

CSR Report 2021

CORPORATE
SOCIAL
RESPONSIBILITY



CONTENTS

Message from the President	01
Corporate Governance	02
“Vision2025”	04
CSR Management	06
Toward the Realization of a Sustainable Society and Environment	06
External Communication	11
Evaluation of the Company’s Efforts	11
Risk Management and Compliance	12
Risk Management	14
Respect for Human Rights	15
Occupational Safety and Health	16
Quality and the Environment	18
Quality and Environmental Management	18
Quality Assurance	20
Environmental Conservation	24
Environmental Performance	27
Targets and Results	27
Actual Results of Reduction Activities	29
Stakeholders	33
Working with Business Partners	33
Procurement Policy	33
Cooperation with Business Partners	34
Together with Employees	38
Personnel Policy	38
Diversity and Inclusion/Human Resource Development	39
Achieving a Work-Life Balance	45
Relationship with Shareholders and Investors	48
Relationship with Local Communities	49

Editorial Policy

This CSR Report contains major information on Techno Associe's basic approach to CSR, its fiscal 2020 results, and its future policies and plans.

- Organizations Covered
All domestic business offices of Techno Associe Co., Ltd., one domestic affiliate (Tobutsu Techno Co., Ltd.), and some overseas offices
- Period Covered
Fiscal 2020 (from April 1, 2020 to March 31, 2021)
Data on actual results are for fiscal 2020. Activities described include some that pertain to fiscal 2021.
- Date of Publication
December 2021
- Next Scheduled Publication Date
August 2022



Creating a better society

In order for a company to continue growing towards the future, it is important to engage in ESG (Environment, Social, and Governance) initiatives that are compatible with the sustainability of society. The business policy (“heart-to-heart bonds”) of the Techno Associe Group consists of the following: (1) Be Creative so that we keep offering original proposals to customers, (2) Be Service-minded and willing to help customers, (3) Be Grateful to people supporting us. These three mindsets serve as guidelines for all employees in our business activities.

The threat of the COVID-19 presents an important opportunity for humanity to think about its survival and the sustainability of society. Overcoming this new threat and solving a wide range of other problems, such as global warming, the destruction of ecosystems due to non-biodegradable trash, poverty, starvation, and human rights violations, are pressing issues that humanity must address.

In May 2021, the Techno Associe Group announced its Medium-Term Management Vision “Vision 2025,” in which we position solutions to social issues as our *raison d’être* and growth opportunities, and set out our future goal (vision) of growing together with society through initiatives and activities to solve these issues. We will continue to be a corporate group that is needed by society by linking social issues with those of our customers, and carrying out solutions to such issues in accordance with the three “hearts” of our business policy.

September 2021

Mamoru Moritani

President

森谷 守

Corporate Governance

Basic Concept

Under our Corporate Principles and Business Policy, Techno Associe has an unwavering commitment to contributing to society through fair business practices. We have also formulated the Charter of Corporate Behavior as a set of basic rules for earning the trust and confidence of society.

Guided by a shared awareness of these principles, we have established a framework for decision-making that ensures sound management as well as legal, appropriate, and efficient execution of business. We are also strengthening our system for monitoring and revising the aforementioned framework in an effort to raise corporate value.

Fully aware of our mission in society as a corporate entity, we will contribute to the sustainable development of society. We will do so through ongoing initiatives aimed at protecting the environment and reducing the environmental burden of our business activities.

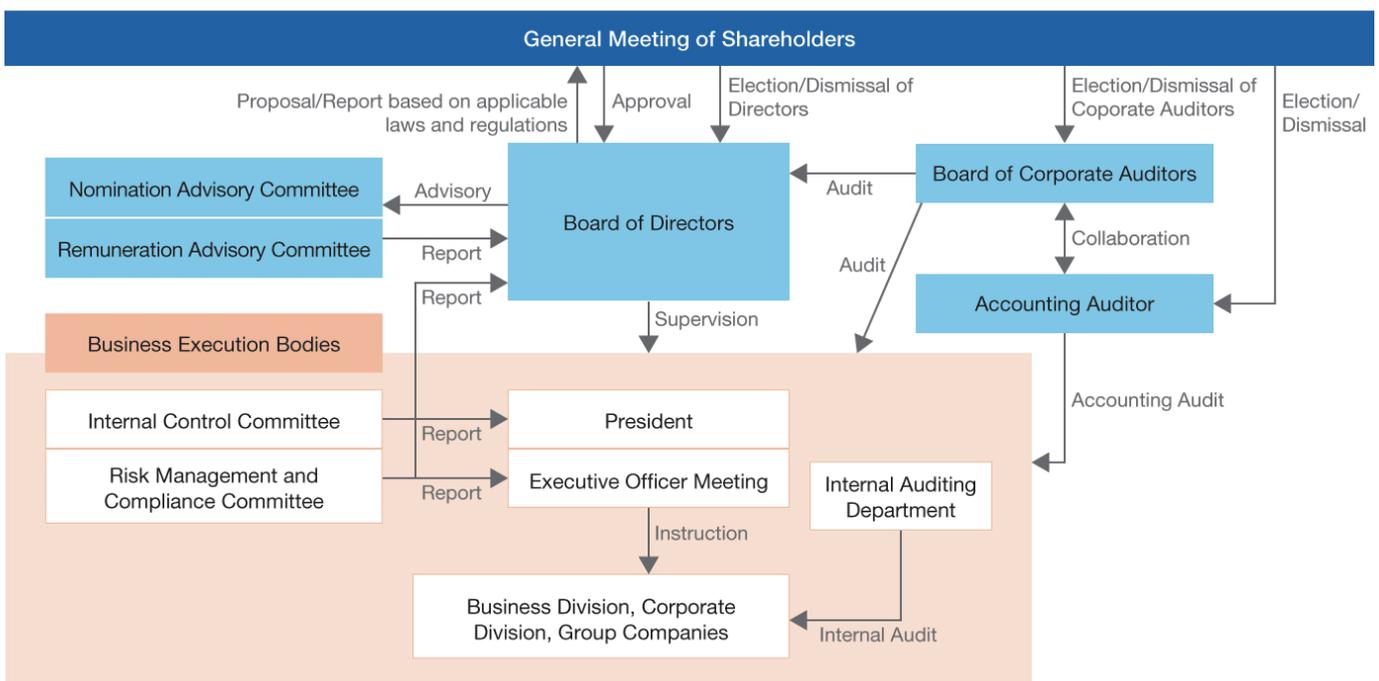
Corporate Governance System

We believe that the objective and neutral oversight of management is important in corporate governance, and an Board of Corporate Auditors with the ability to monitor the directors' execution of duties in detail has been established for this purpose. In addition to two In-house Auditors, three Outside Auditors are appointed to oversee management from a more objective perspective through audits by Outside Auditors.

To further strengthen corporate governance, we have appointed two Independent Outside Directors to manage the company from a variety of perspectives. We have also established two Advisory Committee on nomination and remuneration to ensure transparency and objectivity in management compensation and to ensure accountability. Both Advisory Committee consists of an Independent Outside Director who serves as chairman, and is designed to be made up of more than half Outside Directors. In this way, it provides a system for receiving appropriate advice from these Outside Directors.

The Board of Directors convenes once a month and meets whenever necessary to deliberate and make decisions on matters related to important business plans and sales policies, as well as business reorganization and other matters. For management and business execution decision-making, since Executive Officer meetings attended by Directors, Executive Officers, and Auditors are held prior to the Board of Directors for considering agenda matters, this allows each matter to be thoroughly considered and also achieves an observation function which assures transparency and legality of the decision-making process. In addition, we introduced an Executive Officer System in June 2013, to speed up work execution and strengthen the functions of decision-making, supervision, and business execution.

▼ Corporate Governance System



Board of Directors

Under the supervision of the President, Executive Officers and division managers promptly execute business based on decisions made at the Board of Directors. To ensure checks and balances, our company rules clarify the organizational authority and the persons responsible and set out appropriate business procedures. 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.

Board of Corporate Auditors

The Board of Corporate Auditors is composed of five members, including three Outside Corporate Auditors, and audits the execution of duties by directors from a multifaceted perspective.

In order to ensure legal and proper management, audits are conducted by Corporate Auditors, the Internal Auditing Department, and Accounting Auditors. In accordance with the auditing policies, plans, and distribution of roles determined by the Board of Corporate Auditors, each Corporate Auditor attends important meetings such as Board of Directors meetings, conducts interviews with Directors, Executive Officers, and the Internal Auditing Department, reviews important approval documents, and conducts visits to major business sites. In addition, they regularly exchange opinions with the representative director and share appropriate information with accounting auditors. They also receive audit reports from other auditors, and regularly report the results of these audits to the Board of Directors.

With regard to internal audits, the Internal Auditing Department makes proposals for improvements to ensure proper and efficient execution of operations through audits of business sites, including those of our group companies. The Internal Auditing Department reports important matters discovered during audits to the Board of Directors and provides guidance and supervision on improvement measures.

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 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 makes it a policy to disclose the company's financial information in a timely and appropriate manner.

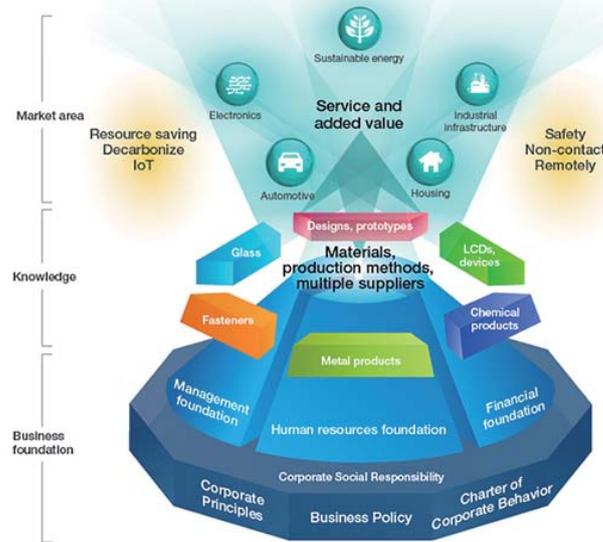
This includes information on finances and operating results. We also actively disclose non-financial information, such as information related to governance. We will continue making improvements to our information disclosure, so that it may provide added value to users.

Along with the globalization of our business, English versions of the company website and various reports are drafted in addition to the Japanese versions, translated English versions are prepared for a portion of convocation announcements, and efforts are in progress for the distribution of information in other foreign languages as well.

Initiatives in Growth Fields under the Medium-Term Vision

As international trends, we see renewable energy-related fields triggered by decarbonization, CASE areas in the automotive industry, and FA areas, including advanced industrial robots utilizing AI at production sites supporting these production, as areas where sustainable growth can be expected in the medium term. Leveraging the knowledge and knowledge we have accumulated to date, we have positioned rechargeable batteries and fuel cells, electrification, preventive safety and automated driving, and robotics-related products as core growth areas, and we will make Group-wide efforts both domestically and overseas.

Medium-Term Management Vision “Vision 2025”



Basic Growth Strategy

For many years, our Group has continued to provide products that meet the needs of our customers in the major market fields of automobile-related, electronics-related, housing, industrial infrastructure, and energy-related fields, centered on a variety of industrial materials, including studs, metalworking products, and chemicals.

We will expand our business as a trusted partner to our customers by providing high-value-added services (Value) by accurately grasping diversifying needs, leveraging the knowledge we have cultivated through our development proposal-based sales activities to date and our creativity and proposal-making capabilities as an engineering company. Furthermore, we will identify domestic and overseas demand trends and accelerate global growth. At the same time, we will expand our competitiveness and aggressively pursue alliances and alliances to expand business opportunities and market domains.

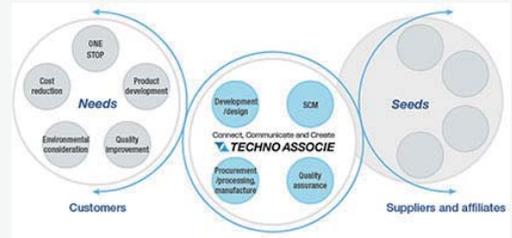
We recognize that our raison d'etre and growth opportunities lie in providing valuable proposals that satisfy customer needs and in solving social issues that lie ahead of us. Going forward, we will continue to work to further expand development proposal-based business development, while advancing business activities with thorough governance and compliance. In doing so, we will increase corporate value and continue to be a company that grows sustainably together with society.

Foundation for Business Promotion

Management foundation

We will respond flexibly and promptly to diversifying market needs.

Our Group has created new value (Value) by accurately responding to customer requests (Needs) and conducting development proposal-based sales that leverage the technologies and products (Seeds) of a wide range of domestic and overseas suppliers. As a trusted partner with a broad perspective, deep expertise and expertise, and footwork, we will continue to strive to provide valuable proposals and satisfy our customers.



Human resources foundation

We will promote diversity and inclusion as we strive to be a company where all employees have "pride" and "satisfaction" and work energetically.

People are the most important asset for the Techno Associe Group to achieve sustainable growth and development. Amid the ongoing globalization, we will strive to create an environment in which not only Japan, but also all employees worldwide can demonstrate their abilities to the fullest and play an active role, with "pride" and "satisfaction" in the company's and their own operations. In addition to hiring talented human resources to support our business and providing extensive training programs and passing on skills development and know-how through OJT, we aim to be a company in which all employees can work energetically and actively by realizing thorough compliance, respect for human rights, establishment of safety workplaces, support for balancing work and life, and a well-organized work style under high corporate ethics based on the "business spirit" and "management philosophy," which are the foundations of our business activities.

Today, as social structures change and technological innovation advance, and the lifestyles and values of society and people living there have also changed dramatically, in order to ride this trend, it is important to have innovative ideas that are not captured by existing concepts, as well as a spirit of challenging new businesses and operations. At times like these, it is important that the company promotes personnel with various experiences, expertise, and personalities, and, based on mutual respect, fully draws out and utilizes each person's "power," "strengths," and "ideas." We will promote diversity and inclusion and boldly take on the challenge of this new trend.

Financial foundation

We will maintain a sound and robust financial position.

We will maintain soundness and expand shareholder returns with a focus on establishing and strengthening a financial base that ensures flexible business operations into the future, including strategic investments for business expansion.

Toward the Realization of a Sustainable Society and Environment

Material Issues

Techno Associe will strengthen its corporate sustainability initiatives in order to contribute to solving social issues through its business activities and to realize medium-to long-term enhancement of corporate value. As part of this effort, the "CSR Priority Issues" that are addressed on an important and priority basis are as follows.

