

CSR Report 2022

CORPORATE
SOCIAL
RESPONSIBILITY



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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 2021 (from April 1, 2021 to March 31, 2022)

Data on actual results are for fiscal 2020. Activities described include some that pertain to fiscal 2022.

■ Date of Publication: December 2022

■ Next Scheduled Publication Date: September 2023

Message from the President

In line with the sustainable development of society



The Techno Associe Group has demonstrated its commitment to solving social issues through its Business Policy, Charter of Corporate Behavior, Medium-Term Management Vision "Vision 2025" and support of the 10 principles of the UN Global Compact, which is an international norm. Furthermore, in response to the recent growth in demand for companies to work for the sustainability of society, we established the Techno Associe Group Sustainability Basic Policy in March 2022 to clearly show our stance of contributing to the sustainable development of society and aiming to improve corporate value. Based on this basic policy, we are promoting initiatives to realize a sustainable society through the CSR Sustainability Committee, which I chair as president.

We are living in an era where there are endless problems that threaten the sustainability of society, such as climate change, environmental pollution caused by waste, resource depletion, COVID-19, human rights abuses and conflicts. Even under these circumstances, the Group will firmly maintain its stance of addressing social issues, continue to be a corporate group that is needed by society and aim to increase corporate value over the medium to long term.

October 2022

Mamoru Moritani
President

森谷 守

Toward the Realization of a Sustainable Society and Environment

Sustainability Basic Policy

The Techno Associe Group has developed its business with an emphasis on ties with all stakeholders, based on its Corporate Principles and Business Policy "Heart-to-Heart Bonds."

We will continuously aim to contribute to the sustainable development of society and improve our corporate value as a value-creating company that meticulously responds to social issues and customer needs.

We will actively promote initiatives to realize a sustainable society from the perspectives of "society," "environment," and "corporate governance."

➤ [Techno Associe Group Sustainability Basic Policy \(PDF: 154KB\)](#) 

CSR Sustainability Promotion System

















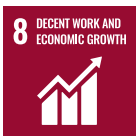

We have established the CSR Sustainability Promotion Committee, chaired by the president, as an organization to promote our commitment to sustainability and CSR activities. The members selected from each division will work for company-wide initiatives.

➤ [Corporate Governance System](#)




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 2022

Core categories	Priority themes	Fiscal Year 2021 Main targets	Relation to SDGs
Quality and the Environment	Quality and Environmental Management	<ul style="list-style-type: none"> Continued certification of the Quality Management System (ISO9001) 	 
		<ul style="list-style-type: none"> Continue certification of environmental management systems (ISO14001) 	
	Environmental Commitments	<ul style="list-style-type: none"> Reduction of CO₂ emissions: CO₂ emissions per unit of sales of 2.20 tons or less 	 
		<ul style="list-style-type: none"> Sales of environmentally-friendly products/Sales ratio of environmentally-friendly products 18% or more 	  
Initiatives regarding Social Issues	Supply Chain Management	<ul style="list-style-type: none"> Implementation of CSR Questionnaires (with suppliers representing 40% of domestic procurement) and collaboration for promotion activities 	 
			 
			 
	Diversity and Inclusion	<ul style="list-style-type: none"> 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 	
			 
			 

Core categories	Priority themes	Fiscal Year 2021 Main targets	Relation to SDGs
	Work-life Balance	<ul style="list-style-type: none"> Establishment and promotion of a lively workplace and a work-life balance 	   
	Initiatives for Human Rights	<ul style="list-style-type: none"> Implementation of risk surveys in the Group to respond to human rights due diligence 	   
	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 	 
		<ul style="list-style-type: none"> Promotion of safety activities by top management and continued implementation of safety patrols 	
	Social contribution	<ul style="list-style-type: none"> Promotion of community contribution activities for the realization of a better society 	     

Core categories	Priority themes	Fiscal Year 2021 Main targets	Relation to SDGs
Governance	Compliance	<ul style="list-style-type: none"> Publication of the Code of Conduct and multilingual development 	 
		<ul style="list-style-type: none"> Implementation of compliance training (prevention of harassment and bribery) 	   
		<ul style="list-style-type: none"> Enhancement of the awareness of the whistleblower system established to receive internal and external reports 	 
	Risk Management	<ul style="list-style-type: none"> Strengthening of risk management in overseas bases 	 
		<ul style="list-style-type: none"> Preparation of manuals for major disaster and infectious disease. 	
		<ul style="list-style-type: none"> Continue to implement information security education 	
		<ul style="list-style-type: none"> Continued implementation of security export control education 	

■ Material issues 2021 main initiatives

Core categories	Priority themes	Fisical Year 2020 Main targets	Initiatives
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. 	We monitor compliance risk as one of the internal audit items. Click here for details
		<ul style="list-style-type: none"> Ongoing training, etc. to raise awareness of compliance at the head office and subsidiaries across the globe. 	We provide hierarchical training on compliance as priority training. Click here for details
		<ul style="list-style-type: none"> Raise awareness of the Whistleblower System at overseas subsidiaries. 	We have established whistleblower system regulations in each of the overseas subsidiaries and are working to disseminate the system. Click here for details
	Risk Management	<ul style="list-style-type: none"> Deployment of risk check sheets introduced at major sites to other overseas subsidiaries. 	We are preparing a risk check sheet for each main base. Click here for details
		<ul style="list-style-type: none"> Preparation of manuals for major disaster and infectious disease. 	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
		<ul style="list-style-type: none"> 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
		<ul style="list-style-type: none"> 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
	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. 	Techno Associe Group Human Rights Policy has been established. Click here for details
		<ul style="list-style-type: none"> 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

Core categories	Priority themes	Fiscal Year 2020 Main targets	Initiatives
	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 	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
		<ul style="list-style-type: none"> 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
Quality and the Environment	Quality and Environmental Management	<ul style="list-style-type: none"> Continued certification of the Quality Management System (ISO9001) 	We have established a quality and environmental management system. Click here for details
		<ul style="list-style-type: none"> Continue certification of environmental management systems (ISO14001) 	
	Environmental Commitments	<ul style="list-style-type: none"> Reduce CO₂ emissions/CO₂ emissions per unit of sales 2.60t or less 	The intensity was 2.21 t /hundred million yen. Click here for details
		<ul style="list-style-type: none"> Sales of environmentally-friendly products/Sales ratio of environmentally-friendly products 18% or more 	17.3% Click here for details
		<ul style="list-style-type: none"> Reduction of waste and recycling/final landfill rate of waste 2.0% or less 	1.6% Click here for details
Stakeholders	Working with Business Partners	<ul style="list-style-type: none"> Promoting CSR Procurement: Implementing CSR Questionnaires and Collaborating with Promotional Activities 	We are making proposals for improvement based on the results of the questionnaires conducted in fiscal 2020. Click here for details
	Together with Employees	<ul style="list-style-type: none"> Creation and promotion of a lively workplace and a workpiece-life balance 	We organize site-based round-table talks and interviews with young employees. Click here for details
		<ul style="list-style-type: none"> Diversity and inclusion (Promotion of Women's Participation and Advancement, appointment of foreign executives, etc.). 	We are promoting the development of an environment where female employees can work actively. Click here for details
		<ul style="list-style-type: none"> Promotion of employment of people with disabilities. 	The employment rate of people with disabilities is 2.1%. Click here for details
		<ul style="list-style-type: none"> Continue to develop human resources who can work globally. 	Overseas trainee dispatch has not been implemented due to the COVID-19. Overseas personnel development training is continuing. Click here for details

Core categories	Priority themes	Fisical Year 2020 Main targets	Initiatives
	Relationship with Shareholders and Investors	<ul style="list-style-type: none"> Promote timely, appropriate, fair, and voluntary disclosure of corporate information. 	We are also working actively to disclose non-financial information. Click here for details
		<ul style="list-style-type: none"> Enhance disclosure of information for investors, including non-financial information. 	Supplementary materials for financial results are available. Click here for details
	Relationship with Local Communities	<ul style="list-style-type: none"> Promotion of community contribution activities for the realization of a better society. 	We are currently discussing our policy and the content of social contribution activities.

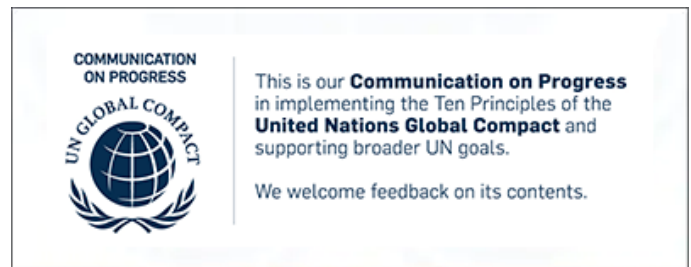
Signed the United Nations Global Compact

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 Priciples

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.



➤ Communication on Progress

CERTIFICATE OF JOINING THE UN GLOBAL COMPACT

- United Nations Global Compact
- GCNJ Member Companies / Organizations
- Communication on Progress

External Communication

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.



