distribution center, we work with partner companies to conduct SS and safety patrols. All employees take part in occupational safety and health activities in which we come up with and implement concrete measures to deal with problems. We also work to reduce risk. For example, box cutters are used frequently in the warehouse, and employees have gotten incision wounds in the past. In response, we have switched to safety cutters and created unified safety standards for performing cutting work. These efforts will of course benefit the Kyushu Office, but I believe that, via the HR & Administration Department, they will also contribute to reducing risk throughout all of Techno Associe.
Shareholders and Local Communities

Relationship with Shareholders and Investors

Our business cannot progress without the understanding and support of shareholders, investors, and neighboring communities. With this in mind, we strive to fulfill our role as a good corporate citizen.

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.

Open General Meeting of Shareholders

Techno Associe held its annual general meeting of shareholders on June 17, 2016. 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.

We are making the fiscal 2016 general meeting invitations easier to read and understand by, for example, making them larger, using two-color printing, including an index, and using a universal design font.

Relationship with Local Communities

Community Service Activities in Japan

At the Tokyo Office, employees donate used stamps to charity based on the philosophy that even waste can be used for some useful purpose. When the used stamp collection box becomes full, it is sent to a local volunteer organization. There is also a box where employees can deposit plastic bottle caps that are donated to charity so that the proceeds can go toward providing vaccinations for needy children around the world.

We also hold community cleanup activities. The Head Office cleans up the streets of the surrounding area once a month, and the cleanup area was extended in 2014. We believe that these periodic cleanup activities are important in maintaining a pleasant-looking community, and we will continue these efforts as a good corporate citizen as each Techno Associe base strives to protect the environment.

Community Service Activities Overseas

Techno Associe (Thailand) Co., Ltd. (TAT) conducts tambun* at New Year’s. Monks from the local temple are invited to the company, presented with an offering, and then pray for the health of the employees and the prosperity of the company. In January 2016, the solemn ceremony provided a good opportunity for TAT’s Japanese employees to experience Thai culture. There are many devout Buddhists in Thailand who hold tambun on a regular basis. By taking into consideration local culture and valuing the religious spirit of local employees, Techno Associe strives to reaffirm the importance of growing in unison with the Thai people.

*Tambun: The word means “do good deeds, make merit,” and refers to the act of making offerings and doing good deeds.

Employees pick up litter around the Kyushu Office

Many monks were invited to the tambun ceremony at TAT