Material issues 2020 main initiatives

Core categories	Priority themes	Fiscal Year 2020 main targets	Initiatives
CSR Management	Compliance	◆Continue to conduct compliance training for employees of domestic and overseas group companies (Subcontract Law, Anti-cartel, prevent, etc.)	We are working to raise awareness by conducting training at the head office and domestic and overseas subsidiaries. Click here for details
		◆Understand compliance risks and promote prevention activities through audits of domestic and overseas group companies	During the internal audit interviews, we check whether there are any risks related to anti-competitive behavior, such as bribery risk and subcontracting law, in the work place. Click here for details
		◆Effective operation of the internal reporting system established at domestic and overseas group companies	Number of whistleblowing : 2 We established whistleblowing contacts in every subsidiary outside Japan. Click here for details
	Risk Management	◆Implementation of risk identification at domestic and overseas group companies	The RC Committee plays a central role in prepared risk check sheets for each major site in East and Southeast Asia. Click here for details
		◆Preparation of manuals for dealing with large-scale disasters and infectious diseases at Group companies in Japan and overseas	In response to the risk of natural disasters, we have formulated disaster response guidelines. In addition, we are responding to the COVID-19. Click here for details
		◆Continue to implement information security education	We regularly conduct information security education (e-learning) and conduct mock training for targeted e-mail attacks. Click here for details
		◆Continued implementation of security export control education	We regularly conduct e-learning courses related to security export control, and for employees whose work is closely related to importing and exporting, a separate training course is held on assessing the applicability of export laws. Click here for details

Core categories	Priority themes	Fiscal Year 2020 main targets	Initiatives
CSR Management	Respect for Human Rights	◆Formulation of the "Techno Associe Group Human Rights Policy" and implementation of awareness and enlightenment activities	Techno Associe Group Human Rights Policy has been established. Click here for details
		◆Promote the eradication of harassment through in-house training (for executives, managers, and employees)	We conducted human rights education and training, prevention of harassment. Click here for details
	Occupational Safety and Health	◆Zero occupational accidents (injuries) and reduction of material damage accidents in forklifts and company cars	Frequency rate of work-related injuries : 0.00 We conducted e-learning courses on safe driving to all employees who drive company-owned cars. Click here for details
		◆Promotion of safety activities by top management and continued implementation of safety patrols	Even amid the COVID-19 pandemic, safety patrols were conducted online. Click here for details
		◆Thorough implementation of the Po-ke-te-na-shi campaign	We have been running a walking accident prevention campaign since 2018. Click here for details
Quality and the Environment	Quality and Environmental Management	◆Continued certification of the Quality Management System (ISO9001) ◆Continue certification of environmental management systems (ISO14001)	We have established a quality and environmental management system. Click here for details
	Quality Assurance System	◆Building a Quality Assurance System to Provide High-Quality Products to Customers	
	Environmental Commitments	◆Reduce CO ₂ emissions/CO ₂ emissions per unit of sales 2.60t/billion yen or less	The intensity was 2.61 t /hundred million yen. (total emissions were decrease 1,308→1,273 metric tons) Click here for details
		◆Sales of environmentally-friendly products/Sales ratio of environmentally-friendly products 16% or more	15.8% (14.7% in FY 2019) Click here for details
	◆Reduction of waste and recycling/final landfill rate of waste 3.0% or less	2.0% (2.1% in FY 2019) Click here for details	
Stakeholders	Working with Business Partners	◆Promoting CSR Procurement: Implementing CSR Questionnaires and Collaborating with Promotional Activities (Targeting 35% of domestic procurement, current 27%)	We conduct CSR Procurement Questionnaire Survey for 51 companies whose total purchase amount is 35% of the domestic procurement amount. Click here for details
	Together with Employees	◆Creation and promotion of a lively workplace and a workpiece-life balance	Members of our Lively Workplace Promotion Office, a new unit founded, holding a Lively Workplace Roundtable at each locations in Japan. Click here for details
		◆"Promotion of women's active participation: 10% of managerial positions occupied by female employees	8.6% We are implementing initiatives based on our General Employer Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace. Click here for details

Core categories	Priority themes	Fiscal Year 2020 main targets	Initiatives
Stakeholders	Together with Employees	◆Promoting Diversity: Continue to invite overseas executives to Japan for training	Due to the impact of the COVID-19, the training for overseas executives was conducted via web conference. In addition, we are promoting other initiatives to improve the working environment for various employees. Click here for details
		◆"Promoting the Employment of People with Disabilities: Achieving the Statutory Employment Rate for Fiscal 2020"	1.61% We are promoting initiatives to employ people with disabilities. Click here for details
		◆"Develop human resources capable of playing an active role globally <Promote use of overseas trainee system>"	Overseas trainee dispatch has not been implemented due to the COVID-19. Overseas personnel development training is continuing. Click here for details
	Relationship with Shareholders and Investors	◆Timely, appropriate, and fair disclosure of information in accordance with the Disclosure Policy	Established a policy to disclose. Click here for details
		◆Strengthening Information Provision for Individual Investors	Supplementary materials for financial results are available. Click here for details
	Relationship with Local Communities	◆Formulation of "Social Contribution Policy" ◆Volunteer leave was set up to encourage employees to participate in volunteer activities	We are currently discussing our policy and the content of social contribution activities.
		◆Donations to medical workers, etc. as a response to the new type of coronavirus infectious disease	Mutual aid fund for the COVID-19 (Osaka Prefecture): 1 million yen Fund for supporting medical systems for the COVID-19 in Kansai (Kankeiren): 2 million yen. Click here for details

Material issues 2021

Core categories	Priority themes	Fiscal Year 2021 Main targets	Relation to SDGs
CSR Management	Compliance	<ul style="list-style-type: none"> ◆ Ascertain compliance risks through audits of group companies in Japan and overseas, and continue risk reduction activities through consultation and collaboration with audited divisions and related departments. ◆ Ongoing training, etc. to raise awareness of compliance at the head office and subsidiaries across the globe. ◆ Raise awareness of the Whistleblower System at overseas subsidiaries. 	
	Risk Management	<ul style="list-style-type: none"> ◆ Deployment of risk check sheets introduced at major sites to other overseas subsidiaries. ◆ Preparation of manuals for major disaster and infectious disease. ◆ Continue to implement information security education ◆ Continued implementation of security export control education 	
	Respect for Human Rights	<ul style="list-style-type: none"> ◆ Techno Associe Group Human Rights Policy Promote awareness and education activities at the head office and group companies in Japan and overseas, and promote human rights due diligence. ◆ Promote the eradication of harassment through in-house training (for executives, managers, and employees) 	
	Occupational Safety and Health	<ul style="list-style-type: none"> ◆ Zero occupational accidents (injuries) and reduction of material damage accidents in forklifts and company cars ◆ Promotion of safety activities by top management and continued implementation of safety patrols 	
Quality and the Environment	Quality and Environmental Management	<ul style="list-style-type: none"> ◆ Continued certification of the Quality Management System (ISO9001) ◆ Continue certification of environmental management systems (ISO14001) 	
	Environmental Commitments	<ul style="list-style-type: none"> ◆ Reduce CO2 emissions/CO2 emissions per unit of sales 2.62t/billion yen or less 	
		<ul style="list-style-type: none"> ◆ Sales of environmentally-friendly products/Sales ratio of environmentally-friendly products 18% or more 	
Stakeholders	Working with Business Partners	<ul style="list-style-type: none"> ◆ Promoting CSR Procurement: Implementing CSR Questionnaires and Collaborating with Promotional Activities (Targeting 40% of domestic procurement, current 35%) 	
	Together with Employees	<ul style="list-style-type: none"> ◆ Creation and promotion of a lively workplace and a workpiece-life balance ◆ Diversity and inclusion (Promotion of Women's Participation and Advancement, appointment of foreign executives, etc.). ◆ Promotion of employment of people with disabilities. ◆ Continue to develop human resources who can work globally. 	
	Relationship with Shareholders and Investors	<ul style="list-style-type: none"> ◆ Promote timely, appropriate, fair, and voluntary disclosure of corporate information. ◆ Enhance disclosure of information for investors, including non-financial information. 	
	Relationship with Local Communities	<ul style="list-style-type: none"> ◆ Promotion of community contribution activities for the realization of a better society. 	

Signed the United Nations Global Compact

The United Nations Global Compact (UNGC) is a voluntary initiative of companies and organizations participating in the creation of a global framework for achieving sustainable growth. Companies that have signed UNGC will continue to strive to realize the 10 principles that relate to the four areas of "protection of human rights," "elimination of unjust labour," "environmental response," and "anti-corruption." We have been a member of UNGC since 2019.



We are also a member of the Global Compact Network Japan (GCNJ), a local network in UNGC. GCNJ has subcommittees for each theme to promote CSR-related activities by participating companies. We participate in forums to share the latest CSR-related trends and case studies of each company. Through these forums, we reflect the knowledge gained in our CSR activities as well.

United Nations Global Compact Ten Principles

Human Rights	
Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2:	make sure that they are not complicit in human rights abuses.
Labour	
Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4:	the elimination of all forms of forced and compulsory labour;
Principle 5:	the effective abolition of child labour; and
Principle 6:	the elimination of discrimination in respect of employment and occupation.
Environment	
Principle 7:	Businesses should support a precautionary approach to environmental challenges;
Principle 8:	undertake initiatives to promote greater environmental responsibility; and
Principle 9:	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	
Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.

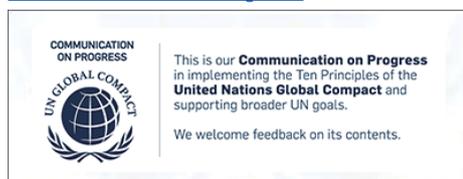


CERTIFICATE OF JOINING THE UN GLOBAL COMPACT

[United Nations Global Compact](#)

[GCNJ Member Companies / Organizations](#)

[Communication on Progress](#)



External Communication

Participation in the Activities of the United Nations Global Compact Subcommittee

We are a member of the Global Compact Network Japan (GCNJ), a local network in UNGC. GCNJ has subcommittees for each theme to promote CSR-related activities by participating companies, and we participate in the Kansai subcommittee, Human Rights Education subcommittee, and Human Rights Due Diligence (HRDD) subcommittee. The subcommittees share the latest CSR-related trends and examples from each company through lectures by experts, which are used to promote our CSR.



Participation in Osaka Volunteer Association Link-Up Forum

We are a member company of the Philanthropy CSR Link-Up Forum of the Osaka Volunteer Association, a social welfare corporation. In this forum, CSR-related information is exchanged in cooperation with corporate CSR representatives and universities, NPO/NGO, and international organizations.



Participation in "Japan Climate Initiative"

In January 2019, Techno Associe joined the "Japan Climate Initiative (JCI)," a domestic network established in 2018 for the exchange of opinions and the dispatch of information with regard to measures against climate change.

By joining the JCI, while sharing information with other participating companies and organizations, we will bolster our commitment to reducing greenhouse gas emissions and other measures against climate change, thereby facilitating a shift towards a decarbonized society as required by the Paris Agreement.



Participation in "Environmental Reporting Platform (ESG Dialogue Platform)" *

Techno Associe has joined the "Environmental Reporting Platform Development Pilot Project" hosted by the Ministry of the Environment, aiming to make our environmental activities known to more people.

* For information registered in the "Environmental Reporting Platform (ESG Dialogue Platform)," please access the following URL: <https://envreport-entry.secure.force.com/corplist/>

Evaluation of the Company's Efforts

We evaluate and benchmark global environmental and social performance through Eco Vadis* which is an independent external organization. We use this evaluation tool to ascertain the status of the Group's CSR performance and use it to make improvements.

* Eco Vadis is an international assessment organization for corporate sustainability. It evaluates supplier companies across 198 industries in 155 countries worldwide using 21 CSR indicators. The evaluation methods conform to international CSR standards such as the United Nations Global Compact, Global Reporting Initiatives, and ISO26000, and the evaluation results have been used by more than 55,000 companies.



Nikkei's "Second Nikkei SDGs Management Survey 2020"

Techno Associe		Score breakdown				*Total evaluation deviation value
		SDGs Strategies Economic Value	Social Value	Environmental Value	Governance	
2019 (1st Survey)	Itemized evaluation deviation value	40.3	47.6	61.3	44.8	52.2
	*Class	4	5	8	4	★★★
2020 (2nd Survey)	Itemized evaluation deviation value	45.3	53.7	60	52.4	54.6
	*Class	5	6	8	6	★★★

*Total evaluation deviation value ★★★ Between 50 and 55 deviation.

*Class

10 = 70+ deviation. 9 = Between 65 and 70 deviation. 8 = Between 60 and 65 deviation.
 7 = Between 55 and 60 deviation. 6 = Between 50 and 55 deviation. 5 = Between 45 and 50 deviation.
 4 = Between 40 and 45 deviation. 3 = Between 35 and 40 deviation. 2 = Between 30 and 35 deviation.
 1 = Less than 30 deviation.



Risk Management and Compliance

Risk Management and Compliance Committee

Techno Associe's Risk Management and Compliance Committee ("RC Committee") handles risk and compliance matters across the Group. It carries out activities such as analyzing risks, discussing preventative measures, and issuing directions on specific measures to prevent the recurrence of risks.

Basic Philosophy on Compliance

Techno Associe sees compliance as "meeting society's expectations." For us compliance goes beyond complying with laws and regulations; we are aware of society's expectations of our company and expect all employees to have the mindset to meet those expectations. In order to continue to be a scandal-free group, we expect every single employee to act with honesty and integrity, and carry out initiatives to strengthen compliance throughout the entire Group to ensure that we comply with laws and regulations and fulfill our ethical responsibilities.

Initiatives for Anti-corruption

In order to maintain and strengthen our relationship of trust with business partners through fair business practices, we put utmost effort into activities to prevent corruption (bribery, illicit payoffs, and conflicts of interest) and competition law violations (influence peddling, dumping, price fixing, unfair trade practices, and unfair restraint of trade), and ensure that everyone in the Group is aware of these activities. We have also issued Techno Associe Group CSR Procurement Guidelines for business partners to promote fair business practices with our suppliers, who are our business partners, and grow together with our stakeholders.

Basic Philosophy on and Measures for Eliminating Antisocial Forces

As stated in our Charter of Corporate Behavior, our basic policy is to "resolutely tackle antisocial forces that threaten social order and security." Our HR & Administration Department works to gather information from relevant government organizations and other sources, has established an antisocial forces elimination system in collaboration with other relevant departments in the company, and ensures that employees are aware of such information through efforts such as providing internal training courses.

Secure Export Control

Based on our Secure Export Control Rules, the Foreign Trade Administration Office leads efforts to implement secure export controls. All personnel involved in cargo exports and technical assistance are required to participate in e-learning courses related to security export control, and for employees whose work is closely related to importing and exporting, a separate training course is held on assessing the applicability of export laws.

Internal Audit

We conduct internal audits to prevent misconduct and violations of laws and regulations at our head office and all business sites in Japan and overseas, and to contribute to the improvement of our organization and the promotion and streamlining of management efficiency. To ascertain compliance risks, we conduct interviews with all 42 departments in Japan and 14 subsidiaries across the globe that are subject to annual audit of fiscal 2020 as part of our business audits to determine whether there are any risks arising from anti-competitive acts, such as bribery risks and subcontracting laws, in the workplace. In the fiscal 2020 internal audits, a total of 457 people, including division heads and managers, were interviewed. We also distribute the Overseas Management Book, which serves as a guideline for business management, to the heads of overseas bases and management, to raise awareness of risks related to bribery, anti-competitive behavior, and trade compliance. We also conduct business audits in each risk area including fraudulent claims and information leaks.