Evaluation of the Company's Efforts

Eco Vadis

The Group has been evaluated for sustainability by Eco Vadis*, an independent external organization, since 2020 and uses the evaluation results to make improvements. The 2022 results ranked us in the top 50% of the approximately 65,000 companies in all industries worldwide, earning us a "Bronze" rating. Encouraged by this evaluation, we will put even more effort into our CSR activities and grow as a company trusted by our stakeholders and a company that contributes to the sustainable development of society.



* Eco Vadis is an international assessment organization for corporate sustainability. The evaluation methods conform to international CSR standards such as the United Nations Global Compact, Global Reporting Initiatives (GRI) and ISO 26000.

Nikkei's "Third Nikkei SDGs Management Survey 2021"

Techno Associ		Score breakdown				**Total evaluation deviation valu
		SDGs Strategies Economic Value	Social Value	Environmental Value	Governance	
2020 (2nd Survey)	Itemized evaluation deviation value	45.3	53.7	60	52.4	54.6
	*Class	5	6	8	6	★★★
2021 (3rd Survey)	Itemized evaluation deviation value	47.6	53.3	60.3	51.6	54.5
	*Class	5	6	8	6	★★★

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

*Class

10=70+ deviation.

7=Between 55 and 60 deviation.

4=Between 40 and 45 deviation.

1=Less than 30 deviation.

9=Between 65 and 70 deviation.

6=Between 50 and 55 deviation.

3=Between 35 and 40 deviation.

8=Between 60 and 65 deviation.

5=Between 45 and 50 deviation.

2=Between 30 and 35 deviation.



Quality and Environmental Management

Message from the Managing Director



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

Triggered by the Paris Agreement adopted at COP21 (the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change) in 2015, and through COP26 in 2021, the international community has accelerated efforts to reduce greenhouse gas emissions. Other initiatives for the global environment, such as the prevention of environmental pollution by marine plastic waste, etc., the protection of resources and the conservation of biodiversity, have also been incorporated into the laws and regulations of countries and regions as well as the norms of industry groups. Demand on companies to take such initiatives is getting stronger as well.

To respond to these social expectations, the Group is enhancing the promotion of environmental management while positioning the reduction of greenhouse gas emissions, resource recycling and response to biodiversity, in addition to compliance with environmental regulations and other laws and regulations, as important challenges for its management. Specifically, we are expanding the sales of environmentally friendly products and strengthening our response to regulations on chemical substances contained in products to meet customer demand for compliance with environmental regulations. We are also committed to internal activities that help protect the environment and prevent global warming such as the use of eco-cars as company cars, the introduction of LED lighting at offices, the purchase of green power and donations to the National Land Afforestation Promotion Organization.

In our initiatives through business, we are working to create environmental value and economic value by strategically allocating management resources to the growth areas we have identified, such as renewable energy-related areas launched for decarbonization and electrification areas in the automobile industry, as stated in our Medium-Term Management Vision "Vision2025."

For quality management, we have established a quality assurance system to provide customers with high-quality products based on our quality and environmental policy. We have formulated quality management guidelines that summarize our basic approach to quality. For the launch of products, sales divisions, which are the contact point for customers, and quality assurance divisions closely cooperate to establish an optimal supply chain from the stage where quotations are considered and provide products that offer the required quality. We strive to prevent quality problems through these initiatives.

Our employees in Japan and overseas will work together with the awareness of "environmental protection" and "quality first" to receive the evaluation from our customers that "Techno Associe can be entrusted with a sense of security" and we will contribute to the sustainable development of society as an environmentally friendly company 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.

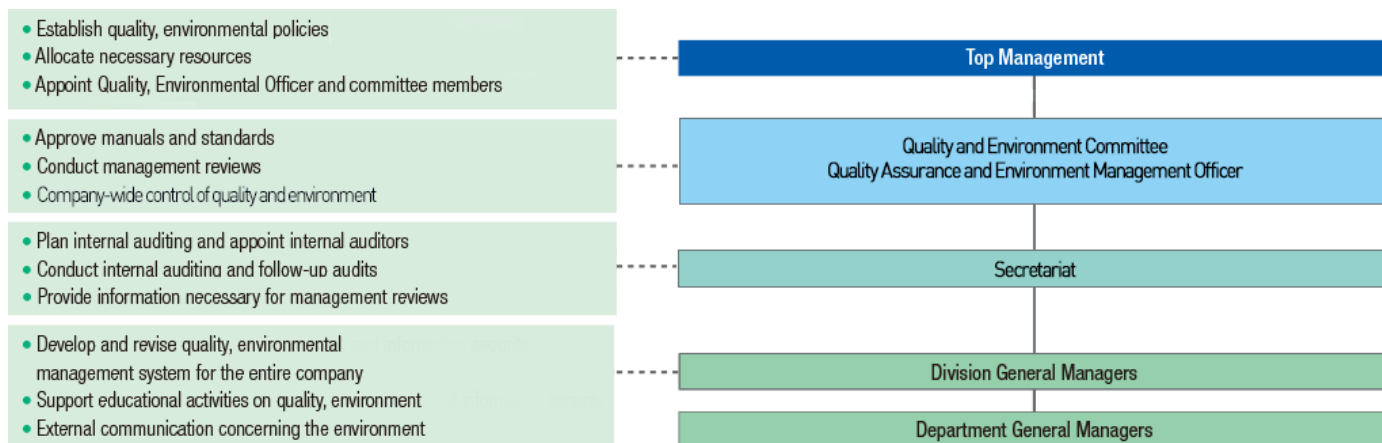
Quality and the Environment Policy

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 2021 and there were no outstanding non-conformance items.

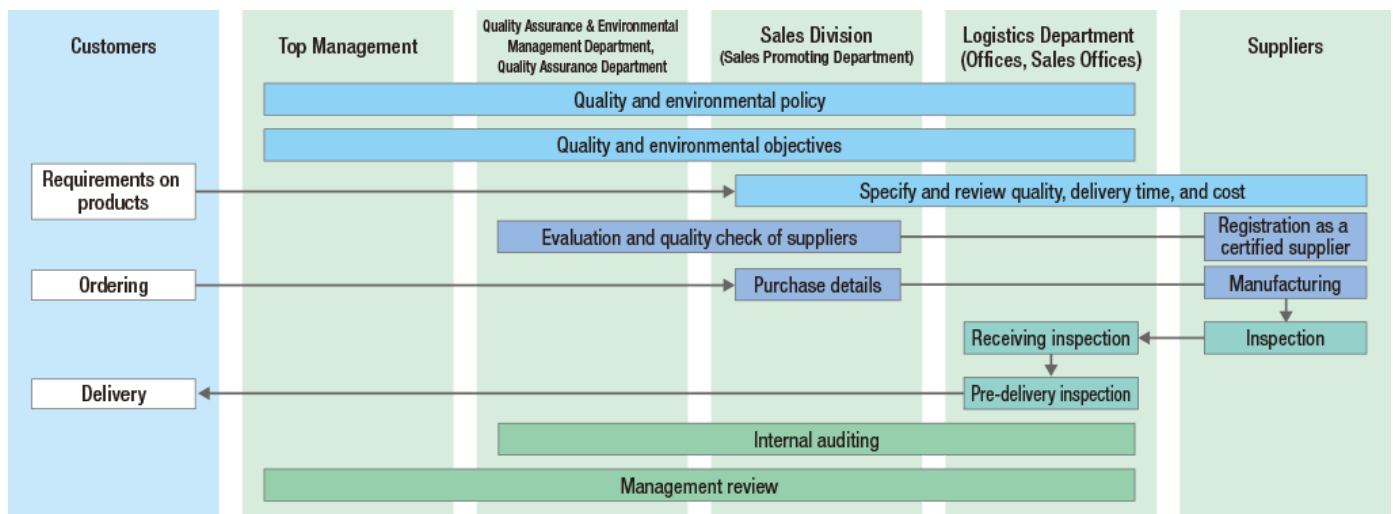
- [ISO 9001 Certificate of Registration \(PDF: 1,243KB\)](#) 
- [ISO 14001 Certificate of Registration \(PDF: 1,125KB\)](#) 

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.

Collaboration with Suppliers, Quality Conference

On November 18, 2021, 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

Our customers address challenges such as the improvement of the functionality of products, the realization of excellent designs and the assurance of product safety including environmental safety every day. 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



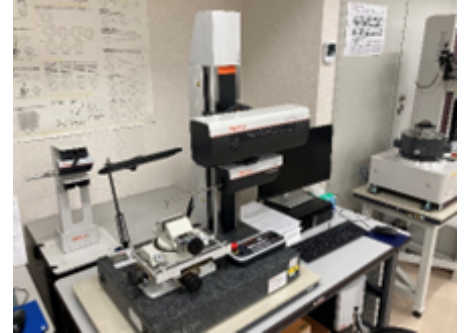
No01
3D coordinate measuring machine

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.