Whistleblowing Cases

At Techno Associe, we have whistleblowing and counselling contacts inside and outside the company to whom fraudulent acts and law violations can be reported and from whom counseling may be sought. The internal contact is placed under the charge of the Human Resources Group Manager and the Manager of the Corporate Auditor's Office (who is independent from company management). The external contact is placed under the charge of the company's legal advisor. Our Regulations for the Whistleblower System ensure that people who report suspected illegal action or who seek counseling remain anonymous and are not subjected to dismissal or other unfair treatment because of their actions. In fiscal 2020 we established whistleblowing contacts in every subsidiary outside Japan.

Whistleblowing cases in FY2020: 2

Risk Management

Business and Other Risks and Crisis Management

With regard to various risks that may affect our business, the RC Committee plays a central role in risk management and other activities, and basic principles are established, risks are identified, systems to appropriately manage risks are maintained, and measures against risks are considered. In fiscal 2020, for example, we prepared risk check sheets for each major site in East and Southeast Asia. These activities are supervised by the RC Committee and the divisions in charge in accordance with their respective manuals and policies. Corporate Auditors and the Internal Auditing Department monitor the risk management status of Techno Associe and its subsidiaries. In particular, in the event of the emergence of a serious risk, a task force shall be established to construct a framework for minimizing loss and damage.

Information Security

In order to ensure information security, Techno Associe has established Basic Rules for Information Security that are commonly applied throughout the entire company and govern its business activities. Based on these Rules, each division or department has a set of procedures on the handling of confidential information according to the unique nature of its business in order to implement meticulous information control. As a measure against information leakage, enhancing network security against information leaks from within the company and unauthorized access from outside the company, and all hard disks on company laptops are encrypted so that sensitive information is inaccessible if a laptop is lost or stolen. In the telework environment that has been introduced with the spread of COVID-19, VPN and multifactor authentication have been implemented to ensure security against unauthorized access during remote operations. 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 courses on information security on a regular basis, as well as training that simulates targeted e-mail attacks.

Actions Against Natural Disasters

In response to the risk of natural disasters, we have formulated disaster response guidelines based on the basic policies of ensuring safety of human life, stable supply of products and services, compliance, and corporate social responsibility. The guidelines stipulate the establishment of disaster response headquarters in the event of a major disaster, and in the event of an earthquake with a seismic intensity of 5 or higher, the safety confirmation system automatically sends emails to employees at the seismic center to confirm the safety of themselves and their families as well as damages to their residences. Furthermore, we conduct regular disaster prevention drills to verify and review the guidelines. As a precaution against natural disasters, we deploy disaster prevention supplies (food, drinking water, etc.) at each site and regularly update them. We have also deployed emergency storage batteries as backup power sources that allow printers used in operation to operate at our headquarters, and emergency magnesium-air batteries, primarily for charging smartphones, at each of our sites as a countermeasure in the event of a power outage.

Response to Infectious Diseases

We recognize the epidemic of infectious diseases within the company as one of the factors that can cause significant losses to our business. In winter, when seasonal influenza is epidemic, we have been taking measures such as encouraging immunization and installing humidifiers in our offices. In response to COVID-19, we have established the COVID-19 Countermeasures Headquarters to collect and summarize information and plan countermeasures, and take measures to prevent infection as well as prevent the spread of infection, giving top priority to ensuring the safety of our employees. In addition, we have introduced a special leave for vaccination against COVID-19 to develop an environment in which employees who wish to be vaccinated can do so.

In responding to various infectious diseases, we will continue to give top priority to ensuring the safety of our employees and all those involved, and will implement countermeasures.

Respect for Human Rights

Techno Associe Group Human Rights Policy

Techno Associe's universal basic policy is to conduct fair business activities under high corporate ethics based on our basic spirit of Business Policy, Corporate Principles, and Charter of Corporate Behavior. We recognize that all of our business activities must be conducted based on the premise of respect for human rights as we continue to develop together with the global society, and we will continue to promote initiatives to respect human rights throughout the Group to fulfill our responsibilities.

[Techno Associe Group Human Rights Policy \(PDF:722KB\)](#)

Human Rights Education and Training

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. We have joined "Osaka City Corporate Human Rights Council." In addition to enlightening our employees to participate in the World Human Rights Day event in December every year, we have positioned "human rights education" as part of our in-house education, and we are providing continuous education through curriculum for new employees. Furthermore, employees in charge of human rights training will participate in the Human Rights Education subcommittee of the United Nations Global Compact, and will promote to spread human rights awareness throughout the company by exchanging opinions and information on issues and cases, as well as providing continuous training in addition to in-house education.

Implementation of Fair Recruitment

Techno Associe hires people in a fair and equitable manner to offer a variety of career opportunities, regardless of race, ethnicity, nationality, religion, age, gender, gender identity, sexual orientation, disability, etc. In addition, employees in charge of recruitment attend the Fair Recruitment Selection Promoter Confirmation and Basic Training sponsored by Osaka Prefecture, and conduct recruitment activities based on the following principles: "1. opening the door widely to applicants, and 2. not adopting anything other than the aptitude and abilities of the applicant."

Preventing Harassment

Techno Associe considers sexual harassment and abuse of authority serious infringements on human rights, and is committed to controlling their occurrences and providing prompt and appropriate solutions through in-house newsletters, hierarchical and promotional compliance training and e-learning. As part of management level training, harassment training has been implemented continuously.

Human Support Contact

Techno Associe has established the "Human Support Contact" from the perspective of protecting human rights of employees, and worked to make it known to employees as well as appropriately solve issues. We have set up human support counselors at all of our domestic sites and hold training sessions every year at the area and organizational level to raise skills of employees in charge of the contacts and to enhance cooperation with the HR & Administration Department, an administrative office, in order to develop a system to allow employees to easily seek advice. In fiscal 2020, Harassment Counselors Training was conducted where counselors learned how to prevent harassment from occurring by appropriately engaging with others, the importance of communication based on mutual understanding, and appropriate responses when receiving harassment consultation through role-playing as counselors. This training enables them to utilize what they have learned when they actually respond to consultations.

Occupational Safety and Health

Basic Philosophy on Safety

Like compliance, safety is one of the core issues of operations at Techno Associe.

All those in a management position in the company follow the creed of 'safety above all else.' They strive to implement occupational safety and health activities with the understanding that safety is critical to all work processes, upholding slogans and adhering to the Occupational Safety and Health Policy and Occupational Safety and Health Regulations.

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.

Occupational Safety and Health Slogan

Boost workplace occupational safety and health through resolve and action

Examples of Activities to Raise Awareness of Occupational Safety and Health

1) Safety patrols by top management

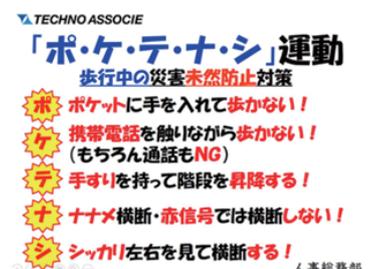
Every July, during the National Occupational Safety Week, the top management of Techno Associe tours all the domestic bases including affiliates. Even amid the new COVID-19 pandemic, these safety patrols were conducted online; and safety lectures by top management, ordinarily delivered in person during safety patrols, were streamed to employees. In those ways, we make continued efforts to improve employee knowledge and awareness of safety and health, prevent accidents, and establish a comfortable work environment.

2) Enhancing education

We conduct safety and health training at every level including new employees to improve overall awareness. In particular, the most common accidents at our company involve traffic accidents during operations: therefore, we make particular efforts to eradicate traffic accidents by offering e-learning courses on safe driving to all employees who drive company-owned cars and by providing Practical Training on Safe Driving at driving schools for young employees who are unfamiliar with driving to improve their driving skills. When it comes to health, the proceedings of our Safety and Health Committee meetings and health education given by industrial physicians are shared with all the domestic bases and affiliates, to raise awareness of health across the entire Techno Associe Group.

3) Preventing accidents while walking

Even in offices and other workplaces where there is nothing in their surroundings that causes serious occupational accidents, trips and falls may result in unexpected injuries and accidents. In light of that, since 2018 we have been running a walking accident prevention campaign in an endeavor to raise employee awareness by reminding them of dos and don'ts while walking—namely, do not put hands in pockets, do not use a phone, hold handrails on stairs, do not jaywalk, and look both ways before crossing.



4) Safety and health initiatives at warehouses

Warehouses are workplaces that demand special attention to safety and health. To ensure the safety and health of employees working at warehouses and help create a better working environment, we have established Occupational Safety and Health Guidelines pursuant to our Occupational Safety and Health Regulations.

These guidelines primarily cover management structures, roles, education, guidance, and measures to be taken when injuries and other accidents occur, placing particular emphasis on the prevention of (i) heatstroke, (ii) backache, (iii) wounds from knives and other sharp objects, and (vi) trips and falls. Specifically, to prevent heatstroke, we have installed a clock with a wet bulb globe temperature (WBGT) monitor at each warehouse to alert workers. In addition, workers are given breaks at appropriate intervals as well as neck cooling devices, oral rehydration solutions, salt candies, and the like to protect them from heatstroke. As a means of preventing backache, workers are provided with back belts, powered exoskeletons, and other tools to reduce risks and prevent accidents.

For workers using machinery and other equipment, we have developed a safety management manual for each machinery and operation, which workers are required to comply with to work safely.

To familiarize workers with these initiatives, we continue endeavoring to raise safety awareness and improve working methods and environments by pursuing activities to enhance warehouse safety levels.

5) Health management initiatives

To enhance and support employee health, we undertake the initiatives outlined below.

1) Regular checkups

In fiscal 2020, every single Techno Associe employee in Japan underwent a regular checkup. Employees aged 40 and above are required to go through a comprehensive medical examination, along with tumor marker tests, gynecological exams (screenings for uterus cancer and breast cancer), and so on to help detect disease early. If regular checkups detected potential problems in employees, we urge them to undergo a thorough checkup in collaboration with industrial physicians. In that way, we seek to make a regular checkup the opportunity for employees to look after their own physical health and start treatment early, rather than a once and done event. At our bases engaged in organic solvents and other operations that statutorily obligate the employer to conduct special checkups, we provide such checkups as required by the law.

2) Health management education

As part of efforts to create age-friendly workplaces, we provide health management education to workers aged 60 and above. The aim is to help maintain their health and physical strength, and thereby prevent accidents caused by physical changes.

6) Commitment to mental healthcare

Thinking that it is important for each one of our employees to recognize his or her stress levels (i.e., self-care) and for workplace supervisors to take appropriate action for mental health (i.e., line care), we are committed to the following:

1) About self-care

Mental health checks are conducted every year and all employees can use the services including those of domestic affiliates, and an “external counseling contact for mental health” that all employees and their families can use at any time has been established to promote self-care.

2) About line care

Emphasis is also placed on the line care of each workplace, and training is provided for supervisors. Workplaces with good ventilation so that people do not get sick have been created and action is being taken in conjunction with personnel managers and industrial physicians.

7) FY2020 Occupational Accident Data (Non-consolidated)

Indicator	FY2019	FY2020
Frequency rate of work-related injuries*1	0.67	0
Severity rate of work-related injuries*2	0	0

*1 Frequency of work-related injuries and fatalities per 1 million total working hours

*2 The number of days lost due to work-related injuries per 1000 total working hours



Warehouse work wearing a muscle suit



Disaster prevention training

Quality and Environmental Management

Message from the Managing Director

Managing Director in Charge of Quality Assurance & Environmental Management Department Nobuhisa Nagae

In recent years, the international community has become widely aware of efforts to create a carbon-free society, epitomized by the adoption of the SDGs and the COP 21 Paris Agreement. To meet such societal demand and discharge corporate responsibility as a member of society, we have positioned not only compliance with environmental regulations and other laws but also countermeasures to combat global warming, resource recycling, and biodiversity as priority management issues, and are strengthening the promotion of environmental management. Specifically, to meet customer requests for compliance with environmental regulations, we expand sales of environmentally conscious products and strengthen our response to regulations on chemical substances contained in products. We also seek to reduce environmental impact, such as by upgrading the company cars to eco-friendly models to cut CO₂ emissions, and disclose the results on our ESG platforms so that they can be widely confirmed. We are also cooperating in environmental protection and the prevention of global warming through the purchase of green power and donations to the National Land Afforestation Promotion Organization.

Our Medium-Term Management Vision "Vision 2025" places strong emphasis on these factors, defining renewable energy driven by decarbonization, electrification in the automotive industry, and other fields as growth areas. We will strategically allocate our management resources to those areas going forward.

In regard to quality management, we have a quality assurance system in place to provide customers with high-quality products. We have also established quality control guidelines that summarize our basic thinking on quality. When launching a new product, quality assurance divisions and sales divisions that liaise with customers collaborate closely from the quotation examination stage to create an optimal supply chain and provide a product that satisfies the required quality, with the ultimate aim of preventing quality problems.

In order to convince our customers that they can fully entrust Techno Associe, all employees in Japan and abroad unite in working together, mindful of conserving the environment and putting quality above everything else. In so doing, we are committed to contributing to the sustainable development of society as a company that is environmentally friendly and trusted by society.



Quality and the Environment Policy

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.

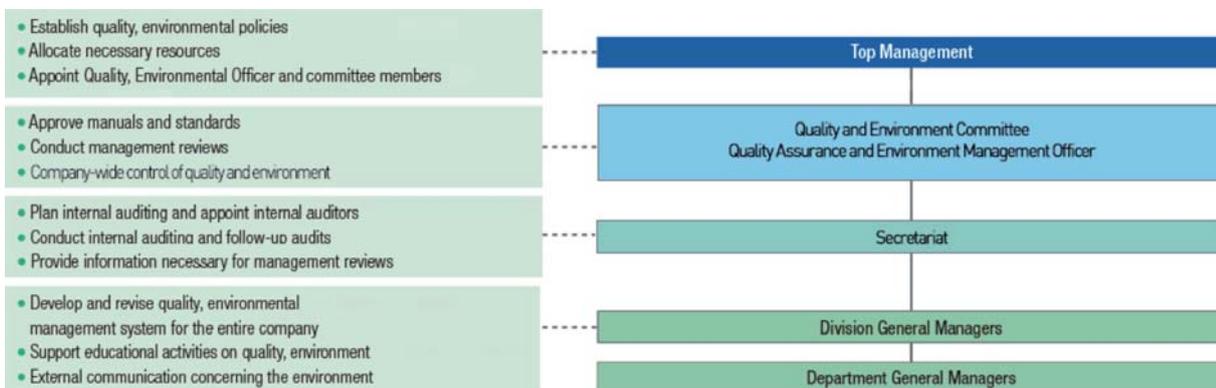
Quality and the Environment Policy

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 the Environment Policy, and conducts its activities in an organized manner. At the same time, it strives to make ongoing improvements to its Quality and the Environment 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 the Environment 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 the Environment Policy to the general public upon request.

Management System

At our company, all Sales Units, the Logistics Department, the Development and Promotion Division and the Quality Assurance & Environmental Management Department have been certified for the ISO 9001 standard for quality management systems. And all bases in Japan have been certified for the ISO 14001 standard for environmental management systems.

Management System Framework



Audit Situation

Techno Associe received conformity audits (which were conducted by JIC Quality Assurance Ltd. at our request) in October 2020 and there were no outstanding non-conformance items.

And internal audits, including quality and environmental audits, were performed and corrective action was taken.

[ISO 9001 Certificate of Registration \(PDF: 904KB\)](#)

[ISO 14001 Certificate of Registration \(PDF: 848KB\)](#)

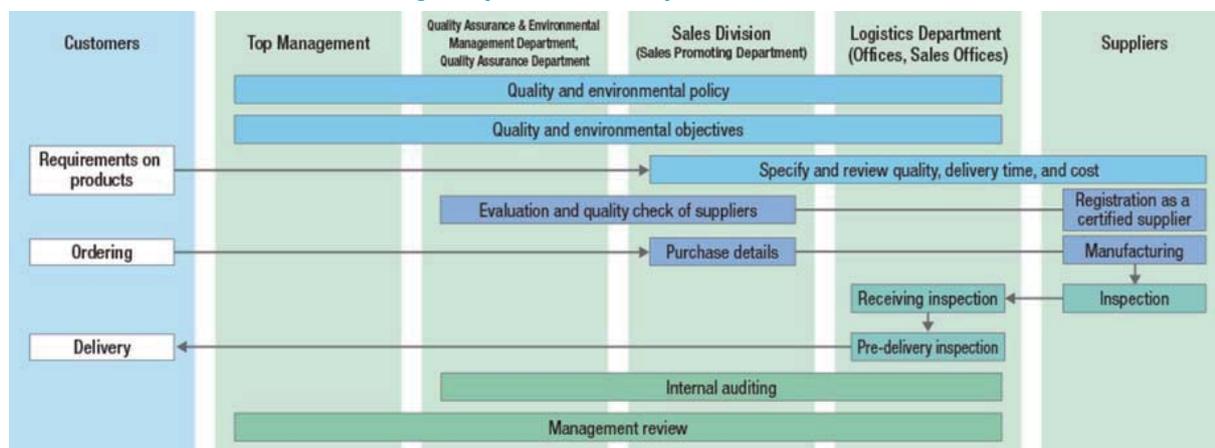
Quality and the Environment

Quality Assurance

Quality Assurance System

To maintain and enhance the quality of products to be delivered to customers, sales personnel hold discussions with customers, carefully confirm the key aspects of quality management, and relay these to suppliers. When we place a new order from a supplier for the manufacture of products, quality assurance managers conduct a quality inspection at the supplier company to determine whether the supplier is qualified to manufacture the products in question. Group companies that manufacture and process components also have a quality assurance system in place for implementing quality control.

Quality Assurance System Framework



Quality Control Guidelines

The philosophy of Techno Associe's quality control is articulated in the Quality Control Guidelines. Intended as a quality improvement manual for the company and its suppliers, this booklet describes concrete mechanisms, implementation methods, and guidelines of quality assurance.

In January 2018, the content was reviewed and revised.

Collaboration with Suppliers, Quality Conference

On November 10, 2020, we held a quality conference with the participation of our suppliers. During the conference that was held online to prevent the spread of COVID-19, we presented awards to outstanding quality posters and slogans submitted.



Testing and Analysis

We are constantly striving to help customers improve their designs and achieve greater product functionality.

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.

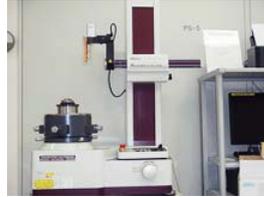
Physical analysis and testing devices



No01

3D coordinate measuring machine

Having independent scales along the X-, Y-, and Z-axes, the machine can obtain X-, Y-, and Z-coordinate values in space. Unlike calipers and micrometers, not only can dimensional measurements be taken but also shapes of things (geometric properties) can be assessed.



No02

Roundness measuring machine

Having a rotating mechanism, the machine measures changes in the circumferential direction or axial direction of a measuring object with the contact-type detector. Geometric properties of a circle or cylinder can be obtained.



No03

Contour shape measuring machine

By tracing the surface of a measuring object with the probe, the measuring machine records its contour on the PC as it is enlarged. Recording the contour enables dimensional measurements.



No04

Screw tightening measuring machine

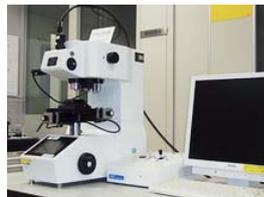
The machine measures various forces related to screw tightening. (It is mainly used for nuts and bolts compliant with the JIS B 1084 standard. * A torque analyzer is used for tapping screws.) 1) tightening torque 2) axial tightening force 3) thread torque 4) tightening rotation angle 5) bolt elongation



No05

Surface roughness measuring machine

By tracing the surface of a measuring object with the probe, the machine measures the degree of projection and depression. According to the degree of projection and depression, parameter values (Ra, Ry, Rz, etc.) can be measured.



No06

Automatic microhardness testing system

The system measures material hardness. The inspection surface is given a small indentation to calculate hardness, where the press force to give the indentation is small (microforce, approx. 5gf to 1kgf). What is different from common micro Vickers hardness testers is full automation (automatically taking measurements in preset patterns and making the distribution graphically confirmable).



No07

Image dimension measuring system (image measure)

Dimensional measurements of various parts can be taken. Simple placement and push enable collective measurements up to 99 places. No additional positioning jig is needed.



No08

Scanning electron microscope

By using a short electron beam, a nanometer-size structure can be observed, and the structure of the surface of a highly irregular specimen can be observed in three-dimensional image as it is enlarged.

Other testing machines

Rockwell hardness tester Micro Vickers hardness tester PC torque analyzer Digital microscope Dynascope
Tension/compression testing machine

Chemical analysis and testing devices



No01

Fluorescence X-ray spectrometer (EDX)

Types of elements constituting a specimen and their contents can be measured through analysis of the fluorescence X-ray energy (wavelength) and strength generated by irradiating the specimen with X rays. Constituent elements of solids, powders, liquids and other materials can be analyzed in a non-destructive manner (requiring no advance preparations, such as cutting the specimen, etc.).



No02

Fluorescence X-ray film thickness gauge

The plating film thickness on a metal surface can be measured.



No03

Salt spray test chamber

Salt-water is sprayed all over a test object to test corrosion resistance (whether it is resistant or sensitive to rusting).



No04

Combined cycle salt spray test chamber

Results obtained by this corrosion resistance tester are closer to outdoor corrosion (severer than common salt water spray used to test only whether it is resistant or sensitive to rusting).



No05

Thermal desorption mass spectrometer

The equipment screen-tests the "four phthalate esters" that will newly be restricted by the EU RoHS Directive in July 2019.

Other testing machines

Portable fluorescence X-ray analyzer

Constant temperature and humidity chamber

Ultraviolet-visible spectrophotometer

Stepping Up Education and Boosting Quality Improvement

Techno Associe holds lectures on quality topics and conducts e-learning courses via the company's intranet. Currently, 27 quality-related e-learning courses are offered. In fiscal 2020, the lecture delivered at the quality conference was made available online.

Main Quality e-learning	Starting Fiscal Year	Number of Participants
Introduction to FTA/FMEA	2016	416
Quality Control Guidelines; 5th edition	2018	373
Introduction to QC process flowcharts	2017	478
Case studies on complaints	2016	544
Outline of self-process guarantee (preventive activities)	2017	297
Overview of 2015 editions of ISO9001 and 14001	2017	772
Complaint report - guidebook for preparation/close examination	2018	347
Overview of 4M change application	2018	488
Overview of past problems checklist	2018	461
Quality Control Education A (Quality Control means, QC7Tools)	2019	341
Quality Control Education B (Process Capabilities and Sampling Inspections)	2019	251

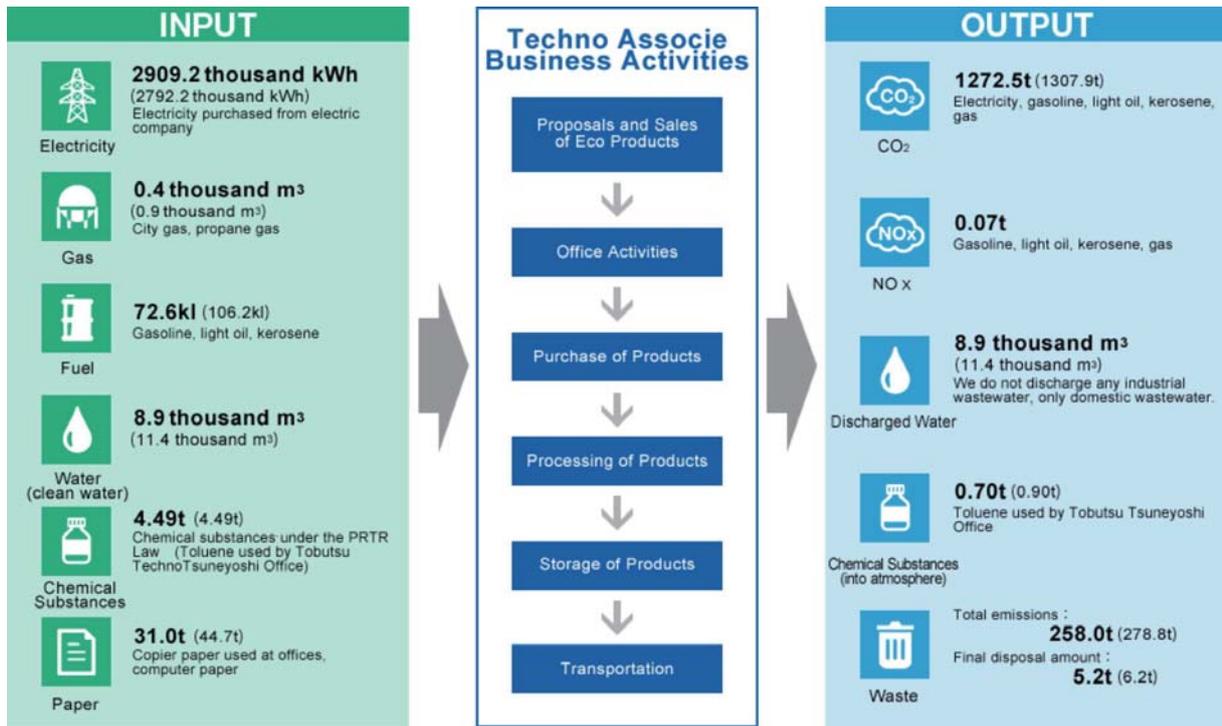
* Number of trainees from opening year.

At the Quality Conference Lecture Contents ①~⑩ FY2020	Number of Participants
①Message for Quality Month	269
②Quality status of our company	209
③Award ceremony	214
④Learning from past failures	250
⑤Quality Improvement Case Study Report	189
⑥Trends in environmental chemical substance regulations	179
⑦Criticism	240
⑧Closing remarks	182
⑨Quality Panel	238
⑩Lecture on Quality	209

Environmental Conservation

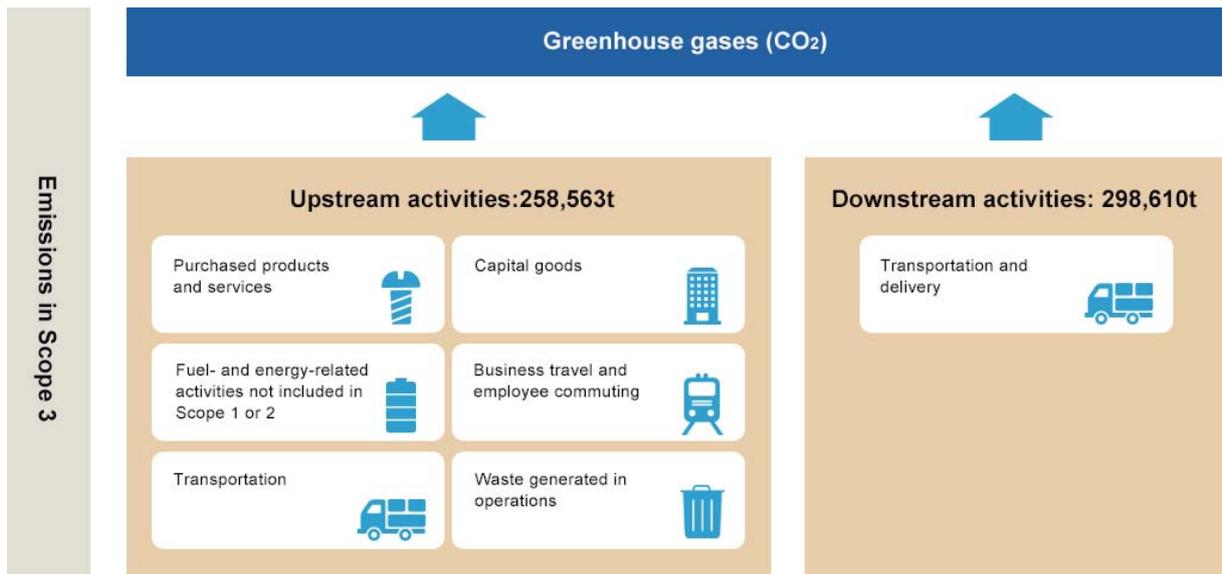
Environmental Commitments

Overview of Environmental Impact (INPUT/OUTPUT)



() shows the results in fiscal 2019

Note: Techno Associe has no SO_x emission source.



Strategy on Climate Change

We are addressing climate change risks and opportunities as follows.

Risk	Tightening restrictions on emissions of greenhouse gases, such as the Paris Agreement and the carbon tax
Impact	Carbon taxes, taxes on energy and fuels, and mandatory emissions trading could increase operating costs and possibly impact business management.
Correspondence	Strengthen efforts to reduce electricity and gasoline usage (Use of LEDs for lighting at business sites, introduction of eco-friendly vehicles in sales vehicles, replacement of office automation equipment such as air conditioners and multifunction devices with energy-saving products, etc.)
Opportunity	Rising demand for energy-saving products to meet the stricter emission regulations for greenhouse gases
Impact	As a response to the tightening of emission regulations of greenhouse gases, we have an opportunity to expand the sales of parts for related products because the demand for energy-saving-related products manufactured by our customers increases.
Correspondence	We will actively propose parts that can be supplied through our network to energy conservation-related products manufactured by our customers, and strengthen sales activities that lead to the receipt of orders.

Introduction of Green Power Certificate

In 2020, Techno Associe purchased a Green Power Certificate^{*1} for 220,000 kWh. This corresponds to about 8% of the electricity we purchase on a non-consolidated basis and is equivalent to an annual reduction in CO₂ emissions of approximately 83 metric tons.^{*2} Moving beyond conventional activities to cut electricity use, we will contribute to preventing global warming by making positive use of natural energy.