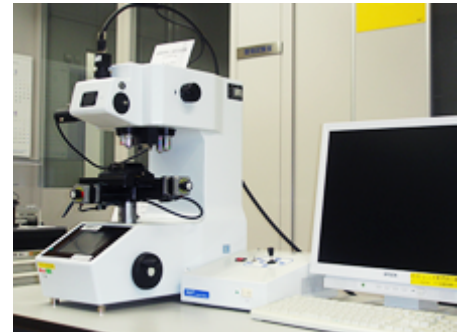
No04
Screw tightening measuring machine

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



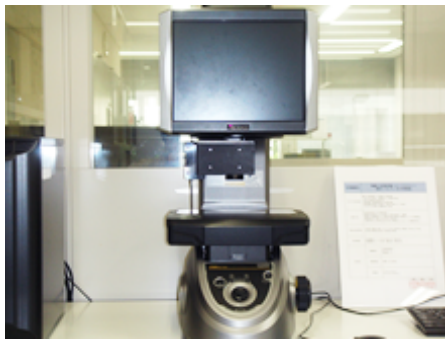
No05
Surface roughness measuring machine

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 (R_a , R_y , R_z , etc.) can be measured.



No06
Automatic microhardness testing system

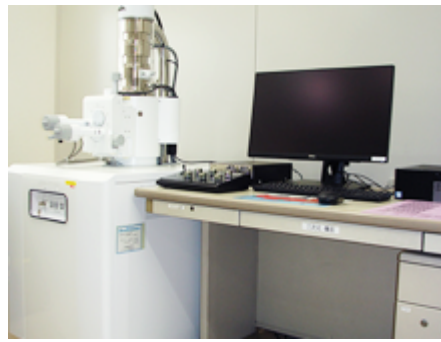
The system measures material hardness. The inspection surface is given a small indentation to calculate hardness, where the press force to give the indentation is small (microforce, approx. 5gf to 1kgf). What is different from common micro Vickers hardness testers is full automation (automatically taking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



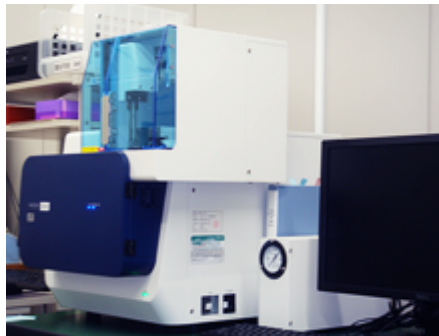
No03
Salt spray test chamber

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, 15 quality-related e-learning courses are offered. In fiscal 2021, the lecture delivered at the quality conference was made available online.

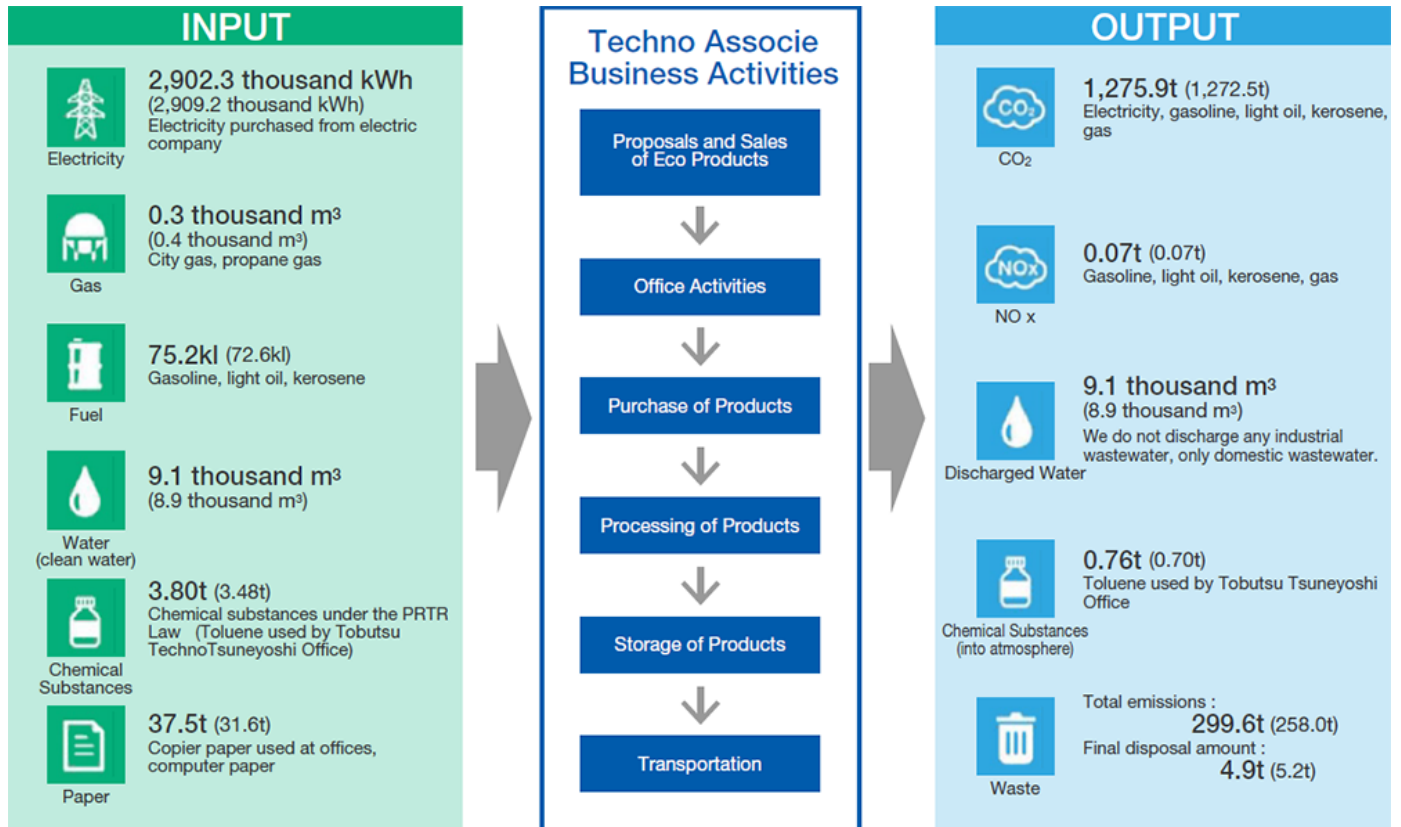
Main Quality e-learning	Starting Fiscal Year	Number of Participants
Introduction to FTA/FMEA	FY2016	383
Quality Control Guidelines; 5th edition	FY2018	355
Introduction to QC process flowcharts	FY2017	447
Case studies on complaints	FY2016	492
Outline of self-process guarantee (preventive activities)	FY2017	265
Overview of 2015 editions of ISO9001 and 14001	FY2017	725
Complaint report - guidebook for preparation/close examination	FY2018	332
Overview of 4M change application	FY2018	483
Overview of past problems checklist	FY2018	454
Quality Control Education A (Quality Control means, QC7Tools)	FY2019	333
Quality Control Education B (Process Capabilities and Sampling Inspections)	FY2019	271
Understanding of purchasing standards (Part I)	FY2021	174
Understanding of purchasing standards (Part II)	FY2021	181
3rd Quality Conference part 1	FY2021	68
3rd Quality Conference part 2	FY2021	56

* Number of trainees from opening year.

Environmental Conservation

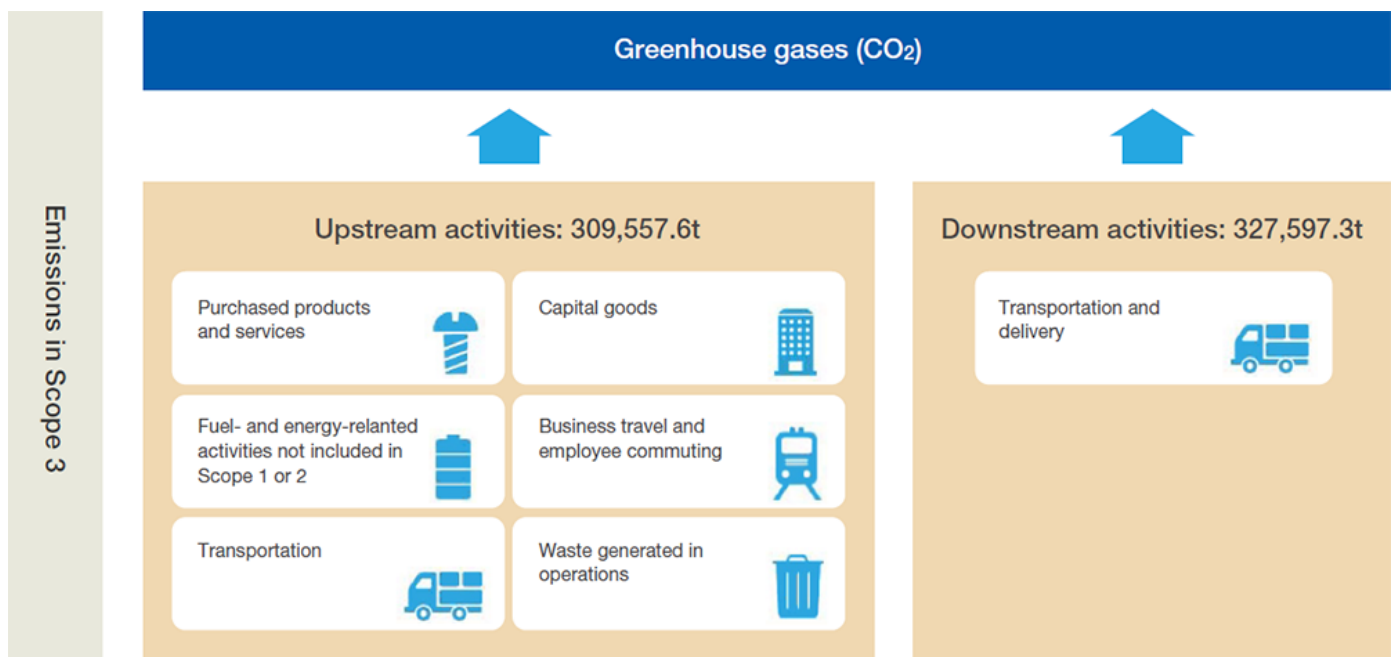
Environmental Commitments

Overview of Environmental Impact (INPUT/OUTPUT)



() shows the results in fiscal 2020

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 2021, 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	FY2021
Amount of electricity purchased (MWh)	2,627	2,529	2,485	2,560	2,556
Amount of green electricity purchased (MWh)	0	220	220	220	220
Green power ratio (%)	0%	8.7%	8.9%	8.6%	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.

Actual Results of Reduction Activities

■ Targets and Results of Environmental Conservation Activities <Domestic>

Environmental aspect		Results in FY 2020	Targets in FY 2021	Results in FY 2021	Increase/decrease rate	Self evaluation*4	Targets in FY 2022
Increase the sale of environmentally friendly products and parts		7.49billion yen(15.8% of overall sales)	At least 18.0% of overall sales	9.75 billion yen(17.3% of overall sales)	Increase in sales by 2.26 billion yen(share increase by 1.5%)		At least 18.0% of overall sales
CO ₂ emissions*1(Emissions intensity: CO ₂ emissions per 100 million yen of sales)		1272.5t (Emissions intensity: 2.61t/100 million yen)	Emissions intensity: 2.60t/100 million yen or less	1275.9t (Emissions intensity: 2.21t/100 million yen)	Increase in emissions by 0.3% (improvement of emissions intensity by 0.4 points)		Emissions intensity 2.60t or less
Breakdown	Electricity*2	1099.6t		1097.1t	Down 0.2%		
	Gasoline, light oil*3	132.9t		137.1t	Down 1.4%		
	Consumption of kerosene and gas	40.0t		41.7t	Up 2.5%		
Final disposal rate(through waste recycling)		2.0%	Final disposal rate of 2.0% or less	1.6%	Down 0.4points		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

 =Targets were not achieved and share decreased from previous year

CO₂ emissions and final disposal rate

 =Achieved targets

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

 =Targets were not achieved and emissions increased from previous year

■ Environmental Impact of Overseas Location in Fiscal2021

Area	Location	Electricity consumption	Fuel consumption	Water consumption	Waste volume
		unit: MWh	unit: KL	unit: ton	unit: ton
North America	T.A. AMERICA CORPORATION	372.7	24.6	341.5	909.0
	TECHNO ASSOCIE DE MEXICO, S.A. DE C.V.	896.0	54.3	103.1	3,296.0
Asia	TECHNO ASSOCIE (DALIAN F.T.Z.) CO., LTD.	30.2	2.3	0.5	203.0
	TECHNO ASSOCIE (GUANGZHOU) CO., LTD.	101.9	23.0	17.7	0.9
	TECHNO ASSOCIE SHANGHAI CO., LTD.	79.7	23.1	-	-
	TECHNO ASSOCIE HONG KONG CO., LTD.	22.2	-	0.3	-
	TECHNO ASSOCIE TAIWAN CO., LTD.	23.6	1.3	-	251.2
	TECHNO ASSOCIE VIETNAM CO., LTD.	26.0	5.6	-	1.7
	ECHNO ASSOCIE (THAILAND) CO., LTD.	30.9	12.9	0.1	-
	TECHNO ASSOCIE SINGAPORE PTE.LTD.	31.2	3.4	-	14.5
	* F&T KUNSHAN TECHNO CO., LTD.	107.3	2.1	8.0	976.0
	* NETTFORM TECHNOLOGY (SHANGHAI) CO., LTD.	5,560.1	12.4	29.7	8,189.0
	* ACCURATE METAL MACHINING CO., LTD.	5,350.1	18.1	226.5	5,720.0
	* TA AUTOMOTIVE PARTS (THAILAND) CO., LTD.	1,113.5	13.1	432.6	2,507.0
	* MALAYSIAN PRECISION MANUFACTURING SDN. BHD.	1,847.4	31.0	46.0	5,029.0
Europe	TECHNO ASSOCIE CZECH s.r.o.	7.8	2.3	0.0	50.8
	TECHNO ASSOCIE EUROPE GmbH	-	0.9	-	-
Total		15,600.6	230.4	1,206.0	27,148.1

* 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 2021

We work to reduce the environmental impact associated with business activities while determining environmental goals for each fiscal year and formulating an implementation plan to achieve the goals. The Quality and Environmental Management Department is mainly committed to the introduction of energy-saving equipment such as LED lighting and fuel-efficient vehicles. Each business site also takes specific initiatives such as power-saving efforts including the turning off of lights when not in use and thorough control of the temperature of air conditioners, as well as regular patrols to check the status of waste separation and beautification and cleaning activities around the site.

CO₂ emissions in fiscal 2021 were 1,276 tons, a decrease of 664 tons, or 34%, from the fiscal 2013 level. We will continue to work on energy-saving activities as we anticipate increases in energy consumption due to the expansion of our business scale in the future. In addition, we are working on the reduction of waste through thorough sorting to promote recycling while aiming to reduce the final landfill rate. In fiscal 2021, the final landfill rate was 1.6% (a decrease of 0.4 points from the previous fiscal year) and we achieved the target of a final landfill rate of 2% or less.

We also aggregate data on environmental impact for our overseas bases and plan to set environmental targets and engage in activities to reduce environmental impact on a Group-wide basis in the future.

Target in Fiscal 2022

In fiscal 2022, we will continue to work on the reduction of CO₂ emissions, the promotion of waste recycling and the expansion of sales of environmentally friendly products and parts as main subjects. As to the reduction of CO₂ emissions for the prevention of global warming, while we aim to meet the target of keeping the per-unit emissions below 2.20 tons/100 million yen, our medium- and long-term target is to reduce CO₂ emissions by 46% from the fiscal 2013 level in fiscal 2030 as set by the Japanese Government to achieve carbon neutrality in the country.

With respect to waste, we will work to promote recycling by thoroughly sorting waste and reviewing disposal contractors and strive to continuously keep the final landfill rate below 2%.

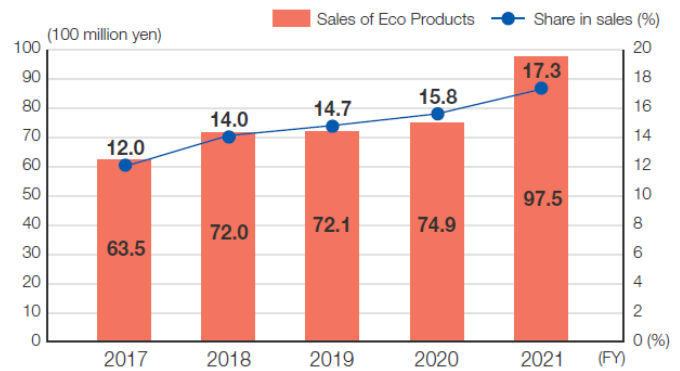
Actual Results of Reduction Activities

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 2021, 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 18% of the company's total sales. As a result, sales increased significantly year-on-year to 9.75 billion yen (an increase of 30.2% from the previous fiscal year), which accounted for 17.3% of net sales (an increase of 1.5 points from the previous fiscal year).



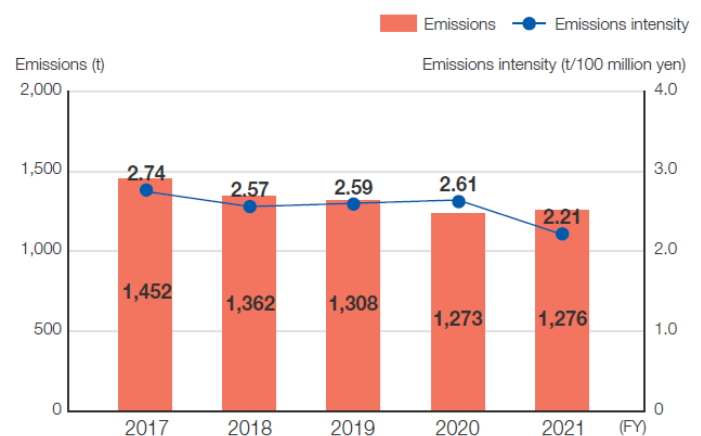
Definition of environmentally conscious products

edo	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 CO ₂ Emissions

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 2021, 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.