^{*1} "Green power" is environmentally friendly power generated by renewable natural energy, such as wind power, solar, or biomass (biological resources).

^{*2} The figure was obtained using a CO₂ emissions factor of 0.378 kg-CO₂/kWh.



Purchase of Green Power (Non-consolidated)

	FY2017	FY2018	FY2019	FY2020
Amount of electricity purchased (MWh)	2,627	2,529	2,485	2,560
Amount of green electricity purchased (MWh)	0	220	220	220
Green power ratio (%)	0%	8.7%	8.9%	8.6%

Commitment in Response to Environmental Control

Fluorocarbon Emissions

In Japan, as part of efforts to prevent global warming, which has become a global problem, the “Act on Rational Use and Proper Management of Fluorocarbons” went into effect on April 1, 2015, with the purpose of controlling the emissions of CFCs which have high greenhouse effects. In connection with this enforcement, each manufacturer has decided to produce refrigerators and air conditioners using earth-friendly gases. In addition, each company, including us, is required to carry out periodic inspections and dispose of them to specify contractors.

It is not mandatory for us to report to the government because the total number of devices in our possession is small and possible leakage quantities of fluorocarbons are not exceedingly large.

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).

Biodiversity

We provide education and training on biodiversity conservation as part of our environmental education.

It is intended to provide opportunities for all employees to understand why the preservation of biodiversity and ecosystems is important for the formation of a sustainable society, and to share opportunities to think about what each person should do in order to realize this, and to provide opportunities for self-development.

Also, Techno Associe makes donations to the “[Green Fund](#)” of the National Land Afforestation Promotion Organization. We are engaged in the prevention of global warming by providing cooperation in developing healthy forests through fund-raising activities for biodiversity and ecosystem protection.

Quality and the Environment

Environmental Performance/Targets and Results

Targets and Results of Environmental Conservation Activities <Domestic>

Environmental aspect	Results in FY 2019	Targets in FY 2020	Results in FY 2020	Increase/decrease rate	Self evaluation **	Targets in FY 2021
Increase the sale of environmentally friendly products and parts	72.1 billion yen (14.7% of overall sales)	At least 16.0% of overall sales	74.9 billion yen (15.8% of overall sales)	Up 3.8%	😊	Sales of environmentally friendly products and parts account for at least 18% of overall sales
CO ₂ emissions ** (Emissions intensity: CO ₂ emissions per 100 million yen of sales)	1,307.9t (Emissions intensity: 2.60t/100 million yen)	Emissions intensity: 2.60t/100 million yen or less	1,272.5t (Emissions intensity: 2.61t/100 million yen)	Down 2.7%	😊	Emissions intensity: 2.60t/100 million yen or less
Breakdown	Electricity *2	1,055.5t	1,099.6t	Up 4.2%	😊	
	Gasoline, light oil *3	200.0t	132.9t	Down 33.6%		
	Consumption of kerosene and gas	52.4t	40.0t	Down 23.7%		
Final disposal rate (through waste recycling)	2.1%	Final disposal rate of 3.0% or less	2.0%	Down 0.1 points	😊	Final disposal rate of 2.0% or less

*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: Environmentally friendly products

😊=Achieved targets 😊=Although targets were not achieved, share increased from previous year

😊=Achieved targets 😊=Although targets were not achieved, emissions reduced from previous year

😞=Targets were not achieved and share decreased from previous year CO₂ emissions and final disposal rate 😞=Targets were not achieved and emissions increased from previous year

Environmental Impact of Overseas Location

Area	Location	Electricity consumption	Fuel consumption	Water consumption	Waste volume
		unit:MWh	unit:KL	unit:ton	unit:ton
North America	T.A. AMERICA CORPORATION	347.5	14.4	340.5	1,369.60
	T.A. MEXICO	43.4	30.9	4.7	1,759.00
Asia	TECHNO ASSOCIE (DALIAN F.T.Z.) CO., LTD.	30.9	2.9	2.4	200.0
	TECHNO ASSOCIE (GUANGZHOU) CO., LTD.	93.6	24.9	10.1	867.0
	TECHNO ASSOCIE SHANGHAI CO., LTD.	67.7	21.3	-	-
	TECHNO ASSOCIE HONG KONG CO., LTD.	21.9	-	1.9	-
	TECHNO ASSOCIE TAIWAN CO., LTD.	18.8	2.1	-	318.9
	TECHNO ASSOCIE VIETNAM CO., LTD.	29.8	8.6	-	-
	TECHNO ASSOCIE (THAILAND) CO., LTD.	45.7	23.5	-	-
	PT. TECHNO ASSOCIE INDONESIA	9.8	4.3	-	-
	TECHNO ASSOCIE SINGAPORE PTE.LTD.	32.7	3.1	-	20.4
	*F&T KUNSHAN TECHNO CO., LTD.	102.3	1.5	5.0	894.0
	*NETTFORM TECHNOLOGY (SHANGHAI) CO., LTD.	5,361.4	10.0	26.7	10,024.7
	*ACCURATE METAL MACHINING CO., LTD.	5,078.9	15.9	196.9	5,550.0
	*TA AUTOMOTIVE PARTS (THAILAND) CO., LTD.	871.7	17.7	338.9	1,884.0
*MALAYSIAN PRECISION MANUFACTURING SDN. BHD.	1,973.5	41.3	32.3	4,537.0	
Europe	TECHNO ASSOCIE CZECH s.r.o.	8.4	1.6	-	56.4
	T.A. EUGMB	-	0.36	-	-
Total		14,138	224.4	959.4	27,481

* Data relating to the amounts of electricity, gasoline and water purchased and the amount of waste disposal were collected by each overseas base and aggregated by the Quality Assurance & Environmental Management Department.

* "-" means that the data has not been collected.

** * Manufacturing location

Results in Fiscal 2020

To minimize the environmental impact of the company's business activities, Techno Associe sets yearly environmental targets and formulates specific implementation plans. The Quality Assurance & Environmental Management Department plans the introduction of energy-efficient equipment such as LED lighting and fuel-efficient cars. Each base plans and carries out activities such as regular checks of turning off lights when not needed and waste sorting status. Cleanups of areas surrounding bases are also planned and carried out.

Furthermore, in line with the Paris Agreement, Techno Associe has set a long-term CO₂ emissions reduction target for fiscal 2030 of a "30 percent reduction compared with fiscal 2013." CO₂ emissions for fiscal 2020 were 1,273 metric tons, which was a 667-metric ton (34%) reduction from fiscal 2013. As the scale of our business grows, energy consumption is expected to increase in the future and we therefore will continue our efforts to save energy. With regard to our commitment to waste reduction, Techno Associe is taking action to ensure appropriate sorting of waste to facilitate recycling towards a goal of reducing the final landfill rate. In fiscal 2020, we focused on bases with high final landfill volumes and changed to waste disposal service vendor with high recycling rates. As a result, we achieved a final landfill rate of 2.0% (down 0.1 points from the previous fiscal year) against the target of 3% for the final landfill rate.

We also compile data on the environmental impact of our major overseas sites. In the future, we will further increase the number of overseas bases that conduct data collection, which will lead to the establishment of environmental targets and activities for the Group as a whole.

Target in Fiscal 2021

In fiscal 2021, Techno Associe will continue to focus on CO₂ emissions reductions, promoting waste recycling, and increasing the sales of environmentally-friendly products and parts. With regard to CO₂ emissions reductions to stem global warming, We setting an emissions intensity target of 2.60 t or less, but we will also formulate a medium- to long-term reduction plan with an eye to Japan's new goal of becoming carbon neutral by 2050.

With regard to waste, Techno Associe is committed to promoting recycling by ensuring appropriate sorting of waste and reviewing waste disposal contractors, aiming at a final disposal rate of 2% or less.

Environmental Performance/Actual Results of Reduction Activities

Actual Results of Reduction Activities <In Japan>

To minimize the environmental impact of the company's business activities, Techno Associe sets yearly environmental targets and formulates specific implementation plans. The Quality Assurance & Environmental Management Department plans the introduction of energy-efficient equipment such as LED lighting and fuel-efficient cars. Each base plans and carries out activities such as regular checks of turning off lights when not needed and waste sorting status. Cleanups of areas surrounding bases are also planned and carried out.

Sales of Environmentally Conscious Products

Techno Associe strives to expand the sales of environmentally conscious products and parts (eco-merchandise) to contribute to the environment through business activities. In fiscal 2020, we worked to boost sales of eco-merchandise, i.e., merchandise and parts for products that contribute to the five defined items below, to at least 16% of the company's total sales. The result was almost the same as last year's sales of 7.49 billion yen (a 3.9% increase from the previous fiscal year), which accounted for 15.8% of net sales (a 1.1 point increase from the previous fiscal year).



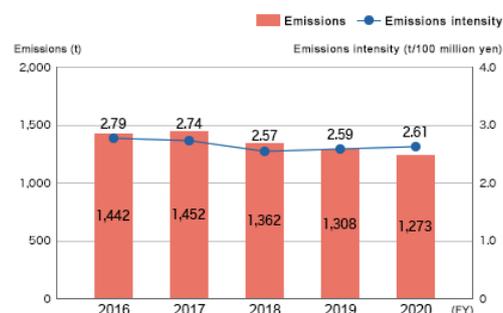
Definition of environmentally conscious products

Code	Environmental aspect	Definition (examples)
1.	Resource-efficient products (make effective use of resources)	Using resources effectively by reducing the amount of raw materials and packaging or by extending the service life of parts
2.	Reusable/recyclable products (reduce waste)	Reducing waste by using recycled materials or by reusing a part of or all of the product and packaging
3.	Energy-efficient products (reduce CO ₂ emissions)	Reducing CO ₂ emissions and energy consumption during manufacture, transport, and use
4.	Products that use non-toxic chemicals (prevent environmental pollution)	Preventing environmental pollution and minimizing the effect on ecosystems by eliminating or reducing the use of toxic chemicals
5.	Products that contribute to energy conservation when used	Products used in eco-friendly vehicles, high-efficiency water heaters, LED light-related products, fuel cell installations, battery storage for natural energy, and eco-houses

Reducing CO₂ Emissions

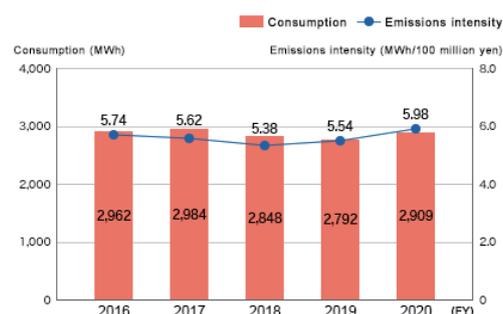
The use of electricity and gasoline by Techno Associe accounts for about 96% of the company's total CO₂ emissions. We are therefore focusing efforts on reducing their use. In fiscal 2020, setting an emissions intensity target of 2.60 t or less (per hundred million yen in sales), Techno Associe was actively involved in conserving electricity and also in cutting gasoline use.

As a result, our annual emissions were 1,273 metric tons (a 2.7% decrease from the previous fiscal year). The emissions intensity was 2.61 t/hundred million yen.



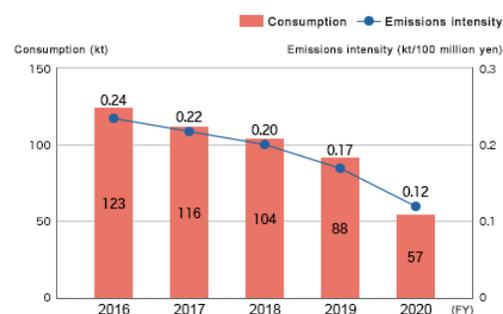
Reducing Electricity Consumption

Techno Associe strives to save energy by turning off lights during employee break times, managing air conditioner settings, and improving operational efficiency by reducing overtime, which includes the scheduling of 'no overtime' days. The target for fiscal 2020 was to reduce electricity consumption by 2.0% from the previous fiscal year, but it increased by 117 MWh from the previous fiscal year (a 4.2% year-on-year increase) and the unit value was 5.98 MWh/hundred million yen, a 0.44 point increase from the previous fiscal year.



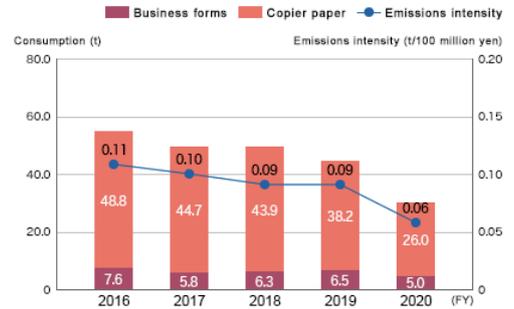
Reducing Gasoline and Light Oil Consumption

Techno Associe nearly halved the number of commercial vehicles in its possession, which was 237 in 2009, to 114 in March 2021 by reviewing surplus vehicles, sharing company-owned vehicles, using rental cars or car-sharing, promoting the use of public transportation, and so on. As a result, gasoline consumption was 57 kl, which was a 35% decrease from the previous fiscal year. In addition, the ratio of cars that meet the Eco Standards (Fuel Efficiency Standards for fiscal 2020) in the number of cars owned rose from 84.9% in fiscal 2019 to 94.3% in March 2021.



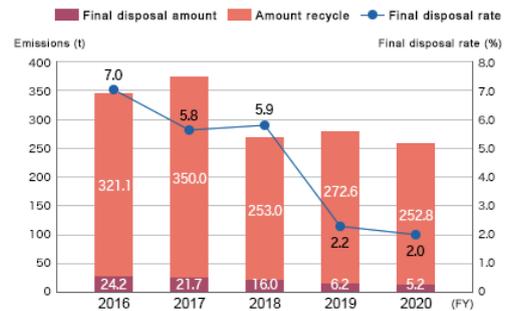
Reducing Paper Consumption

By using the reverse side of copy paper and going paperless with the use of projectors at meetings, Techno Associe has reduced the amount of copy paper it uses. In fiscal 2020, the consumption of paper, including forms and slips, was 31 metric tons (a 27% decrease from the previous fiscal year), in which copy paper was 26 metric tons (a 32% decrease from the previous fiscal year).



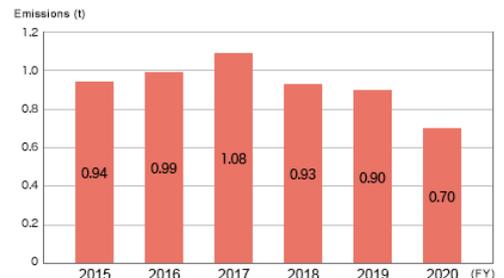
Increasing Recycling and Reducing Waste

Techno Associe strives to reduce the waste it generates in offices by separating paper garbage as much as possible, and in warehouses by reusing cardboard boxes for packaging and using returnable boxes. Our fiscal 2020 target for the final landfill rate was 3.0% or less. By switching to industrial waste disposal contractors capable of higher recycling rates, we were able to reduce final landfill volume to 5.2 metric tons, down by 16.1% from the previous fiscal year. The final landfill rate was 2.0%, which exceeded the target. The total amount of waste discharged was 258.0 metric tons (down 7.3% from the previous fiscal year).