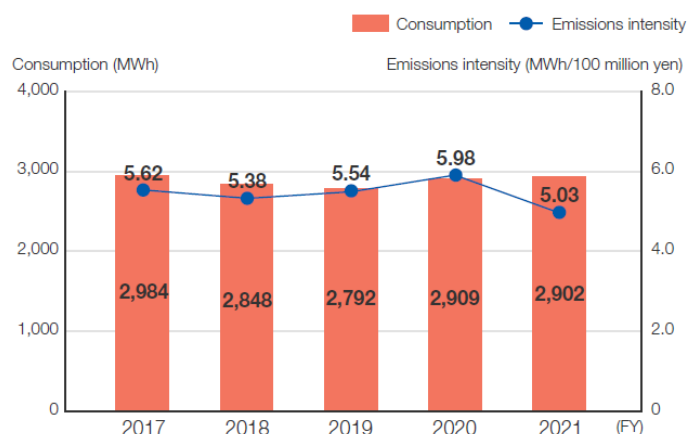
As a result, our annual emissions were 1,276 metric tons (an increase of 0.3% year-on-year). The emissions intensity was 2.21 t/hundred million yen.



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.

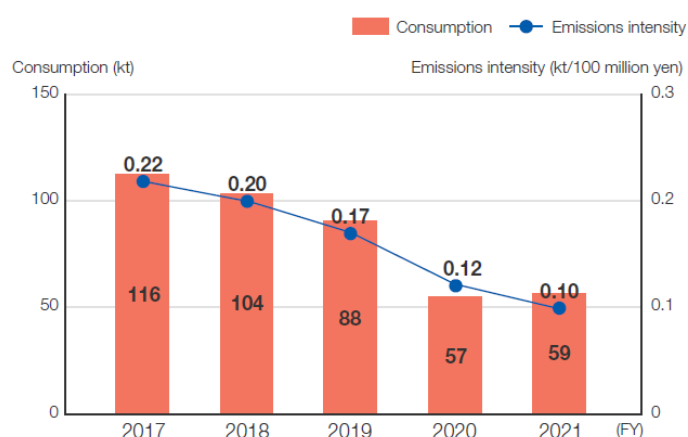
In fiscal 2021, while we set a target of reducing electricity use by 2.0% from the previous fiscal year, our power consumption declined by 7 MWh year-on-year (a decrease of 0.2% year-on-year). However, the per-unit electricity consumption was 5.03 MWh/100 million yen, decreasing by 0.95 points from the previous fiscal year.



Reducing Gasoline and Diesel Fuel Consumption

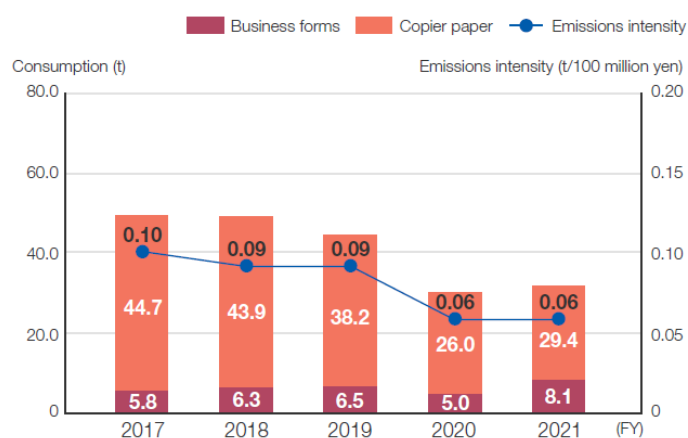
Techno Associe nearly halved the number of commercial vehicles in its possession, which was 237 in 2009, to 113 in March 2022 by reviewing surplus vehicles, sharing company-owned vehicles, using rental cars or car-sharing, promoting the use of public transportation, and so on. However, gasoline consumption increased by 3.5% from the previous fiscal year to 59 kl.

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 95.2% in March 2022.



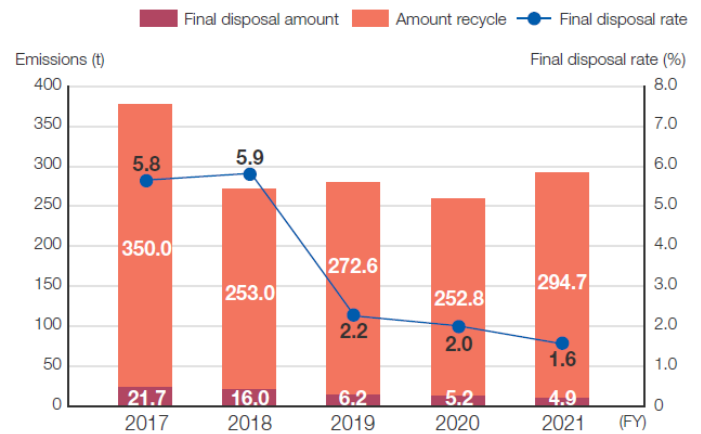
Reducing Paper Consumption

While we are working to reduce the use of copy paper by using its backside and going paperless through the use of projectors at meetings, unfortunately, 37.5 tons of paper, including forms and slips, was used (an increase of 18.7% year-on-year) in fiscal 2021 and 29.4 tons of it was copy paper (an increase of 13.1% year-on-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 2021 target for the final landfill rate was 2.0% or less. By switching to industrial waste disposal contractors capable of higher recycling rates, we were able to reduce final landfill volume to 4.9 metric tons, down by 6.0% from the previous fiscal year. The final landfill rate was 1.6%, which exceeded the target. The total amount of waste discharged was 299.6 metric tons (an increase of 16.1% year-on-year).

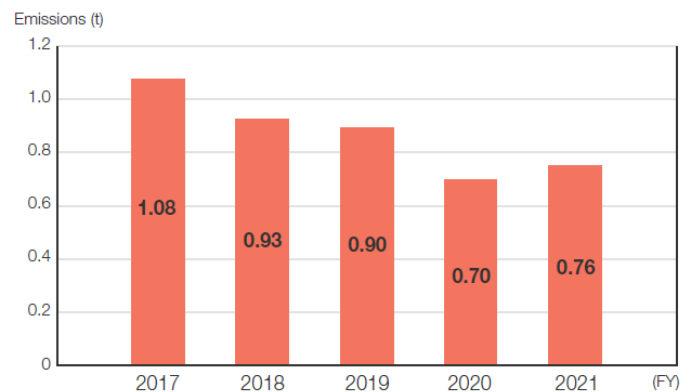


Managing and Reducing Chemical Substances

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.

In fiscal 2021, toluene emissions were 0.76 tons (an increase of 8.6% year-on-year) due to the growth of the operation.

* PRTR: 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 2021 were 638,431 (t-CO₂).

The breakdown is as follows:

Scope 1 . . . 179 (t-CO₂)

Scope 2 . . . 1,097 (t-CO₂)

Scope 3 . . . 637,155 (t-CO₂)

and Techno Associe recognizes that Scope 3 has a considerable impact on CO₂ emissions, and Category 4 (transportation and delivery: 54.2%) and Category 1 (purchased products and services: 44.8%), 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)	179	0.03%	
	Scope 2 (energy-derived indirect emissions)	1,097	0.17%	
Scope 3 (other indirect emissions)				
1	Purchased products and services	285,987	44.80%	<p>Emissions = CO₂ emissions of purchased goods = Monetary value for purchased products × Emissions unit value</p> <p>* Calculated by classifying the purchased products into five groups and applying each "emissions unit value based on the inter-industry relationship table."</p>
2	Capital goods	4,976	0.78%	<p>Emissions = Amount expended by acquiring tangible fixed assets × Emissions unit value</p> <p>* Using the "emissions unit value per price of capital goods"</p>
3	Fuel- and energy-related activities not included in Scope 1 or 2	103	0.02%	<p>Emissions = Annual use of electricity × Emissions unit value</p> <p>* Using the "emissions unit value per use of electricity/heat."</p>
4	Transportation and delivery (upstream)	345,690	54.15%	<p>Emissions = (Logistic ton-kilometers transported when products are purchased × Emissions unit value) + (Ton-kilometers transported for delivery to client companies × Emissions unit value)</p> <p>* 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.)</p>
5	Waste generated in operations	85	0.01%	<p>Emissions = Amounts of waste generated × Emissions unit value</p> <p>* Using the "emissions unit value by type of waste."</p>
6	Business travel	152	0.02%	<p>Emissions = Business travel expenses paid (by mode of transport) × Emissions unit value</p> <p>* Using the "emissions unit value per transportation expenses paid by transport category."</p>
7	Employee commuting	163	0.03%	<p>Emissions = Transportation expenses paid for commuting (by mode of transport) × Emissions unit value</p> <p>* Using the "emissions unit value per transportation expenses paid by transport category."</p>

Category		CO ₂ emission amount (t)	Proportion	Calculation method of Scope 3 (reason if not calculated)
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			

Supply Chain Management

The smooth operation of our business requires cooperation from our business partners based on their excellent technologies and services. 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

Promotion of CSR procurement throughout the supply chain

For commitment to corporate social responsibility (CSR), companies are now required not only to take measures internally but also to promote initiatives in the supply chain as a whole including business partners and their upstream companies. This trend is also shown in the greenhouse gas reduction targets based on the United Nations Framework Convention on Climate Change and national action plans on business and human rights.