Managing and Reducing Chemical Substances

The Tsuneyoshi Office of our subsidiary Tobutsu Techno Co., Ltd. uses toluene, a substance restricted under PRTR*, for manufacturing thread-locking adhesive to prevent screws and bolts from loosening. We have installed activated charcoal filter devices to reduce toluene emissions into the atmosphere. Toluene emissions in fiscal 2020 were 0.70 metric tons, a 22% decrease over the previous fiscal year.



* PRTR: 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.

CO₂ Emissions in Scope 3

Techno Associe views environmental conservation efforts as a top-priority management issue. In order to realize a low-carbon society, we ascertain not only directly produced Scope 1 and 2 CO₂ emissions, but also emissions throughout the entire value chain. Total CO₂ emissions in fiscal 2020 were 558,446 (t-CO₂).

The breakdown is as follows:

Scope 1 . . . 173 (t-CO₂)

Scope 2 . . . 1,100 (t-CO₂)

Scope 3 . . . 557,173 (t-CO₂),

and Techno Associe recognizes that Scope 3 has a considerable impact on CO₂ emissions, and Category 4 (transportation and delivery: 56.2%) and Category 1 (purchased products and services: 43.2%), in particular, account for a large portion of emissions. Techno Associe will continue to review the calculation methods and data extraction methods to improve accuracy.

Category	CO ₂ emission amount (t)	Proportion	Calculation method of Scope 3 (reason if not calculated)	
Emissions from the Company				
Scope 1 (direct emissions)	173	0.03%		
Scope 2 (energy-derived indirect emissions)	1,100	0.20%		
Scope 3 (other indirect emissions)				
1	Purchased products and services	241,372	43.22%	Emissions = CO ₂ emissions of purchased goods = Monetary value for purchased products × Emissions unit value * Calculated by classifying the purchased products into five groups and applying each "emissions unit value based on the inter-industry relationship table."
2	Capital goods	1,489	0.27%	Emissions = Amount expended by acquiring tangible fixed assets × Emissions unit value * Using the "emissions unit value per price of capital goods"
3	Fuel- and energy-related activities not included in Scope 1 or 2	103	0.02%	Emissions = Annual use of electricity × Emissions unit value * Using the "emissions unit value per use of electricity/heat."
4	Transportation and delivery (upstream)	313,877	56.21%	Emissions = (Logistic ton-kilometers transported when products are purchased × Emissions unit value) + (Ton-kilometers transported for delivery to client companies × Emissions unit value) * Using the emissions factor (ton-kilometer method) related to [transportation] in "the Mandatory Greenhouse Gas Accounting and Reporting System based on the Act on Promotion of Global Warming Countermeasures." (Emissions from our own trucks are calculated under Scope 1.)
5	Waste generated in operations	70	0.01%	Emissions = Amounts of waste generated × Emissions unit value * Using the "emissions unit value by type of waste."
6	Business travel	101	0.01%	Emissions = Business travel expenses paid (by mode of transport) × Emissions unit value * Using the "emissions unit value per transportation expenses paid by transport category."
7	Employee commuting	161	0.03%	Emissions = Transportation expenses paid for commuting (by mode of transport) × Emissions unit value * Using the "emissions unit value per transportation expenses paid by transport category."
8	Leased assets (upstream)	0	0.00%	Not calculated: Emissions from leased assets (commercial vehicles, PC, etc.) are calculated under Scope 1.
9	Transportation and delivery (downstream)	0	0.00%	Not calculated: Emissions from our warehouse activities are calculated under Scope 1. For commissioning to external warehouses, the calculation method will be considered in the future.
10	Processing of sold products	0	0.00%	Not calculated: Determines that it is outside of our control.
11	Use of sold products	0	0.00%	Not calculated: Because most of the sold products are processed/assembled (applicable to Category 10).
12	Disposal of sold products	0	0.00%	Not calculated: Sold products, if disposed of by returning to us, are calculated under Category 5. If disposed of due to the expiration of useful life after processing, sold products shall not be subject to calculation because they are outside of our control.
13	Leased assets (downstream)	0	0.00%	Not calculated: Not applicable
14	Franchises	0	0.00%	Not calculated: Not applicable
15	Investments	0	0.00%	Not calculated: Not applicable
	Others			

Working with Business Partners/Procurement Policy

It is only with the outstanding technicals, services and cooperation of our business partners that we can carry out our business smoothly. We are committed to ensuring fair transactions and appropriate procurement, and to working together to resolve various social issues.

Message from the Executive Officer

Deputy Chief General Manager in charge of Product Technology & Innovation Unit Takeshi Takahashi

Promoting CSR Procurement with Business Partners

To meet stakeholders' demands for corporate social responsibility (CSR) initiatives, Techno Associe engages in CSR activities with every party involved in the supply chain including business partners, and strives to achieve mutual sustainable development. Accordingly, in 2020 we established the Techno Associe CSR Procurement Guidelines to specify matters we expect our partners to comply with, and carry out business activities that emphasize contributing to a sustainable society and solving social problems throughout the entire Group across the globe in cooperation with our business partners. We conduct surveys on key business partners about the status of their CSR efforts and convey the results to them so they can see where they are and make improvements.

We ask our business partners for their continued understanding of the Group's initiatives and for their further guidance and understanding.



Procurement Policy

Techno Associe Group Procurement Policy

- 1. Optimal procurement activities to support business activities and the sustainable development of society**

Our group contributes to the development of the economy and society by expanding our business globally, providing superior products and services, and responding to the needs of our customers. In addition to continuing to support our business, we will conduct optimal procurement activities from a global perspective that comprehensively takes into account factors such as quality, cost, delivery time, development capabilities, continuous supply capacity, and CSR initiatives in order to contribute to the sustainable development of society.
- 2. Fair, transparent, and appropriate procurement activities**

Our group will conduct fair, transparent, and appropriate procurement activities by providing open and fair business entry opportunities and selecting business partners based on reasonable processes and judgments.
- 3. Compliance**

Our group complies with relevant laws and regulations and carries out procurement activities based on social norms as well.
- 4. Partnership**

Our group believes that collaboration based on mutual understanding and mutual trust with our business partners is essential to providing customers with socially useful, safety, and superior products and services in terms of quality, cost, etc. We will conduct procurement activities that strive to improve the satisfaction of not only our customers but also our business partners so that we can continue to be a good partner trusted by our business partners.
- 5. Consideration for the global environment**

In order to contribute to the development of a sustainable society by acting positively on the protection of the global environment, our group will conduct procurement activities with consideration given to the reduction of environmental impact in accordance with our Quality and Environmental Policy.

[Techno Associe Group Procurement Policy \(English\) \(PDF:237KB\)](#)

[Techno Associe Group Procurement Policy \(Chinese\) \(PDF:372KB\)](#)

Working with Business Partners/Cooperation with Business Partners

CSR Procurement Guidelines

These guidelines deal with CSR items that are commonly demanded by society, and clarify matters that we ask our suppliers to do.

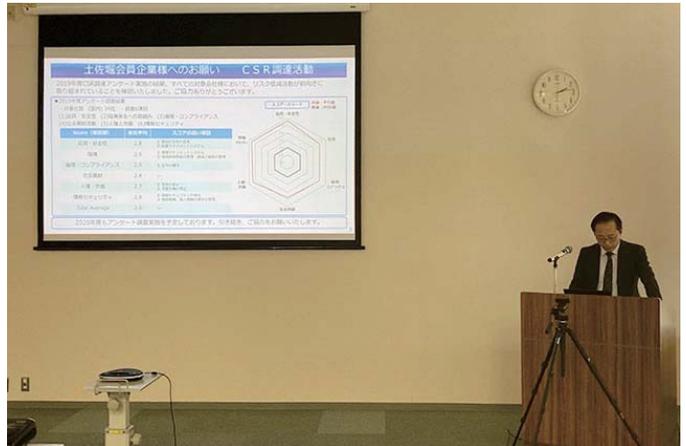
With the purpose of contributing to the sustainable growth of society, we are promoting CSR procurement that extends our CSR initiatives to the entire supply chain in cooperation with our business partners.

[Requests for Compliance with the Techno Associe Group CSR Procurement Guidelines \(English\) \(PDF:317KB\)](#)

[Requests for Compliance with the Techno Associe Group CSR Procurement Guidelines \(Chinese\) \(PDF:480KB\)](#)

Briefing on CSR Procurement

In fiscal 2020, we held the CSR Procurement Briefing Session for domestic business partners online to prevent the spread of COVID-19. We explained the importance of tackling CSR efforts across the entire supply chain and deepened understanding on promoting responsible procurement activities in accordance with the Techno Associe Group CSR Procurement Guidelines, and conveyed the results of the CSR Procurement Questionnaire Survey.



CSR Procurement Questionnaire Survey

In fiscal 2020 we conducted a CSR Procurement Questionnaire Survey just as we did last year on business partners who participated in the CSR Procurement Briefing Session and on other specifically selected business partners to ascertain the status of their CSR-related efforts and translate these efforts into action to resolve issues.

CSR Procurement Questionnaire Survey overview (2020)

Target companies

51 in Japan (35% of domestic procurement)

Six survey items

1. Quality and safety
2. Environmental Initiatives
3. Ethics and compliance
4. Social Contribution Activities
5. Human Rights and Labor
6. Information Security

Large item	Small item
1. Quality / Safety	1-1 Pursuit of product safety 1-2 Quality Management System
2. Environmental Conservation Efforts	2-1 Environmental Management System 2-2 Reduction of greenhouse gas emissions 2-3 Management and reduction of substances with environmental impact and control of noise 2-4 Chemical substances control of the product 2-5 Protection of resources 2-6 Efforts to preserve biodiversity
3. Ethics / Compliance	3-1 Compliance with Laws and Regulations 3-2 To comply with competition laws and conduct fair business 3-3 Anti-corruption 3-4 Export Control Management 3-5 Respecting Intellectual Property 3-6 Exclusion of Antisocial Activities 3-7 Responsible raw materials sourcing
4. Social Contribution Activities	4-1 To contribute to society and the local community
5. Human Rights / Labor	5-1 Prohibition of Discrimination 5-2 Respect for human rights 5-3 Prohibition of child labor 5-4 Abolition of trafficking in persons, prohibition of forced labour, violation of laws and regulations, or non-voluntary labour recruitment 5-5 Appropriate wages 5-6 Work hours management 5-7 Dialogue and consultation with employees 5-8 Safe and Comfortable Workplace
6. Information Security	6-1 Strengthening Information Security 6-2 Appropriate management of confidential and personal information

Method

Answers to the questionnaire (three-step selection method)

Fill in the answer column for each item (1. What you are doing 2. What you are doing 3. What you are not doing) with the corresponding number.

Distributed materials:

1. Techno-Associates CSR Procurement Survey
2. Techno Associe Group CSR Procurement Guidelines Guide for Suppliers



* handout 2

Survey period

March 17, 2021 to April 23, 2021

CSR Procurement Questionnaire Results (2020)

As a result of the CSR Procurement Questionnaire Survey, we received responses from all target companies.

By survey item, we confirmed that all target companies are positively engaged in risk reduction activities in the areas of "Ethics and Compliance" and "Labor and Human Rights," which are highly responsive in terms of "Quality," "Environment," and "Information Security," and which are required to be dealt with as risks in the supply chain in recent years.

The survey results are fed back with the scores of each company and our comments, and the survey data collected and analyzed will be used to promote our responsible procurement activities in the future.

Communication with Business Partners

Using the Techno Associe Group CSR Procurement Guidelines business partners' handbook, Techno Associe engages in awareness-raising activities that take into account business partners' individual circumstances. These activities also include engaging in dialogue with and offering education and guidance to make improvements to business partners deemed in need of support.

Management of Chemical Substances Contained in Products

Techno Associe Environmental Standards

In order to respond to regulations on chemical substances contained in products, such as the EU RoHS Directive, ELV Directive and REACH Regulations, we have established "Techno Associe Environmental Standards" and released the environment standards on our website, and we request understanding and compliance from our suppliers.

Transmission of chemical substances contained in products

For response to regulations on chemical substances contained in products, it is absolutely necessary to procure and transmit accurate information on chemical substances contained in products throughout the supply chain. In order to comply with various domestic and international regulations and to meet customer needs, Techno Associe gains the cooperation of suppliers for surveys on chemical substances contained in products using chemSHERPA* and other communication tools.

In fiscal 2020, we received 1,103 surveys from customers on chemical substances contained in products, and answered 9,880 items in cooperation with 617 suppliers.

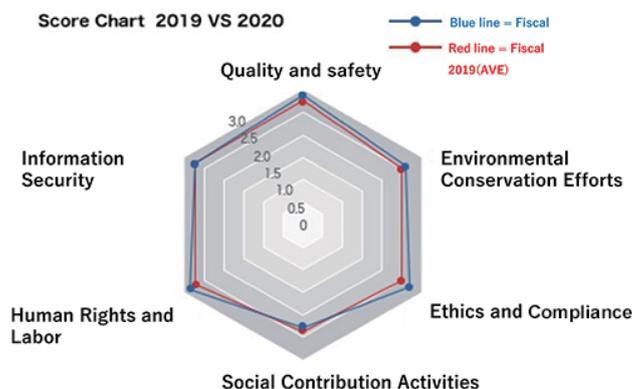
* ChemSHERPA is a scheme for communicating information on chemical substances contained in products, and aims to reduce the burden on both the providers and recipients of information. It has been operated by the article management promotion council since April 2016.



Analytical verification of substances subject to environmental regulations

We are expanding a lineup of devices to analyze contained chemical substances. We verify that no hazardous substances are contained through periodic analysis of parts with use of a "fluorescence X-ray spectrometer" to determine whether prohibited substances are contained in a non-destructive manner and an "ultraviolet-visible spectrophotometer" to quantitatively analyze the amount of hexavalent chromium eluted.

In FY2020, 34 analyses were conducted for confirming the content of "four phthalate esters."



Responsible Raw Materials Sourcing

As stated in Techno Associe Group procurement policy, we “comply with relevant laws and regulations” and carry out “procurement activities based on social norms as well.” We recognize the risks listed in Annex II of the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas as one of the most significant social issues in our supply chain, including human rights violations and labor issues in conflict-affected and high-risk areas (CAHRAs), in addition to issues of conflict minerals in the Democratic Republic of the Congo and its neighboring countries and cobalt-related issues in which there have been concerns about the worst forms of child labor. In order to fulfill our corporate social responsibility in our procurement activities, we have established an internal system under the leadership of the following three Sales Units: Electronics Products Sales Unit, Automotive Products Sales Unit, and Area Sales Unit, to aim at “responsible mineral procurement” that does not use these illegal minerals as raw materials. The Techno Associe Group, including its business partners, conducts ongoing investigations and have confirmed that none of them are involved in any conflicts.

[Techno Associe Group Responsible Raw Materials Sourcing Guidelines\(PDF:980KB\)](#)

Responsible Mineral Procurement Survey Results FY2020

In fiscal 2020, the Techno Associe Group worked with its business partners to respond to a total of 224 survey requests from our customers. The number of survey conducted using CMRT* was 213, and 69 using CRT*. We will conduct risk analysis and evaluation based on the collected reporting forms, and continue to respond to them in good faith.

* We use the Conflict Mineral Reporting Template (CMRT) and the Cobalt Reporting Template (CRT) issued by the Responsible Minerals Initiative (RMI) as research tools.

Together with Employees/Personnel Policy

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 for. Our goal is to improve employees' level of knowledge and ability and achieve personal growth and company growth so as to contribute to society.

Message from the Senior Managing Director

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

Let's work on "business and human rights" and move forward calmly and steadily, step by step!

The term "Corporate Social Responsibility (CSR)" has been in use in Japan since 1970s. Today, when we think about promoting CSR, we need to duly understand the purpose and details of new concepts that have emerged in this century including the SDGs, ESGs, and the United Nations Global Compact, initiatives undertaken by the international community, and the world's trend, and to incorporate them into our corporate management.



"Business and human rights" is one of them. In October 2020, the Japanese government launched "Japan's National Action Plan on Business and Human Rights (2020 – 2025)," which lists the following points as "expectations for business enterprises": (1) formulation of human rights policies, (2) implementation of human rights due diligence (*), and (3) establishment of remedy mechanisms. It states that what underlies these points is the fundamental principle of the SDGs of achieving a prosperous and vibrant society where no one will be left behind.

* Human Rights Due Diligence: a series of activities of "identifying" adverse impact of business activities on human rights, "taking measures to prevent and mitigate" the adverse impact, "verifying the effectiveness of responses," and "providing information."

In response to this, we established "Techno Associe Group Human Rights Policy" in January 2021, and declared and announced that all of our business activities are based on the premise of respect for human rights, that we will continue to promote initiatives to respect human rights to fulfill our corporate social responsibility, and that the scope of application of this policy is not limited to within the Group but extends to all of our business partners including supply chain (our suppliers and their upstream processes), who are required to comply with this policy.

However, we have just begun to work on "business and human rights" just like our responses to the SDGs (Sustainable Development Goals) and ESG (Environmental, Social, and Governance), and ten principles of the United Nations Global Compact. We must not fall into the situation of "having the form but not the spirit." It is important for us to move forward calmly and steadily, step by step. Our Group has already been working to expand our in-house training and e-learning programs to enhance employee's understanding and awareness. We have also started our initiatives, steadily one by one, where we can, such as holding Lively Workplace Roundtables where employees can discuss their worries and issues in their daily work, opinions and ideas in a free atmosphere, and establishing Career Development Sessions targeted at young employees in their third year of employment.

As globalization progresses, companies around the world are required to act respecting human rights. With the understanding that "business and human rights" is a "noble goal that companies should work to attain" that has been formed in the international community and at the same time is "an absolute must for our sustainable growth and development," in order to realize a prosperous and vibrant society where no one is left behind, let's move forward together with the spirit of "We are a Team!" aiming to build a company that is rewarding and that its employees can be proud of.



Training on ESG

Stakeholders

Together with Employees/Diversity and Inclusion/Human Resource Development

Respect and Utilize Each Employee's Uniqueness

We recognize that the most important asset for the company is "people" based on "heart-to-heart bonds," which are part of our "business spirit." We place top priority on creating an environment in which employees can work safely and with confidence, and we are working to make the most of the capabilities that each employee possesses. As we may even be involved in manufacturing by customers while offering proposals and solutions to challenges, the practice of thinking outside the box and creating an organizational culture conducive to new ideas directly relates to boosting 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 workstyle - and recognize and maximize their unique talents.

Introduction of Regional limited course

From fiscal 2018, we introduced "regional limited course." Under this system, existing employees are also provided with support systems in the event that they are unable to transfer due to personal circumstances.

Promotion of employment of people with disabilities

Employment rate of people with disabilities as of the end of fiscal 2020 was 1.61%, lower than the statutory employment rate of 2.3%. We are working simultaneously on recruiting people with disabilities and creating jobs for them when they are employed. We will continue our efforts to fulfill our responsibilities based on the social requirement.

Number of employees rehired after reaching retirement age (non-consolidated)

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees who reached the retirement age of 60	14	7	13	12	14
Number of employees who have continued employment	14	5	13	10	10

Maximizing Talents of Women

Techno Associe's General Employer Action Plan under the Act on Promotion of Women's Participation and Advancement in the Workplace

Under the "General Employer Action Plan" established under the Act on Promotion of Women's Participation and Advancement in the Workplace, which came into effect in Japan in April 2016, Techno Associe has positioned promoting diversity as one of our key management strategies to maximize abilities of our diverse employees, and is working to promote female employee's active participation and advancement in the workplace. In accordance with the said Act, we have formulated the following action plan in order to develop an employment environment where female employees can play an active role and build a "workplace that is rewarding" for employees.

Planning period: April 1, 2021 to March 31, 2024 (3 years)

Issues at the Company	Numerical targets	Details of initiatives	Conducted period
1. There is a lack of systems that allow both men and women to balance work and family life, and insufficient use of such systems.	To increase the percentage of male employees taking childcare leave to 25% or more.	Provide individual explanations on childcare leave to male employees whose spouses have given birth	From April 2021
		Individual follow-up for employees returning to work after childcare leave	From April 2021
		Establishment of a consultation service for female employees during pregnancy and after returning from maternity or childcare leave	From October 2021
		Consideration of flextime system and hourly paid leave	From October 2021
		Introduction of a remote work system to help employees balance work and family life	During FY2021
		Relaxation of requirements for taking nursing care leave and consideration of expanding the period during which it can be taken	From FY2022
2. There are few women in career-track positions and the turnover rate is high. There are also few women in management positions.	Increase the percentage of female employees in management positions from the current 8% to 10%.	Relaxation of requirements for regional career-track positions	During FY2021
Promote awareness of the system for transferring from general office work positions to career-track positions		During FY2021	
3. It is difficult to understand the career advancement system for employees in general office work positions.		Introduction of a job return system	During FY2021
		Expansion of training on diversity promotion	From FY2022

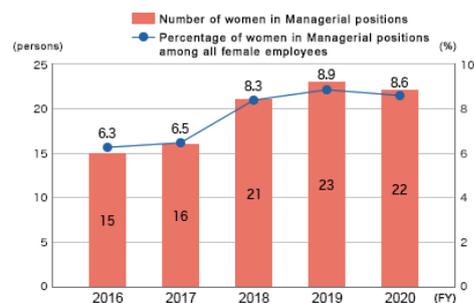
Percentage of Managerial Positions Occupied by Female Employees

As of March 31, 2021

Number of women in Managerial positions: 22

Percentage of women in Managerial positions among all female employees: 8.6%

Women in Managerial positions



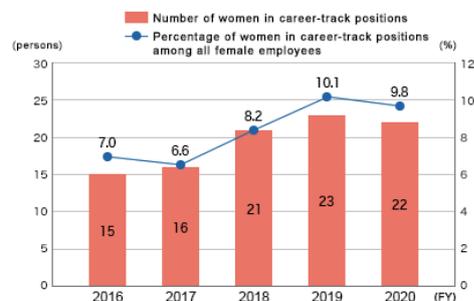
Number and Percentage of Women in Career-Track Positions among All Female Employees

As of March 31, 2021

Number of women in career-track positions: 22

Percentage of women in career-track positions among all female employees: 9.8%

Percentage of Women in Career-Track Positions among All Female Employees



Certification as a Leading Company for Promotion of Women's Participation and Advancement in the Workplace

In fiscal 2017, we were certified as a Leading Company for Women in Osaka City and Aichi Women's Brilliance Company.



Data of Employees

Composition of employees (consolidated)

	Scope	As of March 31, 2021
Employees (person)	Consolidated	1,517

Composition of full-time employees (non-consolidated)

	Gender	As of March 31, 2021
Full-time employees (person)	Male	344
	Female	201
	Total	545

* Annual Report

Number of average years of service of employees

	Gender	As of March 31, 2021
Number of average years of service of employees	Male	18.9 years
	Female	14.1 years
	Total	17.1 years

Average annual salary of employees

	Scope	As of March 31, 2021
Average annual salary of employees	Non-consolidated	6,508,421 (yen)

Average age of employees

	Scope	FY2016	FY2017	FY2018	FY2019	FY2020
Full-time employees	Non-consolidated	40.9	41.14	41.55	42.06	42.4

Commitment to Human Resource Development

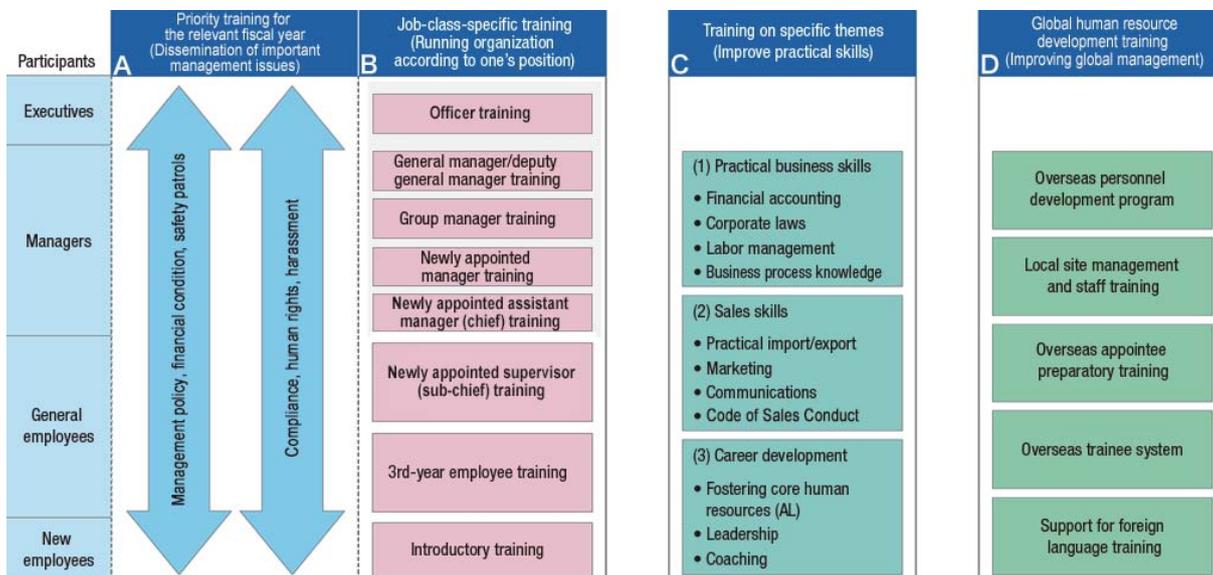
In-house training system

Our in-house training system consists of the following four training:

- A) "Priority training for the relevant fiscal year" (Dissemination of important management issues);
- B) "Hierarchical training" (Organization management according to one's position);
- C) "Training on specific themes" (Improving practical skills); and
- D) "Global human resource development training."

We also focus our energies on raising the levels of employees' business skills and human skills.

Training System



The curriculums for hierarchical training, thematic training, and training for overseas personnel incorporate practical business-related content and matters to learn about CSR and other risks, and provide continuous education.

In addition to preventing anti-competitive actions, including anti-bribery measures and subcontractor laws, as examples, we hold lectures for executives and in each curriculum, such as education on the prevention of insider transactions. Through these lectures, we strive to curb the occurrence of problems by making employees aware of them, and at the same time, to ensure that appropriate solutions are sought.

Training hours per employee

	Scope	FY2019	FY2020
Training hours per employee	Overall	8,110h	5,081h
	Per employee	9.8h	6.3h

* Calculated based on training organized by the Human Resources & General Affairs Department (h) and the number of employees stated in the Annual Report (persons)

Training for Overseas Personnel Development

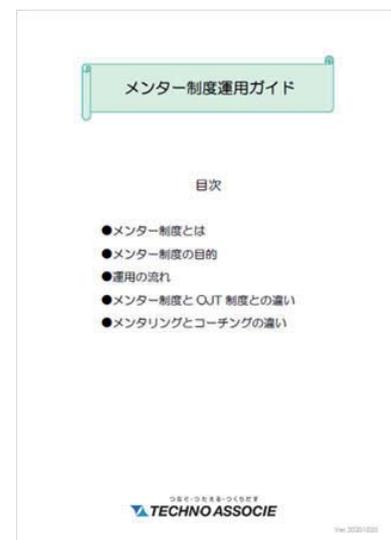
This training was started in fiscal 2016. It is a program to learn the knowledge and practical skills required for working overseas, including lectures on business skills required for working overseas, case studies of problems, lectures by employees who have worked overseas, and training on communicating in English. It aims to motivate employees to work overseas through their participation in the training by giving them a high degree of confidence that they are expected to play an active role overseas, as well as showing them matters to be considered in practical life and work. A total of 56 employees from four groups have participated in the training, and about half of them, 24 employees, have been posted overseas.

Overseas trainee system

As part of our global human resources development training program, we dispatch selected young employees to overseas subsidiaries for a certain period of time to make them motivated and be prepared for future overseas assignments through actual experience in local life and work, including interaction with local people. We are also working to develop human resources who can be stationed overseas and promote global business in the future. In fiscal 2020, we were unable to dispatch employees overseas due to the global outbreak of COVID-19, but we plan to resume dispatching employees as soon as the situation returns to normal.

Mentor program

Since fiscal 2019, Techno Associe has introduced a program to support new employees (mentees). A senior employee, in principle outside of the mentee's assigned department, serves as a mentor to provide one-on-one support to the mentee for one year from the time of main assignment of the mentee in the fiscal year in which the mentee joins the company. The mentor acts as an adviser to the mentee for events and concerns in mentee's professional life. Through this program, we aim to improve the mentee's engagement with the company, as well as enhance the communication skills and basic management skills of the senior employee who serves as a mentor. In this way, we hope that both of them will be encouraged to grow, which will ultimately lead to the effect of revitalization of the workplace.



Utilizing the mentor program

New employee (mentee)

When you start your professional life, the environment around you and relationships with people drastically change. In such an environment, I was worried about whether I would be able to build good relationships with the people around me, and whether I would be able to acquire business manners and expertise necessary for my work. My mentor listened to me all the way through without dismissing what I wanted to say, and then gave me advice based on his/her own experience, which was really good. Furthermore, he/she did not force me to say what I was reluctant to say, but instead, created a friendly atmosphere while keeping a comfortable distance that suited me. It is very encouraging for me to have a senior employee to whom I can seek advice on various matters, both in public and private other than supervisors and senior employees in my own department, and this makes me feel at ease in my professional life. I also think that this mentor program has provided me with an opportunity to have relationships with other departments. Thanks in part to the advice given by my mentor, I have become aware of my role at work and understood how to work, with my own approach, on tasks I am entrusted with. I still have a lot of challenges to overcome, but I would like to work hard steadily, even if awkwardly, to achieve results in my work. In addition, I would like to be able to give advice to my juniors who will join the company in the same manner.