In response to these social expectations, the Techno Associe Group has established the Techno Associe CSR Procurement Guidelines to engage in CSR activities together with business partners and other parties in the supply chain and we are promoting business activities that attach importance to contributing to a sustainable society and solving social problems. In particular, we conduct surveys on the progress of our major business partners in the promotion of CSR initiatives and provide feedback on the survey results to help them understand the situation of their initiatives for improvement.

We would like to ask our business partners for their continued understanding of the Group's efforts and 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 \(Chinese\) \(PDF:372KB\)](#) 

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

As in fiscal 2020, we held an online briefing on CSR procurement for domestic business partners in consideration of the spread of COVID-19 again in fiscal 2021. 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.



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. We also communicate with the business partners that require improvement according to our judgment based on the results of the CSR procurement questionnaire survey and make suggestions on training and improvement.

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 2021, we received 1,207 surveys from customers on chemical substances contained in products, and answered 9,406 items in cooperation with 708 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 FY2021, 28 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 FY2021

In fiscal 2021, the Techno Associe Group responded to a total of 318 requests for surveys from customers (181 for CMRT, 95 for CRT, 41 for MRT and 1 for EMRT) in cooperation with business partners. 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) , Mica Reporting Template (MRT), Extended Minerals Reporting Template (EMRT) issued by the Responsible Minerals Initiative (RMI) as research tools.

Together with Employees

TECHNO ASSOCIE considers human resources to be its most important assets and aims to be a company where everyone working for it can feel proud and rewarded. We help each employee improve and apply their knowledge and capabilities to achieve their own growth, as well as growth of the company, and ultimately contribute to society.

Message from the Senior Managing Director



Senior Managing Director in charge of
HR & Administration Department

Katsuhiko Nakajima

People are the most important driving force for the development of the company

Since its establishment in 1946, TECHNO ASSOCIE has continuously proposed a variety of components, parts, technologies and solutions to respond to the needs of our customers by combining the technologies and products (Seeds) of a wide range of suppliers with the knowledge, know-how, and ingenuity developed by the company through its transactions with customers. The development of our company is due to the power of the people responsible for this, and the importance of people is further increasing in the current business environment of globalized business and diversified needs.

In order to increase the power of people, the most important driving force for business development, we believe that the following two items are important:

- i. Environments that allow each person to fully demonstrate their capabilities
- ii. Initiatives to help each person strengthen their capabilities (= capacity development)

We regard the following three points as important elements for enhancing and improving environments and capacity development and are promoting initiatives for them:

- Development of a corporate culture where individuality and values are respected to strengthen the capabilities of the team as a whole
- Creation of work environments where employees can feel rewarded and challenged and recognize their own growth
- Corporate behavior that enables employees to work with pride

Specific activities include various types of training; the creation of lively workplaces; the promotion of diversity and inclusion through such activities as the realization of flexible working styles according to life stage and the promotion of participation and advancement of women in the workplace; health promotion activities; and our mentoring system. We also believe that it is necessary to respond to growing social challenges and social demands in a flexible manner.

Commitment to "Business and Human Rights"

The UN Global Compact and other international initiatives require companies to promote efforts to respect human rights. In October 2020, the Japanese Government formulated the "Action Plan on Business and Human Rights (2020-2025)," which states that business enterprises are expected to (1) adopt a human rights policy, (2) implement human rights due diligence, and (3) establish remediation mechanisms. Regarding respect for human rights, our Group has worked hard to protect human rights in our Charter of Corporate Behavior for many years, and in order to promote initiatives in line with this social requirement, we established the TECHNO ASSOCIE Group Human Rights Policy in January 2021, applying it not only to our Group but also to all business partners, including our supply chain (suppliers and operations upstream from them), and strive to prevent infringement of the human rights of people affected by our business activities. Our Code of Conduct, which was established in April 2022, also recognizes respect for human rights in all local communities where we conduct business as one of the important themes for pursuing business with integrity, and we are committed to promoting it.

The TECHNO ASSOCIE Group will continue to pursue these kinds of human resource measures to support people-driven business activities and will create workplaces where each person can grow and fully demonstrate their capabilities.

Diversity and Inclusion/Human Resource Development

Diversity and Inclusion

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

The employment rate of people with disabilities as of the end of fiscal 2021 was 2.1%, which increased from the previous year but was still 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)

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees who reached the retirement age of 60	7	13	12	14	15
Number of employees who have continued employment	5	13	10	10	14

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

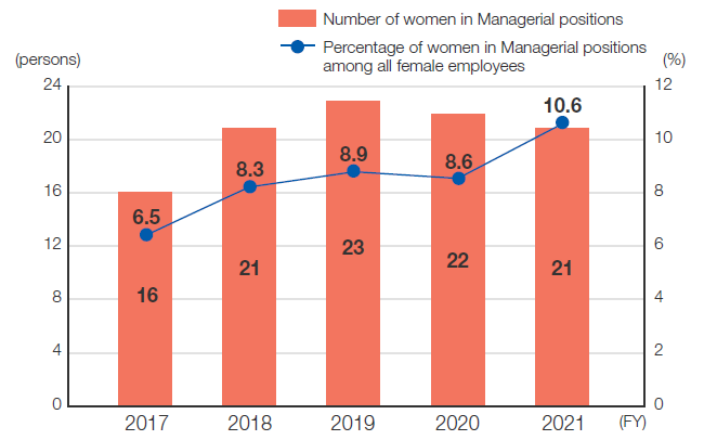
Percentage of Managerial Positions Occupied by Female Employees (As of March 31, 2022)

Number of women in Managerial positions: 21

Percentage of women in Managerial positions among all female employees: 9.76%

* non-consolidated

■ Women in Managerial positions



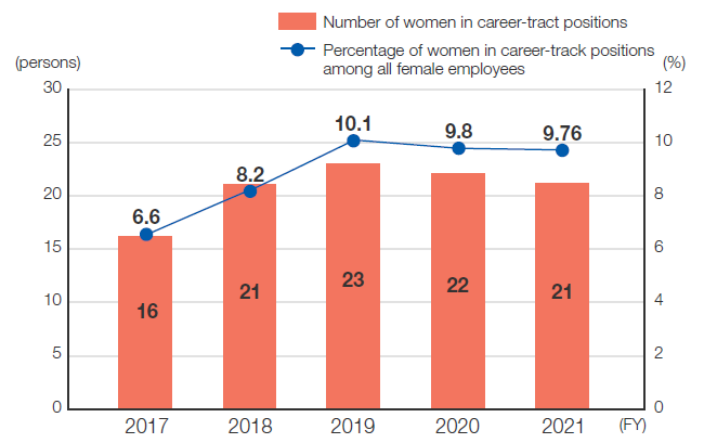
Number and Percentage of Women in Career-Track Positions among All Female Employees (As of March 31, 2022)

Number of women in career-track positions: 21

Percentage of women in career-track positions among all female employees: 10.6%

* non-consolidated

■ 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 (As of March 31, 2022)

	Number of employees (consolidated)	Number of employees (non-consolidated)	Average years of service of employees	Average annual salary of employees	Average age of employees
Male	829	326	18.9 years	–	–
Female	579	198	14.9 years	–	–
Total	1,408	524	17.4 years	6,822,395 (yen)	43.12

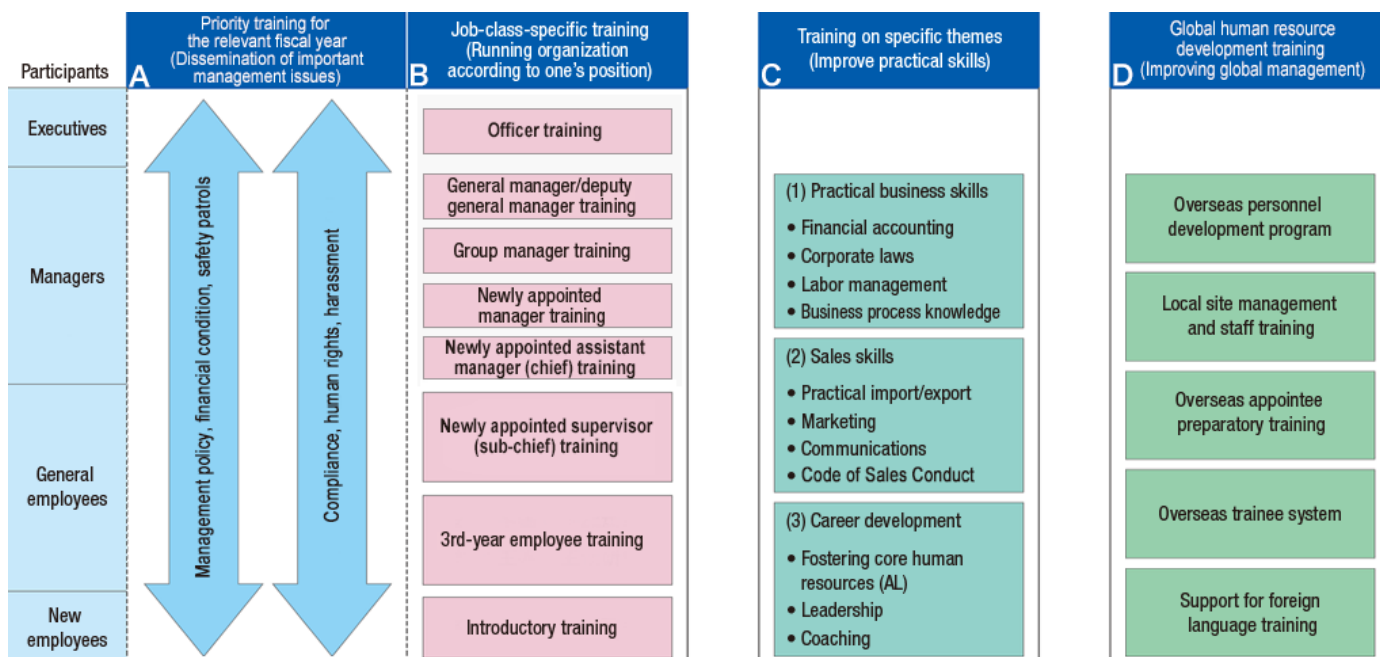
* Years of service, average annual salary, and average age are non-consolidated figures.

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 provide hierarchical training, which must be received on a position basis by all employees from executives to new employees, as well as thematic training, which aims to have trainees obtain specific knowledge and skills required in each section, and global human resource development training.

In addition, we position Corporate Principles and Business Policy, management policies and business conditions, safety patrols, compliance, human rights and harassment (including CSR) as priority training subjects and incorporate them into the curriculum of the training programs.

Training hours per employee

	FY2020	FY2021
Overall	5,081h	6,831h
Per employee	6.3h	8.7h

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

Sales ability improvement training

This training was launched in 2021 to improve skills for business negotiations with customers. Our young to mid-level employees learn mainly through role-play lessons with advisors (sales managers) on procedures for business talks from the exchange of business cards to the introduction of company information, promotion of products and closing. The advisors then give feedback. We hope that this training will serve as a stepping stone to the establishment of good relationships with customers.

OJT trainer training

This training is provided to senior employees (on-the-job training (OJT) staff) in departments to which new employees are assigned, with the aim of improving the education level on the site. Through lectures and group work, trainees learn instruction methods such as coaching, teaching and counseling, as well as the basics of management. The curriculum is designed to encourage senior employees to grow while also nurturing junior employees in the workplace.

Training for Overseas Personnel Development

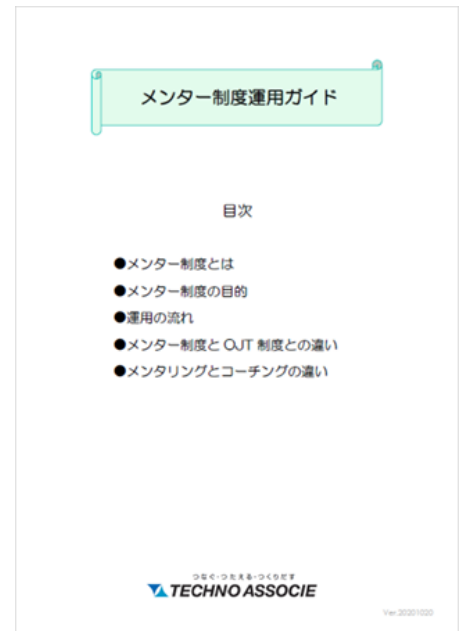
This training was started in fiscal 2016. It is a program to learn the knowledge and practical skills required for working overseas, including lectures on business skills required for working overseas, case studies of problems, lectures by employees who have worked overseas, and training on communicating 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, 28 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 and 2021, 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.



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.

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

	FY2019	FY2020	FY2021
Employees (general employees)	1,761	1,760	1,772
Employees (supervisors)	1,754	1,754	1,754

[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 (FY2021)

	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)	287	13	5	2	3	1	0	0

Regular employees who annually worked more than 360 hours in excess of the statutory limit (FY2021)

	person
Regular employees who annually worked more than 360 hours in excess of the statutory limit (person)	18

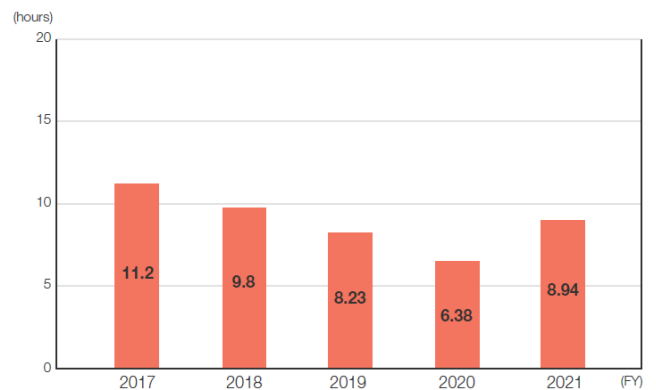
Commitment Related to Working Hours

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.

In the meantime, the average overtime in fiscal 2021 was 8.94 hours/month. While the length is returning to the level before the COVID-19 pandemic, it continues to be below the overtime of 12.80 hours/month in fiscal 2017.

- 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.

■ Per-capita average overtime/month/月



Commitment Related to Leave Privileges

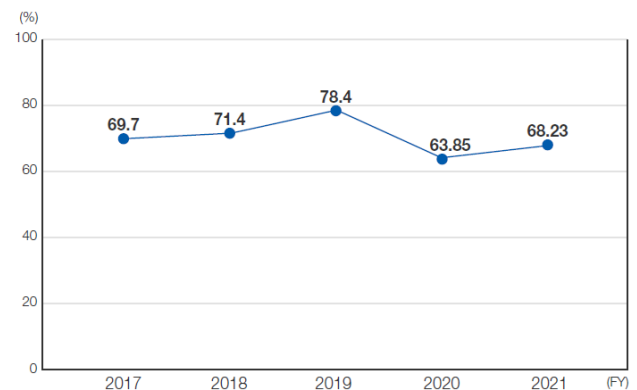
In order to maintain a comfortable work environment, employees must be able to take a leave of absence with peace of mind to refresh his or her mind and body.

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.

In addition, we established a new system to grant paid leave by the hour in April 2022. While it can lead to a slight decline in the paid leave utilization rate in fiscal 2022, we believe that this system helps employees have diverse work styles.

■ Per-capita average rate of taking paid holidays



■ The use of the childcare leave support system

	Scope	FY2021
The use of the childcare leave support system (person)	Male	4
	Female	21
	Total	25

Communication with Employees

In the Group, we respect the freedom of association and the right to collective bargaining based on the laws and regulations of each country, and labor-management consultations about working conditions, welfare benefits, etc. are held on an equal footing. In fiscal 2021, round-table talks were organized at domestic bases to facilitate the exchange of opinions in an atmosphere where it is easy to talk, and individual interviews were conducted with young employees to hear more honest opinions and have a dialogue with them. The general manager of the HR and Administration Department checks all comments received in each of the interviews, and we implement solutions as necessary to promote the revitalization of the workplace. We met 95 people in round-table talks and 58 people in individual interviews.

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 \(PDF:267KB\)](#) 

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. As part of the effort, we engage in continuous education and awareness-raising on the relationship between corporate activities and human rights through various in-house training programs (including e-learning). Issues such as race, gender (including sexual minorities such as LGBT), religion, nationality, sexual harassment and abuse of authority are dealt with in the programs to strengthen the literacy of employees and teach how to respond when harassment actually occurs or is reported.

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. Recruiters participate in new appointment and basic training for staff in charge of promoting fair screening for recruitment and human rights enlightenment sponsored by Osaka Prefecture and incorporate what they have learned in their recruitment activities.

Basically, we are working on the premise that (1) we give opportunities to applicants widely and (2) we do not recruit employees based on anything other than the abilities and suitability of the applicants.

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. 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.

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.
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.
3. 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

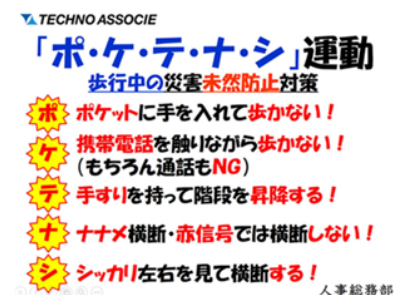
All new employees and mid-career employees receive safety and health training at the time of joining the company to enhance their awareness of safety. While a common type of accidents in our company was those involving property damage during work (company cars and forklifts), with regard to company cars, the number of such accidents has substantially declined recently as a result of providing annual e-learning training on safe driving to all drivers among our employees and organizing safe driving practical training at driving schools for young employees who are inexperienced drivers to help them improve their driving skills.

We are also committed to initiatives related to forklifts, such as regular lectures given by instructors from forklift manufacturers and improvement activities in warehouses, and the number of relevant accidents has decreased as well.