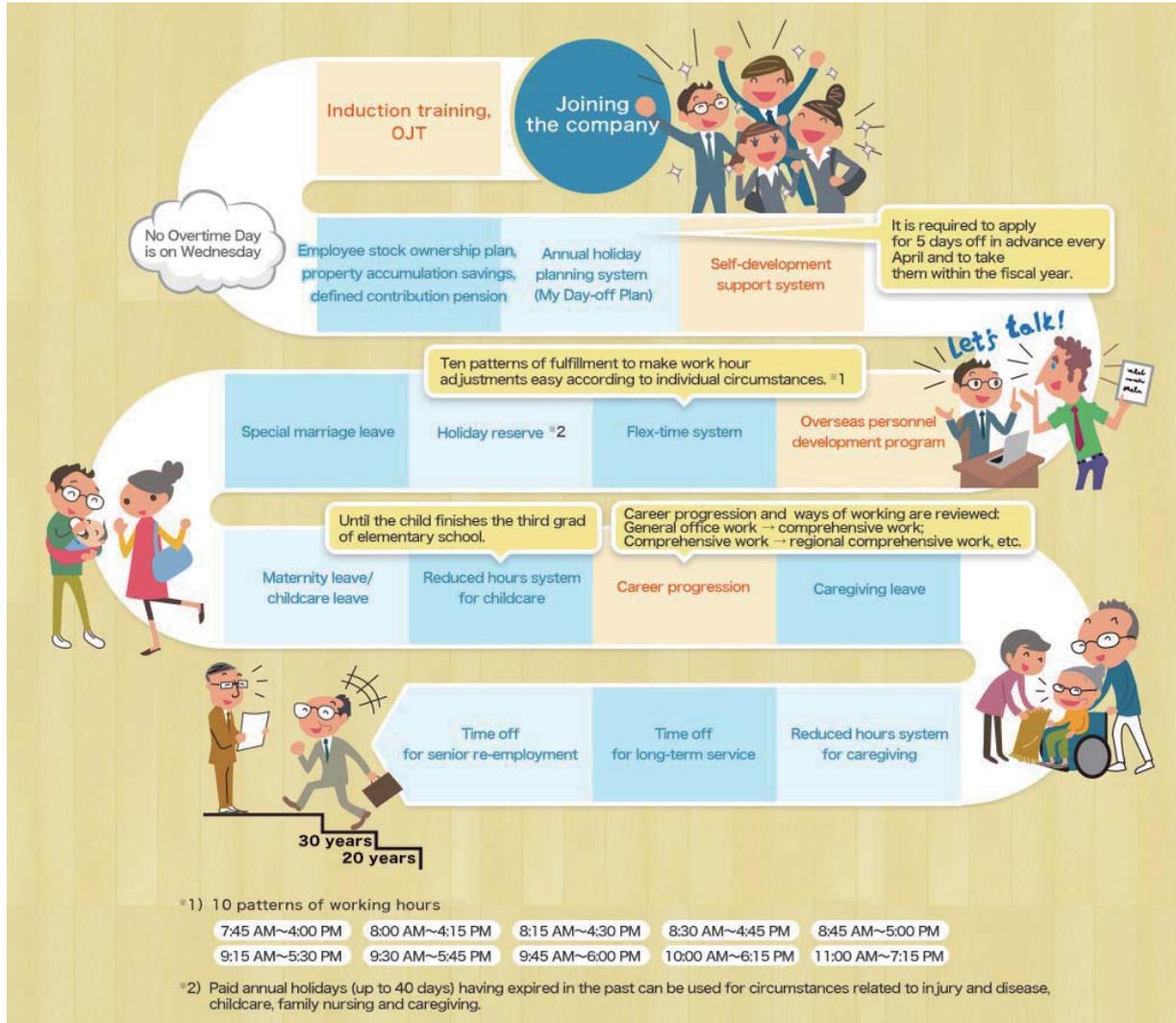
Senior employee (mentor)

When I took on the role of mentor this time, at first, I had some anxiety and confusion. I wondered if I would be able to give good advice, and if I would be able to listen well to my mentee. Employees in the sales sector are usually paired with those in the same sector, but my mentee belonged to the corporate sector. I wondered if I would be able to understand my mentee's concerns about his/her work. That's how mentoring started. I tried to create an environment in which my mentee felt close to me and comfortable talking to me by not only listening to my mentee but also sharing my own stories. Now my mentee can talk to me about many things including his/her work and personal life. I would be happy if my mentee thinks of mentoring as a safe and welcoming place to talk, rather than a formal session. Sometimes it was difficult to provide support to my mentee as a senior employee in responsible position, which is a little different from the way I gave advice to my friends, but it was a great learning experience. I would like to continue to do my best to support my juniors by utilizing what I learned through this mentor program.

Together with Employees/Achieving a Work-Life Balance

TA Career and Life Assistance

Techno Associe have various support systems for employees to enhance and keep a healthy work-life balance.



Proper management of working hours

At Techno Associe, labor and management work hand in hand to ensure appropriate working hours with the aim of supporting employee health and creating a workplace where they can work without concern. To that end, we use an attendance management system that has been put in place to accurately monitor and manage employee working hours. We also lay emphasis on the proper management of working hours: for example, industrial physicians interview, and check the health of, employees having worked long hours; and based on the findings, we take steps to reduce working hours, such as instructing their superiors to prevent the subordinates from working long hours. Furthermore, every year we provide supervisors with labor management training so that they can manage the working conditions of their subordinates in an accurate and appropriate manner.

Actual annual working hours per regular employee

	FY2018	FY2019	FY2020
Employees (general employees)	1,767 hrs	1,761 hrs	1,760 hrs
Employees (supervisors)	1,746 hrs	1,754 hrs	1,754 hrs

[Calculation formula] Total annual actual working hours = Annual scheduled working hours + Annual unplanned working hours - Annual paid leave accrual - Other leave accrual

Number of regular employees who worked more than a certain number of hours in excess of the statutory limit (FY2020)

	0 times	1 time	2 times	3 times	4 times	5 times	6 times	7 times or more
Regular employees who have completed 45 hours per month (person)	530	11	2	2	0	0	1	0

Regular employees who annually worked more than 360 hours in excess of the statutory limit (FY2020)

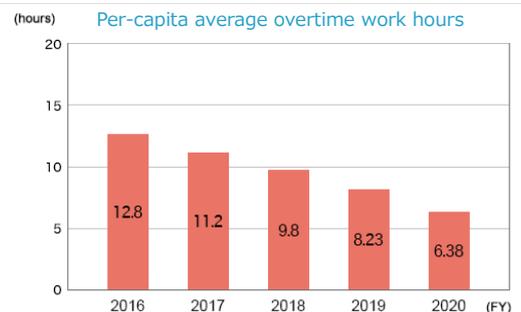
	Number of persons
Regular employees who annually worked more than 360 hours in excess of the statutory limit (person)	6

Systems to Promote a Work-Life Balance

We have promoted the introduction of systems that allow each employee to work with peace of mind. As a measure against COVID-19, we approved the implementation of telecommuting, and for employees who have no choice but to go to work, we worked to ensure safety by allowing them to commute to work by car. Employees who are unable to work due to shutdowns at elementary schools, nursery schools etc. as a measure against COVID-19 were also given special leave on top of annual paid leave. In addition, to ensure that employees wishing to be vaccinated can do so as soon as possible without concern, we allow such employees to take special leave for vaccinations and vaccine-associated side effects. We will continue to flexibly and promptly review and revise our systems in response to changes in the times and emergencies such as this time.

Commitment Related to Working Hours

Since fiscal 2017, we have improved our system in which employees facing family circumstances, such as childcare or caregiving, and employees who experience chronic overtime work as a result of work related to overseas base operations and time zone differences can realize a more efficient and reasonable work schedule. By promoting the use of this system to avoid commuting rush, we were able to make effective use of it as a measure against COVID-19.



Also, we have set every Wednesday as “no overtime day” to encourage all employees to leave the office on time. Through these efforts, we were able to reduce the average overtime in fiscal 2019 to 8.23 hours/month.

In fiscal 2020 when the COVID-19 pandemic led to a rise in remote work, we sought to prevent overtime from increasing among employees working from home, such as by urging them to refrain from turning on the computer late at night, on weekends, or otherwise outside the prescribed working hours unless it is absolutely necessary. As a result, we managed to reduce the average overtime for fiscal 2020 to 6.38 hours per month.

- Flex-time system: Offering 10 patterns of work hours, the system enables employees to work flexibly and autonomously.
- Reduced hours system for childcare: Employees with a child or children in third-grade or younger can use this system by submitting applications therefor to the company.

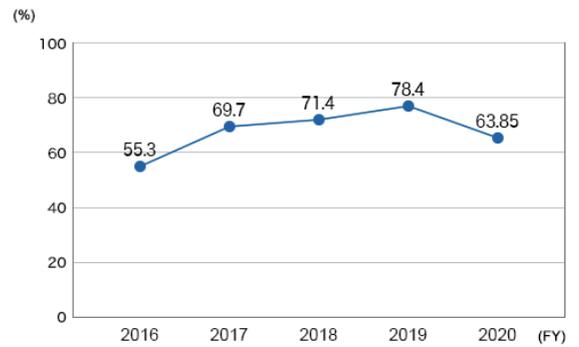
Commitment Related to Leave Privileges

In order to maintain a comfortable work environment, employees must be able to take a leave of absence with peace of mind to refresh his or her mind and body.

In April 2019, the Labor Standards Law was revised to require employees to take five or more days of annual paid leave. In anticipation of this revision of the law, we introduced an annual leave planning system “My Day-off Plan” in fiscal 2016, which allows employees to take five days off out of the days of annual paid leave granted each fiscal year during any time of the year they choose based on planning.

Also, since fiscal 2017, Techno Associe has implemented a “leave reserve” system, in which the days of annual paid leave having expired due to employee regulations and company policies can be accumulated so that these days can be used for reasons of childcare, caregiving, and nursing (and non-occupational injuries and diseases, etc.). These efforts have led to a steady rise in the ratio of annual paid leave taken.

Per-capita average rate of taking paid holidays



The use of the childcare leave support system

	Scope	FY2020
The use of the childcare leave support system (person)	Male	4
	Female	9
	Total	13

Communication with Employees

Our Group respects the freedom of association and the right to collective bargaining based on the laws and regulations of each country. We hold discussions on working conditions, welfare, and other issues on an equal footing between labor and management. Moreover, members of our Lively Workplace Promotion Office, a new unit founded in October 2020, caravan from one domestic base to another, holding a Lively Workplace Roundtable at every place. During roundtables, the members hear firsthand what employees have to say about their workplaces, whether opinions, requests, or concerns, offer appropriate advice, and implement solutions as needed with the goal of creating more vibrant workplaces. In fiscal 2020, they talked face-to-face with 60 employees.

Stakeholders

Relationship with Shareholders and Investors

Information Disclosure

Techno Associe has stipulated in our Charter of Corporate Behavior that we will disclose information to shareholders and other stakeholders in an appropriate manner, thereby striving to promote communication with society.

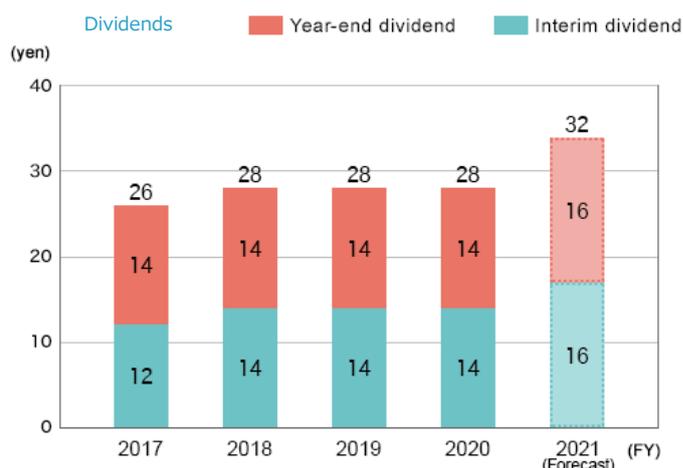
In accordance with the Techno Associe Group Disclosure Policy established based on this Charter of Corporate Behavior, we will comply with applicable laws, regulations and rules, including the Financial Instruments and Exchange Act and rules established by the Tokyo Stock Exchange, and will disclose information in a timely, appropriate and fair manner.

Starting from the second quarter of fiscal 2020, information including forecasts by segment will be released as supplementary materials to the financial results.

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.



* The interim dividend of 14 yen for fiscal 2016 includes a commemorative dividend of 4 yen to celebrate the 70th anniversary of the foundation.

Open General Meeting of Shareholders

Early dispatch of convocation notice

Techno Associe dispatches a convocation notice of the annual general meeting of shareholders 17 days prior to the meeting and discloses on our website 7 days before dispatch.

Avoidance of heavy concentration shareholder meeting days

For fiscal 2020, Techno Associe held an annual general meeting of shareholders on June 18. We schedule shareholder meetings to avoid conflicts with heavy concentration shareholder meeting days of other companies so that as many shareholders as possible can attend.

Commitment to proceedings

In order to present our shareholder meetings in an easy to understand and easy to listen to explanation format, business performance is reported by PowerPoint presentation with narration.

Stakeholders

Relationship with Local Communities

Community Service Activities in Japan

In fiscal 2020, we, as part of community service activities, support and make donations through various organizations as shown in the following table.

Community Service and Support in Fiscal 2020

Charity activity	Number of times	Amount
Support for development of the next generation	3	2,120,000 yen
Support for culture and the arts	2	1,250,000 yen
Support for regional activation	20	180,000 yen

Donations to support the healthcare system amid the COVID-19 pandemic

To support the healthcare system amid the COVID-19 pandemic, Techno Associe donated one million yen to Osaka Prefecture's New Coronavirus Aid Fund in May 2020, and two million yen to the Kansai Economic Federation's fund to help the Kansai region's healthcare system combat COVID-19 in August 2020.

Participating in TABLE FOR TWO

We participate in "TABLE FOR TWO" as an employee-participatory social action program starting with the employee cafeteria. This is an activity in which 20 yen, the equivalent of one school lunch for children in developing countries, is added to the cost of the menus in the employee cafeteria and used to make donations to support food. The donated menus are also limited to low-calorie healthy menus, which also help to promote employee health. Our company is involved in the "TABLE FOR TWO" donation program in the cafeteria on the 15th floor of our head office, and due to the effects of the Corona disaster, the monthly donation is approximately 7,000 yen.



Example of eligible lunch



Food ticket vending machine

Support for Environment/Nature Protection Organization

National Land Afforestation Promotion Organization [Green Fund]

For the protection of biodiversity and ecosystems, we make donations to the National Land Afforestation Promotion Organization's "Green Fund." Through this donation, we are cooperating in the development and growth of healthy forests and helping to curb global warming.