All of our bases and affiliates in Japan take health-related initiatives including the activities of the Safety and Health Committee and health education by industrial physicians in an effort to raise awareness of health across the 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.

Specific measures taken to prevent heatstroke include the installation of a clock with a wet bulb globe temperature (WBGT) monitor at each warehouse to alert workers, breaks at appropriate intervals and the supply of neck cooling devices, air-conditioned clothing with fans, oral rehydration solutions, salt candy, etc. We are also working to prevent workers from suffering backache by supplying back belts, power-assisted suits and other tools. Thus, we are committed to reducing risks and preventing 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

All employees must undergo regular health checkups in Japan. In particular, employees aged 40 or older are required to undergo comprehensive health checkups to examine more items in detail. Tumor marker tests, gynecological exams (cervical and breast cancer screening), etc. are also added to the test items to help detect lifestyle and other diseases at an early stage. 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) FY2021 Occupational Accident Data (Non-consolidated)

Indicator	FY2020	FY2021
Frequency rate of work-related injuries*1	0.00	2.12
Severity rate of work-related injuries*2	0.00	0.00

*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

Community Service Activities in Japan

In fiscal 2021, 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 2021

Charity activity	Number of times	Amount
Support for development of the next generation	2	3,088,000 yen
Support for culture and the arts	2	1,275,000 yen
Support for regional activation	10	126,000 yen
Support for response to humanitarian crises	1	2,000,000 yen

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 7,500 yen.



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.



Corporate Governance

Basic Concept

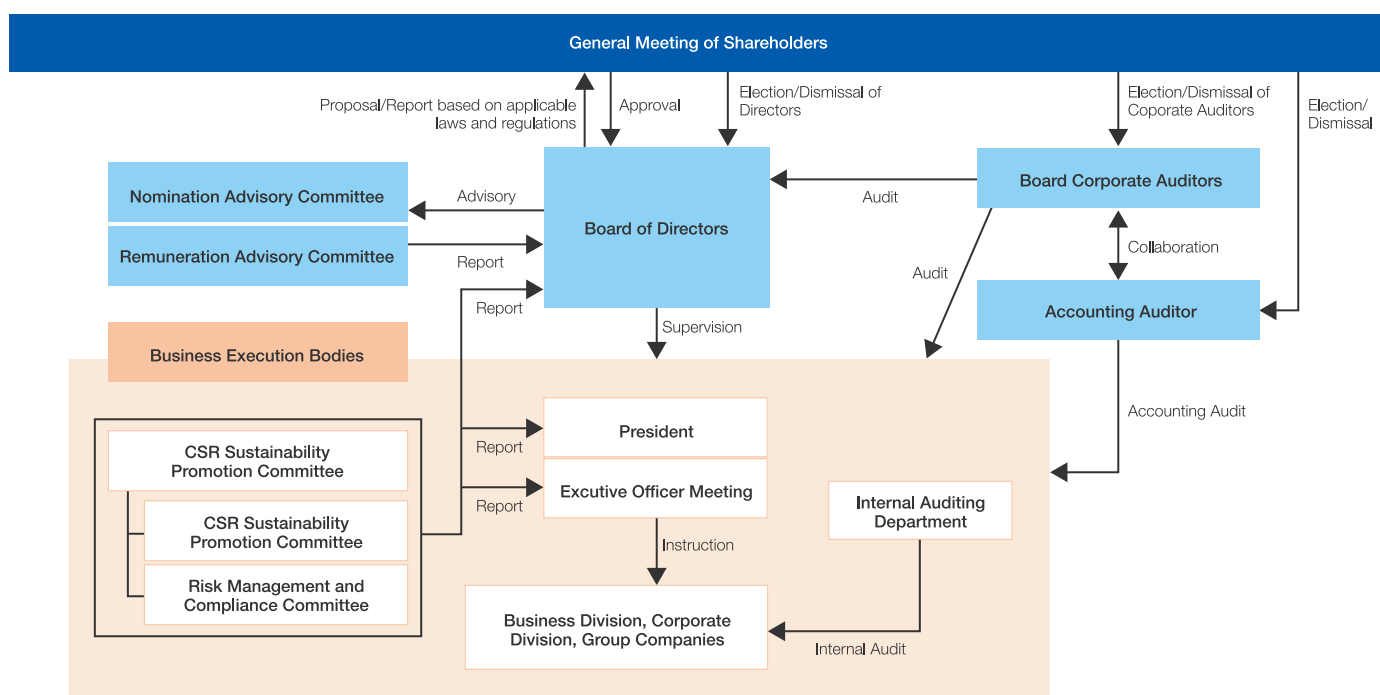
Under our Corporate Principles and Business Policy, Techno Associe has an unwavering commitment to contributing to society through fair business practices. We have also formulated the Charter of Corporate Behavior as a set of basic rules for earning the trust and confidence of society.

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 have adopted the governance system to be a company with a Board of Corporate Auditors. To enhance the effectiveness of corporate governance, the Board of Directors, which includes two independent outside directors (one-third of the six directors), supervises business execution from a multifaceted perspective while the Board of Corporate Auditors, in which a majority of the members are outside auditors, monitors the corporate management. In the meantime, we have introduced an executive officer system for the acceleration of business execution and the strengthening of decision-making, supervision and business execution functions.



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.

The Board of Directors holds a meeting once a month and whenever necessary to receive reports on monthly sales, profits, financial conditions, etc. from the director in charge of the Accounting Department, as well as reports from the directors on the business status of the departments for which they are respectively responsible, to supervise the degree of achievement of management goals and the progress of business execution and deliberate and make decisions on important business plans and marketing policies. Prior to the deliberation of agenda issues in the board of director meeting, an executive officer meeting is held with the attendance of directors, executive officers and corporate auditors to fully discuss the issues and secure the function to monitor transparency, compliance, etc. in the decision-making process. In addition, we conduct anonymous questionnaires, including self-evaluation of the Board of Directors, every year for directors and corporate auditors to make improvements to enhance the functions of the Board of Directors.

Nomination Advisory Committee/Remuneration Advisory Committee

We have established advisory committees on nomination and remuneration to ensure transparency and objectivity and fulfill accountability as to the nomination and compensation of management executives. Both advisory committees are chaired by an independent outside director and designed to have outside officers account for a majority of the members and obtain appropriate advice from the outside officers.

Board of Corporate Auditors

We appoint a total of five corporate auditors consisting of two full-time auditors and three outside auditors, and conduct audits using the understanding of the full-time auditors on the business of the Group and the multifaceted and objective standpoint of the outside auditors. In accordance with the audit policies, plans and assignment of tasks determined by the Board of Corporate Auditors, the corporate auditors attend the board of director meetings and other important conferences, have interviews with directors, executive officers, staff in the internal auditing department, etc. on the status of their duties, review important approval documents and conduct on-site inspections at major business sites and other sites. Other duties of the corporate auditors include the periodical exchange of opinions with the representative director and the exchange of information with outside directors, corporate auditors of Group subsidiaries and accounting auditors on an as-needed basis. Audit results that summarize the reports on the status of audits from each auditor are regularly reported to the Board of Directors.

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.

Internal Audit

To prevent fraud and violations of laws and regulations and ensure legitimate and appropriate management, internal audits are conducted by the Internal Auditing Department apart from audits by the Board of Corporate Auditors. In the internal audits, the Internal Auditing Department conducts on-site inspections at business sites including those of the Group companies and makes proposals for improvements to ensure proper and efficient business execution. For any important matters identified through the audits, the department reports them to the Board of Directors and provides guidance and supervision on improvement measures, etc.

Basic Concept

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.

Compliance Promotion System (Risk Management System)

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.

Whistleblower (Hotline) System

The Group provides internal and external points of contact for whistleblowing in each country to receive information on illegal acts, violations of laws, etc. We have formulated whistleblower system regulations to protect the confidentiality of those who report or consult and prevent them from being treated unfavorably.

2Whistleblowing cases in FY2021: 6

Compliance Training

As an initiative to enhance compliance, we provide compliance training as a priority training program for each of the positions, which are new employees, general office work positions, managerial positions and managers, in Japan.

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

In our Charter of Corporate Behavior, we clearly state a basic policy to stand decisively against anti-social forces that threaten the order and safety of society.

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.

Risk Management

Basic Concept

Business and Other Risks and Crisis Management

With regard to various risks that may affect our business, Risk Management and Compliance 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. For example, we prepared risk check sheets for each major site in East and Southeast Asia. These activities are supervised by Risk Management and Compliance 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.

Risk Management System (Compliance Promotion System)

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.

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.

In preparation for the occurrence of natural disasters, we stockpile emergency supplies, including food for three days per person, at all bases 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



Disaster prevention training

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 set up the COVID-19 Countermeasures Headquarters headed by the President and have employees take basic measures to prevent infection including wearing a mask, washing their hands, thorough sterilization with alcohol and thorough ventilation. We also promote staggered commuting and telecommuting and install acrylic boards in places where people face each other in offices, conference rooms, etc. Non-contact body temperature measuring devices, etc. are placed at entrances to check all visitors including guests and prevent infection and spread. 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.

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.

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.